



RELIANCE PETROLEUM LIMITED

(Incorporated under the Companies Act, 1956 on October 24, 2005)

Registered Office : Motikhavdi, P.O. Digvijaygram, Dist. Jamnagar 361140, Gujarat, India

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ISSUE OF 1,350,000,000 EQUITY SHARES OF RS.10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [●] PER SHARE) AGGREGATING TO RS. [●] MILLION INCLUDING PROMOTER'S CONTRIBUTION OF 900,000,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE ("PROMOTERS CONTRIBUTION") AND NET ISSUE TO PUBLIC OF 450,000,000 EQUITY SHARES OF RS. 10 EACH ("NET ISSUE"). THE NET ISSUE WILL CONSTITUTE 10% OF THE FULLY DILUTED POST-ISSUE PAID-UP CAPITAL OF RELIANCE PETROLEUM LIMITED ("COMPANY" OR "ISSUER").

PRICE BAND: Rs. 57 To Rs. 62 PER EQUITY SHARE OF FACE VALUE Rs. 10 EACH.

THE FACE VALUE OF THE SHARES IS Rs. 10 AND THE FLOOR PRICE IS 5.7 TIMES OF THE FACE VALUE AND THE CAPPRICE IS 6.2 TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding Period will be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers ("BRLMs") and the terminals of the members of the Syndicate.

This Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated on a proportionate basis to QIBs as specified in the Disclosure and Investor Protection Guidelines, 2000 of the Securities and Exchange Board of India ("SEBI"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. If at least 60% of the Net Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Amount Payable per Equity Share	Payment Method-I*			Payment Method-II			
	Retail Individual Bidders			Any Category			
	Face Value	Premium	Total	Face Value	Premium	Total	
	(per share)						
On Application	2.5	13.5	16.0	10	[●]	[●]	
By Due Date for payment of Balance Amount Payable	7.5	[●]	[●]	-	-	-	
Total	10	[●]	[●]	10	[●]	[●]	

@ See page [●] for risks associated with Payment Method - 1

THE COMPANY HAS NOT OPTED FOR IPO GRADING

RISK IN RELATION TO FIRST ISSUE

This being the first public issue of the Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times of the face value. The Issue Price (as determined by the Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the statements in the chapter titled "Risk Factors" beginning on page xvi.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated March 24, 2006 and March 28, 2006, respectively. For purposes of the Issue, BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS

 JM MORGAN STANLEY JM Morgan Stanley Private Limited 141, Maker Chambers III, Nariman Point, Mumbai - 400 021 Tel: +91 22 5630 3030 Fax: +91 22 2204 7185 Contact Person: Utkarsh Katkoria E-mail: rpl.ipo@jmmorganstanley.com Website: www.jmmorganstanley.com	 DSP Merrill Lynch Limited Mafatal Centre, 10th Floor Nariman Point, Mumbai - 400 021, India Tel: +91 22 2262 1071 Fax: +91 22 2262 1187 Contact Person: N. S. Shekhar E-mail: rpl.ipo@ml.com Website: www.dspml.com	 Citigroup Global Markets India Private Limited 4th Floor, Bakhtawar, Nariman Point, Mumbai - 400 021 Tel: +91 1800 2299 96 Fax: +91 22 5631 9803 Contact Person: Ashish Adukia E-mail: rpl.ipo@citigroup.com Website: www.citibank.co.in	 Deutsche Bank Group Deutsche Equities India Private Limited DB House, Hazarimal Somani Marg, Fort, Mumbai - 400 001 Tel: +91 22 5658 4600 Fax: +91 22 2200 6765 Contact Person: Shiv Nandan Negi E-mail: rpl.ipo@db.com Website: http://india.db.com	 ENAM Enam Financial Consultants Private Limited 801, Dalamal Tower, Nariman Point, Mumbai - 400 021. Tel: +91 22 5638 1800 Fax: +91 22 2284 6824 Contact Person: Natarajan E-mail: natarajan@enam.com Website: www.enam.com
 HSBC Securities and Capital Markets (India) Private Limited 52/60 Mahatma Gandhi Road, Fort, Mumbai - 400 001 Tel: +91 22 2267 4921 Fax: +91 22 2263 1984 Contact Person: Gopal Khetan E-mail: rpl.ipo@hsbc.co.in Website: www.hsbc.co.in	 ICICI Securities Limited ICICI Centre, H. T. Parekh Marg, Mumbai - 400 020 Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 Contact Person: Ankur Gupta E-mail: rpl.ipo@isecltd.com Website: www.iseonline.com	 SBI Capital Markets Limited 202, Maker Tower E, Cuffe Parade, Mumbai - 400 005 Tel: +91 22 2218 9166 Fax: +91 22 2218 8332 Contact Person: Debasis Panigrahi E-mail: rpl.ipo@sbi.com Website: www.sbi.com	 UBS UBS Securities India Private Limited 2/F, Hoechst House, Nariman Point, Mumbai - 400 021 Tel: +91 22 2286 2005 Fax: +91 22 2281 4676 Contact Person: Grenville Pinto E-mail: rpl.ipo@ubs.com Website: http://www.ubs.com/Corporates/indianipo	REGISTRAR TO THE ISSUE KARVY Karvy Computershare Private Limited Unit:- RPL Public Issue Karvy House, 21, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034. Tel: + 91 40 2331 2454 Fax: + 91 40 2331 1968 Contact Person: Murali Krishna E-mail: rpl_issue@karvy.com Website: www.karvy.com

ISSUE PROGRAMME

BID/ISSUE OPENS ON : APRIL 13, 2006

BID/ISSUE CLOSURES ON : APRIL 20, 2006

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The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933 (“Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.



DEFINITIONS AND ABBREVIATIONS

Certain Definitions

In this Red Herring Prospectus, all references to “Reliance Petroleum Limited”, “the Company”, “RPL”, “we”, “our” and “us” are, as the context requires, to Reliance Petroleum Limited, a public limited company incorporated under the Companies Act, 1956, with its registered office at Motikhavdi, P.O. Digvijaygram, Dist. Jamnagar 361140, Gujarat, India.

In this Red Herring Prospectus, all references to “Reliance Industries Limited”, the “Promoter” and “RIL” are, as the context requires, to Reliance Industries Limited, a public limited company incorporated under the Companies Act, 1956, with its registered office at 3rd Floor, Maker Chambers IV, 222 Nariman Point, Mumbai 400 021, India.

In this Red Herring Prospectus, all references to “RIL Group”, “Affiliates” and “RIL Affiliates” are, as the context requires, to the companies under the common control of the promoters of RIL, including Reliance Infrastructure Limited (“RIL”), Reliance Ports and Terminals Limited (“RPTL”), Reliance Utilities and Power Limited (“RUPL”) and Reliance Engineering Associates Private Limited (“REAL”).

Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the issue and the allotment of Equity Shares, pursuant to the Issue.
Allottee	The successful Bidder to whom the Equity Shares are/have been allotted.
Amount Payable on Application	The amount specified under Payment Method - I or Payment Method - II for Retail Individual Bidders, Non Institutional Investors and QIBs.
Article/Articles of Association	Articles of Association of our Company, as amended from time to time.
Auditors	Chaturvedi & Shah, Chartered Accountants (member of Nexia International), and Deloitte Haskins & Sells, Chartered Accountants, the statutory auditors of the Company under Indian GAAP.
Balance Amount Payable	Issue Price less amount already paid, under Payment method- I
Bid	An indication to make an offer during the Bidding/Issue Period by a Bidder to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder pursuant to the Bid in the Issue.
Bid/Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which date shall be notified in a widely circulated English national newspaper, a Hindi national newspaper of wide circulation and a regional language newspaper of wide circulation.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to/purchase the Equity Shares offered for subscription pursuant to this Issue, and which will be considered as the application for Allotment in terms of the Red Herring Prospectus.

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Term	Description
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form.
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which the Bidders can submit their Bids.
Bid/Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper of wide circulation and a regional language newspaper of wide circulation.
Board of Directors/Board	The board of directors of RPL or a committee constituted thereof.
Book Building Process	The book-building route as provided in Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made.
BRLMs/Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being JM Morgan Stanley Private Limited, DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, Deutsche Equities India Private Limited, ENAM Financial Consultants Private Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, SBI Capital Markets Limited and UBS Securities India Private Limited.
CAN/Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, as may be revised.
Companies Act	The Companies Act, 1956, as amended from time to time.
Cut-off Price	Any price within the Price Band finalised by us in consultation with the BRLMs.
Depository	A body corporate registered as a depository with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Issue Account after the Prospectus is filed with the ROC.
Designated Stock Exchange	Bombay Stock Exchange Limited (“BSE”).
Director(s)	Director(s) of our Company, unless otherwise specified.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, and submitted to SEBI on March 6, 2006 which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue.
Due Date for Payment of Balance Amount Payable	Last date for payment of the Balance Amount Payable which is a date falling 21 days from the date of allotment. This is not applicable to Payment Method – II.



Term	Description
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue.
Equity Shares	Equity Shares of our Company of face value of Rs. 10 each.
Escrow Account	Account to be opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into amongst the Company, the Registrar, the Escrow Collection Bank(s), the BRLMs and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)/ Bankers to the Issue	The banks, which are clearing members and registered with SEBI as Bankers to the Issue with which the Escrow Account will be opened and in this case being Citibank N.A., Deutsche Bank AG, HDFC Bank Limited, ICICI Bank Limited, IDBI Bank, Standard Chartered Bank, State Bank of India, The Hong Kong and Shanghai Banking Corporation Limited, UTI Bank Limited, Yes Bank Limited
FCNR Account	Foreign Currency Non-Resident Account.
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII / Foreign Institutional Investor	Foreign Institutional Investors (as defined under SEBI (Foreign Institutional Investor) Regulations, 1995), registered with SEBI.
Financial Year/fiscal/FY	Period of 12 months ended March 31 of that particular year, unless otherwise stated.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI.
Gujarat SEZ Act	The Gujarat Special Economic Zone Act, 2004, as amended from time to time.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
Indian GAAP	Generally accepted accounting principles in India.
Issue	Public issue of 1,350,000,000 Equity Shares by the Company at a price of Rs. [●] each for cash aggregating up to Rs. [●] million.
Issue Account	Account to be opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Issue Price	The final price at which Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by our Company in consultation with the BRLMs, on the Pricing Date.

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Term	Description
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid.
Memorandum/Memorandum of Association	The Memorandum of Association of our Company, as amended.
Monitoring Agency	Infrastructure Development Finance Company Limited
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Funds Portion	5% of the QIB Portion or 13,500,000 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion, on a proportionate basis.
Net Issue	450,000,000 Equity Shares of Rs. 10 each for cash aggregating up to Rs. [●] million offered to the Public in terms of this Red Herring Prospectus.
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Net Issue being not less than 45,000,000 Equity Shares available for allocation to Non-Institutional Bidders on a proportionate basis.
Non-Resident	Non-Resident is a person resident outside India, as defined under FEMA.
Non-Resident Indian/NRI	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
Overseas Corporate Body/OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to participate in this Issue.
Pay-in Date	The Bid/Issue Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Pay-in Period	(i) With respect to the Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Closing Date; and (ii) With respect to QIB Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Payment Method - I	Amount payable on application irrespective of the Bid, in case of Retail Individual Bidders is Rs. 15 per share. Payment Method – I is not available to Non-Institutional Bidders and QIB Bidders.
Payment Method - II	Amount payable on application in case of Retail Individual Bidders and Non-Institutional Bidders is 100% of the Bid, and in case of QIBs is 10% of the Bid with balance being payable on allocation, but before allotment.



Term	Description
Pre-IPO Investors	Goldman Sachs Investments (Mauritius) I Limited, Global Investment House KSC (Closed), Kuwait, Deutsche Securities Mauritius Limited, Citigroup Global Markets Mauritius Private Limited, Fidelity Shares & Securities Pvt. Ltd., Industrial Development Bank of India Limited, State Bank of India, Life Insurance Corporation of India, Punjab National Bank, Bank of Baroda, Canara Bank, Oriental Bank of Commerce, Allahabad Bank, General Insurance Corporation of India, Bank of India, Indian Bank, Syndicate Bank, UTI Bank Limited, Western India Trustee and Executor Company (Pvt.) Ltd.-A/c. India Advantage Fund, ICICI Trusteeship Services Limited-A/c. ICICI Equity Fund.
Price Band	The price band of Rs. 57 to Rs. 62, including all revisions or modifications thereof.
Pricing Date	The date on which the Company finalises the Issue Price in consultation with the BRLMs.
Project	Our proposed refinery and polypropylene plant at Jamnagar, Gujarat with a capacity to process 580 KBPSD of crude oils and a 0.9 million TPA Polypropylene Plant.
Prospectus	The prospectus to be filed with the ROC containing, among other things the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, Mutual Funds, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	The portion of the Net Issue being at least 270,000,000 Equity Shares available for allocation to QIBs on a proportionate basis.
Refund Account	Account opened with an Escrow Collection Bank, from which refunds of the whole or part of the Bid Amount, if any, shall be made.
Registered Office	The registered office of our Company at Motikhavdi, P.O. Digvijaygram, Dist. Jamnagar 361140, Gujarat, India.
	The Company is in the process of changing its registered office in District Jamnagar, Gujarat. The Company issued a public notice on February 20, 2006. On receipt of all statutory approvals, the registered office will stand shifted. After shifting, we will be under the jurisdiction of the Registrar of Companies, Gujarat located at ROC Bhavan, Opposite Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad 380013, Gujarat.
Registrar/Registrar to the Issue	Karvy Computershare Private Limited.

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Term	Description
Retail Individual Bidders	Individual Bidders (including HUFs, in the name of <i>karta</i> and Eligible NRIs) who have bid for Equity Shares for an amount less than or equal to Rs. 100,000, in any of the bidding options in the Issue.
Retail Portion	The portion of the Net Issue, being at least 135,000,000 Equity Shares, available for allocation to Retail Individual Bidder(s) on a proportionate basis.
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	The document issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue and which will be filed with the ROC at least three days before the Bid/Issue Opening Date.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI MAPIN Regulations	SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
SEBI Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
Securities Act	U.S. Securities Act, 1933, as amended from time to time.
SEZ Act	The Special Economic Zone Act, 2005, as amended from time to time.
Stock Exchanges	BSE and NSE
Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	JM Morgan Stanley Financial Services Private Limited, Enam Securities Private Limited, ICICI Brokerage Services Limited.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The agreement among the BRLMs, members of the Syndicate and the Company to be entered into on or after the Pricing Date.
Unit	A unit set up in the SEZ as per the SEZ Act, 2005.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
Wealth Tax Act	The Wealth Tax Act, 1957, as amended from time to time.



Abbreviations

Abbreviation	Full Form
AGM	Annual General Meeting
ALOP	Advance Loss of Profit
API	American Petroleum Institute
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ATF	Aviation Turbine Fuel
Bechtel	Bechtel France S.A.S.
BGEPL	BG Exploration and Production India Limited
BIFR	Board for Industrial and Financial Reconstruction
Billion	1,000 million (one billion is 1,000,000,000)
BOPD	Barrels of Oil Per Day
BSE	The Bombay Stock Exchange Limited
CAA	Clean Air Act
CAD	Computer Aided Designing
CAGR	Compounded Annual Growth Rate
CBM	Coal Bed Methane
CDSL	Central Depository Services (India) Limited
CDU	Crude Distillation Unit
CEGAT	Central Excise and Gold (Control) Appellate Tribunal
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CEL	Corrected Energy and Loss Index
CEPS	Cash Earnings Per Share
CII	Confederation of Indian Industry
CIT	Commissioner of Income Tax
CIT(A)	Commissioner of Income Tax (Appeals)
CMAI	Chemical Market Associates, Inc.
CRISIL	CRISIL Limited
Crore	10 million (one crore is 10,000,000)
CSE	Calcutta Stock Exchange Association Limited
CY	Calendar Year
DGH	Directorate General of Hydrocarbons

RELIANCE PETROLEUM LIMITED

Abbreviation	Full Form
E&P	Exploration and Production
EAR	Erection All Risk
EBIT	Earnings Before Interest and Tax
ECS	Electronic Clearing Services
EGM	Extraordinary General Meeting
EIA	Energy Information Administration
EII	Energy Intensity Index
EMRE	Exxon Mobil Research & Engineering Company
EO	Ethylene Oxide
EOU	Export Oriented Unit
EPC	Engineering, Procurement and Construction
EPS	Earnings Per Share
ESAI	Energy Security Analysis Inc.
PEL	Petroleum Economics Limited
ETBE	Ethyl Tertiary Butyl Ether
EVA	Ethylene Vinyl Acetate
FCC	Fluid Catalytic Cracking
FCCU	Fluid Catalytic Cracking Unit
FDI	Foreign Direct Investment
FGD	Flue Gas Desulphurisation
Fitch	Fitch India Limited, a rating agency
FSU	Former Soviet Union
GAIL	GAIL (India) Limited
GDP	Gross Domestic Product
GIDC	Gujarat Industrial Development Corporation
GIP	Gas In Place
GIR	General Index Registry
GoI	Government of India
GPCB	Gujarat Pollution Control Board
GRM	Gross Refining Margin
HCY	Half-Calendar Year



Abbreviation	Full Form
HDPE	High Density Polyethylene
HFO	Heavy Fuel Oil
HSD	High Speed Diesel
HUF	Hindu Undivided Family
HVJ	Hazira-Vijaipur-Jagdishpur
ICAI	Institute of Chartered Accountants of India
IDBI	Industrial Development Bank of India Limited
IDFC	Infrastructure Development Finance Company Limited
IEA	International Energy Agency
IOC/ IOCL	Indian Oil Corporation Limited
IPC	Indian Penal Code
IPCL	Indian Petrochemicals Corporation Limited
IPO	Initial Public Offering
IT Department	Income Tax Department Government of India
ITAT	Income Tax Appellate Tribunal
KBPSD	Kilo Barrels Per Stream Day
KBR	Kellogg Brown & Root
KTA	Kilo Tonnes Per Annum
LAB	Linear Alkyl Benzene
LLDPE	Linear Low Density Polyethylene
LPG	Liquefied Petroleum Gas
MEG	Mono Ethylene Glycol
MF	Mutual Fund
Million	One Million is 1,000,000
MMBD	Million Metric Barrels Per Day
MMSCM	Million Metric Standard Cubic Metres
MMTPA	Million Metric Tonnes Per Annum
Moody's	Moody's Investors Service, a rating agency
MRPL	Mangalore Refinery & Petrochemicals Limited
MRTP Act	Monopolies & Restrictive Trade Practices Act, 1969
MS	Motor Spirit

RELIANCE PETROLEUM LIMITED

Abbreviation	Full Form
MT / Tonne(s)	Metric Tonne(s)
MTBE	Methyl Tertiary Butyl Ether
MTPA / TPA	Metric Tonnes Per Annum / Tonnes Per Annum
MW	Mega Watt
N.A.	Not Applicable
NAV	Net Asset Value
NCI	Nelson Complexity Index
NGL	Natural Gas Liquids
NP	Normal Paraffin
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OECD	Organisation for Economic Co-operation and Development
OFCDs	Optionally Fully Convertible Debentures
ONGC Limited/ ONGC	Oil and Natural Gas Corporation Limited
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the I.T. Act
PCI	PCI Fibres, a trading name of Mayhouse Limited, UK
PCL	Petronet CI Limited
PE	Polyethylene
PFY	Polyester Filament Yarn
PIL	Petronet India Limited
PMP Act	Petroleum & Mineral Pipeline (Acquisition of Right of User in Land) Act, 1962
POY	Partially Oriented Yarn
PP	Polypropylene
ppm	Parts Per Million
PSF	Polyester Staple Fibre
PTA	Purified Terephthalic Acid
PVC	Polyvinyl Chloride
PVL	Petronet VK Limited
PX	Paraxylene



Abbreviation	Full Form
R&M	Refining and Marketing
R&T	Research and Technology
RBI	The Reserve Bank of India
RBL	Reliance Brazil L.L.C.
REAL	Reliance Engineering Associates Private Limited
REuL	Reliance Europe Limited
RFL	Reliance Infrastructure Limited
RFSU	Ready for Start Up
RGPL	Reliance Gas Pipelines Limited
RIIHL	Reliance Industrial Investments and Holdings Limited
RIIL	Reliance Industrial Infrastructure Limited
RIL	Reliance Industries Limited
RIME	Reliance Industries (Middle East) DMCC
RLI	Reliance LNG Limited
RNBV	Reliance Netherland B.V.
ROC	The Registrar of Companies, State of Gujarat, located at ROC Bhavan, Opposite Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad 380 013, Gujarat, India.
ROCE	Return on Capital Employed
RoNW	Return on Net Worth
RPIL	Reliance Ports and Terminals Limited
RPVL	Reliance Power Ventures Limited
Rs.	Rupees, the official currency of the Republic of India
RSIL	Reliance Strategic Investments Limited
RTC	Reliance Technology Center
RILL	Reliance Technologies LLC
RTGS	Real Time Gross Settlement
RTP	Restrictive Trade Practice
RUPL	Reliance Utilities and Power Limited
RVL	Reliance Ventures Limited
S & P	Standard & Poor's, rating agency
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEZ	Special Economic Zone

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Abbreviation	Full Form
SKO	Superior Kerosene Oil
SMDL	SM Dyechem Limited
SSI	Small Scale Industry
TAME	Tertiary Amyl Methyl Ether
TCF	Trillion Cubic Feet
TPC	The Tata Power Company Limited
Trevira	Trevira Holding GmbH
UHMWPE	Ultra High Molecular Weight PE
UIN	Unique Identification Number
USD/ US\$	United States Dollars, the official currency of the United States of America
VCF	Venture Capital Fund registered with SEBI
VCM	Vinyl Chloride Monomer
w.e.f.	with effect from

Industry Related Terms

Term	Description
Regulatory Board	Petroleum and Natural Gas Regulatory Board, proposed to be formed by the Regulatory Board Bill
Regulatory Board Bill	Draft Petroleum and Natural Gas Regulatory Board Bill, 2005
CNG	Compressed Natural Gas
DGH	Directorate General of Hydrocarbons
MMSCMD	Million Metric Standard Cubic Metres per Day
MoPNG	Ministry of Petroleum and Natural Gas, Government of India
NELP	New Exploration Licensing Policy
ECRFG	US Ethanol Compliant East Coast Reformulated Gasoline



PRESENTATION OF FINANCIAL AND MARKET DATA

Certain Conventions

In this Red Herring Prospectus, all references to “domestic” markets, sales, or related activities, refer to domestic markets located in India, sales related activities conducted in India, or related activities conducted in India.

In this Red Herring Prospectus, all references to “international” markets, sales or related activities, refer, respectively to markets located outside India, sales related activities located outside India, or related activities conducted outside India.

In this Red Herring Prospectus, all references to “global” markets, sales or related activities, refer, respectively to domestic and international markets, sales, or related activities.

All references to “India” contained in this Red Herring Prospectus are to the Republic of India.

Financial Data

We were incorporated on October 24, 2005 as a public limited company. The financial data provided in this Red Herring Prospectus in relation to the Company is for the four months eight days period ended February 28, 2006.

Our fiscal year commences on April 1 and ends on March 31, so all references to a particular “fiscal year” or “Fiscal” are to the twelve-month period ended March 31 of that year, unless otherwise specified. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Currency of Presentation

All references to “Rupees” or “Re.” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “USD” or “US\$” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America. For additional definitions, see section titled “Definitions and Abbreviations” on page i.

We have used a conversion rate of Rs. 45 for one U.S. Dollar for certain conversions in the Red Herring Prospectus. As on one day prior to the date of filing the Red Herring Prospectus, the market exchange rate was Rs. 44.58 for one U.S. Dollar. The translations should not be considered as a representation that such U.S. Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above, or at all. Investors are cautioned to not rely on such translated amounts.

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged at the noon buying rate in the City of New York on the last business days of the applicable period for cable transfers in Rupees as certified for customs purposes by the Federal Reserve Bank of New York. The row titled “Average” in the table below is the average of the daily noon buying rate for each day in the period.

	Fiscal 2003	Fiscal 2004	Fiscal 2005
Period End	Rs. 48.83	Rs. 47.45	Rs. 43.40
Average	Rs. 48.43	Rs. 45.96	Rs. 44.86
Low	Rs. 47.53	Rs. 43.40	Rs. 43.27
High	Rs. 49.07	Rs. 47.46	Rs. 46.45

On December 31, 2005, the Federal Reserve Bank of New York noon buying rate was Rs. 44.95 per U.S. Dollar. On March 31, 2006, April 03, 2006, April 04, 2006 the Federal Reserve Bank of New York noon buying rate was Rs. 44.48, Rs. 44.39 and Rs. 44.58 per U.S. Dollar respectively.

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Market Data

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. The data used from these sources may have been reclassified by us for the purpose of presentation. Although we believe industry data used in this Red Herring Prospectus is reliable, it has not been verified by any independent source. Information/data from various reports such as BP Statistical Review of World Energy, June 2005, IEA World Energy Outlook 2004-Overview of Refining Process, US Department of Energy's ("DOE's") Energy Information Administration ("EIA") International Energy Outlook 2005, PEL Market Services, Reuters, Hart World Fuels and Refining Analysis 2002, Middle East Economic Survey, Energy Security Analysis Inc. ("ESAI"), International Energy Agency ("IEA") and Chemical Market Associates, Inc. ("CMAI") has been used in the Red Herring Prospectus. Data from various market sources may not be comparable.



FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions.

Similarly, statements that describe the Company’s objectives, strategies, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from the Company’s expectations include, among others:

- Delays in the implementation schedule for the proposed Project;
- Cost and time overruns for the proposed Project;
- General economic and business conditions in India and in the State of Gujarat as well as countries where we intend to export finished products;
- Supply and demand of petroleum products in the international markets and India;
- Changes in prices of crude oils and other feedstocks;
- The ability to successfully implement our strategy, and our growth and expansion plans;
- Changes in laws and regulations, or any interpretation thereof, that apply to our business;
- Changes in the value of the Rupee against major global currencies and other currency changes;
- Changes in the Indian and international interest rates;
- Any adverse outcome in the legal proceedings in which the Company or the Promoter are involved;
- Changes in any global conditions and situations affecting India and the global refining and petroleum industry; and
- Changes in political conditions in India and the State of Gujarat.

For further discussion of factors that could cause our actual results to differ, see the sections “Risk Factors” and “Our Business” beginning on pages xvi and 58, respectively.

Neither the Company, nor the Promoter, or their respective directors and officers nor any Underwriter, nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

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RISK FACTORS

An investment in the Equity Shares involves a degree of risk. You should carefully consider all information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. If any of the following risks occur, our business, results of operations and financial condition could suffer, the price of the Equity Shares could decline and you may lose all or part of your investment in the Equity Shares. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial implications of any of the risks mentioned below.

Risks Relating to Our Business

The construction and commencement of commercial operations of the refinery and polypropylene plant (the “Project”) involve many uncertainties and risks that may have a material adverse effect on our business, results of operations and financial condition.

A key part of our strategy is dependent upon the timely completion of the Project in, or around, December 2008. The Project involves engineering, construction and other commercial risks, including:

- the availability of financing on acceptable terms;
- the acquisition of additional land to construct the Project and notification of the project site as an SEZ;
- reliance on third parties to construct and complete, among other things, the Project, power and port facilities, pipelines and storage tanks;
- construction and development delays or defects;
- engineering design and technological changes;
- mobilizing the required resources, including housing and training a large workforce;
- failure to obtain necessary governmental and other approvals;
- changes in management’s views of the desirability of our current plans;
- changes in market conditions;
- actions of our competitors;
- accidents, natural disasters and weather-related delays;
- time and cost overruns and unanticipated expenses; and
- regulatory changes.

In addition, we rely upon third-party engineering, procurement and construction (“EPC”) contractors that undertake turnkey contracts for the Project. Our reliance on EPC contractors to complete the Project may subject us to construction delays which are beyond our control. Any delay in completing the Project may lead to cost overruns. The Project is also critically dependent on the completion of power, port facilities and storage tanks proposed to be built by RIL’s Affiliates. Delay or non-completion of these facilities for any reason, including the inability to obtain governmental and regulatory approvals, raise the necessary financial or logistical resources to complete the power and port facilities will have a material adverse impact on the Project.

Reliance Infrastructure Limited (“RFL”), a subsidiary of RIL, intends to lease about 1,700 acres of land to us for the Project. To date, it has acquired about 1,100 acres of land and needs to acquire an additional 600 acres of land in order that we may implement the Project. Any delay in acquiring such land by RFL or subsequently leasing it to us will have a material



adverse effect on the Project. There can be no assurance that RIL will acquire the necessary land and lease it to us, or that it will do so in a timely manner.

The timely completion of the Project involves managerial and logistical challenges for RIL, RIL's Affiliates and us. Any significant delay in completing the Project as planned or on schedule may result in RPL commencing operations in an increased competitive environment for premium products. This may be due to the addition of new refining capacity by competitors as well as upgradation of existing refineries. Such a scenario may have a material adverse effect on our business, results of operations and financial condition.

If we are unable to raise Rs. 157,500 million (approximately US\$ 3.5 billion) of debt to fund the costs of the Project, or experience any delays in raising such funds, there will be a material adverse impact on our ability to complete the Project and in turn impact our revenues and profitability.

The proceeds received in connection with the Issue as well as equity contributions from our Promoter cover only a part of the estimated total cost to complete the Project. We have to raise an additional Rs. 157,500 million (approximately US\$ 3.5 billion) to cover the total cost of the Project. Although we have agreed to a preliminary term sheet with certain banks and financial institutions to enable us to borrow, on a secured basis, US\$ 1.5 billion, the term sheet is indicative and is subject to conditions. We may not be able to fulfil all or any of these conditions and, as a result, the banks and financial institutions would have no obligation to provide such funds to us. In addition to the financing provided under the preliminary term sheet, we will need to obtain an additional US\$ 2.0 billion to complete the Project. Our inability to obtain the necessary additional funds, or any delay in raising such additional funds, will have a material adverse impact on the implementation of the Project, timelines, project costs and in turn impact our revenues and profitability.

RIL as our Promoter has adopted a resolution that, to the extent there is any shortfall in debt funding to fund the Project, RIL shall provide the required funds to ensure that the Project is completed in a timely manner. We can give no assurance that RIL will provide such funds in the event that we are unable to obtain the necessary additional funds.

The implementation of the Project is subject to a number of variables and the actual amount and the timing of capital requirements to implement the Project may differ from our estimates as a result of unforeseen events or changes. If we experience significant delays or mishaps with respect to the implementation of the Project, our revenues and profitability may be less than expected or may not be realised.

In addition, if we do not have sufficient internal resources to fund our regular capital expenditure requirements in the future, we may need additional financing and we give no assurance that any additional financing will be available on commercially reasonable terms or at all. The lack of capital resources may inhibit our ability to implement expansions or debottlenecking of the refinery and polypropylene plant which may limit our ability to expand our revenues in the future.

We have no operating history; it is difficult to estimate our future performance.

Since we are a new company incorporated on October 24, 2005, we have no operating history from which you can evaluate our business and future prospects and viability and you should not evaluate our prospects and viability based on the performance of RIL's current refinery, which principally sells its products to the domestic market. Furthermore, our revenue and profitability estimates may not be indicative of our future results of operations and, as a result, the price of the Equity Shares may be volatile. We intend to commence commercial operations of the refinery and polypropylene plant in, or around, December 2008 and therefore our prospects must be considered in light of the risks and uncertainties encountered in evolving markets where supply and demand may change significantly in a short span of time. As a result, we cannot give you any assurance about our future performance or that our business strategy will be successful. For further information on the refining and polypropylene industries, see "Industry" on page 45.

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We will rely on RIL and certain of its Affiliates for a variety of specialised support services, including with respect to crude procurement, marketing, hedging and risk management services, technical services, operational support and transportation services. RIL is engaged in businesses that are similar to ours and may compete with us in the future.

We intend to enter into term contracts with RIL and its Affiliates for the provision of, among other things, crude oil procurement, marketing of products, risk management services, technical consultancy services for operations and maintenance, risk management, operational support and transportation services. We are also relying on RIL and its Affiliates to implement the Project and construct the power and port facilities required for our refinery and polypropylene plant. RIL will also be deputing senior managers, executive officers and employees as required by us, subject to availability. Although RIL has agreed to provide us with these services, there could be instances of a conflict of interest and RIL has not assured us that, in the case of a conflict of interest, it will not prioritise its own business interests over our interests.

Upon completion of the Issue, RIL will continue to hold 80% in our share capital. Since RIL will have multiple roles with respect to us, as a service provider and a majority shareholder, we may be limited in our ability to negotiate with RIL and its Affiliates and the agreements that we enter into with RIL and its Affiliates may not be on the most favourable terms for us. As RIL also operates a refinery and petrochemicals complex which is larger than our proposed refinery and polypropylene plant, RIL may compete directly with us in the future. In addition, as noted above, in the event we have a conflict of interest with RIL, the resolution of such a conflict may not be on the most favourable terms to us. Conflicts of interest may arise between us and RIL in a number of areas including:

- direct or indirect competition with respect to the purchase, allocation and transportation of crude oil and other feedstocks;
- direct or indirect competition with respect to the marketing and sales of refined products and polypropylene;
- deputing managers and other employees as needed by us;
- business combinations involving our company; and
- business opportunities that may be attractive to both RIL and us.

We expect to lease the land required for the Project along with related infrastructure such as roads, storm water drains, etc. under a long term lease from Reliance Infrastructure Limited (RIL), which is the developer of the SEZ in Jamnagar. For providing these facilities, we are expected to place a deposit of Rs. 2,990 million to RIL. We are also expected to place deposits of Rs. 1,500 million each to RUPIL and RPTL, respectively, for the use of power and utilities and ports and terminal services to be established by them. These deposits are as estimated by us and the actual deposits may vary.

The dangers inherent in our proposed operations could cause disruptions and could expose us to significant losses, costs or liabilities. We are particularly vulnerable to disruptions in our operations because all of our refining operations will be conducted at a single location.

Our proposed refinery and polypropylene operations are subject to significant hazards and risks inherent in refining and petrochemicals operations and in transporting and storing crude oil, intermediate products and refined products. These hazards and risks include:

- natural disasters;
- fires;
- explosions;
- ruptures and spills from crude and product carriers or storage tanks;
- third-party interference;
- disruption of deliveries of crude oil or refined products;
- disruptions of electricity, water and other utility services;



-
- war or terrorism;
 - communal unrest; and
 - mechanical failures of equipment at our refinery and polypropylene plant or third-party facilities nearby.

Any of the foregoing could result in production and distribution difficulties and disruptions, environmental pollution, personal injury or wrongful death claims and other damage to our properties and the properties of others. There is also risk of mechanical failure and equipment shutdowns in general and following unforeseen events. Furthermore, in such situations, undamaged refinery and polypropylene processing units that may be dependent on or interact with damaged sections of our refinery and polypropylene plant may also be required to be shut down.

Our refinery and polypropylene plant consists of many processing units. One or more of the units may require unscheduled downtime for unanticipated maintenance or repairs, or our planned turnarounds may last longer than anticipated. Normally, the refinery and polypropylene plant shuts down for maintenance approximately once in every three to four years for about 45 to 60 days. Such scheduled and unscheduled maintenance closures could reduce our revenues and increase our costs during the period that our units are not operating.

As all of our operations are conducted at a single location, any events described above could significantly disrupt our production and distribution of products, and any sustained disruption could have a material adverse effect on our business, results of operations and financial condition.

We cannot be certain that operations at our proposed refinery and polypropylene plant will reach full capacity or will achieve results comparable to the existing facility of RIL.

We do not intend to begin test operations until, or around, December 2008. As a new facility, operations of the refinery and polypropylene plant will be subject to various uncertainties relating to the ability to process crude oil and other feedstocks, and produce refined petroleum products and polypropylene as planned, including the potential failure of any key equipment. RIL has operated a refinery and petrochemicals complex located at Jamnagar in Gujarat since 2000 and will assist us in starting-up our refinery and polypropylene plant. However, we cannot assure you that our new refinery and polypropylene plant will reach full capacity or achieve results comparable to those of RIL's existing refinery and petrochemicals complex.

The regulatory framework in India is evolving and regulatory changes could have a material adverse effect on our business, results of operations and financial condition.

The Ministry of Petroleum and Natural Gas is the primary administrator of the Indian oil and gas industry. The construction and subsequent operation of our refinery and polypropylene plant will be subject to a range of laws and regulations adopted by the central, state and local authorities in India. For example, our refinery and polypropylene plant will likely be subject to increasingly stringent environmental regulation; its feedstocks and products are classified as chemicals or hazardous chemicals and, as such, will be subject to numerous regulations and controls governing their handling and storage.

The Government of India has introduced the draft Petroleum and Natural Gas Regulatory Board Bill, 2005 (the "Regulatory Board Bill"), which proposes the establishment of the Petroleum and Natural Gas Regulatory Board (the "Regulatory Board") to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas (excluding the production of crude oil and natural gas). Currently, it is not certain how the regulatory changes envisaged by the Regulatory Board Bill will affect our operations, but any new legislation or regulation, including the appointment of a new regulator, could have a material adverse effect on our business, results of operations and financial condition. The timing and content of any new law or regulation is not in our control and the impact could be more extensive than is currently envisaged in the Regulatory Board Bill.

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In addition, our refinery and polypropylene plant is proposed to be located in a Special Economic Zone (an “SEZ”), to be developed by RFL. The Special Economic Zone Act, 2005 (the “SEZ Act”), which prescribes the regulations to establish and operate within an SEZ, has conferred significant tax and other fiscal benefits to units and companies that operate such units in an SEZ, as outlined under “Regulations and Policies” on page 71.

RFL has received approval to develop the SEZ, but the SEZ is yet to be notified by the central government. After such notification is made, we have to apply and receive approval for setting up the Project as a Unit in the SEZ. The Project will be eligible for the concessions and benefits only after receipt of such approvals. However, we cannot guarantee that we will receive such benefits or continue to receive them. Our receipt of such benefits is subject to the condition that we achieve positive net foreign exchange earnings at the end of five years from the date of commencement of commercial operations of the refinery and polypropylene plant and at the end of every subsequent five year period. Positive net foreign exchange earnings are achieved if our foreign earnings are greater than our foreign spending and we cannot assure you that we will achieve positive net foreign exchange earnings. The loss of the concessions and benefits provided to us under the SEZ Act would have a material adverse effect on our business, results of operations and financial condition. The SEZ Rules, 2006, provide that if the Approval Committee of the SEZ determines that the SEZ Unit has not achieved positive net foreign exchange earnings, then the SEZ Unit will be liable for penal actions under the provisions of the Foreign Trade (Development and Regulation) Act, 1992.

We cannot assure you that notification of the SEZ will be made in a timely manner or at all or that it will not delay the commencement of the Project.

For more information, see “Regulations and Policies” on page 71.

We have not yet applied for and received certain statutory approvals required to construct or operate our proposed refinery and polypropylene plant. We could incur substantial costs or disruptions in our business if we cannot obtain or maintain necessary permits and authorisations.

Our operations require numerous approvals, licenses, registrations and permissions under various laws and regulations to operate our business, including environmental and health and safety laws and regulations. RIL and its Affiliates have applied for and obtained certain approvals, but these have not yet been transferred to us. Moreover, several other approvals required for the Project are outstanding. We have applied and will apply for such approvals but cannot guarantee that we will receive them. In addition, such approvals may be subject to fulfilment of certain conditions and subject to revocation, renewal or modification and can require operational changes, which may involve significant costs or delays. Failure to obtain such approvals or a violation of the conditions of approval or of other legal or regulatory requirements could result in substantial fines, sanctions, permit revocations, injunctions and/or plant shutdowns. Key approvals required for the Project which are awaited include notification of the SEZ by the Central Government - under the SEZ Act; and approvals for the Project to be set up as a Unit in the SEZ. For more information regarding such approvals, see “Government and Other Approvals” on page 145.

The area in which the proposed refinery and polypropylene plant is to be located has experienced severe natural disasters in the past which could have a material adverse effect on our business, results of operations and financial condition.

The state of Gujarat in India, where our refinery and polypropylene plant will be located, has experienced severe earthquakes and cyclones in the past. Our operations depend upon our ability to protect our refinery and polypropylene plant 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 problem at our facilities or work sites could cause interruptions in the construction of our refinery and polypropylene plant or its subsequent



operations. Any damage or failure that causes interruptions during the construction of our refinery and polypropylene plant or its subsequent operations may have a material adverse effect on our business, operating results and financial condition.

Our insurance may not be adequate to protect us against all potential losses to which we may be subject.

We intend to maintain insurance against damage caused by floods, fires and earthquakes on our facilities, as well as third-party liability insurance, which we believe is in accordance with relevant regulations and customary industry practices in India. However, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer, should a risk materialise. Also, our transportation of crude oil, and other feedstocks and refined petroleum products will be exposed to potential vessel accidents and spills. Further, there are many events that would expose us to losses or third party liabilities, including war and nuclear events that could cause significant damages to our operations, for which we are not insured or not fully insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, results of operations and financial condition.

In addition, our policy of covering third-party risks through contractual limitations of liability, indemnities and insurance may not always be effective. Our third party contractors may not have adequate financial resources to meet their indemnity obligations to us. Losses may derive from risks not addressed in our indemnity agreements or insurance policies. It may not be possible to obtain adequate insurance against some risks on commercially reasonable terms. Failure to effectively cover ourselves against engineering and design risks for any of these reasons could expose us to substantial costs and potentially lead to material losses.

Exchange rate fluctuations may have a material adverse effect on our business, results of operations and financial condition.

We will be exposed to foreign exchange risks. Accordingly, significant movements in currency rates may have a material adverse effect on our business, results of operations and financial condition.

Our costs for procurement of crude oil, other feedstocks and catalysts will be mainly incurred in U.S. Dollars, whereas sales are expected to be largely denominated in U.S. Dollars and may also be denominated in other currencies such as Euro, Rupees and/or other major currencies. We also propose to have debt of which the principal and interest costs may be denominated in currencies other than the Rupee. If the value of the currency in which we incur our costs strengthens relative to the value of the currency in which we sell our products, there would be an adverse impact on our results of operations and financial condition.

We are also exposed to longer-term trends in exchange rates and fluctuations in the value of the Rupee against major global currencies including the U.S. Dollar, Euro and other major currencies since we translate our earnings to Rupees from other currencies for financial accounting and reporting purposes. Changes in exchange rates for an extended period may have a material adverse effect on our competitive and financial position.

Although we will seek to manage our foreign exchange risks in order to minimise any negative impact caused by exchange rate volatility, there can be no assurance that we will be able to do so successfully. Fluctuations in foreign exchange rates, in particular the exchange rate between the U.S. Dollar and the Rupee, could have a material adverse effect on our business, results of operations and financial condition. In particular, continued long-term strengthening of the Rupee against the U.S. Dollar could have a material adverse effect on our business, results of operations and financial condition since hedging arrangements are typically made only for limited time periods.

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We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, results of operations and financial condition.

Changes in interest rates could significantly affect our results of operation and financial condition. We have agreed to a preliminary term sheet with certain banks and financial institutions to enable us to borrow on a secured basis (subject to certain conditions) up to US\$ 1.5 billion with interest accruing at a floating rate. We may enter into other agreements to provide for other borrowings in the future, interest on which may also accrue at a floating rate. We 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 we incur. In addition, the interest rate that we 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 our existing debt. Such fluctuations, with regard to our then existing credit facility as well as the risk that interest rates may be high when we need to access the markets for additional debt financing, may adversely impact our results of operations, planned capital expenditures and cash flows.

The terms of our proposed US\$ 3.5 billion of borrowings for the Project are not finalised. Our future borrowings, including any borrowings in connection with the construction of the Project, may, contain restrictive covenants and events of default which could limit our ability to undertake certain types of transactions and could adversely affect our liquidity.

We have agreed to a preliminary term sheet with certain banks and financial institutions which will provide for long-term borrowings (subject to certain conditions) to fund a portion of the remaining construction costs of the Project and we expect to agree to term sheets for the remainder of our proposed borrowings and enter into definitive agreements for Project borrowings in 2006. We may enter into other agreements to provide for other borrowings in the future. Some of these agreements may contain restrictive covenants that require us in many circumstances to obtain the prior consent of our lenders to take certain actions, including creating liens, engaging in mergers, consolidations and sales of assets, declaration of dividends, incurrence of additional indebtedness, making investments, alteration of our capital structure and capital expenditures, making disposals and making key changes to the documents relating to the Project and our constitutional documents. In addition, certain of these agreements may require us to maintain various financial ratios, and may provide certain lenders with the right to appoint a nominee director on our board of directors. Such covenants will place restrictions on us which may, among other things:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to pursue our growth plans;
- limit our ability to pay dividends;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise; and
- limit our ability to raise funds from further equity offerings as it may require RIL to hold at least 51% equity capital of our company through the life of the loans.

If we fail to complete the construction of the Project or to satisfy the covenants set forth in our loan agreements or an event of default occurs under these agreements, the maturity of the debt could be accelerated. If such debt is accelerated and we do not have sufficient cash on hand to pay all amounts due, we could be required to sell our assets to repay all or a portion of our indebtedness or to obtain additional financing. Refinancing may not be possible and additional financing may not be available on commercially acceptable terms, or at all.



We intend to raise approximately US\$ 6 billion (including proceeds from the Issue, and equity contributions from RIL) to fund the costs of the Project, as estimated by us, and our management will have significant flexibility in applying the proceeds received from the Issue and other financings.

We intend to raise approximately US\$ 6 billion (including proceeds from the Issue, and equity contributions from RIL) to fund the costs of the Project as estimated by us and not by any outside agency. We intend to use the net proceeds that we receive from the Issue and other financings for the capital expenditures described in “Objects of the Issue” beginning on page 29. Pending utilisation of the net proceeds of the Issue and other financings, we intend to invest such net proceeds in quality interest bearing liquid instruments including money market mutual funds, bank deposits, highly rated fixed income securities and any other liquid instruments approved by our Board of Directors. Although the utilisation of the net proceeds from the Issue and other financings will be monitored by the Board and the Monitoring Agency, there are no limitations on the type of investments that we can make using such net proceeds. Also returns from such investments may be less than the interest paid on debt drawn down.

We are dependent on senior executives and other key members of management of RIL to implement the Project and our business strategy.

We depend on the continued employment and performance of senior executives and other key directors and employees of RIL, some of whom may be deputed to us from time to time. If any of these individuals resigns or becomes unable to continue in his or her present role and is not adequately replaced, our business operations and our ability to successfully implement our Project and business strategies could be materially affected. Our performance is also dependent on our ability to identify, hire and retain key technical, support, sales and other qualified personnel. If we are unsuccessful in attracting and retaining such personnel, our business, results of operations and financial condition could be materially adversely affected.

Hiring key management personnel and employees in requisite numbers is required to successfully complete the Project and start our operations.

The successful start-up of our operations requires us to hire key management personnel as well as nearly 1500 additional employees to carry out our day-to-day operations. We may also need to train a portion of the large construction workforce for the implementation of the Project. Our inability to recruit and retain key management personnel as well as the required workforce in a timely manner will adversely affect our business, results of operations and financial condition.

RIL and its Affiliates are involved in legal proceedings that have been initiated against them.

There were approximately 1,260 cases filed against RIL and its Group Companies as on December 31, 2005. Out of the above cases, 294 cases are those in which damages and compensation is sought for delay in transfer of shares/debentures, 381 cases are those involving disputes with respect to transfer or demat of shares and 35 cases involve appeals/revisions preferred by the Company. The balance 475 cases include criminal cases, civil cases, labour cases, income tax, sales tax, customs, excise, and consumer cases. The value, where quantifiable, involved in cases of Rs. 500 million or above in the case of RIL and Rs. 50 million or above in the case of IPCL and RIIL, totals approximately Rs. 36,160.48 million as on date.

RIL has been made a formal party in 1,560 investor related civil cases.

There are 12 criminal cases filed against our directors, in relation to other companies where they are or were directors or otherwise.

There are seven criminal cases against RIL and IPCL and the aggregate amount involved, where quantifiable is Rs. 27.70 million.

For more details, see “Outstanding Litigations and Material Developments” on page 131.

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Some of RIL's Group Companies have incurred losses in the previous fiscal years.

Details of the profits/ (losses) incurred by them in previous financial years ending are as given below:

Amount in Rs. million

Company	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Reliance Ventures Limited	0.22	(0.12)	(24.11)
Reliance Strategic Investments Limited	(0.04)	(0.06)	(0.02)
Reliance Infrastructure Limited	(0.01)	(0.01)	(0.01)
Reliance Technologies LLC	(0.11)	(0.29)	(6.28)
Reliance Nutraceuticals Private Limited	(0.00)	(0.00)	(0.00)
Reliance Pharmaceuticals (India) Private Limited	(0.00)	(0.00)	(0.00)
Reliance Retail Limited	(0.01)	(0.01)	(0.01)
Petronet India Limited	(14.74)	(43.88)	10.81
Petronet VK Limited	(174.60)	(550.49)	22.63
Petronet CI Limited	(107.91)	-	-

Details of the profits/(losses) incurred by other Promoter Group companies for previous financial years are as given below:

Amount in Rs. million

Company	Year ended December 31, 2005	Year ended December 31, 2004	Year ended December 31, 2003
Reliance Netherlands B.V.	18.02	(2.57)	(0.02)

Amount in Rs. million

Company	Year ended December 31, 2004	Year ended December 31, 2003	Year ended December 31, 2002
Trevira Holding GmbH	(1,200.41)	(2,833.41)	(1,113.32)

There has been a shortfall in promise versus performance of RIL and its Group Companies.

RIL and its group companies have accessed the capital market in the past. There has been a marginal shortfall in the case of one financial year, 1993-94, in the promises made by IPCL, at the time of raising capital. IPCL had made certain promises in its public issue of 1992, which were revised subsequently in its rights issue 1994. However, IPCL was not a Group Company, until its disinvestment by the Government of India in June 2002. See "Our Promoter and Group Companies" on page 86.

Risks Related to Our Industry

Changes in refining margins in the refining industry may have a material adverse effect on our business, results of operations and financial condition.

Upon the commencement of our refinery operations, our financial results will be affected by the price differential, or margin,



between the cost of crude oil and other feedstocks and the sales prices for refined petroleum products. The crude oil and feedstock costs and the price at which we can ultimately sell our refined petroleum products will depend upon a variety of factors beyond our control.

Historically, refining margins have been volatile and are likely to continue to be volatile in the future. Future volatility in refining margins could have a material adverse effect on our business, results of operations and financial condition. Factors that may affect our refining margins in the future include:

- aggregate demand and supply for crude oil, other feedstocks and refined petroleum products;
- changes in demand and supply for specific crude oils and other feedstocks as well as specific refined petroleum products such as gasoline and diesel;
- fluctuations in the cost for crude oil, changes in differentials between light and heavy crude oil prices and differentials between crude oil prices and prices for refined petroleum products;
- aggregate refining capacity in the global and regional refining industry to convert crude oil into refined petroleum products and, in particular, the value added products refined by us;
- pricing and other actions taken by suppliers and competitors that impact the market;
- continuation of exemptions from Indian taxes/levies on purchase and sales arising from our location in an SEZ;
- price differentials for refined petroleum products between different geographical markets;
- changes in the cost and availability of shipping and other logistics services for feedstocks and for refined petroleum products;
- changes by governmental authorities in the mandatory petroleum product specifications for refined petroleum products;
- governmental actions that restrict exports or fix prices of petroleum products; and
- general political and economic conditions.

Depending on the nature of each factor and the particular circumstances, these factors could have either a short-term or long-term effect on our business, results of operations and financial condition to the extent that the margin between refined product prices and feedstock prices narrows.

Further, in this Red Herring Prospectus, we compare the Gross Refining Margins (“GRMs”) of RIL’s existing refinery to the benchmark Singapore Dubai Crack Margins as reported by Reuters (“Singapore Margins”). The Singapore Margins do not reflect the profitability of any particular oil refinery and hence may not be directly comparable to RIL’s GRMs. For more information, see “Our Business-Refining Margins” on page 60.

Significant or extended changes in demand and supply fundamentals for crude oil and other feedstocks and for refined petroleum products may have a material impact on market prices for crude oil and other feedstocks, as well as refined petroleum products, which could have a material negative effect on our refining margins, business, results of operations and financial condition.

The market prices for crude oil and other feedstocks, as well as refined petroleum products, are subject to significant fluctuations resulting from a variety of factors affecting demand and supply, which are outside our control. Although the strong demand for crude oil and refined petroleum products during recent years has contributed to higher refining margins, it is impossible to accurately predict future demand and supply trends and their impact on crude oil and refined petroleum product prices. Significant pricing level changes during the period between the procurement of crude oil and other feedstocks

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and the sale of refined petroleum products could have a material negative effect on our business, results of operations and financial condition.

In recent years, the prices of crude oil, other feedstocks and refined products have fluctuated substantially. For example, from January 1, 2003 to January 31, 2006, the monthly average wholesale price for West Texas Intermediate crude oil fluctuated between US\$ 28.20 and US\$ 65.50 per barrel (*Source: IEA, Oil Market Report*). Prices of crude oil, other feedstocks and refined products depend on numerous factors beyond our control, including:

- changes in global and domestic economic conditions;
- global demand for crude oil and refined products;
- global and domestic political conditions, particularly in significant oil producing regions such as the Middle East, West Africa and Latin America;
- the level of production of crude oil and refined products;
- discoveries of, and commercial availability of, alternative and competing fuels;
- Indian and foreign governmental regulations and actions, fiscal or otherwise, including tariffs on imports;
- price and availability of new technology;
- pricing and other actions taken by suppliers and competitors that impact the market;
- the ability of the members of the Organisation of Petroleum Exporting Countries, or OPEC, to maintain oil price and production controls;
- reduction of discounts on heavier and sourer crude oil as compared to light and sweet crude oil;
- lack of demand for the quality of product that we intend to produce; and
- seasonality and weather conditions.

Our sale prices for refined petroleum products are influenced by the price of crude oil. Generally, an increase or decrease in the price of crude oil may result in a corresponding increase or decrease in the price of our refined petroleum products. However, the time lag between a change in the price of crude oil and the price of our products may affect our profit margins and could have a significant impact on our refining operations and financial condition. While we attempt to minimise the impact of time lag through hedging, we cannot assure you that these hedging efforts will always be successful or will achieve the desired objective. In addition, there can be no assurance that the price of refined products will increase in the same proportion as the price of crude oil or at all. We expect to maintain inventories of crude oil and refined products and the value of such inventories are subject to fluctuations in market prices.

Intense competition in the refining industry and the advancement and discovery of alternate energy resources may adversely affect our sales and profitability.

The refining industry is highly competitive. Competition is based primarily on price and to a lesser extent on product performance, product quality, product deliverability and customer service. Some of our competitors are larger and more vertically integrated than us and therefore may be able to manufacture products more economically than we can. We are not engaged in the upstream oil exploration and production business and therefore do not produce any of our crude oil feedstocks. We do not have a retail business and therefore are dependent upon others for outlets for our refined products. Certain of our competitors, however, obtain a portion of their feedstocks from company-owned production and have retail outlets and are, at times, able to offset losses from refining operations with profits from producing or retailing operations. In addition, some of our competitors have greater financial resources than we do, which may enable them to invest more capital in their business, including in their facilities and their research and technology activities, and withstand volatile



market conditions. In addition, we will compete with other industries that provide alternative means to satisfy the energy and fuel requirements of our off-takers, such as natural gas, coal and renewable energy sources. If we are unable to compete effectively with these competitors, both within and outside our industry, our sales and profitability may be adversely affected.

Increases in global refining and conversion capacity relative to demand for refined petroleum products could have a material adverse effect on our business, results of operation and financial condition.

As a result of an increase in demand for refined petroleum products and numerous refinery closures over the past twenty years, the difference between aggregate demand for refined petroleum products and the total refining and conversion capacity has decreased significantly. This shortage of refining and conversion capacity, which has replaced the overcapacity of the 1980s and early 1990s, has resulted in higher prices for refined petroleum products and in more volatile refining margins.

With the adoption of higher environmental standards in the European Union and the United States and the current historically high level of refining margins, many of our competitors may decide to upgrade the conversion and desulphurisation capacity of their plants, which will increase competition faced by our refined petroleum products. Further increases in global refining and conversion capacity relative to demand for refined petroleum products could have a material adverse effect on our business, results of operations and financial condition.

The cyclical nature and overcapacity of the petrochemicals industry may impact our business, results of operations and financial condition.

We are planning to build a polypropylene plant as part of the Project. The 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 utilisation rates and declining prices and profit margins.

Currently, there is overcapacity in the petrochemicals industry, as a number of our competitors in various segments have added capacity. There can be no assurance that future growth in product demand will be sufficient to utilise 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 our 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, our operating income may decline and be volatile.

Terrorist attacks and other acts of violence or war involving India and other countries may adversely affect the financial markets, resulting in a loss of business confidence or result in significant or complete damage to the refinery and polypropylene plant and may have a material adverse effect on our business, results of operations and financial condition.

Over the last few years terrorist attacks have become more common, and India has experienced several terrorist attacks. Terrorist attacks and other acts of violence or war, including those involving India or other countries, could adversely affect Indian and worldwide financial markets. Such acts may also result in a loss of business confidence and have other consequences that may have a material adverse effect on our business, results of operations and financial condition. Increased volatility in the financial markets can have an adverse impact on the economy of India and other countries including economic recession.

In addition, the Asian region has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, including between India and Pakistan. India and Pakistan have experienced three wars since 1965. Since May

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1999, military confrontations between India and Pakistan have occurred and have continued in Kashmir. Also, since 2003, there have been military hostilities and civil unrest in Iraq. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could have a material adverse effect on the Indian economy and the market for securities of Indian companies, including the Equity Shares, and the market for petroleum products.

The refinery and polypropylene plant will be located in Jamnagar, India, which is near the Indian border with Pakistan. If hostilities between India and Pakistan were to occur and Jamnagar is targeted, the refinery and polypropylene plant could suffer substantial damage or be destroyed.

Political instability and significant changes in the Government of India's policy on liberalisation of the Indian economy could adversely impact economic conditions in India generally and our business, results of operations and financial condition in particular.

The role of Indian central and state governments in the Indian economy and their effect on producers, consumers and regulators has remained significant over the years. Government policies could adversely affect business and economic conditions in India generally and our business in particular. Since 1991, the Indian central government has pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. The government that was formed as a result of the 2004 general elections in India consists of a coalition of political parties. The new government may change economic policies followed by previous governments, including those relating to foreign investment, currency exchange rates and controls, interest rates, taxation and other matters affecting an investment in the Equity Shares. Further, the withdrawal of support from one or more of the coalition parties from the current government could result in political instability. Significant changes in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India and affect our business adversely.

Compliance with, and changes in, safety, health and environmental laws and regulations impose additional costs and may adversely affect our results of operations and our financial condition.

Compliance with applicable safety, health and environmental laws and regulations creates costs for us that are an inherent part of our business. We, like other developers and operators of petroleum refineries in India, are subject to a broad range of safety, health and environmental laws and regulations which impose controls on the storage, handling and transportation of petroleum products, employee exposure to hazardous substances, planting trees and ensuring that the top soil of the land acquired is not adversely affected and other aspects of our operations. We may also incur environmental liabilities for environmental damage caused by acts or omissions of our third party contractors.

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 we make additional capital expenditures or incur additional operating expenses in order to maintain our current or future operations or take other actions that could have a material adverse effect on our financial condition, results of operations and cash flow. These laws and regulations are increasingly stringent and may in the future create substantial environmental compliance or remediation liabilities and costs. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and our compliance costs may significantly exceed current estimates.

If we fail to meet environmental requirements or have a major accident or disaster, we 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 us as well as orders that could limit or halt or even cause closure of our operations, any of which could have material adverse effect on our business, results of operations and financial condition.



We may be involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which may be material. Clean-up and remediation costs and related litigation could adversely affect our cash flow, results of operations and financial condition. For more details, see “Our Business—Safety, Health and Environment” on page 70.

Risks Relating to the Equity Shares

RIL will continue to retain majority control in our Company after the Issue, which will enable it to control the outcome of matters submitted to shareholders for approval.

Upon completion of the Issue, RIL will beneficially own 80% of our share capital. As a result, RIL will have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our company even if it is in our and our shareholder’s best interest. In addition, for so long as RIL continues to exercise significant control over us, it may influence our material policies in a manner that could conflict with the interests of our shareholders. RIL may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders do not agree. RIL and its Affiliates, including certain Affiliates providing key infrastructure to us such as RUPL and RPTL, are controlled by promoters of RIL. There may be instances of conflict of interest and we cannot guarantee that these will always be resolved in our favour.

You will not be able to sell immediately on an Indian Stock Exchange any of the Equity Shares you purchase in the Issue.

Under the SEBI Guidelines, we are permitted to allot equity shares within fifteen days of the closure of the public issue. Consequently, the Equity Shares you purchase in the Issue may not be credited to your book or demat account, with Depository Participants until approximately fifteen days after the issuance of the Equity Shares. You can start trading in the Equity Shares only after they have been credited to your demat account and listing and trading permissions are received from the Stock Exchanges.

Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence, within the specified time periods.

There is no existing market for the Equity Shares, and we do not know if one will develop to provide you with adequate liquidity. Our stock price will fluctuate after the Issue and, as a result, you could lose a significant part or all of your investment.

Prior to the Issue, there has not been a public market for the Equity Shares. We cannot predict the extent to which investor interest in our Company will lead to the development of an active trading market on the stock exchanges or how liquid that market might become. If an active market does not develop, you may have difficulty in selling any of the Equity Shares that you purchase. The initial public offering price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the price paid by you in the Issue. The market price of the Equity Shares on the Indian Stock Exchanges may fluctuate after listing as a result of several factors, including:

- volatility in the Indian and other global securities markets;
- risks relating to our business and industry, including those discussed above;
- our ability to complete the Project in time;

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- strategic actions by us or our competitors;
- investor perceptions of the investment opportunity associated with the Equity Shares and our future performance;
- significant development in the regulation of financial services market;
- adverse media reports on us, RIL or its Affiliates or any individual in the RIL group companies;
- future sales of the Equity Shares, including sales by RIL; and
- variations in our quarterly results of operations.

A decrease in the market price of the Equity Shares could cause you to lose some or all of your investment.

Future sales of Equity Shares by shareholders, including by RIL, may adversely affect the market price of the Equity Shares.

After this Offer, RIL will own 80% of our issued Equity Shares. The market price of the Equity Shares could decline as a result of sales of a large number of the Equity Shares, or the perception that such sales may occur, which may make it difficult for you to sell Equity Shares in the future at a time and at a price that you deem appropriate.

Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in more developed economies. Indian Stock Exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems include temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, from time to time, disputes have occurred between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the Equity Shares.

Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors. We do not intend to begin commercial operations until, or around, December 2008 and we face certain risks that may result in further delay to the implementation of the Project. There can be no assurance that we shall have distributable funds after we commence operations. Additionally, we may be prohibited by the terms of our proposed debt financing to make any dividend payments until certain time period as may be agreed with lenders after we commence commercial operations of the refinery and polypropylene plant.

If investors do not pay the Balance Amount Payable, the amount raised through the Issue will be lower than the proposed Issue size. Further, shares issued to investors will not be traded until the time these shares become fully paid.

The Balance Amount Payable, if any, may not be paid by some or all investors and the amount raised through the Issue may be lower than the proposed Issue. Further, equity shares issued cannot be traded after the date of allotment until the Balance Amount Payable is received and corporate action for appropriation of the amounts received is taken and the shares are made fully paid-up. In the issue, investors shall be required to make the payment of the Balance Amount Payable by the Due Date for payment of Balance Amount Payable. Investors shall be notified of the Balance Amount Payable simultaneously with the approval of the Basis of Allotment by the Stock Exchanges. The process of corporate action may take about two weeks from the date of payment of the Balance Amount Payable. During this period shareholders



who pay the Balance Amount Payable for the partly paid shares will not be able to trade in those shares. For a further description of the Issue, see “The Issue” on page 5.

Any future equity offerings by us may lead to dilution of your shareholding in us or adversely affect the market price of the Equity Shares.

If we do not have sufficient internal resources to fund our working capital or capital expenditure needs in the future, we may need to raise funds through an equity financing. As a purchaser of the Equity Shares in the Issue, you may experience dilution to your shareholding to the extent that we conduct future equity offerings. Such dilutions can adversely affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our equity securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

We have issued Equity Shares just before the date of this Red Herring Prospectus and the price of such issuances is lower than the Issue Price.

We have issued equity to RIL, our Promoter, before the date of the Red Herring Prospectus and at price lower than the Issue Price. Details of such issuances are in the following table. We have not made any other equity issues to our Directors, our Employees or any other parties.

Date of Allotment	No. of Equity Shares	Issue Price per Equity Share (Rs.)
December 6, 2005	100,000*	10*
January 30, 2006	4,300,000	10
February 25, 2006	2,695,600,000	10

* At the time of initial allotment to the Subscribers to the Memorandum of Association, face value of the Equity Shares of the Company was Re.1 each. At the Extraordinary General Meeting held on January 30, 2006, the Company consolidated the share capital from a face value of Re. 1 per share to Rs. 10 per share.

The Company has allotted 450,000,000 Equity Shares to Pre-IPO Investors before the filing of the Red Herring Prospectus with ROC. The price at which these shares are allotted is Rs. 60 or the Issue Price, whichever is lower. In case, the Issue Price is more than Rs. 60, these 450,000,000 Equity Shares would have been issued at a price lower than the Issue Price.

Notes:

- Our net worth was Rs. 26,975.60 million as of February 28, 2006 as per our financial statements under Indian GAAP.
- Issue of 1,350,000,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per Equity Share (including share premium of Rs. [●] per share) aggregating to Rs. [●] million, including Promoter’s Contribution of 900,000,000 Equity Shares of Rs. 10 each for cash at a price of Rs.[●] per Equity Share (“Promoters Contribution”) and Net Issue to Public of 450,000,000 Equity Shares of Rs. 10 each (“Net Issue”). The Net Issue will constitute 10% of the fully diluted post-issue paid-up capital of Reliance Petroleum Limited (“Company” or “Issuer”).The average cost of acquisition of the Equity Shares by RIL is Rs. 10 and the book value per Equity Share as of February 28, 2006 was Rs. 9.99. RIL will subscribe to 900,000,000 Equity Shares of Rs. 10 each at the Issue Price.
- In case of over-subscription in all categories, at least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders, 5% of which shall be available for allocation on a proportionate basis to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further, at least 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

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- Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 60% of the Net Issue is not made to the QIBs the entire subscription monies shall be refunded.
- For any clarification or information relating to the Issue, investors are free to contact the BRLMs, who will be obliged to provide the same to the investors.
- Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Issue.
- Investors are advised to refer to the section titled “Basis for Issue Price” on page 34.
- Related Party Transactions as per Auditor’s Report dated March 4, 2006 are provided on page 128.
- We expect that our Promoter, RIL and RIL’s Affiliates will provide certain services to us. These affiliates include Reliance Infrastructure Limited (“RFL”), Reliance Utilities and Power Limited (“RUPL”), Reliance Ports and Terminals Limited (“RPTL”) and Reliance Engineering Associates Private Limited (“REAL”). RFL is a wholly owned subsidiary of RIL. REAL, RPTL and RUPL are controlled by the promoters of RIL. For details of such services see “Operational support services by RIL” and “Operational support services by RIL’s Affiliates” on pages 66 and 67 respectively.



SUMMARY

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information contained in the chapters titled “Risk Factors” and “Financial Statements” and related notes beginning on pages xvi and 122 before deciding to invest in our Equity Shares.

Overview

We are a start-up company, formed to set up a greenfield petroleum refinery and polypropylene plant (the “Project”) to be located in a Special Economic Zone in Jamnagar in the state of Gujarat in western India. Our proposed refinery and polypropylene plant will be located adjacent to the existing refinery and petrochemicals complex of our Promoter, Reliance Industries Limited (“RIL”), the largest private sector company by market capitalisation in India with assets of Rs. 806 billion (approximately US\$ 18 billion) as of March 31, 2005. RIL is the only private sector company from India to feature in the Fortune Global 500. We will be 80% owned subsidiary of RIL after the Issue.

We have not yet commenced business operations. We have developed plans to construct a refinery with a complexity of 14.0, as measured using the Nelson Complexity Index. The refinery will have a total atmospheric distillation capacity of approximately 580 kilo barrels per stream day (“KBPSD”). The polypropylene plant will have a capacity to produce 0.9 million metric tonnes per annum (“MMTPA”). The Project was initially contemplated to be set up by RIL which subsequently decided to implement the Project through us.

The capital cost of the Project is estimated at Rs. 270 billion (approximately US\$ 6 billion). We propose to fund the Project through debt of Rs. 157.5 billion (approximately US\$ 3.5 billion) and equity of Rs. 112.5 billion (approximately US\$ 2.5 billion), including proceeds from the Issue. Any additional equity raised in excess of Rs. 112.5 billion will be used as additional contingency for the Project. We have entered into a preliminary term sheet with certain banks and financial institutions to provide for a syndicated term loan facility for approximately Rs. 67.5 billion (US\$ 1.5 billion). We intend to seek additional financing through export credit agencies for approximately Rs. 45 billion to Rs. 67.5 billion (US\$ 1 billion to US\$ 1.5 billion). We anticipate raising further debt funding of approximately Rs. 22.5 billion to Rs. 33.75 billion (US\$ 500 million to US\$ 750 million) in accordance with the funding requirements for the Project, as they arise.

Our intention is to complete construction and commission the refinery and the polypropylene plant in, or around, December 2008. We have entered into agreements with Bechtel France S.A.S (“Bechtel”) to license the technology for the major process units of the refinery and polypropylene plant. Bechtel will also provide engineering, project management and other construction services for the Project.

RIL has proven expertise in building and operating a large refinery and petrochemicals complex. Its existing refinery, currently the third largest refinery in the world by atmospheric distillation capacity, was built in 36 months and commenced commercial production during 2000. This refinery has operated at near 100% utilisation during its five years of operations, consistently outperforming the average utilisation rate of refineries in the Asia Pacific region, the European Union and North America as reported by PEL Market Services, Biannual Refining Report, July 2005. With a Nelson Complexity Index of 11.3, the existing refinery has achieved Gross Refining Margins (“GRMs”) that are consistently higher by US\$ 2 to US\$ 3.6 per barrel than the benchmark Singapore Margins during this period. In 2005, RIL was named the “*International Refiner of the Year*” by the Hart Energy Publishing LP. It was ranked number one in “*Energy Performance*” amongst large complex refineries in the Asia Pacific Region in the Solomon Benchmarking Survey, by Solomon Associates of USA in 2003.

The proposed refinery and polypropylene plant is being set up in RPL as in the opinion of the Board of RIL, it is in the interest of all stakeholders.

Our proposed refinery and polypropylene plant is being set up in will be located in a Special Economic Zone (the “SEZ”) and will receive certain tax benefits and concessions under SEZ regulations, subject to certain conditions. For further information on the SEZ, see “Regulations and Policies—The Special Economic Zone” on page 71.

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Our Key Competitive Strengths

We believe that our proposal to construct and operate a refinery and polypropylene plant benefits from the following competitive strengths:

- *RIL's (our Promoter's) superior project execution skills in constructing a complex refinery:* One of RIL's core competences is to conceptualise and implement multi-billion dollar projects on time and in a cost efficient manner. RIL has proven track record of successfully implementing large projects, including its existing refinery and petrochemicals complex at Jamnagar in Gujarat, its petrochemicals complex at Hazira in Gujarat and another petrochemicals complex at Patalganga in Maharashtra. These three facilities together accounted for approximately 84% of RIL's gross fixed assets for the year ended March 31, 2005. The implementation of Jamnagar complex required co-ordination among several external agencies, including technology licensors, equipment suppliers, and construction contractors and involved a large workforce. As RIL is our Promoter, we expect to benefit from its experience and expertise in the construction of our proposed complex refinery.
- *Large and complex refinery capable of using heavier and sourer, low cost crude to produce high quality, premium petroleum products:* Our proposed refinery is designed to have an atmospheric distillation capacity of approximately 580 KBPSD, which would make it the sixth largest refinery globally, based on current capacities. Such a large scale of operations should provide economies of scale, leading to a relatively lower operating cost base. Our proposed refining facilities have been designed to refine a variety of feedstocks with an API gravity ranging from 15 to 50, including lower cost, heavier and more sour crude oils and to produce high quality transport fuels and other higher value added petroleum products which meet the most stringent international environmental requirements, including ultra low sulphur diesel (10 ppm sulphur) and ether (MTBE or TAME) free gasoline for the sophisticated markets of the United States and Europe. It will also be capable of processing bottom-of-the-barrel products such as vacuum residue to yield value-added products such as LPG, naphtha, gasoline and diesel. Unlike many refineries, we do not plan to produce fuel oil, which is a low value product.
- *Benefits of low capital costs:* We believe that the proposed refinery will gain from RIL's prior experience in constructing and operating the Jamnagar refinery, especially in the areas of design and engineering, construction, labour and resource optimisation, greater use of local materials and resources and faster implementation. We expect these factors will result in a significant reduction in the capital cost for the Project and enable us to achieve lower costs per barrel, adjusted for complexity.
- *Strategic location with proximity to crude oil sources and target export markets:* Our proposed refinery will be located on the west coast of India in close proximity to the Middle East, the largest crude oil producing region in the world. We expect this to result in lower ship turnaround time and crude freight costs. In addition, our refinery will be located close to the existing port and tank facilities of Reliance Ports and Terminals Limited ("RPTL"), which plans to establish additional port infrastructure capacity to provide us, once our refinery is operational, with the ability to import crude oil in very large crude carriers and to transport refined petroleum products in parcel sizes of up to 150,000 MT of gasoil or gasoline. This port is closer to the Eastern markets as compared to those in the Middle East and is also well located for the markets in the West. We expect that this locational advantage will improve freight economics.
- *Fiscal incentives by virtue of being located in a Special Economic Zone:* An SEZ operates as a delineated area which is deemed to be a foreign territory for the purposes of trade operations, duties and tariffs. Being an export oriented refinery, we intend to export the bulk of our production. We will benefit from an income tax deduction on export turnover for a period of five consecutive years following the commencement of commercial operations (with a scaled reduction in income tax deduction for the next five year period and, subject to certain reinvestment conditions, for a third five year period thereafter). We will also be exempt from customs duty for goods and services imported into or exported from the SEZ and also from excise duty on domestic procurement, for the purposes of our authorised operations.



Our Strategy

Our strategy for the refinery operations is three pronged:

- *Capitalise on forecast demand-supply imbalances in global petroleum products:* Given the limited additions expected to global refining capacity and the forecast increase in demand for petroleum products in key markets, any current excess of refining capacity is expected to decrease further, leading to higher utilisation of existing refineries. Further, increasingly stringent product specifications will result in fewer existing refineries being able to meet the increasing demand for such products. Our strategy is to capitalise on this imbalance between capacity and demand by rapidly establishing an export-oriented, technologically advanced refinery to service the forecasted growth in demand.
- *Retain flexibility in the refinery design to provide us with the ability to optimize crude oil input, product slate and product quality:* The configuration of the proposed refinery will provide us with significant flexibility to use a wide variety of low cost, heavier crude oils to produce high quality transportation fuels and other value added petroleum products and thereby take advantage of differentials between prevailing crude oil costs and petroleum product prices.
- *Incorporate best practices of RIL's existing refinery to establish efficient and profitable operations and exploit synergies with RIL's existing refinery:* In addition to utilising the skill sets and resources available to RIL, in constructing our refinery and polypropylene plant, we anticipate realising significant synergies with RIL and its Affiliates by entering into agreements with them for services in the areas of crude sourcing, operations and maintenance, marketing of refined petroleum products and associated infrastructure. RIL has significant experience in the areas of crude procurement and refined product marketing in the global markets. RIL's Affiliates have experience in infrastructure development and have been providing power, steam, port facilities and tank storage for crude oil and finished products to RIL's existing refinery since 2000.

RELIANCE PETROLEUM LIMITED

SUMMARY FINANCIAL DATA

You should read the following information together with the information contained in the Auditors' report included on page 122.

Since the Company has not commenced revenue operations, the Profit and Loss Account has not been prepared.

STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

	As at February 28, 2006	
A. Fixed Assets		
Capital Work in Progress		11,119.21
B. Investments		15,905.46
C. Current Assets		
Cash and Bank balances		0.96
D. Current Liabilities and Provisions		
Current Liabilities	49.73	
Provisions	<u>0.30</u>	50.03
E. Net Worth (A + B + C - D)		26,975.60
Net Worth Represented By		
F. Paid-up Equity Share Capital		27,000.00
G. Miscellaneous Expenditure (to the extent not written off or adjusted)		24.40
H. Net Worth (F - G)		26,975.60

Note:

The Company was incorporated on October 24, 2005. Hence there are no corresponding figures for previous period.



THE ISSUE

Issue of Equity Shares	:	1,350,000,000 Equity Shares (1,350 million Equity Shares)
Of which, Promoter's Contribution	:	900,000,000 Equity Shares (900 million Equity Shares)
Net Issue to Public	:	450,000,000 Equity Shares (450 million Equity Shares)
Of which the QIB Portion	:	At least 270,000,000 Equity Shares (allocation on proportionate basis)
Of which Available for Allocation to Mutual Funds	:	13,500,000 Equity Shares (allocation on proportionate basis)
Balance for all QIB including Mutual Funds	:	256,500,000 Equity Shares (allocation on proportionate basis)
Non-Institutional Portion ¹	:	Minimum of 45,000,000 Equity Shares (allocation on proportionate basis).
Retail Portion ¹	:	Minimum of 135,000,000 Equity Shares (allocation on proportionate basis).
Equity Shares outstanding prior to the Issue	:	3,150,000,000 Equity Shares
Equity Shares outstanding after the Issue	:	4,500,000,000 Equity Shares
Objects of the Issue:	:	Please see the section titled "Objects of the Issue" on page 29

1. Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 60% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.

Payment Methods

The Payment Methods available to the investors for applying in this Issue are as follows:

Amount Payable	Payment Method-I Retail Individual Bidders			Payment Method-II Any Category**		
	Face Value	Premium	Total	Face Value	Premium	Total
	(per share)					
On Application	2.5	13.5	16	10	[●]	[●]
By Due Date for payment of Balance Amount Payable *	7.5	[●]	[●]	-	-	-
Total	10	[●]	[●]	10	[●]	[●]

* Retail Individual Investors shall be required to make the payment of the Balance Amount Payable by the Due Date for payment of Balance Amount Payable. They shall be notified of the Balance Amount Payable simultaneously with the approval of the Basis of Allotment by the Stock Exchanges.

** Bidders in the QIB category will be required to make payment of 10% of the Bid Amount, with the balance being payable on allocation, but before allotment.

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Key Features of the Payment Methods

1) Payment Method - I (“Payment Method – I”)

- a) Only Retail Individual Investors are eligible for this method. *(Investors may note that the total bid amount will be used to determine if a bid is in the retail category or not, and not just the amount payable on application).* Payment Method I is not available to Non-Institutional Bidders and QIB Bidders.
- b) While bidding, the Bidder shall make a payment of Rs. 16 per Equity Share, irrespective of the Bid Price.
- c) Out of the amount of Rs. 16 paid while bidding, Rs. 2.5 would be adjusted towards face value of the Equity Shares and Rs. 13.5 shall be towards share premium.
- d) At the time of allotment
 - i) If the amount paid by the Bidder is equal to or higher than the total amount payable (being the Issue Price multiplied by the number of shares allotted) by the Bidder on the Equity Shares allotted to the Bidder, we reserve the right to adjust the excess amount towards the Balance Amount Payable and issue fully paid Equity Shares only. The excess amount, if any, after adjusting the Balance Amount Payable shall be refunded to the Bidder (i.e., Refund equals total amount paid on bidding minus the total amount payable on the shares allotted).
 - ii) If the amount paid by the Bidder is less than the total amount payable by the Bidder (being the Issue Price multiplied by the number of shares allotted) on the Equity Shares allotted to the Bidder, we reserve the right to adjust any excess of the amount received from the Bidder over the Amount Payable on Application towards the Balance Amount Payable.
- e) Equity Shares in respect of which the Balance Amount Payable remains unpaid may be forfeited, at any time after the Due Date for payment of Balance Amount Payable.
- f) Indicative timetable for payment and corporate action with respect to Balance Amount Payable under d(ii) above:

Sr. No.	Event	Indicative Time Period (On or around)
a)	(i) Basis of Allotment finalised with the Stock Exchanges (ii) Allotment Notice, including a statement of Balance Amount Payable per allotted share, issued to the shareholders	Day X – 9
b)	Listing of Shares	Day X
c)	Period (21 days) during which shareholders may make payment for the Balance Amount Payable (at the designated bank branches to be announced)	Day X + 12
d)	Corporate action for appropriation of Balance Amount Payable and for credit of fully paid shares to the demat accounts of shareholders who have paid the amount *	Day X + 26

* Investors please note that these shares will not be traded until the date of corporate action for credit of fully paid shares to the demat accounts of shareholders. See “Risk Factors” on page xvi.

IMPORTANT NOTE: If investors do not pay the Balance Amount Payable, the amount raised through the Issue will be lower than the proposed Issue size. Further, shares issued to investors will not be traded till the corporate action for credit of fully paid shares is completed.

2) Payment Method II (“Payment Method II”)

- a) Bidders under any category can choose this method.
- b) While bidding, the Bidder shall have to make the full payment (Bid Amount multiplied by number of Equity Shares bid) for the shares bid. However, Bidders in the QIB category will be required to make payment of 10% of the Bid Amount multiplied by the number of Equity Shares bid, with the balance being payable on allocation but before allotment.



3) Illustration of Payment Methods (Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)

a) Assumptions:

- Issue Price Rs. 100 per Equity Share
- We exercise the option to adjust the excess amount received on Application
- Under Payment Method–I, Rs. 10 per share is payable on Application

Amount Payable	Payment Method-I Retail Individual Bidders			Payment Method-II Any Category**		
	Face Value	Premium	Total	Face Value	Premium	Total
	Per Equity Share					
On Application	Rs. 9	Re. 1	Rs. 10	Rs. 10	Rs. 90*	Rs. 100*
On Allotment	Re. 1	Rs. 89	Rs. 90	-	-	-
Total	Rs. 10	Rs. 90	Rs. 100	Rs. 10	Rs. 90*	Rs. 100*

* Retail Investors shall be required to make the payment of the Balance Amount Payable by the Due Date for payment of Balance Amount Payable. They shall be notified of the Balance Amount Payable simultaneously with the approval of the Basis of Allotment by the Stock Exchanges.

** Bidders in QIB category will be required to make payment of 10% of the Bid Amount multiplied by the number of Equity Shares bid, with the balance being payable on allocation but before allotment.

b) Comparison of Payment Methods (for Retail Individual Bidders):

Payment Method	I		II		I		II		I		II	
	Illustration 1		Illustration 2		Illustration 3		Illustration 4		Illustration 5			
Application (no. of Equity Shares)	150		100		200		300		500			
Subscription (times)	3.00		2.00		1.33		1.50		10.00			
Allotment (no. of Equity Shares)*	50		50		150		200		50			
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Amount Paid on Application	1,500	15,000	1,000	10,000	2,000	20,000	3,000	30,000	5,000	50,000		
Refund, if any	Nil	10,000	Nil	5,000	Nil	5,000	Nil	10,000	Nil	45,000		
By Due Date for payment of Balance Amount Payable	3,500	Nil	4,000	Nil	13,000	Nil	17,000	Nil	Nil	Nil		
Total Amount	5,000	5,000	5,000	5,000	15,000	15,000	20,000	20,000	5,000	5,000		
Type of share issued	Not tradable until corporate action for appropriation of Balance Amount Payable	Fully paid-up and tradable	Not tradable until corporate action for appropriation of Balance Amount Payable	Fully paid-up and tradable	Not tradable until corporate action for appropriation of Balance Amount Payable	Fully paid-up and tradable	Not tradable until corporate action for appropriation of Balance Amount Payable	Fully paid-up and tradable	Fully paid-up and tradable	Fully paid-up and tradable		

* Assuming allotment arrived based on the Basis of Allocation and as per the mechanism described in "Issue Procedure" on page 160 and approved by the Stock Exchanges.

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- c) *In the event the Issue under the retail category is oversubscribed by 10 or more times as explained in the Illustration 5 above, no further amount will be payable on allotment. Excess amount after adjusting the full amount payable for the shares allotted will be refunded, if any.*
- d) *In the event the Issue under the retail category is subscribed less than 10 times as explained in Illustration 1 to 4 above, the successful bidders under Payment Method-I will be required to pay the Balance Amount Payable. Excess amount after adjusting the Balance Amount Payable for the allotted shares will be refunded. The balance amount shall have to be paid by the Due Date for payment of the Balance Amount Payable.*
- 4) Every Bidder should indicate the choice of Payment Method (i.e. Payment Method-I or Payment Method-II as applicable) in the Bid cum Application Form, subject to the Bidder's eligibility for the Payment Method. Once the choice is indicated, the Bidder should not revise the selection. No Bidder can select both payment methods in a Bid cum Application Form. In case no payment method is selected, then the default payment method is Payment Method – II.
- 5) **Important note:** If investors who opt for Payment Method- I do not pay the Balance Amount Payable, the amount raised through the Issue will be lower than the proposed Issue size. Further, shares issued to investors who opt for Payment Method-I will not be traded until the corporate action for credit of fully paid shares is completed. The Equity Shares on which Balance Amount Payable has not been paid within the prescribed time limit are liable for forfeiture. The shortfall due to forfeiture shall be made up by re-issue of the forfeited shares. Besides, as disclosed under "Objects of the Issue – Funding" on page 31, any excess amount raised through equity over and above Rs. 112.5 billion is available to be utilised towards meeting such shortfall.

The Balance Amount Payable as per the allotment notice issued by us, if any, may not be paid and the amount raised through the Issue may be lower than the proposed Issue. Further, shares, if any, issued unless the over-subscription amount is equal to or in excess of the Balance Amount Payable, will not be traded after the allotment has been made until the Balance Amount Payable is received and corporate action for appropriation of the amounts received towards Balance Amounts Payable is taken. In this issue investors opting for Payment Method-I shall be required to make the payment of the Balance Amount Payable by the Due Date for Payment of Balance Amount Payable. We shall issue the allotment notice simultaneously with the approval of the Basis of Allotment by BSE. The process of corporate action to make the partly paid up shares to fully paid up shares may take about two weeks from the last date of payment of the Balance Amount Payable. The notice of the Balance Amount Payable will be published in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper along with the statutory advertisement for the Basis for Allotment.



GENERAL INFORMATION

Registered Office of the Company

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Dist. Jamnagar 361 140 (Gujarat), India

Tel: +91 288 3011 805

Fax: +91 288 3011 850

Website: www.reliancepetroleum.com

Registration Number: U11100GJ2006PLC48030

The Company is registered with the Registrar of Companies, State of Gujarat, located at ROC Bhavan, Opposite Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad 380 013, Gujarat, India.

The Company was incorporated on October 24, 2005 with its registered office at 3rd Floor, Maker Chambers IV, 222 Nariman Point, Mumbai 400 021, India. The registered office of the Company has been shifted to the present address with effect from March 29, 2006 after necessary approvals.

Board of Directors

The following persons constitute our Board of Directors:

1. Mr. Mukesh D. Ambani, Non-Executive Chairman
2. Mr. Hital R. Meswani, Director
3. Mr. Manoj Modi, Director
4. Mr. P. M. S. Prasad, Director
5. Mr. Y. P. Trivedi, Director
6. Mr. M. P. Modi, Director
7. Mr. Atul S. Dayal, Director
8. Mr. Bobby Parikh, Director

For further details of our Board of Directors, see “Our Management” on page 78.

Company Secretary and Compliance Officer

Mr. K Sethuraman,
Reliance Petroleum Limited,
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Mumbai 400 021, India.

Tel: +91 22 2278 5214;

Fax: +91 22 2278 5111.

E-mail: rpl.ipo@ril.com

Website: www.reliancepetroleum.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account or refund orders, etc.

RELIANCE PETROLEUM LIMITED

Book Running Lead Managers

JM Morgan Stanley Private Limited

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Contact Person: Mr. Utkarsh Katkoria

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ICICI Securities Limited

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Contact Person: Mr Grenville Pinto
Website : www.ibb.ubs.com/Corporates/indianipo/

Syndicate Members**JM Morgan Stanley Financial Services Private Limited**

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RELIANCE PETROLEUM LIMITED

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ICICI Brokerage Services Limited (wholly owned subsidiary of ICICI Securities Limited)

ICICI Centre,
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Fax: (91 22) 2282 6455
Contact Person: Anil Mokashi

Legal Advisors

Domestic Legal Counsel to the Company

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Registrar to the Issue**Karvy Computershare Private Limited**

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E-mail: rpl.ipo@karvy.com
Website: www.karvy.com
Contact: Mr. M. Murali Krishna

Banker to the Issue and Escrow Collection Banks**Citibank N.A.**

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RELIANCE PETROLEUM LIMITED

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State Bank of India

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Yes Bank Limited

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Auditors to the Company

Chaturvedi & Shah

Chartered Accountants
(member of Nexia International)
A-3, Laxmi Towers, first floor,
Bandra Kurla Complex,
Bandra (East),
Mumbai 400 051, India.
Tel: + 91 22 3061 6100
Fax: + 91 22 3061 6125

Deloitte Haskins & Sells

Chartered Accountant,
12, Dr. Annie Besant Road,
Opposite Shiv Sagar Estate
Worli, Mumbai 400 018, India
Tel: + 91 22 5667 9000
Fax: + 91 22 5667 9100



Bankers to the Company

State Bank of India

Corporate Accounts Group Branch
Voltas House, 23, J N Heredia Marg
Ballard Estate
Mumbai 400001
Tel: + 91 22 2267 1916
Fax: + 91 22 2267 9030
Contact Person: Ms Anuradha Gupta, Deputy General Manager and Chief Operating Officer

HDFC Bank Limited

Manekji Wadia Building
Nanik Motwane Marg
Fort, Mumbai 400023
Tel: +91 22 2270 3390
Fax: +91 22 2270 3392
Contact Person: Mr Bindumadhav Tikekar, Head, Corporate Operations

IDBI Bank Limited

224 A Mittal Court, A Wing
Nariman Point
Mumbai 400021
Tel: +91 22 2202 4831
Fax: +91 22 2282 4071
Contact Person: Mr R Narasimhan, Head, Corporate Banking, Western India

ICICI Bank Limited

215, Free Press House
Nariman Point
Mumbai 400021
Tel: +91 22 2284 2947
Fax: +91 22 2285 3591
Contact Person: Mr V S Raghunathan, Branch Manager

Monitoring Agency

Infrastructure Development Finance Company Limited

Ramon House, H T Parekh Marg
169 Backbay Reclamation
Mumbai – 400 020
Tel: +91 22 5633 9100
Fax: +91 22 2283 8158
Contact Person: Mr. Debabrata Mukherjee
Email: information@idfc.com

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Statement of *inter se* Allocation of Responsibilities for the Issue

The following table sets forth the *inter se* allocation of responsibilities for various activities among JM Morgan Stanley Private Limited (“JMMS”), DSP Merrill Lynch Limited (“DSPML”), Citigroup Global Markets India Private Limited (“CITI”), Deutsche Equities India Private Limited (“DB”), ENAM Financial Consultants Private Limited (“ENAM”), HSBC Securities and Capital Markets (India) Private Limited (“HSBC”), ICICI Securities Limited (“I-SEC”), SBI Capital Markets Limited (“SBICAPS”), and UBS Securities India Private Limited (“UBS”) as Book Running Lead Managers for the Issue:

Activity	Responsibility	Co-ordination
1. Capital Structuring with relative components and formalities such as type of instruments, etc.	JMMS, DSPML, CITI, DB, ENAM, HSBC, I-SEC, SBICAPS, UBS	JMMS
2. Due diligence of Company’s operations/ management/ business plans/legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, ROC and SEBI including finalisation of Prospectus and ROC filing	JMMS, DSPML, CITI, DB, ENAM, HSBC, I-SEC, SBICAPS, UBS	JMMS
3. Drafting and approval of all statutory advertisement	JMMS, DSPML, CITI, DB, ENAM, HSBC, I-SEC, SBICAPS, UBS	JMMS
4. Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	JMMS, DSPML, CITI, DB, ENAM, HSBC, I-SEC, SBICAPS, UBS	JMMS
5. Appointment of other intermediaries viz., Registrar(s), Printers, Advertising Agency and Bankers to the Offer	JMMS, DSPML, CITI, DB, ENAM, HSBC, I-SEC, SBICAPS, UBS	DSPML
6. Preparation of Road show presentation	JMMS, DSPML, CITI, DB, ENAM, HSBC, I-SEC, SBICAPS, UBS	DSPML
7. International Institutional Marketing strategy <ul style="list-style-type: none"> Finalise the list and division of investors for one to one meetings, in consultation with the Company, and Finalizing the International road show schedule and investor meeting schedules 	JMMS, DSPML, CITI, DB, ENAM, HSBC, I-SEC, SBICAPS, UBS	DSPML



Activity	Responsibility	Co-ordination
8. Domestic institutions / banks / mutual funds marketing strategy <ul style="list-style-type: none"> ● Finalise the list and division of investors for one to one meetings, in consultation with the Company ● Finalizing the list and division of investors for one to one meetings, and Finalizing investor meeting schedules 	JMMS, DSPML, CITI, DB, ENAM, HSBC, I-SEC, SBICAPS, UBS	DSPML
9. Non-Institutional and Retail Marketing of the Issue, which will cover, <i>inter alia</i> , <ul style="list-style-type: none"> ● Formulating marketing strategies, preparation of publicity budget ● Finalise Media & PR strategy ● Finalising centers for holding conferences for press and brokers ● Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material ● Finalize collection centers 	JMMS, DSPML, CITI, DB, ENAM, HSBC, I-SEC, SBICAPS, UBS	JMMS
10. Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading	JMMS, DSPML, CITI, DB, ENAM, HSBC, I-SEC, SBICAPS, UBS	JMMS
11. Finalisation of Pricing, in consultation with the Company	JMMS, DSPML, CITI, DB, ENAM, HSBC, I-SEC, SBICAPS, UBS	DSPML
12. The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Offer activities for the Offer involving essential follow up steps, which include the finalisation of trading and dealing of instruments and demat of delivery of shares, with the various agencies connected with the work such as the Registrar(s) to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company	JMMS, DSPML, CITI, DB, ENAM, HSBC, I-SEC, SBICAPS, UBS	DSPML

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IPO Grading

We have not opted for the grading of this issue from credit rating agency.

Credit Rating

As the Issue is of equity shares, credit rating is not required.

Trustees

As the Issue is of equity shares, the appointment of Trustees is not required.

Book Building Process

Book Building Process refers to the process of collection of Bids, on the basis of this Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid Closing Date.

The principal parties involved in the Book Building Process are:

- (1) The Company;
- (2) The Book Running Lead Managers, in this case being JM Morgan Stanley Private Limited DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, Deutsche Equities India Private Limited, ENAM Financial Consultants Private Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, SBI Capital Markets Limited and UBS Securities India Private Limited;
- (3) The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters; and
- (4) The Registrar to the Issue, in this case being Karvy Computershare Private Limited;
- (5) Escrow collection banks.

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines read with Rule 19(2)(b) of the SCRR, wherein: (i) at least 60% of the Net Issue shall be allocated on a proportionate basis to QIBs, including up to 5% of the QIB Portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; (ii) minimum of 10% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) minimum of 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with SEBI Guidelines, QIBs are not allowed to withdraw their Bid(s) after the Bid/ Issue Closing Date. **In addition, as per the recent amendments to the SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis.** For further details see section titled "Issue Structure" on page 154.

The Company shall comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, the Company has appointed JM Morgan Stanley Private Limited DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, Deutsche Equities India Private Limited, ENAM Financial Consultants Private Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, SBI Capital Markets Limited and UBS Securities India Private Limited as the Book Running Lead Managers to manage the Issue and to procure the subscriptions to the Issue.

The process of Book Building under the SEBI Guidelines is relatively new and is subject to change, from time to time. Accordingly, investors are advised to make their own judgment about investment through this process of Book Building prior to making a Bid.

Illustration of Book Building and Price Discovery Process

(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

Bidders can Bid at any price within the Price Band. For instance, assume a Price Band of Rs. 20 to Rs. 24 per share, issue



size of 3,000 Equity Shares and receipt of five Bids from Bidders. A graphical representation of the consolidated demand and price would be made available at the websites of the BSE and the NSE during the Bidding Period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	27.77%
1,000	23	1,500	83.33%
1,500	22	3,000	166.67%
2,000	21	5,000	277.78%
2,500	20	7,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the issue is subscribed, i.e., Rs. 22 in the above example. The issuer, in consultation with the Book Running Lead Managers, will finalise the issue price at or below such Cut-off Price, i.e., at or below Rs. 22. All Bids at or above this issue price and cut-off bids are valid Bids and are considered for allocation in the respective categories.

Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see section titled “Issue Procedure - Who Can Bid” on page 160);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid cum Application Form (see section titled “Issue Procedure - ‘PAN’ or ‘GIR’ Number” on page 177);
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form; and
5. The Bidder should ensure the correctness of his or her Demographic Details (as defined in the section “Issue Procedure-Bidder’s Depository Account Details” on page 172 given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

Bidding Period/Issue Period

BID/ISSUE OPENS ON **APRIL 13, 2006**

BID/ISSUE CLOSES ON **APRIL 20, 2006**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid / Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid /Issue Closing Date.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band shall not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by

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issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with the ROC, the Company will enter into an Underwriting Agreement with the Underwriters for the underwriting of the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that a Syndicate Member does not fulfil its underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing of the Prospectus with ROC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
JM Morgan Stanley Private Limited 141, Maker Chambers III, Nariman Point, Mumbai – 400 021	[●]	[●]
DSP Merrill Lynch Limited Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400 021	[●]	[●]
Citigroup Global Markets India Private Limited Bakhtawar, 4 th Floor, Nariman Point, Mumbai 400021	[●]	[●]
Deutsche Equities India Private Limited DB House, Hazarimal Somani Marg, Fort, Mumbai – 400 001	[●]	[●]
ENAM Financial Consultants Private Limited 801, Dalamal Tower, Nariman Point, Mumbai - 400 021.	[●]	[●]
HSBC Securities and Capital Markets (India) Private Limited 52/60 Mahatma Gandhi Road, Fort, Mumbai – 400 001	[●]	[●]
ICICI Securities Limited ICICI Centre, H. T. Parekh Marg, Mumbai – 400 020	[●]	[●]
SBI Capital Markets Limited 202, Maker Towers ‘E’, Cuffe Parade, Mumbai-400 005	[●]	[●]
UBS Securities India Private Limited 2/F, Hoechst House, Nariman Point, Mumbai – 400 021	[●]	[●]



Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
JM Morgan Stanley Financial Services Private Limited Apeejay House, 3, Dinshaw Waccha Road, Churchgate, Mumbai 400 021	[●]	[●]
Enam Securities Private Limited Khatau Building, II Floor, 44B Bank Street, Off Shahid Bhagat Singh Road, Fort, Mumbai – 400 001	[●]	[●]
ICICI Brokerage Services Limited ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020	[●]	[●]

The above-mentioned amount is indicative and this would be finalised after determination of Issue Price and actual allocation of the Equity Shares. The above Underwriting Agreement is dated [●]

In the opinion of the Board of Directors (based on certificates given to them by the BRLMs and the Syndicate Members), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The above Underwriting Agreement has been accepted by the Board of Directors and the Company has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/ subscribe to the extent of the defaulted amount.

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CAPITAL STRUCTURE

Our share capital as at the date of filing this Red Herring Prospectus with ROC (before and after the Issue) is set forth below.

(Rs. million, except share data)

	Aggregate Nominal Value	Aggregate Value at Issue Price
A. Authorised Share Capital		
10,000,000,000 Equity Shares of Rs. 10 each	100,000	
5,000,000,000 Preference Shares of Rs. 10 each	50,000	
B. Issued, Subscribed and Paid-Up Share Capital before the Issue*		
3,150,000,000 Equity Shares of Rs. 10 each fully paid-up	31,500	
C. Issue in terms of this Red Herring Prospectus		
1,350,000,000 Equity Shares of Rs. 10 each fully paid-up	13,500	[●]
D. Promoter's Contribution		
900,000,000 Equity Shares of Rs.10 each as Promoter's Contribution	9,000	[●]
E. Net Issue to Public		
450,000,000 Equity Shares of Rs.10 each	4,500	[●]
<i>Of which</i>		
QIB Portion of at least 270,000,000 Equity Shares	2,700	[●]
Non-Institutional Portion of at least 45,000,000 Equity Shares	4,50	[●]
Retail Portion of at least 135,000,000 Equity Shares	1,350	[●]
F. Equity Share Capital after the Issue		
4,500,000,000 Equity Shares of Rs. 10 each fully paid-up	45,000	[●]
G. Share Premium Account		
Before the Issue*	[●]	
After the Issue	[●]	

* An amount of Rs. 22.5 billion has been received from Pre-IPO Investors towards share premium which will be appropriated to the share premium account after determination of the Issue Price. This amount represents Rs. 50 per share for 450,000,000 pre Issue Equity Shares. If the Issue Price is more than Rs. 60 per share, the entire amount of Rs. 22.5 billion will be appropriated to the share premium account. In case, the Issue Price is less than Rs. 60 per share, an amount arrived at by applying the following formula will be transferred to the share premium account and the balance will be refunded to the Pre-IPO.

Investors: $450,000,000 \times (\text{Issue Price} \text{ minus } \text{Rs. } 10)$

Notes:

- Our authorised share capital at the time of incorporation was Rs. 100 million divided into 100 million Equity Shares of Re. 1 each.
- At the Extraordinary General Meeting held on January 30, 2006, the authorised share capital was modified by consolidating the existing authorised share capital of Rs. 100 million divided into 100 million Equity Shares of Re. 1 each into 10 million Equity Shares of Rs. 10 each.
- At the same meeting, the authorised share capital was increased to Rs. 150,000 million divided into 10,000 million Equity Shares of Rs. 10 each and 5,000 million Preference Shares of Rs. 10 each.



Notes to the Capital Structure

1. Share Capital History of the Company

The following is the history of the equity share capital of our Company through the date of this Red Herring Prospectus:

Date of Allotment	No. of Equity Shares	Price per Equity Share (Rs.)	Consideration (Cash, bonus, other than cash)	Cumulative Share Premium (Rs.)	Cumulative Share Capital (Rs.)
December 6, 2005	100,000*	10*	Cash	Nil	1,000,000
January 30, 2006	4,300,000	10	Cash	Nil	44,000,000
February 25, 2006	2,695,600,000	10	Cash	Nil	27,000,000,000
April 3, 2006**	450,000,000	【●】	Cash	【●】	31,500,000,000

* At the time of initial allotment to the subscribers to the Memorandum of Association, face value of Equity Shares of the Company was Re.1 each. At the Extraordinary General Meeting held on January 30, 2006, the Company consolidated the Equity Share capital from a face value of Re. 1 per share to Rs. 10 per share.

** For the allotment of these 450,000,000 Equity Shares, the Company has received a sum of Rs. 27 billion at Rs. 60 per Equity Share (Rs. 10 per Equity Share towards face value and Rs. 50 per Equity Share towards premium). An amount of Rs. 4.5 billion has been appropriated towards the face value of the Equity Shares (450,000,000 Equity Shares x Rs. 10 each). The balance amount of Rs. 22.5 billion (450,000,000 Equity Shares x Rs. 50 each) received towards share premium will be appropriated towards share premium account after determination of the Issue Price. If the Issue Price is more than Rs. 60 per Equity Share, the entire amount of Rs. 22.5 billion will be appropriated to the share premium account. If the Issue Price is less than Rs. 60 per Equity Share, an amount arrived at by applying the following formula will be transferred to the share premium account and the balance amount will be refunded to the Pre-IPO: Investors: 450,000,000 x (Issue Price minus Rs. 10).

None of the shares of the Company have been issued for consideration other than cash.

2. Promoter's Contribution and Lock-in

Sr. No.	Name of the Promoter	Date of Allotment	Date when made fully paid-up	Consideration (Cash, bonus, kind etc.)	No. of shares	Face Value	Issue Price	% of Post Issue paid-up capital	Lock-in Period
1	Reliance Industries Limited	December 6, 2005	December 6, 2005	Cash	100,000*	Rs. 10* per Equity Share	10*	0.002%	1 year ⁽¹⁾
2	Reliance Industries Limited	January 30, 2006	January 30, 2006	Cash	4,300,000	Rs. 10 per Equity Share	10	0.096%	1 year ⁽¹⁾
3	Reliance Industries Limited	February 25, 2006	February 25, 2006	Cash	2,695,600,000	Rs. 10 per Equity Share	10	59.902%	1 year ⁽¹⁾
Promoters Contribution									
4	Reliance Industries Limited	To be allotted simultaneously with allotment in the issue #	Not Applicable	Cash	900,000,000***	Rs. 10 per Equity Share	**	20.000%	3 year ⁽²⁾

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Notes:

- * At the time of initial allotment to the subscribers to the Memorandum of Association, face value of Equity Shares of the Company was Re.1 each. At the Extraordinary General Meeting held on January 30, 2006, the Company consolidated the Equity Share capital from a face value of Re. 1 per share to Rs. 10 per share.
- ** Will be determined based on a 100% Book building process
- *** Pursuant to Clause 4.9.1 of the SEBI Guidelines, RIL would bring in the full amount of the Promoter's Contribution computed as 900,000,000 Equity Shares multiplied by the Cap Price at least one day prior to the Bid/Issue Opening Date. This amount shall be kept in an Escrow Account with the Escrow Collection Bank(s) and shall be released to the Public Issue Account together with the remaining Issue proceeds. In case of upward revision of the Price Band, the difference will be brought in by RIL immediately on the day of revision. The Promoter's Contribution will be brought in to the extent of not less than the specified minimum lot and from persons defined as Promoters.
- # Will be subscribed by RIL one day before Issue opening date at the Cap Price.
- (1) These Equity Shares will be locked-in for a period of one year from the date of allotment in the Issue
- (2) These Equity Shares represent the minimum Promoters Contribution pursuant to clause 4.1.1 of the SEBI Guidelines. In terms of clause 4.11.1 of SEBI Guidelines, these Equity Shares will be locked-in for a period of 3 years from the date of allotment in the Issue or the date of commercial production, whichever is later or as per the SEBI Guidelines
- The entire pre-Issue capital (including the Pre-IPO placement, but excluding the minimum Promoter's Contribution) would be locked-in for a period of one year from the date of allotment in the Issue.

As per Clause 4.15.1 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoter can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan.

Under Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeovers Regulations.

Further, under Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter group or to a new Promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations.

● Shareholding Pattern of our Company

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue:

Name of Shareholder	Pre-Issue (As on the date of filing of this Red Herring Prospectus with ROC)		Post-Issue	
	Number of Equity Shares	Percentage equity share capital (%)	Number of Equity Shares	Percentage equity share capital (%)
Promoter				
- RIL	2,700,000,000	85.71%	3,600,000,000*	80%
Pre-IPO Investors	450,000,000	14.29%	450,000,000	10%
Public	Nil	Nil	450,000,000	10%
Total	3,150,000,000	100 %	4,500,000,000	100%

* Includes Promoter Contribution as stated in note 2 hereinaboves



4. We, nor our Directors / Promoter / Promoter Group, nor their respective Directors and the BRLMs have entered into any buy-back and/or standby or similar arrangements for purchase of Equity Shares from any person.
5. In case of over-subscription in all categories, a minimum of 60% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further, at least 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 60% of the Net Issue is not made to the QIBs, the entire subscription monies shall be refunded.

6. The list of our top ten shareholders and the number of Equity Shares held by them is as under:
- (a) Our top ten shareholders as of the date of the filing of this Red Herring Prospectus with ROC are as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage Shareholding
1.	Reliance Industries Limited*	2,700,000,000	85.71%
2.	Fidelity Shares & Securities Pvt. Ltd.	75,000,000	2.38%
3.	Life Insurance Corporation of India	67,500,000	2.14%
4.	State Bank of India	50,000,000	1.59%
5.	Goldman Sachs Investments (Mauritius) I Limited	47,000,000	1.49%
6.	Industrial Development Bank of India Limited	33,500,000	1.06%
7.	Global Investment House KSC (Closed) , Kuwait	22,000,000	0.70%
8.	Punjab National Bank	21,500,000	0.68%
9.	Bank of Baroda	20,000,000	0.63%
10.	Canara Bank	20,000,000	0.63%
11.	Deutsche Securities Mauritius Limited	15,000,000	0.48%
12.	Citigroup Global Markets Mauritius Private Limited	15,000,000	0.48%

* See note 17. Includes six Equity Shares held by RIL along with the following six other individuals, Mr. Rohit C. Shah, Mr. L.V. Merchant, Mr. K. Sethuraman, Mr. K.S. Sundara Raman, Mr. Ashok C. Jain, and Mr. Arun K. Jain.

- (b) Our top ten shareholders as of ten days prior to the filing of this Red Herring Prospectus with ROC are as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage Shareholding
1.	Reliance Industries Limited*	2,700,000,000	100.00

* Includes six Equity Shares held by RIL along with the following six other individuals, Mr. Rohit C. Shah, Mr. L.V. Merchant, Mr. K. Sethuraman, Mr. K.S. Sundara Raman, Mr. Ashok C. Jain, and Mr. Arun K. Jain.

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(c) Our top ten shareholders as of incorporation date, October 24, 2005 are as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares	Percentage Shareholding
1.	Reliance Industries Limited*	100,000**	100.00

* Includes six Equity Shares held by RIL along with the following six other individuals, Mr. Rohit C. Shah, Mr. L.V. Merchant, Mr. K. Sethuraman, Mr. K.S. Sundara Raman, Mr. Ashok C. Jain, and Mr. Arun K. Jain.** At the time of allotment, face value of Equity Shares of the Company was Re.1 each. At the Extraordinary General Meeting held on January 30, 2006, the Company consolidated the share capital from a face value of Re. 1 per share to Rs. 10 per share.

7. There are no outstanding financial instruments or any other rights which would entitle the existing promoters or shareholders or any other person any option to acquire our Equity Shares after the IPO.
8. Our Promoter, our Promoter group, or the Directors of our Promoter or our Directors have not purchased or sold any Equity Shares of the Company from or to any third party, during a period of six months preceding the date on which this Red Herring Prospectus is filed with ROC.
9. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.
10. Except as disclosed in this Red Herring Prospectus, none of our Directors and key managerial personnel holds any Equity Shares.
11. Subject to Note 1 herein above, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
12. We do not presently intend or propose to alter our capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise.
Our Promoter, Reliance Industries Limited has been approached by various international industry majors for a strategic tie-up with Reliance Petroleum Limited. RIL has been in discussions with them but no decision has been made in this regard. This discussion may result in a tie-up which may include technical support, supply of crude oil/raw material, purchase of finished goods and/or minority equity stake in RPL (either through fresh issue of equity shares by RPL or through sale of a part of RPL equity shares held by RIL) to these international industry majors. If and when a decision in this regard is made, RIL/RPL will make necessary disclosures and seek regulators approvals if required. At this point of time no assurance can be given as to whether the aforesaid discussions would result in a tie-up or otherwise or the requisite regulatory approvals would be received.
13. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
14. We have not raised any bridge loans against the proceeds of the Issue.
15. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
16. The details of shares issued in the last one year are as follows:

Date	Name	No. of Shares of face value of Rs. 10 each	Issue Price	Consideration
December 6, 2005	Reliance Industries Limited	100,000*	10*	1,000,000
January 30, 2006	Reliance Industries Limited	4,300,000	10	43,000,000
February 25, 2006	Reliance Industries Limited	2,695,600,000	10	26,956,000,000



Pre-IPO Investors:

Date	Name	No. of Shares of face value of Rs. 10 each	Issue Price	Consideration
April 3, 2006	Fidelity Shares & Securities Pvt. Ltd.	75,000,000	**	4,500,000,000
April 3, 2006	Life Insurance Corporation of India	67,500,000	**	4,050,000,000
April 3, 2006	State Bank of India	50,000,000	**	3,000,000,000
April 3, 2006	Goldman Sachs Investments (Mauritius) I Limited	47,000,000	**	2,820,000,000
April 3, 2006	Industrial Development Bank of India Limited	33,500,000	**	2,010,000,000
April 3, 2006	Global Investment House KSC (Closed) , Kuwait	22,000,000	**	1,320,000,000
April 3, 2006	Punjab National Bank	21,500,000	**	1,290,000,000
April 3, 2006	Bank of Baroda	20,000,000	**	1,200,000,000
April 3, 2006	Canara Bank	20,000,000	**	1,200,000,000
April 3, 2006	Deutsche Securities Mauritius Limited	15,000,000	**	900,000,000
April 3, 2006	Citigroup Global Markets Mauritius Private Limited	15,000,000	**	900,000,000
April 3, 2006	Oriental Bank of Commerce	10,000,000	**	600,000,000
April 3, 2006	Allahabad Bank	10,000,000	**	600,000,000
April 3, 2006	General Insurance Corporation of India	10,000,000	**	600,000,000
April 3, 2006	Bank of India	6,000,000	**	360,000,000
April 3, 2006	Indian Bank	6,000,000	**	360,000,000
April 3, 2006	Syndicate Bank	6,000,000	**	360,000,000
April 3, 2006	UTI Bank Limited	6,000,000	**	360,000,000
April 3, 2006	Western India Trustee and Executor Company (Pvt) Ltd- A/c India Advantage Fund	5,000,000	**	300,000,000
April 3, 2006	ICICI Trusteeship Services Limited - A/c ICICI Equity Fund	4,500,000	**	270,000,000

* At the time of allotment, face value of Equity Shares of the Company was Re.1 each. At the Extraordinary General Meeting held on January 30, 2006, the Company consolidated the share capital from a face value of Re. 1 per share to Rs. 10 per share.

** For the allotment of these 450,000,000 Equity Shares, the Company has received a sum of Rs. 27 billion at Rs. 60 per Equity Share (Rs. 10 per Equity Share towards face value and Rs. 50 per Equity Share towards premium). An amount of Rs. 4.5 billion has been appropriated towards the face value of the Equity Shares (450,000,000 Equity Shares x Rs. 10 each). The balance amount of Rs. 22.5 billion (450,000,000 Equity Shares x Rs. 50 each) received towards share premium will be appropriated towards share premium account after determination of the Issue Price. If the Issue Price is more than Rs. 60 per Equity Share, the entire amount of Rs. 22.5 billion will be appropriated to the share premium account. If the Issue Price is less than Rs. 60 per Equity Share, an amount arrived at by applying the following formula will be transferred to the share premium account and the balance amount will be refunded to the Pre-IPO Investors: $450,000,000 \times (\text{Issue Price} - \text{Rs. } 10)$

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17. As of the date of the Red Herring Prospectus, the total number of holders of Equity Shares is 27. This includes six equity shares held by RIL alongwith six other individuals (see Note 6 above) to fulfil statutory requirements of having seven members of the Company.
18. The Equity Shares issued pursuant to Payment Method-I would be made fully paid up or may be forfeited within 12 months from the date of allotment.
19. Our promoter RIL, was founded and promoted by late Shri Dhirubhai Ambani. Mr. Mukesh D. Ambani is now the promoter of RIL. RIL is controlled by him through various companies
20. As of the date of this Red Herring Prospectus, each of the State Bank of India, an affiliate of SBI Capital Markets Limited, Deutsche Securities Mauritius Limited, an affiliate of Deutsche Equities India Private Limited, and Citigroup Global Markets Mauritius Private Limited, an affiliate of Citigroup Global Markets India Private Limited, and ICICI Trusteeship Services Limited – A/c ICICI Equity Funds, and affiliate of ICICI Securities Limited, owns 50,000,000 Equity Shares, 15,000,000 Equity Shares, 15,000,000 Equity Shares, and 4,500,000 Equity Shares of the Company respectively, which collectively represents approximately 2.7% of the pre-Issue Equity Shares of the Company and approximately 1.9% (as adjusted for the Issue) of the post-Issue Equity Shares of the Company.



OBJECTS OF THE ISSUE

The objects of the Issue are to achieve benefits of listing and raising capital for financing our proposed greenfield Project as discussed below. We intend to utilise the proceeds of the Issue, after deducting underwriting and management fees, selling commissions and other expenses associated with the Issue (“Net Proceeds”), to partially finance the equity portion of the Project. Our fund requirements are based on management estimates only at this stage.

The main object clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing and proposed activities.

Description of the Project

We are proposing to set up a refinery that will have a capacity to process 580 kilo barrels of crude oil per stream day (KBPSD) and also a 0.9 million tonnes per annum (TPA) polypropylene plant. The plant is proposed to be set up in a Special Economic Zone at Jamnagar being set up by RFL, a subsidiary of RIL. The SEZ is yet to be notified.

Upon completion, our refinery will be the sixth largest refinery in the world based on current capacities. (*Source: Oil and Gas Journal, December 2005*). While being one of the largest globally, the proposed refinery would also be a highly complex refinery with significant secondary processing facilities designed to maximise the quantity of value added products such as Alkylates, Diesel, ATF, Polypropylene, etc. The details of primary and secondary processing capacities being planned as part of the complex are as follows:

Units	Units	Capacity
Crude distillation units	KBPSD	580
Vacuum distillation units	KBPSD	305
Catalytic feed hydrotreaters	KBPSD	220
Fluidised catalytic cracker	KBPSD	200
Delayed coker	KBPSD	160
Hydro-cracker	KBPSD	110
CCR platformer	KBPSD	85
Alkylation	KBPSD	85
Catalytic product hydrotreaters	KBPSD	360
Polypropylene	KTPA	900

Funds Requirements

We are setting up the proposed Project for an estimated cost of Rs. 270,000 millions (approx US\$ 6 billion) as estimated by us and intend to finance the Project through a combination of debt and equity. The Project is expected to begin commercial operations in, or around, December 2008. The estimated expenses expected to be incurred in connection with the Project are set forth below on a half yearly basis:

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Rs. In million

	1st Half of CY 2006	2nd Half of CY 2006	1st Half of CY 2007	2nd Half of CY 2007	1st Half of CY 2008	2nd Half of CY 2008 & Beyond	Total
Deposits for Infrastructure, including Utilities, etc.	5,990	-	-	-	-	-	5,990
Equipment/Construction Costs	- 25,474	- 22,176	- 40,037	- 52,770	- 22,295	1,088	163,840
Technical Fees	- 21,678	7,712	515	2	650	9,361	39,918
Interest during construction, Pre-Operating Cost	7,916	2,751	3,874	5,586	7,197	3,892	31,216
Contingency	-	-	-	4,875	9,750	4,871	19,496
Margin Money for Working Capital	-	-	-	-	-	9,540	9,540
Total	61,058	32,639	44,426	63,233	39,892	28,752	270,000

The following has been considered for the Project cost:

- **Deposits for Infrastructure including utilities:** We expect to lease the land required for the Project along with related infrastructure such as roads, storm water drains, etc. under a long term lease from Reliance Infrastructure Limited (RFL), which is the developer of the SEZ in Jamnagar. For providing these facilities, we will give a deposit of Rs. 2,990 million to RFL. RPL is also expected to place deposits of Rs. 1,500 million each to RUPL and RPTL, respectively, for the use of power and utilities and ports and terminal services to be established by them. These deposits are as estimated by us and the actual deposits may vary.
- **Equipment costs** have been estimated based on agreements signed with Bechtel, France S.A.S. Construction costs have been arrived at based on initial estimates of construction quantities and applying currently expected rates.
- **Technical fees** have been estimated based on the agreement signed with Bechtel France S.A.S.
- **Preliminary and preoperative costs:** These include costs related to employees, insurance, consultants, repairs, maintenance and other administrative costs, costs related to commissioning of plants, and other financing related costs.
- **Interest during construction period:** These have been worked out on the basis of estimated drawal schedule of various types of facilities.
- **Contingency:** While the estimated cost is based on past experience and ongoing discussions with relevant vendors, given the long implementation period, a contingency of 10% on the project cost (excluding technical fee and deposits) has been provided.
- **Margin Money for working capital:** Working capital requirement for the first year of operation has been estimated based on the basis of following inventory levels:

Item	Basis	No. of Days / Estimates
Feedstocks	Day's feedstock cost	15
Product stock at cost	Day's cash costs	8
Accounts receivable	Day's revenues	30
Crude payable	Day's variable costs	30
Catalyst Chemicals and Spares	Lump sum	US\$ 14 million



Margin requirement has been projected at 25% of net working capital requirement and included in part of project cost. Balance working capital requirement would be funded through working capital facilities from banks and the issue of securities in the domestic and international markets at suitable time. No arrangements for working capital have been finalised as of date.

Funding

Our total funds requirement for the projects is estimated at Rs. 270,000 million. We propose to fund the Project through a mixture of debt and equity. The details of the proposed funding are as follows:

Rs. In million

Source	Range	Amount
Total Equity including proceeds from the proposed Issue		112,500 – 135,000*
Debt		
- Syndicate Loan	45,000 – 90,000	
- Export Credits	45,000 – 67,500	
- Rupee Debt/ Bonds	22,500 – 33,750	
Total Debt		157,500
Total		270,000

* Any excess amount raised over and above Rs. 112,500 million including proceeds from the proposed issue will be used to meet any additional contingency for the Project or for general corporate purposes.

1. We have mandated 14 leading international and domestic banks – ABN Amro Bank N.V., Bank of America N.A., Bank of Tokyo-Mitsubishi UFJ, BNP Paribas, Ceylon, Citigroup Global Markets Singapore Pte Ltd., DBS Bank Ltd., DZ Bank, ICICI Bank, Mizuho Corporate Bank Ltd., Standard Chartered Bank, State Bank of India, Sumitomo Mitsui Banking Corporation and The Hong Kong and Shanghai Banking Corporation Limited to arrange for US\$ 1.5 billion (Rs. 67.5 billion) syndicated loan and plan to raise additional financing through export credit agencies for approximately Rs. 45 billion to Rs. 67.5 billion (US\$ 1 billion to US\$ 1.5 billion). We anticipate raising further debt funding of approximately Rs. 22.5 billion to Rs. 33.75 billion (US\$ 500 million to US\$ 750 million) in accordance with the funding requirements for the Project, as they arise.
2. Further, the Board of Directors of RIL, our Promoters, at their meeting held on October 27, 2005 adopted a resolution that RIL would provide for any shortfall in financing of the project in the event RPL is unable to tie-up the entire debt of Rs. 157,500 million (US\$ 3.5 billion). Accordingly, firm arrangements have been made for the entire means of finance excluding amount to be raised through the issue.

Details of Equipments Required

Equipments for which the order is placed

We have entered into an equipment supply agreement with Bechtel for procuring and supplying various equipment for the Project. We understand that Bechtel has entered into contracts for many long lead equipment like reactors, columns, exchangers, fired heaters, regenerators, pumps, hydrogen and sulphur plants for deliveries mostly in the next 12 to 18 months.

Equipments for which the order is yet to be placed

We further understand from Bechtel that the balance of key long lead equipment is expected to be committed by Bechtel in the next three to four months for deliveries by December 2007.

Information regarding entities with whom we have entered into technical and financial agreements

Bechtel has been given the single point responsibility for the implementation of the Project. It will provide detailed engineering, project management, site support, construction supervisory services and offshore supply of equipment and bulk materials for the Project. Bechtel France S.A.S is registered in Paris, France and was incorporated on August 13, 1964.

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Its paid up share capital is Euros 256,000 and its turnover for the financial year ended December 31, 2004 was Euros 37,609,411. ExxonMobil Research and Engineering Company is a wholly owned subsidiary of Exxon Mobil Corporation, USA. EMRE was incorporated in 1922 in the state of Delaware. Its paid up share capital is US\$ 248,000 and its turnover for the financial year ended December 31, 2005 was US\$ 50.4 million.

Schedule of implementation of the Project

The Project is proposed to be implemented over a period of 36 months. The major milestones for the Project and their expected completion date are given below:

Milestone	Expected Completion Date	Months from Zero Date
Start of the Project / Zero Date		December 1, 2005
Technology Selection/ Project Scope	January 2006	Completed
Completion of Basic Engineering	May 2006	6
Order placement for critical equipment	May 2006	6
Completion of Detailed Engineering	September 2007	22
Completion of Civil work	November 2007	24
Completion of Equipment Erection	January 2008	26
Mechanical Completion	August 2008	33
Ready for Start Up (RFSU) All areas	September 2008	34
Commercial Operation Date	December 2008	36

Expenditure already incurred on the Project

As stated in the Auditors' Report dated March 4, 2006, the expenditure incurred on the Project up to February 28, 2006 is as follows:

(Rs. In million)

	For the period October 24, 2005 to February 28, 2006
Gross Expenditure including advances to suppliers and other Project Development Expenditure	11,121.52
Less: Income from Investments (net of tax)	2.31
Expenditure incurred on the Project	11,119.21

The Company has made capital commitments (net of advances) of Rs. 154,609.26 million as on February 28, 2006.

Funding of the expenditure incurred on the Project

The expenditure incurred on the Project as on February 28, 2006 has been funded by our share capital.



Issue Related Expenses

The expenses of the Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Rs. In million

Lead management, underwriting and selling commission*	[●]
Advertisement and marketing expenses**	[●]
Printing, stationery including transportation of the same**	[●]
Others (Registrar's fees, legal fees, listing fees, etc.) **	[●]
Total estimated Issue expenses	[●]

* Will be incorporated after finalisation of Issue Price

** Will be incorporated at the time of filing of the Prospectus

Interim Use of Net Proceeds

Pending utilisation for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration or for reducing overdraft.

Monitoring of Utilisation of Funds

The Board and the Monitoring Agency, Infrastructure Development Finance Company Limited (IDFC) will monitor the utilisation of the proceeds of the Issue. We will disclose the utilisation of the proceeds of the Issue under a separate heading in our Directors' Reports for fiscal 2007, 2008 and 2009 clearly specifying the purpose for which such proceeds have been utilised. We will also, in our Directors' Reports for fiscal 2007, 2008 and 2009, provide details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue.

We will not pay any part of the Issue proceeds as consideration to the Promoters, the Directors, our key management personnel or companies promoted by the Promoters except in the usual course of business.

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BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 5.7 times the face value at the lower end of the Price Band and 6.2 times the face value at the higher end of the Price Band.

Qualitative Factors

Factors Internal to the Company

- We are promoted by Reliance Industries Limited (“RIL”), which is the largest private sector company, in terms of market capitalisation, in India [*Source: Bloomberg*]. RIL is the only private sector company from India to feature in the Fortune Global 500. We will utilise RIL’s resources and project execution skills to establish efficient and profitable operations.
- We will benefit from economies of scale arising out of our size. Our proposed refinery, having a capacity of 580 KBPSD, will be the sixth largest refinery globally based on current capacities. (*Source: Oil and Gas Journal, December 2005*).
- We would derive significant advantages owing to higher complexity of our refinery. Our refinery has been designed to have a Nelson Complexity Index of 14.0, which would make it amongst the most complex refineries in Asia. The higher complexity levels will enable us to process lower cost, heavier and sourer crude oils and yet achieve superior yields of higher value products such as gasoline, aviation fuel and diesel. This significant flexibility would enable us to take advantage of price differential between the lighter and sweeter crude oils and heavier and sourer crude oils, which have widened considerably in recent years.
- Close proximity to the Middle Eastern crude oil sources would help us in reducing turn-around time and crude freight costs.
- We will enjoy several fiscal incentives by virtue of being set-up in a Special Economic Zone (“SEZ”). Key fiscal incentives include tax holidays, simplified import and export procedures, exemption from customs and excise duties imposed by the central government as well as other central and state government taxes.
- RIL’s expertise will be available for crude and other feedstock procurement, marketing of products, operation and maintenance of the refinery as well as risk management.

For a detailed discussion of these factors, see “Our Business” beginning on page 58.

Factors External to the Company

- The world economy is expected to grow at a CAGR of 3.9% per annum in terms of GDP on a purchasing power parity basis between 2002 and 2025, according to EIA International Energy Outlook 2005. We are likely to benefit from this expected growth in world economy as there is a close co-relation between demand for petroleum products and economic activity. We are likely to benefit from the significant imbalances between demand and supply of different refined petroleum products that have developed in certain regions like the shortage of gasoline production capacity in the United States and the shortage of diesel fuel production capacity in Western Europe. These increasing regional product imbalances have created attractive opportunities for those complex oil refiners capable of supplying lighter products like gasoline and diesel fuel.
- Highly complex refineries like ours capable of meeting increasingly stringent product specifications globally would enjoy higher margins.

For a detailed discussion of these factors, see “Industry” and “Risk Factors” on page 45 and on page xvi respectively.



Quantitative Factors

We were incorporated on October 24, 2005 and have not started commercial operations as of date. We will not have any meaningful results of operations until the commencement of operations at the proposed greenfield refinery and polypropylene plant which is expected in, or around, December 2008. Therefore, we have not provided any financial ratios in this context.

Comparison with Domestic Peers

	EPS (Rs.) ¹	P/E ²	RONW (%) ³	Book Value (Rs.)
Reliance Petroleum Limited#	-	-	-	
Indian Oil Corporation Limited	15.8	3506	20.0	222.5
Hindustan Petroleum Corporation Limited	-	-	15.8	248.8
Bharat Petroleum Corporation Limited	-	-	15.8	212.9
Mangalore Refinery and Petrochemicals Limited	4.1	11.3	48.5	12.3
Reliance Industries Limited	63.3	11.6	21.8	270.4
Kochi Refineries Limited	32.2	5.5	38.6	184.8
Bongaigaon Refinery and Petrochemicals Limited	9.8	6.9	73.0	38.0
Chennai Petroleum Corporation Limited	44.8	5.2	33.0	134.4

Not applicable as it has not commenced commercial operations.

¹EPS is for trailing twelve months period ended December 31, 2005

²Price per share has been taken as the closing price on March 6, 2006 for calculating P/E

³RONW has been calculated as per latest fiscal year ended March 31, 2005

Source: Capital Market Magazine dated March 13-26, 2006 Vol. XXI/01

The Issue Price of Rs. [●] has been determined on the basis of the demand from investors through the Book-Building Process and is justified based on the above factors. The face value of the Equity Shares is Rs. 10 each. The Issue Price is 5.7 times the face value at the lower end of the price band and 6.2 times the face value at the higher end of the Price Band.

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STATEMENT OF TAX BENEFITS

M/s. Chaturvedi & Shah and Deloitte Haskins & Sells, Chartered Accountants vide their report dated March 4, 2006 have certified that the following tax benefits are available to the Company and its shareholders under the direct tax laws, Special Economic Zones Act, 2005 and Gujarat Special Economic Zones Act, 2004.

Under the Income Tax Act, 1961 (“the I.T. Act”)

A. Benefits available to the Company

1. As per section 10AA of the I.T. Act, the Company is entitled to deduction of 100% of the profits and gains derived from export of manufactured or produced articles or things or any services from its unit set up in Special Economic Zone (SEZ) for a period of 5 consecutive assessment years beginning with the assessment year relevant to the previous year in which such unit begins to manufacture or produce such articles or things or provide services, as the case may be, and 50% of such profits and gains for further 5 consecutive assessment years. Further, for the next 5 consecutive assessment years, the Company is entitled to deduction of such amount not exceeding 50% of the profit as is debited to Profit & Loss Account of the previous year in respect of which the deduction is to be allowed and credited to a special reserve viz. “Special Economic Zone Reinvestment Reserve Account” to be created and utilised for the purpose of the business of the assessee in the manner laid down in section 10AA(2).
2. Under section 32 of the I.T. Act, the Company is entitled to claim depreciation, subject to the conditions specified therein, at the prescribed rates on its specified assets used for its business.
3. The provisions of Minimum Alternate Tax as specified in section 115JB of the I.T. Act shall not apply to the income accrued or arising on or after April 1, 2005 to the Company from any business carried on or services rendered from a unit set up in SEZ.
4. Under section 10(34) of the I.T. Act, dividend income (whether interim or final) referred to in section 115O of the I.T. Act, received by the Company, is exempt from tax in the hands of Company.
5. By virtue of section 10(35) of the I.T. Act, the following income shall be exempt, in the hands of the Company:
 - a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10;
or
 - b. Income received in respect of units from the Administrator of the specified undertaking;
or
 - c. Income received in respect of units from the specified company.

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

For this purpose (i) “Administrator” means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) “Specified company” means a company as referred to in section 2(h) of the said Act.

6. Capital gains

- a. Capital assets may be categorised into short term capital assets and long-term capital assets based on the period of holding. Shares held in companies or any other securities listed in a recognised stock exchanges in India, units of Mutual Funds and zero coupon bonds, as defined, will be considered as long term capital assets if they are held for a period exceeding 12 months immediately preceding the date of their transfer. Capital gains arising on transfer of these capital assets held for more than 12 months are considered as “long-term capital gains”. Other capital assets held for a period exceeding 36 months immediately preceding the date of transfer will be considered as long term capital assets and capital gain arising on transfer of these capital



assets are also considered as long term capital gains. Capital gains arising on transfer of capital assets other than long term capital assets are considered as “short term capital gains”.

- b. Section 48 of the I.T. Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. In respect of long-term capital gains, it offers a benefit by permitting substitution of cost of acquisition/ improvement with the indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.
- c. As per the provisions of section 112 of the I.T. Act, long-term capital gains arising to the Company are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per proviso to that section, the long-term capital gains resulting from transfer of listed securities or units or zero coupon bonds (not covered under section 10(38) of the I.T. Act), are subject to tax at the rate of 20% (plus applicable surcharge and education cess) on long-term capital gains after considering the indexation benefit, which would be restricted to 10% (plus applicable surcharge and education cess) of long term capital gains without considering indexation benefit at the option of the Company. Under section 48 of the I.T. Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.
- As per the provisions of section 111A of the I.T. Act, short-term capital gains arising to the Company from the transfer of equity shares in any other company or units of equity oriented fund transacted through a recognised stock exchange in India are subject to tax @ 10% (plus applicable surcharge and education cess) if such a transaction is subjected to securities transaction tax (“STT”).

For this purpose “Equity Oriented Fund” means a fund –

- i. where the investible funds are invested by way of equity shares in domestic companies to the extent of more than fifty per-cent of the total proceeds of such funds; and
 - ii. which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the I.T. Act.
- e. **Exemption of Capital Gain**
- Under section 10(38) of the I.T. Act, the long-term capital gain arising on transfer of equity shares in any other company or units of equity oriented fund, which is chargeable to STT, is exempt from tax in the hands of the Company.
 - Under section 54EC of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(38) of the I.T. Act) arising on the transfer of a long term capital asset by the Company will be exempt from tax if the capital gains are invested in notified bonds within a period of six months after the date of such transfer and held for a minimum period of three years. Where only a part of the capital gains is so invested, the exemption is proportionately available. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
 - iii. Under section 54ED of the I.T. Act and subject to the conditions and to the extent specified therein long term capital gains (not covered under section 10(38) of the I.T. Act) on the transfer of listed securities or specified units by the Company, will be exempt from capital gains tax, if the capital gains are invested in shares of an Indian company forming part of a eligible public issue, within a period of six months after the date of such transfer and held for a period of at least one year. Where only a part of the capital gains is so invested, then the exemption is proportionately available.

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7. Rebate under Section 88E

As per the provisions of Section 88E of the I.T. Act, where the business income of the company includes profits and gains from sale of securities liable to STT, a rebate is allowable from the amount of income tax on such business income to the extent of the STT paid on such transactions. The amount of rebate shall, however, be limited to the amount of income tax arrived at by applying the average rate of income tax on such business income. As such, no deduction will be allowed in computing the income chargeable to tax as “capital gains” or under the head “Profits and gains of Business or Profession” for such amount paid on account of STT.

B. Benefits available to the Shareholders of the Company

I Benefits available to Resident Shareholders

1. Dividends

Under section 10(34) of the I.T. Act, dividend income (whether interim or final) referred to in section 115O of the I.T. Act, received from the Company is exempt from tax in the hands of the resident shareholders.

2. Capital Gains

a. Under section 48 of the I.T. Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.

b. As per the provisions of section 112 of the I.T. Act, long-term capital gains arising to the resident shareholders are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per proviso to that section, the long-term capital gains resulting from transfer of listed securities or units or zero coupon bonds (not covered under section 10(38) of the I.T. Act), are subject to tax at the rate of 20% (plus applicable surcharge and education cess), on long-term capital gains after considering the indexation benefit which would be restricted to 10% (plus applicable surcharge and education cess) on long-term capital gains without considering the indexation benefit.

c. As per the provisions of section 111A of the I.T. Act, short-term capital gains arising to the resident shareholders from the transfer of equity shares of the company transacted through a recognised stock exchange, are subject to tax @ 10% (plus applicable surcharge and education cess) if such a transaction is subjected to STT.

d. Exemption of Capital Gain

i. Under section 10(38) of the I.T. Act, the long-term capital gain arising on transfer of equity shares of the Company, which are chargeable to STT, are exempt from tax in the hands of the resident shareholders.

ii. Under Section 54EC of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(38) of the I.T. Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested in notified bonds within a period of six months after the date of such transfer and held for a minimum period of three years. Where only a part of the capital gains is so invested, the exemption is proportionately available. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

iii. Under section 54ED of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gain (not covered under section 10(38) of the I.T. Act) on the transfer of shares of



the Company will be exempt from capital gains tax if the capital gain is invested in shares of an Indian company forming part of a eligible public issue, within a period of six months after the date of such transfer and held for a period of at least one year. Where only a part of the capital gains is so invested, then the exemption is proportionately available.

- iv. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent provided in section 54F of the I.T. Act, the shareholder is entitled to exemption from long-term capital gains arising from the transfer of shares of the Company (not covered under section 10(38) of the I.T. Act), if the net consideration is invested within a period of one year before, or two years after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years. If part of the net consideration is invested within the prescribed period in a residential house, such gains would be exempt from tax on a proportionate basis. If, however, such new residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as long-term capital gains of the year in which such residential house is transferred.

3. **Rebate under section 88E**

As per the provisions of section 88E of the I.T. Act, where the business income of a shareholder includes profits and gains from sale of shares of the Company liable to STT, a rebate is allowable from the amount of income tax on such business income, to the extent of STT paid on such transaction. The amount of rebate shall, however, be limited to the amount of income tax arrived at by applying the average rate of income tax on such business income. As such, no deduction will be allowed in computing the income chargeable to tax as “capital gains” or under the head “Profits and gains of Business or Profession” for such amount paid on account of STT.

II. Mutual Funds

In case of a shareholder being a Mutual fund, as per the provisions of section 10(23D) of the I.T. Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India is exempt from income-tax, subject to the conditions notified by Central Government in this regard.

III. Venture Capital Companies/ Funds

In case of a shareholder being a Venture Capital Company/ Fund, any income of a Venture Capital Company/ Fund registered with the Securities and Exchange Board of India, is exempt from income-tax, subject to the conditions specified in section 10(23FB) of the I.T. Act.

IV. Benefits available to Non-Resident Shareholders/ Non-Resident Indians (Other than FIIs and Venture Capital Companies/ Funds)

1. **Dividend**

Dividend income (both interim and final) referred in section 115O of the I.T. Act received by the Non-Resident shareholders/ Non-Resident Indian shareholders from the Company shall be exempt under section 10(34).

2. **Capital Gains**

- a. As per the provisions of section 112 of the I.T. Act, long-term capital gains are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per proviso to that section, the long-term capital gains resulting from transfer of listed securities or units or zero coupon bonds (not covered under section 10(38) of the I.T. Act), are subject to tax at the rate of 20% (plus applicable surcharge and

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education cess), on long-term capital gains after considering the indexation benefit which would be restricted to 10% (plus applicable surcharge and education cess) on long-term capital gains without considering the indexation benefit.

- b. As per the provisions of section 111A of the I.T. Act, short-term capital gains arising from the transfer of equity shares of the company transacted through a recognised stock exchange in India are subject to tax @ 10% (plus applicable surcharge and education cess) if such a transaction is subjected to STT.
- c. As per first proviso to section 48 of the I.T. Act, in case of a non resident shareholder, in computing capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per Exchange Control Regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which original investment was made. Cost Indexation benefit will not be available in such a case. The capital gain/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer, into the same foreign currency which was utilised in the purchase of shares.
- d. **Exemption of Capital Gain**
 - i. Under section 10(38) of the I.T. Act, the long-term capital gain arising on transfer of equity shares of the Company, which are chargeable to STT, are exempt from tax in the hands of the non-resident shareholders.
 - ii. Under section 54EC of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(38) of the I.T. Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested in notified bonds within a period of six months after the date of such transfer and held for a minimum period of three years. Where only a part of the capital gains is so invested, the exemption is proportionately available. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
 - iii. Under section 54ED of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gain (not covered under section 10(38) of the I.T. Act) on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain is invested in shares of an Indian company forming part of a eligible public issue, within a period of six months after the date of such transfer and held for a period of at least one year. Where only a part of the capital gains is so invested, then the exemption is proportionately available. The exemption is available subject to conditions specified in that section.
 - iv. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent provided in section 54F of the I.T. Act, the shareholder is entitled to exemption from long-term capital gains arising from the transfer of shares of the Company (not covered under section 10(38) of the I.T. Act), if the net consideration is invested within a period of one year before, or two years after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years. If part of the net consideration is invested within the prescribed period in a residential house, such gains would be exempt from tax on a proportionate basis. If, however, such new residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as long-term capital gains of the year in which such residential house is transferred.



3. Rebate under section 88E

As per the provisions of section 88E of the I.T. Act, where the business income of a shareholder includes profits and gains from sale of shares of the Company liable to STT, a rebate is allowable from the amount of income tax on such business income, to the extent of STT paid on such transaction. The amount of rebate shall, however, be limited to the amount of income tax arrived at by applying the average rate of income tax on such business income. As such, no deduction will be allowed in computing the income chargeable to tax as “capital gains” or under the head “Profits and gains of Business or Profession” for such amount paid on account of STT.

4. Options available under the I.T. Act to Non resident Indians:

- i. As per the provisions of section 115D read with section 115E of the I.T. Act and subject to the conditions specified therein, long-term capital gains (in cases not covered under Section 10(38) of the I.T. Act) arising on transfer of Company’s shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.
- ii. As per the provisions of section 115F of the I.T. Act and subject to the conditions specified therein, gains arising on transfer of a long-term capital asset (in cases not covered under Section 10(38) of the I.T. Act) being shares of the Company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the I.T. Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the I.T. Act, then such gains would be exempt from tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such specified asset or savings certificates are transferred.

- iii. As per the provisions of section 115G of the I.T. Act, non-resident Indians are not obliged to file a return of income under section 139 of the I.T. Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the I.T. Act.
- iv. Under section 115H of the I.T. Act, where the non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the I.T. Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- v. As per the provisions of section 115I of the I.T. Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the I.T. Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the I.T. Act.

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V. Benefits available to Foreign Institutional Investors (FIIs)

1. Dividend

Dividend income (both interim and final) referred in section 115O of the I.T. Act received by FII being the shareholder of the Company shall be exempt under Section 10(34).

2. Capital gains

- a. As per the provisions of section 111A of the I.T. Act, short-term capital gains arising to FII from the transfer of equity shares of the company transacted through a recognised stock exchange, are subject to tax @ 10% (plus applicable surcharge and education cess) if such a transaction is subjected to STT.
- b. Under section 115AD, capital gains arising from transfer of shares of the Company which are not exempt under Section 10(38), shall be taxable as follows:

Capital gains on shares, which are held for the period of more than twelve months, shall be taxable at the rate of 10% (plus applicable surcharge and education cess). Capital gains on other shares shall be taxable at the rate of 30% (plus applicable surcharge and education cess).

c. Exemption of capital gain

- i. Under section 10(38) of the I.T. Act, the long-term capital gain arising on transfer of equity shares of the Company, which are chargeable to STT, are exempt from tax in the hands of FIIs.
- ii. Under Section 54EC of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(38) of the I.T. Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested in notified bonds within a period of six months after the date of such transfer and held for a minimum period of three years. Where only a part of the capital gains is so invested, the exemption is proportionately available. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- iii. Under section 54ED of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gain (not covered under section 10(38) of the I.T. Act) on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain is invested in shares of an Indian Company forming part of a eligible public issue, within a period of six months after the date of such transfer and held for a period of at least one year. Where only a part of the capital gains is so invested, then the exemption is proportionately available.

C. Benefits available under the Wealth Tax Act, 1957

'Asset' as defined under section 2(ea) of the Wealth Tax Act, 1957, does not include share in companies. Hence, the shares in the Company are not liable to Wealth Tax.

D. Benefits available under the Gift Tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares of the Company will not attract gift tax.

E. Tax Treaty benefits

In accordance with section 90(2) of the I.T. Act, an investor has an option to be governed by the provisions of the I.T. Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.



F Benefits available under the Special Economic Zones Act, 2005, (“SEZ Act”)

The following key fiscal benefits shall be available to the Company under the Special Economic Zones Act (“SEZ Act”). These benefits shall be available to the Company, subject to the provisions of sections 26(2), 28 and 29 of the SEZ Act.

To the Company under the SEZ Act

1. As per the provisions of Section 26(1)(a) of SEZ Act, the Company can avail exemption from any duty of customs, under the Customs Act, 1962 or the Custom Tariff Act, 1975 or any other law for the time being in force, on goods imported into, or service provided in, a Special Economic Zone or a Unit, to carry on the authorised operations;
2. As per the provisions of Section 26(1)(b) of SEZ Act, the Company can avail exemption from any duty of customs, under the Customs Act, 1962 or the Customs Tariff Act, 1975 or any other law for the time being in force, on goods exported from, or services provided, from a Special Economic Zone or from a Unit, to any place outside India;
3. As per the provisions of Section 26(1)(i) of SEZ Act, the Company can avail exemption from any duty of excise, under the Central Excise Act, 1944 or the Central Excise Tariff Act, 1985 or any other law for the time being in force, on goods brought from Domestic Tariff Area to a Special Economic Zone or Unit, to carry on the authorised operations;
4. As per the provisions of Section 26(1)(d) of the SEZ Act, the company can avail drawback duty or such other benefits as may be admissible on goods brought or services provided from the domestic tariff area into a SEZ or unit by the service providers located outside India to carry on the authorised operations.
5. Section 26(1)(e) of the SEZ Act provides for exemption from service tax under Chapter-V of the Finance Act, 1994 on taxable services provided to the unit in SEZ to carry on the authorised operations in a Special Economic Zone;
6. Section 26(1)(g) of the SEZ Act provides for exemption from the levy of taxes on the sale or purchase of goods, other than newspapers, under the Central Sales Tax Act, 1956 for such goods are meant to carry on the authorised operations by the Company.

To Non-Resident under the SEZ Act

1. Section 26(1)(f) of the SEZ Act provides exemption from the STT where the taxable securities transactions are entered into by a non-resident through the International Financial Services Centre.

G Benefits available under the Gujarat Special Economic Zones Act, 2004, (“the Gujarat SEZ Act”)

The following key fiscal benefits shall be available to the Company under the Gujarat Special Economic Zones, Act (“the Gujarat SEZ Act”).

1. As per the provisions of Section 21(1)(a) of the Gujarat SEZ Act, the Company is exempted from payment of Stamp Duty and registration fees payable on transfer of land within SEZ.
2. As per the provisions of Section 21(1)(b) of the Gujarat SEZ Act, the Company is exempted from levy of stamp duty and registration fees on loan agreements, credit deeds and mortgages executed by the SEZ or unit set up in the processing area of SEZ.
3. As per the provisions of Section 21(1)(c) of the Gujarat SEZ Act, the Company is exempted from Sales Tax, Purchase Tax, Motor Spirit Tax, Luxury Tax, Entertainment Tax and other taxes and cess payable on sales and transactions within the SEZ.
4. The inputs (goods and services) purchased by the Company from Domestic Tariff Area shall also be exempted from sales tax and other taxes under the state laws of Gujarat as provided in Section 21(2) of the Gujarat SEZ Act.

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Notes:

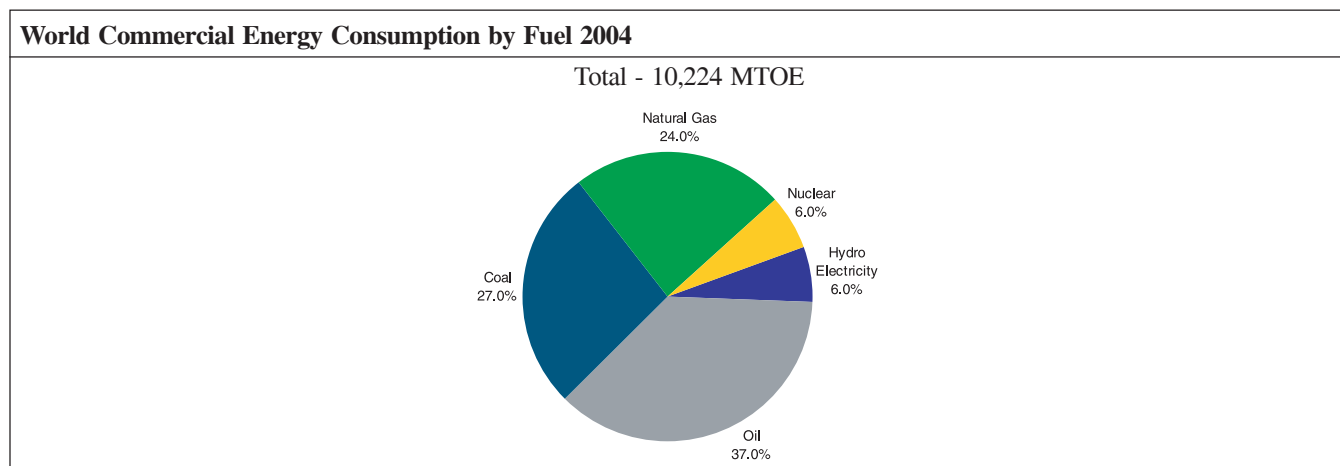
1. All the above benefits are as per the current laws. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above.
2. In view of the individual nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/ her/ its own tax advisor with respect to specific tax consequences of his/ her/ its investments in the shares of the company.
3. The above statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of ordinary shares. The statements made above are based on the tax laws in force as interpreted by relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences.
4. The above statement does not consider proposals in the Finance Bill, 2006.



INDUSTRY

Global Oil Markets

Oil is one of the world's most significant sources of commercial energy. It met 37% of the global energy needs of 10,224 million tonnes of oil equivalent ("MTOE") in 2004 while its nearest rivals, coal and natural gas, met 27% and 24% respectively, as shown in the chart below.



Source: BP Statistical Review of World Energy, June 2005

According to the BP Statistical Review of World Energy, June 2005, the Middle East dominates proven reserves of oil, with about two-thirds of the estimated 1,189 billion barrels of the world's proven reserves. Saudi Arabia (263 billion barrels), Iran (133 billion barrels) and Iraq (115 billion barrels) are the three largest holders of proven oil reserves in the world. The three largest producers of oil, including natural gas condensates, in the world are: Saudi Arabia (10.6 million barrels per day), Russia (9.3 million barrels per day) and the United States (7.2 million barrels per day).

Global Oil Refining Industry

Introduction

The oil refining industry is a global business because crude oils, other feedstocks and refined petroleum products can be transported at a relatively low cost by sea and by pipeline and there is worldwide demand for such products. The principal factors affecting refining margins are the demand for and prices of refined petroleum products relative to the supply and cost of crude oils and other feedstocks and the configuration, capacity and utilisation rates of refineries.

The range and quality of refined petroleum products produced by any given refinery depends on the types of crude oil used as feedstock and the configuration of the refinery. Light and sweet crude oils are more expensive and generate greater yields of higher value refined petroleum products, such as gasoline, aviation fuels and diesel. Heavier and sourer crude oils are less expensive and generate greater yields of lower value petroleum products, such as fuel oils. The configuration of certain refineries, particularly in North America, is typically oriented towards the production of gasoline whereas the configuration of refineries in most of the other regions is typically oriented towards the production of middle distillates, such as diesel and aviation fuels. In addition, there are refineries which are configured towards certain other specialty products, such as base oils, naphthenics and bitumen. Oil refineries can generally be divided into two principal categories: simple hydroskimming refineries and complex refineries. Simple hydroskimming refineries primarily carry out the distillation process while complex refineries carry out two additional functions, conversion of hydrocarbon fractions produced in the crude distillation process to other products and the treatment of intermediate products to create higher value-added products. Consequently, simple refineries produce lower value petroleum products than complex refineries for any given mix of crude oil feedstocks.

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Crude Oil Qualities

Crude oil quality is measured in terms of density (light to heavy) and sulphur content (sweet to sour). Density is classified by the American Petroleum Institute (“API”). API gravity is defined based on density at a temperature of 15.6 degrees centigrade. The higher the API gravity is, the lighter is the crude oil. Light crude oils are generally those with an API gravity of 33 degrees and above, while heavy crude oils have an API gravity of 29 degrees or less. The crude oils with API gravity between 29 and 33 degrees are generally referred to as medium crude oils. With respect to sulphur content, sweet crude oil is commonly defined as crude oil with sulphur content of less than 0.5 percent while sour crude oil has sulphur content of greater than 0.5 percent.

The quality of crude oil and other feedstocks dictates the level of processing and conversion necessary to achieve an optimal mix of finished products. Light sweet crude oils are more expensive than heavier and sourer crude oils because they require less treatment and produce a slate of products with greater percentage of value-added, light refined petroleum products such as gasoline, aviation fuels and diesel. The heavier and sourer crude oils typically sell at a discount to the lighter and sweeter crude oils because they produce a greater percentage of lower value-added products with simple distillation and require additional processing to produce the higher value, light products. Consequently, refiners strive to process the optimal mix, or slate, of crude oils through their refineries, depending on each refinery’s conversion and treating capacity, the desired product output and the relative prices of available crude oils.

Crude oil pricing is a function of many variables. As outlined above, the most important variables are the API gravity and the sulphur content in the grade.

All grades of crude oil are sold at a differential to what are known as marker grades. For each geographical region, there are established marker grades, e.g. Brent for the North Sea and West African markets, WTI for North American markets and Oman and Dubai for East of Suez markets. These differentials vary from time to time depending on a variety of factors like relative production levels of light/sweet and heavy/sour crude oils, product specifications and price margin spreads between different products. For example, when price spreads between higher value distillates and lower value fuel oil are high, the lighter and sweeter crude oils trade at a larger differential to heavier and sourer crude oils.

Overview of Refining Processes

Crude oil is refined into a wide variety of intermediate and final products. In general, the process units in a refinery perform three different functions:

- separate by distillation the many types of hydrocarbons present in crude oil and other feedstocks;
- chemically convert some of the lower valued fractions into more desirable products; and
- treat intermediate products by removing unwanted elements and compounds for blending into final end products.

Each step in the refining process is designed to maximise the value added to its inputs. Most simple refineries carry out only the first function, crude distillation, while more complex refineries also perform the other two functions, conversion of hydrocarbon fractions to other products and treatment of intermediate products. The following description outlines the refining process of a typical complex refinery.

Distillation. The first refinery unit to process raw crude oil is the atmospheric distillation unit. Crude oil is separated by boiling in the distillation units under high heat and recovered as hydrocarbon fractions. The lowest boiling fractions, including LPG and naphtha, vaporise and exit the top of the atmospheric distillation unit. Medium boiling liquids, including kerosene, which is used for aviation fuels, and distillates such as diesel oil and heating oil, are drawn from the middle of the distillation unit. Higher boiling liquids, called atmospheric distillation residues, are drawn together from the bottom of the atmospheric distillation unit and further separated into vacuum gasoil under low pressure in the vacuum distillation unit. Vacuum residues can be upgraded to light and middle distillates or used for fuel oil and bitumen production. The various fractions are then pumped to the next appropriate unit in the refinery for further processing into higher value-added products.



Conversion. The next step in the refining process is to convert the vacuum gasoil into selected petroleum products. This is accomplished through “cracking”, a process that breaks or cracks larger and heavier hydrocarbon molecules into lighter and smaller molecules or, in other words, cracks higher boiling fractions into more valuable products such as gasoline and gasoil. The most important conversion unit is the fluid catalytic cracking (“FCC”) unit, which typically increases the gasoline yield of the refinery, and the hydrocracker unit, which typically increases the yields of middle distillates. An FCC unit converts vacuum gasoil from the crude distillation units into LPG, gasoline and distillate by applying heat in the presence of a catalyst. The hydrocracker also converts vacuum gasoil and heavy atmospheric gasoil into LPG, gasoline, naphtha, kerosene and distillates under very high pressure in the presence of hydrogen and a catalyst, with a product slate predominantly tilted towards middle distillates.

The two most common processes to upgrade vacuum residues are visbreaking and delayed coking. Delayed coking is a more severe process than visbreaking. About 70% of the vacuum residue is converted into light and middle distillates in the delayed coking process against only about 30% in visbreaking.

A variety of other processes are used in a refinery, including alkylation, isomerisation, continuous catalyst regeneration platforming which lead to higher value products.

Treatment of Intermediate Products. Finally, intermediate products from the distillation and conversion processes are treated to remove impurities, such as sulphur, and are processed to enhance octane, reduce vapour pressure and meet other product specifications. One of the most important treatments is desulphurisation, the removal of sulphur from various intermediate products. This is accomplished in hydrotreating units by heating the intermediates under high pressure in the presence of hydrogen and catalysts.

Octane enhancement is accomplished primarily in a catalytic reforming unit. The reforming unit converts naphtha, or low-octane gasoline fractions, into higher-octane gasoline blend stock (known as reformate), which is used to increase the overall octane level of the gasoline pool. LPG fractions from the FCC unit can be converted into high-octane gasoline components.

Refinery configuration and complexity

The configuration of complex refineries is oriented either towards maximising the production of gasoline (catalytic cracking) or middle distillates (hydrocracking). In addition, they use severe 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 thus 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.

Refinery complexity is commonly measured by the Nelson Complexity Index. The Nelson Complexity Index formula assigns a complexity factor to each major refinery process based on its complexity and cost in comparison to basic crude distillation, which is assigned a complexity factor of 1.0. The complexity of each process is then calculated by multiplying its complexity factor by its throughput ratio, which is a percentage of the refinery’s crude distillation capacity. Adding up the complexity values assigned to each process, including crude distillation, determines a refinery’s complexity on the Nelson Complexity Index. A refinery with a complexity of 10.0 on the Nelson Complexity Index is considered ten times more complex than basic crude distillation for the same amount of throughput.

Refined Petroleum Products

Below is a brief description of petroleum products and their applications:

LPGs: Liquefied petroleum gases, consisting primarily of propane and butane, are produced for use as a premium fuel and as an intermediate material in the manufacturing of petrochemicals.

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Naphtha: Principally used as a feedstock by the petrochemicals industry for producing basic building blocks such as ethylene, propylene, butadiene, benzene, toluene and xylenes, which in turn are used for the production of plastics, synthetic fibres, synthetic rubbers and other products.

Gasoline: Various gasoline blendstocks are blended to achieve specifications for regular and premium grades in both summer and winter gasoline formulations, wherever applicable. Additives are often used to enhance performance and provide protection against oxidation and corrosion.

Middle distillates: Middle distillates are kerosene, aviation fuel, diesel fuel and heating oil.

Fuel oils: Many marine vessels, power plants, commercial buildings and industrial facilities use fuel oils or combinations of fuel oils and distillate fuels for heating and processing.

Petcoke: Petroleum coke is a solid residual byproduct of delayed coking process. Over 75% of petcoke produced is fuel grade and has about 15-25% higher heating value than coal.

Bitumen: Residual product of crude oil vacuum distillation, which is used primarily for asphalt coating of roads and roofing materials.

Niche, high value-added refined petroleum products: Various refined petroleum products produced in relatively small quantities such as base oils, MTBE, ETBE, TAME, Alkylate, Iso Octane and other refined petroleum products. These products are commonly used as blending components for transportation fuels or for lubricants.

The table below characterises the different refining processes, feedstocks used and petroleum products used.

Process	Feedstocks	Major Products	Purpose
Crude Distillation	Crude	LPG, light naphtha, heavy naphtha, kerosene, diesel and fuel oil	Separates crude oil into fractions according to their boiling range LPG, light naphtha, heavy naphtha, jet fuel diesel and fuel oil.
Isomerisation	Light naphtha	LPG and isomerate	Transforms light naphtha (low octane component) into isomerate (higher octane component) with the presence of a catalyst and hydrogen.
Alkylation	Cracked C4 components	Alkylate	Converts feedstock into alkylate, a premium gasoline blendstock
Continuous Catalyst Regeneration Platforming	Heavy naphtha	Hydrogen rich gas, LPG and reformat	Transforms low octane components into higher octane ones, in the presence of a catalyst.
Fluidised Catalytic Cracking	Vacuum gas oil	LPG, gasoline, diesel and fuel oil	Transforms vacuum gas oils principally into LPG and gasoline, but also produces diesel and fuel oil, in the presence of a catalyst.
Hydrocracking	Vacuum gas oil	LPG, light naphtha, heavy naphtha, kerosene and diesel	Transforms vacuum gas oils principally into kerosene and diesel in the presence of a catalyst and hydrogen.



Process	Feedstocks	Major Products	Purpose
Thermal Cracking – Visbreaking	Vacuum residue	Fuel oil	Reduces viscosity of vacuum residue by use of high temperature without catalyst.
Thermal Cracking – Delayed Coking	Vacuum residue	LPG, naphtha, diesel and petcoke	Maximises conversion to light and middle distillates through high severity.
Hydrotreating/ Hydrodesulphurisation	High sulphur naphtha/ gasoline/diesel	Lower sulphur naphtha/ gasoline/diesel	Reduces the sulphur content and other impurities in the presence of a catalyst and hydrogen.

Refining Industry Characteristics

Economics of oil refining

Oil refining is primarily a margin-based business in which a refiner’s goal is to optimise the refining processes and yields of all products in relation to feedstocks used. In a simple refinery, a greater percentage of the end products are less valuable heavy products such as fuel oil, long residue and bitumen. Complex refineries generally produce a lower percentage of these heavy products and produce a higher percentage of light products such as LPG, naphtha and gasoline and middle distillates such as kerosene and diesel.

The total value of the finished products less the cost of crude oil and other feedstock is commonly referred to as the gross refining margins (“GRMs”). The GRMs of complex refineries are higher than those of simple refineries because complex refineries are able to generate a higher yield of light and middle distillates from lower cost heavier and sourer crude oils. In addition, a lower proportion of lower value heavy products are produced in a complex refinery because they have secondary processing facilities available to convert these products into the higher value light products.

Crude oil typically accounts for 90% to 95% of the total cost of refining. Because other operating expenses are relatively fixed, the goal of refineries is to maximise utilisation rates, maximise the yields of higher value-added products, minimise feedstock costs and minimise operating expenses.

Location of oil refineries

The location of an oil refinery can have an important impact on its refining margin since the location influences its ability to access feedstocks and distribute its products efficiently. The location dictates what proportion of the feedstocks and products can be transported by tanker vessels by sea or via pipelines, rail or tank trucks. Refining companies seek to maximise their profits by placing their products in the markets where they receive the highest returns after taking into account delivery transportation costs and other expenses such as import duties in those markets. Due to their flexibility and lower logistics costs, coastal refineries typically have a competitive advantage over the oil refineries located inland. In some cases, oil refiners situated in areas of high petroleum product consumption enjoy a comparative advantage with respect to satisfying the local demand.

Crude Oil Supply

As shown in the table below, in 2004, the global oil supply was estimated by the International Energy Agency (“IEA”) to be 82.1 million barrels per day. The Middle Eastern OPEC countries accounted for 27.8% and total OPEC countries accounted for 39.5% of this supply. IEA estimates that by 2020, global oil supply may reach 104.9 million barrels per day with Middle Eastern OPEC countries accounting for 33.7% and total OPEC countries accounting for 45.2%.

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(In MMBPD)

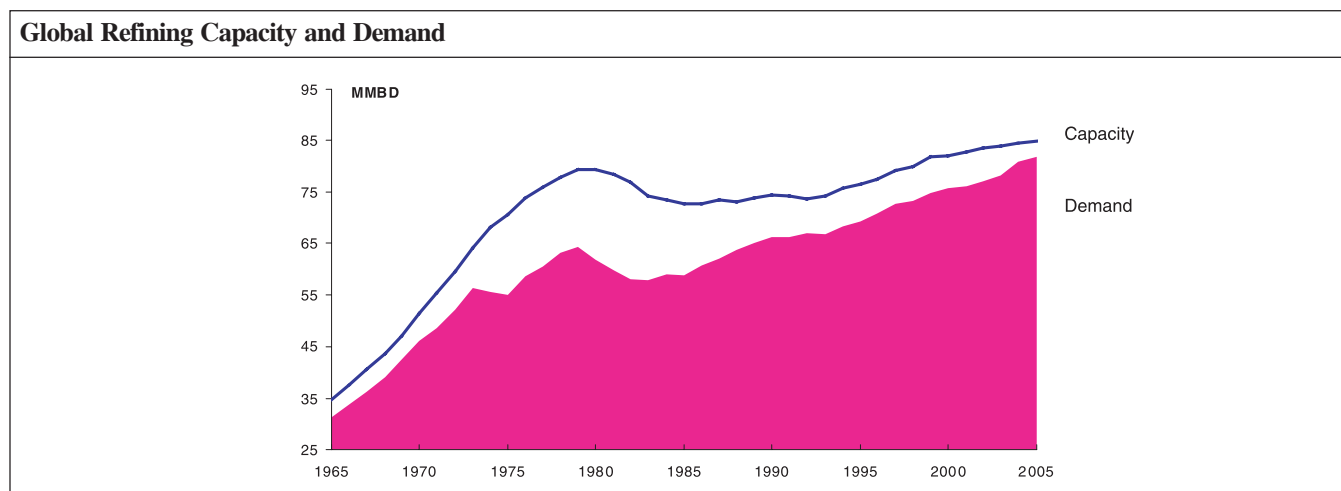
Region	2004	2010	2020	Increase / Decrease over 2004	Share in Total Increase
Non OPEC					
OECD	20.2	19.2	16.1	-4.1	-18%
Transition Economies	11.4	14.5	15.6	4.2	18%
Developing Countries	15.2	17.7	17.6	2.4	11%
OPEC					
Middle East	22.8	26.6	35.3	12.5	55%
Others	9.6	10.3	12.1	2.5	11%
Non conventional Oil	2.2	3.1	6.5	4.4	19%
Miscellaneous	0.9	1.1	1.6	0.8	3%
Total	82.1	92.5	104.9	22.7	100%

Source: IEA World Energy Outlook, 2005.

Supply and Demand for Refined Products

The oil refining industry was characterised by overcapacity throughout the 1980s and much of the 1990s but investment in additional refining and conversion capacity has not kept pace since the mid-1990s and global demand for light refined petroleum products has grown faster than refining capacity for those products. Although the number of refineries in Europe and the United States has significantly decreased from the peaks in 1978 and 1981 respectively, the world's total refining capacity has remained at approximately the same level as it was in the beginning of the 1980s. This trend has been enabled, in part, by upgrades and debottlenecking of existing refineries and combinations of adjacent facilities. However, it is believed that tightening petroleum product specifications are likely to result in further closures of low complexity and low economic size refineries.

The following chart sets forth global oil refining capacity and global refined petroleum product demand and supply from 1965 through 2005.



Source: Data for the period 1965 to 2004 from BP Statistical Review of World Energy, June 2005
Data for 2005 from HART'S World Refining and Fuel Services, December 2005



The chart above does not reflect temporary reductions in capacity as refineries are shut down from time to time for routine or unscheduled maintenance. These shut downs can lead to periods during which demand exceeds capacity.

The table below sets forth the refining capacity in different regions in 1994, 1999 and 2004. The creation of new refining capacity during the last 10 years has been concentrated in Asia. For example, India, with a CAGR of 8.9%, had the fastest growth in capacity over that period; China had a CAGR of 5%.

World Refining Capacity in MMBD

	1994	1999	2004	CAGR 1994-2004
World	75.7	81.9	84.6	1.1%
USA	15.4	16.5	17.0	1.0%
Europe including Former Soviet Union ("FSU")	26.5	24.8	25.2	-0.5%
Asia Pacific	15.9	21.4	21.9	3.2%
India	1.1	2.2	2.5	8.9%
China	3.6	5.4	5.8	5.0%

Source: BP Statistical Review 2005

The CAGR of 1.1% in global refining capacity creation over the 10 year period between 1994 and 2004 was lower than CAGR of 1.7% in incremental demand growth during that period, as shown in the table below. As a result of the trends noted above, the utilisation rates of existing refining facilities in Asia Pacific, Europe and the United States have increased significantly over the last ten years.

World Demand growth in MMBD

	1994	1999	2004	CAGR 1994-2004
World	68.2	74.9	80.8	1.7%
USA	17.7	19.5	20.5	1.5%
Europe including FSU	19.8	19.7	20.0	0.1%
Asia Pacific	17.1	20.3	23.5	3.2%
India	1.4	2.1	2.6	6.1%
China	3.1	4.4	6.7	7.8%

Source: BP Statistical Review 2005

Key Industry Trends

Economic Growth and Energy Demand

Economic growth is a key driver of energy demand given the close correlation between total energy demand and economic output. In the World Energy Outlook 2004, the IEA estimated that in recent decades energy demand has risen in a broadly linear fashion along with gross domestic product. Since 1971, for example, each 1% increase in global GDP has been accompanied by a 0.6% increase in energy consumption.

As summarised in the table below, the world economy is expected to grow at a CAGR of 3.9% per annum in terms of GDP on a purchasing power parity basis between 2002 and 2025. The Asia Pacific region is expected to grow at a faster rate of 4.9% per annum during that period.

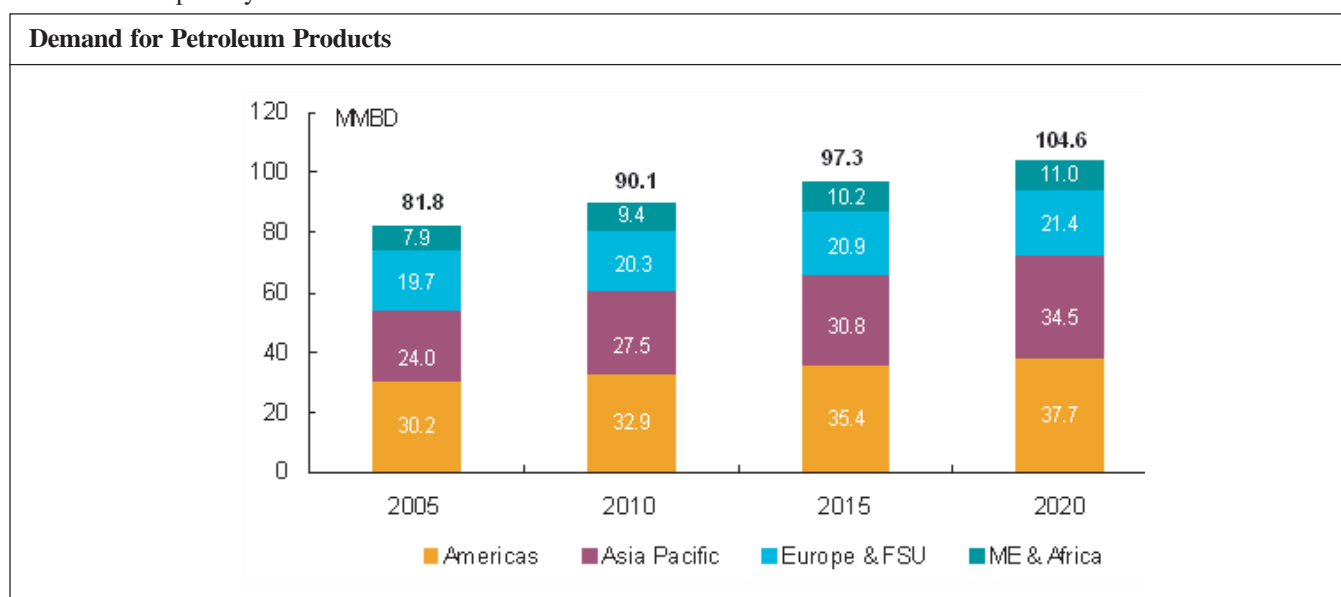
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GDP billion US\$ (on Purchasing Power Parity Basis)

	2002	2010	2015	2020	2025	CAGR(%) 2002-2025
World	47,227	65,449	78,947	94,582	112,752	3.9%
Asia Pacific	17,100	26,158	33,076	41,253	51,024	4.9%
Middle East	1,431	2,113	2,594	3,147	3,789	4.3%
USA	10,075	13,084	15,216	17,634	20,292	3.1%
China	5,494	9,716	13,003	16,919	21,699	6.2%
Brazil	1,370	1,783	2,170	2,638	3,209	3.8%
India	3,160	5,031	6,524	8,430	10,807	5.5%
Russia	1,657	2,543	3,019	3,579	4,192	4.1%

Source: EIA International Energy Outlook 2005

Hart's World Refining and Fuel Services has forecast that demand for petroleum products will increase by approximately 23 million barrels per day between 2005 and 2020 as shown below:

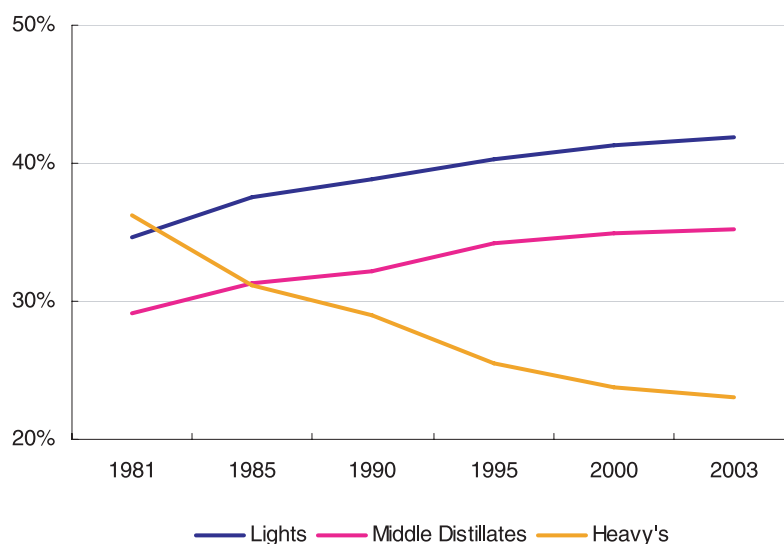


Source: Harts' World Refining and Fuel Services, December 2005

Structurally, as shown in the diagram below, the share of light and middle distillates in the global demand has been increasing as compared to heavier products such as fuel oils for the past several years due to faster growth rates in their end use applications. Demand for fuel oil has also decreased as natural gas has increasingly penetrated into many fuel oil applications.



Structural Changes in Demand Composition



Source: IEA's Annual Statistical Supplements – Oil Market Report

Environmental Regulations

Although industrialised countries continue to consume most of the world's petroleum products, growth in demand for refined petroleum products over the last few years has primarily been driven by non-OECD countries, most notably China. In addition, stricter petroleum product specifications have been mandated across Europe, in the United States and in most of Asia, as indicated by the table below. In the United States, for example, two areas of regulatory change, one involving standards for ultra-low sulphur diesel and the other involving the removal of MTBE from reformulated gasoline, are likely to represent important challenges for suppliers of refined products in the US market.

The general growth in consumption and the stricter specifications have contributed to an increased demand for lighter refined petroleum products, such as gasoline and middle distillates, and lower demand for heavier products, such as fuel oils, contributing to the larger price differentials between higher value and lower value refined petroleum products. Shortages of complex refining capacity could increase this price differential.

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Tightening Environmental Regulations

Gasoline Fuel Specifications			Diesel Fuel Specifications		
Selected Countries or Regions	Sulfur Content target	Date	Selected Countries or Regions	Sulfur Content target	Date
US (non CARB)	15ppm	2006	US (Highway diesel)	15ppm	2006-10
US (CARB)	30ppm	2006	(Non Road Diesel)	500ppm	2007
Canada	30ppm	2005	(Non Road Diesel)	15ppm	2010-12
Europe (Euro IV)	50ppm	2005	Canada	15ppm	2006
Europe (Euro V)	10ppm	2009	Europe (EU)	50ppm	2005
Australia (Regular)	150ppm	2005		10ppm	2009
Australia (Premium)	50ppm	2008	Australia	50ppm	2006
Japan (All)	50ppm	2005		10ppm	2009
Japan (Tokyo, Nagoya & Osaka)	10ppm	2009	Japan	10ppm	2007
Korea	50ppm	2006	Korea	30ppm	2006
Korea	10ppm	2009		10ppm	2010
China	500ppm	2005	Singapore	50ppm	2005
China (Beijing, Shanghai, Guangzhou)	150ppm	2005	China	500ppm	2005
India (All India BS II)	500ppm	2006	some chinese cities	350ppm	2005
India (11 major cities - BS III)	150ppm	2006	India	500ppm	2005
India (All India BS III)	150ppm	2008-10		350ppm	2010
India (11 major cities BS IV)	50ppm	2010	some indian cities	350ppm	2005
Mexico (Premium)	300ppm	2006	some indian cities	50ppm	2010
Mexico (RUL Oxygenated - 3 major cities)	500ppm	2006	Brazil	2000ppm	2006
Mexico (RUL Non - oxygenated)	1000ppm	2006		500ppm	2009
Mexico (All)	30ppm	2009	city diesel	500ppm	2006
Brazil	400ppm	2006	city diesel	50ppm	2009
Brazil	80ppm	2009	South Africa	500ppm	2006
South Africa	500ppm	2006		50ppm	2010
South Africa	50ppm	2010			

Source: ESAI's Fuel Specification Review, December 2005

As a result, we believe that complex refineries which can produce environmentally friendly fuel are better positioned to meet growing market demand for these light products.

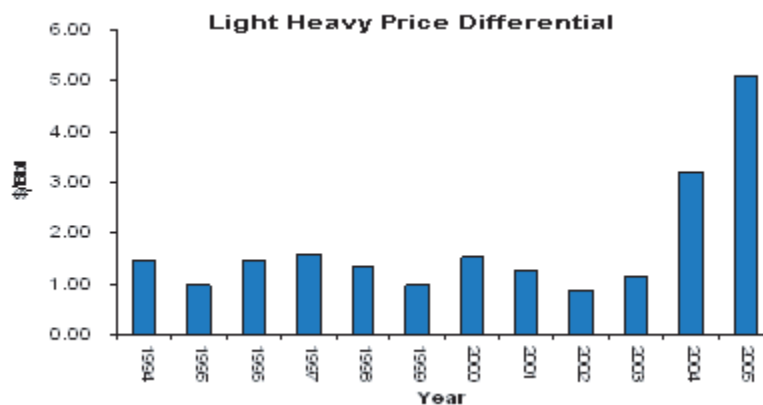
Increase in light-heavy spread

Over the years, the mix of crude oil grades available worldwide has changed with a general increase in the availability of heavy and sour crude oils relative to light and sweet crude oils. Concurrently, the demand for light and middle distillates has increased, including new demand for products that meet stricter environmental standards, driving up the sales prices for light and middle distillates.

The combination of these market factors has resulted in an increasing light heavy differential, measured as price difference between Arab Light and Arab Heavy, as highlighted in the graph below. Given these trends, we believe that complex refineries that are able to convert heavy crude oils into light products can achieve significantly higher GRMs than simple refineries.



Light Heavy Price Differential

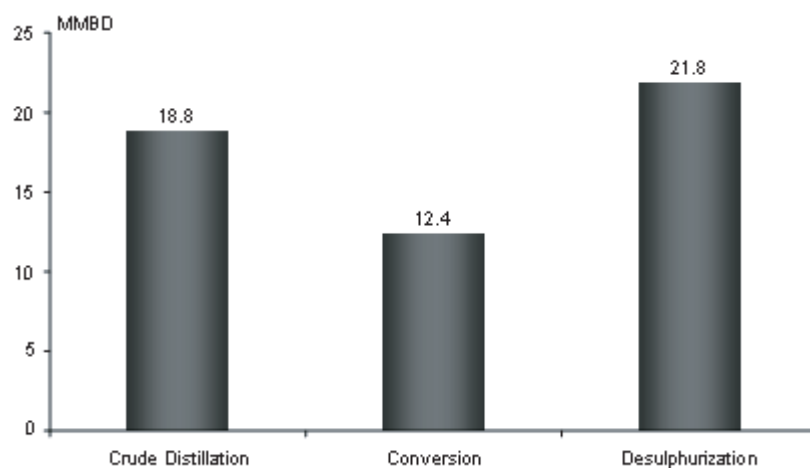


Source: Middle East Economic Survey

Shortage of complex refining capacity

As demand for fuel oil has been decreasing with the increase in demand for light products, existing simple refineries will either be phased out or will need to be upgraded. Based on the information available to us on the capacity announcements to date by industry participants, we believe that there is likely to be a significant shortage of refining capacity, especially in complex refineries. The chart below shows an incremental global refining requirement forecast to 2020, as reported by HART's World Refining and Fuels Services.

While the additional crude distillation capacity is estimated at 18.8 million barrels per day (a 22% increase) from 2005 to 2020 levels, the conversion capacity additions are estimated at 12.4 million barrels per day (a 51% increase) from 2005 to 2020 levels and desulphurisation capacity additions are estimated at 21.8 million barrels per day (a 54% increase) from 2005 to 2020 levels.



Source: HART'S World Refining and Fuels Services, December 2005.

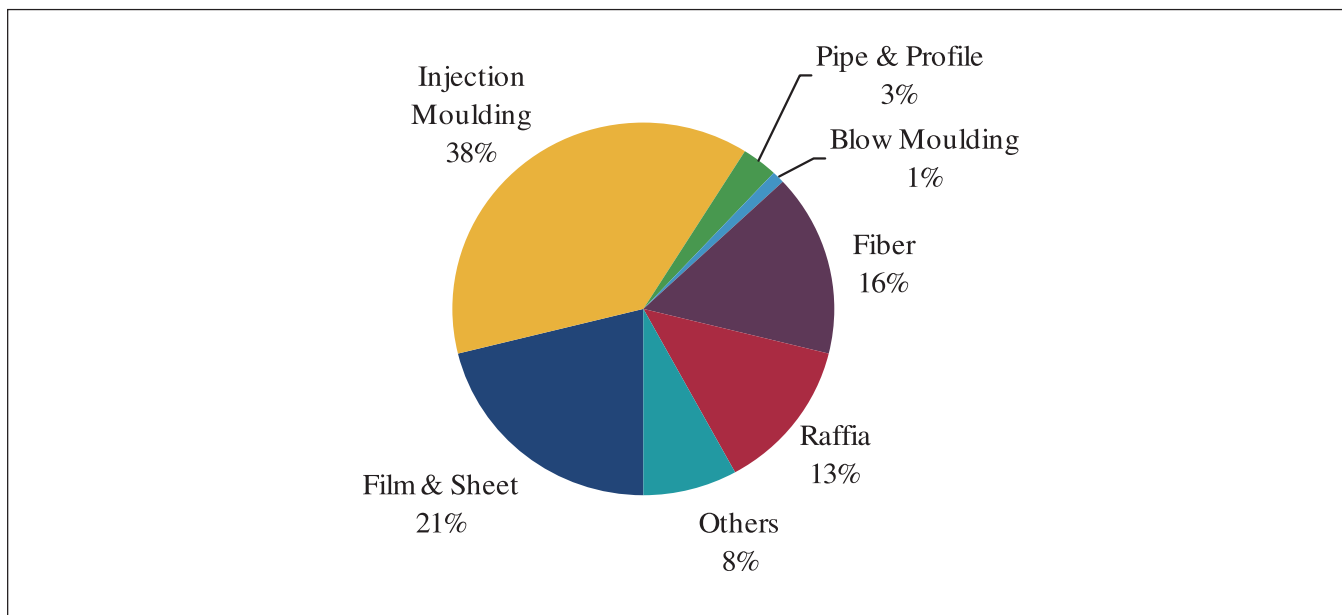
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Polypropylene Industry

Polypropylene is a crystalline thermoplastic with a unique combination of physical, thermal and chemical resistant properties, produced by polymerisation of propylene. Compared to other major thermoplastic resins, polypropylene has the lowest density, high flexural modulus and good impact strength. Propylene generally is produced either as a co-product in the naphtha cracking process or is recovered from FCC off-gas streams.

In terms of consumption, polypropylene is the second largest commodity plastic after polyethylene. According to CMAI, global consumption of polypropylene was estimated at 39.6 million tonnes and accounted for approximately 24% of all plastic demand in 2005. Polypropylene demand shows cycles that closely follow GDP cycles, growing as GDP increases. Global consumption of polypropylene is forecast to grow 5.4% per annum between 2005 and 2010 according to CMAI. Growth rates are expected to be higher in rapidly developing economies of the Asia region, including China and India, where current per capital consumption of polypropylene is low compared to more developed countries.

Polypropylene has a wide range of applications, as indicated by the chart below showing the percentage of annual consumption currently used in each area of application.



Source: CMAI World Polyolefins Analysis 2006

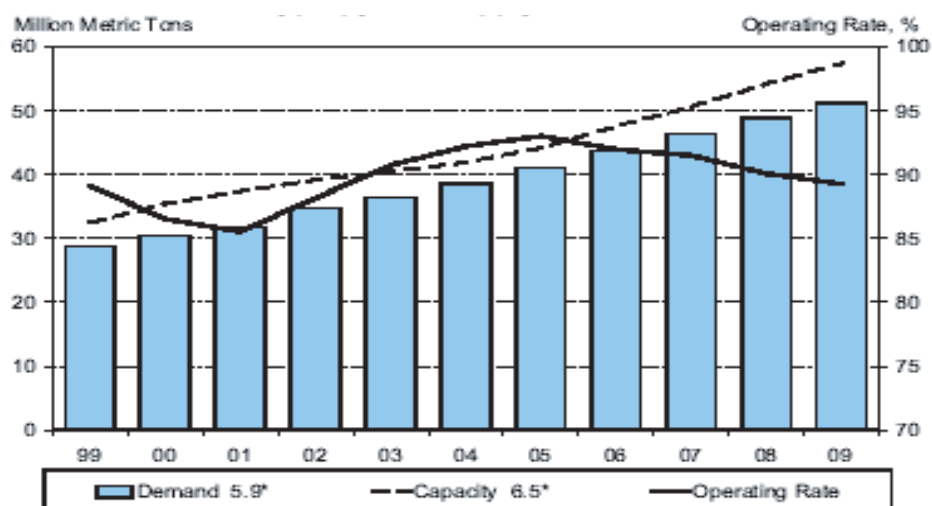
The market is dominated by injection moulding applications which are increasing due to their ability to replace PS, ABS and engineering polymers in demanding applications in the automotive and appliance sectors. Part of the growth in demand for polypropylene has been because it can replace other polymers in a variety of applications, such as polystyrene in disposable utensils, sheet extrusion and soda straws, polyethylene in house-ware and consumer goods, nylon in carpet yarn, ABS in appliances, flexible PVC in film, automotive and medical applications, and PET in rigid packaging.

Growth in polypropylene capacity generally is dependent upon the availability of propylene. As a result, manufacturers with access to propylene have potentially significant competitive advantages in the polypropylene market.

The following table shows the historical and forecasted global capacity and demand for polypropylene between 2000 and 2010, as well as forecasted average operating rates for the global polypropylene industry. As indicated in the table, significant capacity additions are forecast over the next four years, resulting in a reduction of plant operating rates, which averaged 92.6% in 2004 and are forecast to average approximately 87.7% in 2010.



World – Polypropylene Supply / Demand Balance



Source: CMAI World Polyolefins Analysis, 2006

China has emerged as the single largest importer of polypropylene in the world accounting for nearly 35% of global trade. In 2004, it is estimated that China imported over three million tonnes. In addition to Japan, Korea and the United States, India was a significant exporter of polypropylene to China.

In the polypropylene product segment, RIL together with IPCL is the eighth largest producer globally. The top 10 global producers together held 56.3% share of the capacity in the global polypropylene market in 2004. The following table shows the current capacity of global top-10 producers and their respective shares:

Sr. No.	Name	Capacity Share (%)
1.	Basell	14.99
2.	Sinopec	7.43
3.	Innovene / BP	6.03
4.	Total PC	4.98
5.	ExxonMobil Chemical Co	4.76
6.	SABIC	4.48
7.	Borealis	3.54
8.	Reliance Industries / IPCL	3.52
9.	Formosa Plastics Corp.	3.49
10.	PetroChina	3.05

Source: CMAI World Polyolefins Analysis, 2006

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OUR BUSINESS

Overview

We are a start-up company, formed to set up a greenfield petroleum refinery and polypropylene plant (the “Project”) to be located in a Special Economic Zone in Jamnagar in the state of Gujarat in western India. Our proposed refinery and polypropylene plant will be located adjacent to the existing refinery and petrochemicals complex of our Promoter, Reliance Industries Limited (“RIL”), the largest private sector company by market capitalisation in India with assets of Rs. 806 billion (approximately US\$ 18 billion) as of March 31, 2005. RIL is the only private sector company from India to feature in the Fortune Global 500. We will be 80% owned subsidiary of RIL after the Issue.

We have not yet commenced business operations. We have developed plans to construct a refinery with a complexity of 14.0, as measured using the Nelson Complexity Index. The refinery will have a total atmospheric distillation capacity of approximately 580 kilo barrels per stream day (“KBPSD”). The polypropylene plant will have a capacity to produce 0.9 million metric tonnes per annum (“MMTPA”). The Project was initially contemplated to be set up by RIL which subsequently decided to implement the Project through us.

The capital cost of the Project is estimated at Rs. 270 billion (approximately US\$ 6 billion). We propose to fund the Project through debt of Rs. 157.5 billion (approximately US\$ 3.5 billion) and equity of Rs. 112.5 billion (approximately US\$ 2.5 billion), including proceeds from the Issue. Any additional equity raised in excess of Rs. 112.5 billion will be used as additional contingency for the Project. We have agreed to a preliminary term sheet with certain banks and financial institutions to provide a syndicated term loan facility for approximately Rs. 67.5 billion (US\$ 1.5 billion). We intend to seek additional financing through export credit agencies for approximately Rs. 45 billion to Rs. 67.5 billion (US\$ 1 billion to US\$ 1.5 billion). We anticipate raising further debt funding of approximately Rs. 22.5 billion to Rs. 33.75 billion (US\$ 500 million to US\$ 750 million) in accordance with the funding requirements for the Project, as they arise.

Our intention is to complete construction and commission the refinery and the polypropylene plant in, or around, December 2008. We have entered into agreements with Bechtel France S.A.S (“Bechtel”) to license the technology for the major process units of the refinery and polypropylene plant. Bechtel will also provide engineering, project management and other construction services for the Project.

RIL has proven expertise in building and operating a large refinery and petrochemicals complex. Its existing refinery, currently the third largest refinery in the world by atmospheric distillation capacity, was built in 36 months and commenced commercial production during 2000. This refinery has operated at near 100% utilisation during its five years of operations, consistently outperforming the average utilisation rate of refineries in the Asia Pacific region, the European Union and North America as reported by PEL Market Services, Biannual Refining Report, July 2005. With a Nelson Complexity Index of 11.3, the existing refinery has achieved Gross Refining Margins (“GRMs”) that are consistently higher by US\$ 2 to US\$ 3.2 per barrel than the benchmark Singapore Dubai Crack Margins as reported by Reuters (“Singapore Margins”) during this period. In 2005, RIL was named the “*International Refiner of the Year*” by the Hart Energy Publishing LP. It was ranked number one in “*Energy Performance*” amongst large complex refineries in the Asia Pacific Region in the Solomon Benchmarking Survey, by Solomon Associates of USA in 2003.

The proposed refinery and polypropylene plant is being set up in as in the opinion of the Board of RIL, it is in the interest of all stakeholders.

Our proposed refinery and polypropylene plant will be located in a Special Economic Zone (the “SEZ”) and will receive certain tax benefits and concessions under SEZ regulations, subject to certain conditions. For further information on the SEZ, see “Regulations and Policies—The Special Economic Zone” on page 71.



Our Key Competitive Strengths

We believe that our proposal to construct and operate a refinery and polypropylene plant benefits from the following competitive strengths:

- *RIL's (our Promoter's) superior project execution skills in constructing a complex refinery:* One of RIL's core competencies is to conceptualise and implement multi-billion dollar projects on time and in a cost efficient manner. RIL has proven track record of successfully implementing large projects, including its existing refinery and petrochemicals complex at Jamnagar in Gujarat, its petrochemicals complex at Hazira in Gujarat and another petrochemicals complex at Patalganga in Maharashtra. These three facilities together accounted for approximately 84% of RIL's gross fixed assets for the year ended March 31, 2005. The implementation of Jamnagar complex required coordination among several external agencies, including technology licensors, equipment suppliers and construction contractors and involved a large workforce. As RIL is our Promoter, we expect to benefit from its experience and expertise in the construction of our proposed complex refinery.
- *Large and complex refinery capable of using heavier and sourer, low cost crude to produce high quality, premium petroleum products:* Our proposed refinery is designed to have an atmospheric distillation capacity of approximately 580 KBPSD, which would make it the sixth largest refinery globally, based on current capacities. Such a large scale of operations should provide economies of scale, leading to a relatively lower operating cost base. Our proposed refining facilities have been designed to refine a variety of feedstocks with an API gravity ranging from 15 to 50, including lower cost, heavier and more sour crude oils and to produce high quality transport fuels and other higher value added petroleum products which meet the most stringent international environmental requirements including ultra low sulphur diesel (10 ppm sulphur) and Ether (MTBE or TAME) free gasoline for the sophisticated markets of the United States and Europe. It will also be capable of processing bottom-of-the-barrel products such as vacuum residue to yield value-added products such as LPG, naphtha, gasoline and diesel. Unlike many refineries, we do not plan to produce fuel oil, which is a low value product.
- *Benefits of low capital costs:* We believe that the proposed refinery will gain from RIL's prior experience in constructing and operating the Jamnagar refinery, especially in the areas of design and engineering, construction, labour and resource optimisation, greater use of local materials and resources and faster implementation. We expect these factors will result in a significant reduction in the capital cost for the Project and enable us to achieve lower costs per barrel, adjusted for complexity.
- *Strategic location with proximity to crude oil sources and target export markets:* Our proposed refinery will be located on the west coast of India in close proximity to the Middle East, the largest crude oil producing region in the world. We expect this to result in lower ship turnaround time and crude freight costs. In addition, our refinery will be located close to the existing port and tank facilities of Reliance Ports and Terminals Limited ("RPTL"), which plans to establish additional port infrastructure capacity to provide us, once our refinery is operational, with the ability to import crude oil in very large crude carriers and to transport refined petroleum products in parcel sizes of up to 150,000 MT of gasoil or gasoline. This port is closer to the Eastern markets as compared to those in the Middle East and is also well located for the markets in the West. We expect that this locational advantage would improve freight economics.
- *Fiscal incentives by virtue of being located in a Special Economic Zone:* The SEZ operates as a delineated area which is deemed to be a foreign territory for the purposes of trade operations, duties and tariffs. Being an export oriented refinery, we intend to export the bulk of our production. We will benefit from an income tax deduction on export turnover for a period of five consecutive years following the commencement of commercial operations (with a scaled reduction in income tax deduction for the next five year period and, subject to certain reinvestment conditions, for a third five year period thereafter). We will also be exempt from customs duty for goods and services imported into or exported from the SEZ and also from excise duty on domestic procurement, for the purposes of our authorised operations.

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Our Strategy

Our strategy for the refinery operations is three pronged:

- *Capitalise on forecast demand-supply imbalances in global petroleum products:* Given the limited additions expected to global refining capacity and the forecast increase in demand for petroleum products in key markets, any current excess of refining capacity is expected to decrease further, leading to higher utilisation of existing refineries. Further, increasingly stringent product specifications will result in fewer existing refineries being able to meet the increasing demand for such products. Our strategy is to capitalise on this imbalance between capacity and demand by rapidly establishing an export-oriented, technologically advanced refinery to service the forecasted growth in demand.
- *Retain flexibility in the refinery design to provide us with the ability to optimise crude oil input, product slate and product quality:* The configuration of the proposed refinery will provide us with significant flexibility to use a wide variety of low cost, heavier crude oils to produce high quality transportation fuels and other value added petroleum products and thereby take advantage of differentials between prevailing crude oil costs and petroleum product prices.
- *Incorporate best practices of RIL's existing refinery to establish efficient and profitable operations and exploit synergies with RIL's existing refinery:* In addition to utilising the skill sets and resources available to RIL, in constructing our refinery and polypropylene plant, we anticipate realizing significant synergies with RIL and its Affiliates by entering into agreements with them for services in the areas of crude sourcing, operations and maintenance, marketing of refined petroleum products and associated infrastructure. RIL has significant experience in the areas of crude procurement and refined product marketing in the global markets. RIL's Affiliates have experience in infrastructure development and have been providing power, steam and tank storage for crude oil and finished products to RIL's existing refinery since 2000.

Refining Margins

Oil refining is primarily a margin-based business. Because operating expenses (excluding costs of raw materials) are relatively fixed, the goal of refineries is to maximise utilisation rates and yields of higher value-added products as well as minimise feedstock costs and other variable costs.

We intend to incorporate RIL's best practices and leverage its experience in procuring crude oil and other feedstocks, operating a complex refinery and marketing refined petroleum products and polypropylene. RIL's existing refinery has achieved competitive refining margins since commencing operations in 2000. Similar to other oil refiners, RIL uses GRM as a measure, quoted in US\$ per barrel, to represent the difference between the value of its refined petroleum products and the cost of the crude oil and other feedstocks.

RIL has historically calculated its GRM for a period by first calculating its current cost sales margin in Rupees million, which is equal to net sales for the period, less the cost, at average price levels, of feedstocks consumed to produce those products produced during the period. This current cost of sales margin is then translated into U.S. dollars using the average foreign exchange rate for the applicable period and is then converted to a per barrel measure by dividing it by the crude processed (assuming a standard conversion factor of 7.2 barrels per tonne).

The principal factors affecting RIL's GRM include:

- movements in the prices of the relevant crude oil and other feedstock qualities.
- pricing of the refined petroleum products; and
- aggregate demand and supply for crude oil, other feedstocks and refined petroleum products.

The strength of RIL's GRM depends critically on its ability to maximise its use of lower cost feedstocks and on the ability of its complex refinery to produce the optimal mix, or slate, of higher value products. RIL's refining margins in recent years have benefited from favourable trends in the key relationships between its feedstock supply costs, its refined petroleum product prices and increased processing of lower cost, heavier and sourer crude oils.



These relationships are reflected primarily in the price differential between the marker crude oil prices of West Texas Intermediate (“WTI”) and Dubai and between Dated Brent and Dubai as well as in the price differentials among the various refined petroleum products, in particular between gasoline and diesel on the one hand and heavy fuel oil on the other hand. Over the last three years, the price differentials between WTI and Dubai and between Dated Brent and Dubai have widened. While the majority of the crude oils processed by RIL are linked to Dubai, realisations for the petroleum products exported to the markets, where WTI and Dated Brent are the feedstock price benchmarks, have improved as a result of these widening spreads.

Higher refining margins are also driven by a refinery’s ability to produce greater yields of higher value products such as LPG, naphtha, gasoline, aviation fuels and diesel from a given feedstock with lower yields of lower value products such as heavy fuel oils. The flexibility and higher complexity of RIL’s existing refinery enables it to produce a higher proportion of value added refined petroleum products than less complex refineries. The GRM for RIL’s existing refinery has been consistently higher than the Singapore Margins as calculated by Reuters, a market benchmark.

Reuters calculates the Singapore Margins using the methodology developed by Reuters Data Management Group. Reuters calculates the Singapore Margin by subtracting the cost of crude oil and other costs from the value of oil products produced by a refinery. The value of oil products or gross product value is calculated by adding together a value for a fixed percentage of each refined oil product produced by a refinery. The Singapore Margin calculations assume a product mix of approximately 32% of gasoline, 19% jet / kerosene, 16% diesel / gasoil, 23% of 2% sulphur fuel oil, 3% LPG and 7% MTBE/naphtha, and Dubai crude oil as input. These percentages are fixed and do not change to reflect changes in yield patterns. In calculating the above margin, refinery fixed and other costs are not taken into account. It is to be noted that the profit margins on these are approximations only. Crude oil price inputs are based on Reuters’ assessment of Dubai one month Asia close prices and product prices are also based on Reuters’ assessment. The Singapore Margins benchmark does not reflect the profitability of any particular oil refinery and hence may not be directly comparable to RIL’s GRM.

Historically, RIL’s GRM has been greater than the Singapore Margins, as stated in the table below. It is our belief that the difference is primarily the result of RIL’s high conversion capacity, higher output of premium products than is assumed in the product mix for Singapore Margins and lower transportation costs for feedstock imported from the Middle East compared to transportation costs that are reflected in the Singapore Margins.

The following table sets forth RIL’s Gross Refining Margins and the Reuters Singapore Complex Margins in US\$ per barrel for the years ended March 31, 2001, 2002, 2003, 2004, 2005 and the nine months ended December 31, 2005.

(US\$/barrel)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 (9 months)
RIL’s GRM	5.7	4.8	5.1	6.4	8.8	10.3
Singapore Margins*	3.0	1.8	2.3	3.8	6.7	7.1
<i>Difference</i>	<i>2.7</i>	<i>3.0</i>	<i>2.8</i>	<i>2.6</i>	<i>2.1</i>	

* Source: Reuters Data

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The Refinery Project

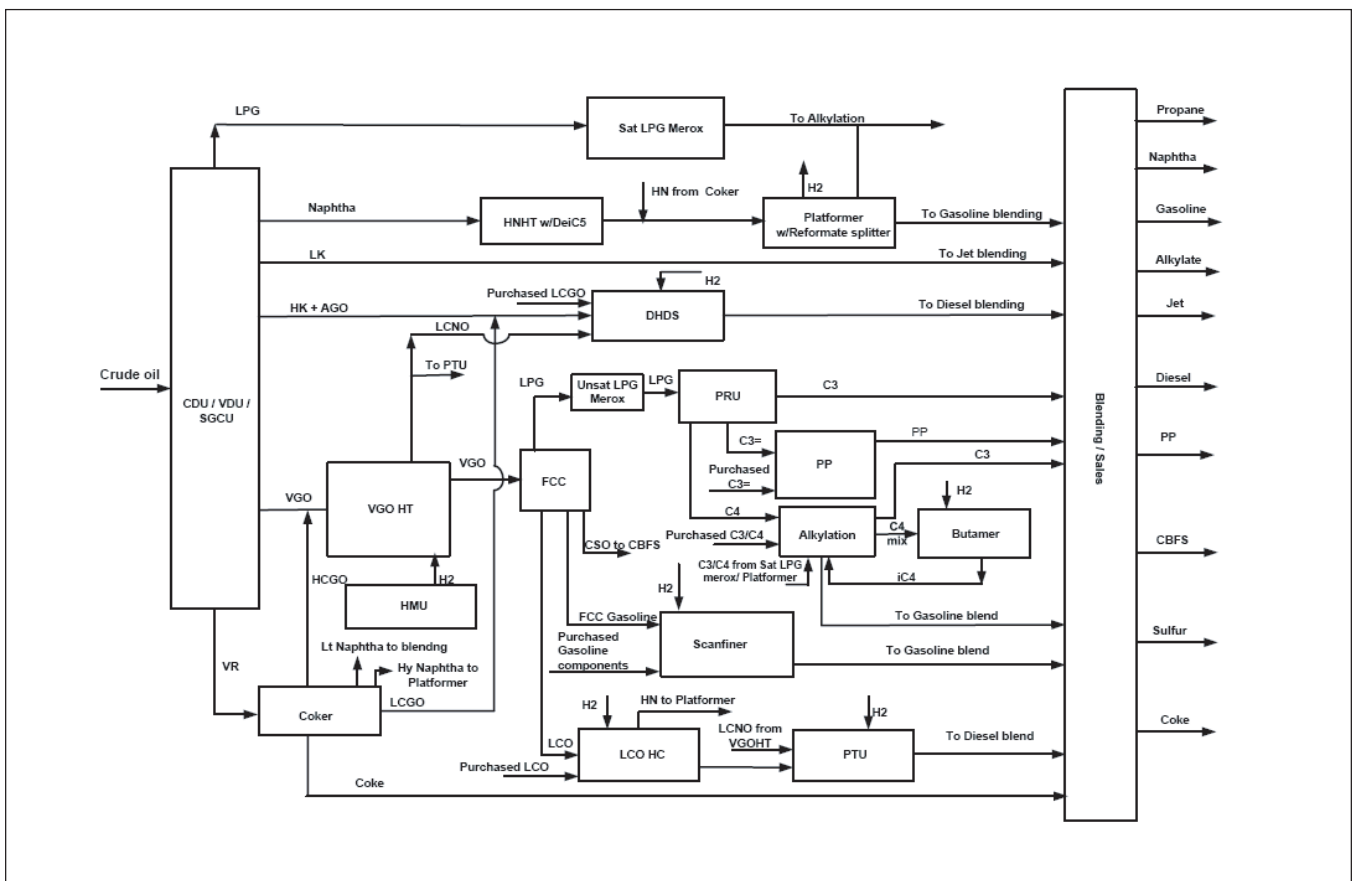
Global size, complex refinery

We are proposing to construct and operate a refinery that will have an atmospheric distillation capacity of approximately 580 KBPSD with an expected complexity of 14.0 as measured using the Nelson Complexity Index. The Project would also comprise of a 0.9 MMTPA polypropylene plant.

Our proposed refinery would be the sixth largest in the world based on the current global ranking of refineries by the industry publication, *Oil and Gas Journal*, December 2005. The proposed facility is designed to be a highly complex refinery with significant secondary processing facilities designed to maximise the quantity of value added products such as propylene, alkylates, jet fuel and diesel.

Refining process

The following chart sets out the refining process of crude oil and other feedstocks into refined petroleum products that will be followed at our proposed refinery. For further information on the refining process, see “Industry Overview — Overview of Refining Processes and Products”.



The salient features of our proposed refinery’s process configuration are highlighted below.

There are two trains each of crude distillation units (“CDU”) and vacuum distillation units (“VDU”). Virtually any grade of crude can be processed in the CDUs and VDUs where crude oil is separated into its components, namely gas, C3/C4 (saturated liquefied petroleum gas (“LPG”)), naphtha, light kerosene (“LK”), heavy kerosene (“HK”), atmospheric gas oil



(“AGO”), vacuum gas oil (“VGO”) and vacuum residue (“VR”). The crude and vacuum distillation units are integrated for energy efficiency. The C3/C4 mix goes to the alkylation unit. The unconverted C3 is sold as propane.

The naphtha is split into light and heavy naphtha. The heavy naphtha is hydrotreated in the heavy naphtha hydrotreater unit (“HNHT”) from where it goes to the continuous catalytic regeneration platformer. The platformer converts naphtha into reformat, a high-octane gasoline component. The majority of light naphtha is upgraded into gasoline. Light kerosene undergoes jet blending with 0.2% sulphur.

Heavy kerosene and gas oil is desulphurised in two trains of diesel hydro desulphurisation units (“DHDS”) to produce 10 parts per million (“ppm”) sulphur diesel. Vacuum gas oil is hydrotreated in two trains of VGO hydro treating units (“VGOHT”) to improve the quality of feedstock for FCC. Hydro treated VGO is fed to a high-severity FCC. Hydrogen, required for hydro-treatment of various streams, is produced in hydrogen manufacturing units (“HMU”).

VR is thermally cracked in a delayed coker unit (“Coker”). The coker products such as light coker gas oil (“LCGO”) and heavy coker gas oil (“HCGO”) are further treated in DHDS and VGOHT units respectively. Coke is the final product from the coker. The coker allows minimising fuel oil production.

The fluid catalytic cracking unit (“FCC”) is the principal refinery unit to maximise gasoline and propylene. The FCC cracks hydro treated VGO from VGOHT to produce components like gas, C3/C4 (unsaturated LPG), gasoline, light cycle oil (“LCO”) and clarified slurry oil (“CSO”).

C3/C4 from the FCC goes to the propylene recovery unit (“PRU”). Recovered propylene is converted into polypropylene (“PP”). The C4 stream from the PRU is the primary feed to the alkylation unit. The alkylation unit converts C4 into alkylate, a premium gasoline component. Alkylate is either sold as a product or used to upgrade naphtha into gasoline. The butamer unit isomerises C4 to supplement the feed to the alkylation unit. The gasoline from the FCC is hydro treated in the scanfiner unit to produce 10 ppm sulphur gasoline.

LCO from the FCC is unsuitable for blending into premium diesel. So, it is cracked in the LCO hydrocracker unit (“LCO HC”) to convert it into a diesel blend stock.

A post treating unit (“PTU”) is added to the configuration to upgrade the diesel properties of density and cetane. The PTU will allow our refinery to produce 100% of the diesel pool as 10 ppm sulphur EURO IV diesel, a premium grade.

The details of the processing capacities planned for the key units of our proposed refinery and the licensor or process designer for each unit are as follows:

Processing Unit	Planned Capacity (KBPSD, unless specified)	Licensor/Process Designer
Crude Distillation Units	580	UOP / Bechtel
Vacuum Distillation Units	305	UOP / Bechtel
Fluidised Catalytic Cracker	200	UOP
Alkylation	85	EMRE / KBR
Platformer	85	UOP
Hydrocrackers	110	EMRE / KBR
Catalytic Feed Hydrotreaters	220	UOP
Catalytic Product Hydrotreaters	360	UOP/EMRE/KBR
Delayed Coker	160	Foster Wheeler
Isomerisation	42	UOP
Polypropylene (In KTA)	900	Dow

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Product Slate

The proposed refinery process configuration is designed to maximise production of gasoline, alkylate, jet fuel and diesel as well as premium products such as 10 ppm sulphur gasoline and 10 ppm sulphur diesel and to minimise the production of lower value-added products such as fuel oil. Importantly, the refinery's configuration is intended to achieve the product slate, outlined in the table below, by using lower cost heavy/sour crude grades, which we believe will help us to maximise the refining margins. We have designed the refinery process to enable us to shift production within specified ranges to meet product demand.

The table below shows the range of volumes that may be produced/ processed for the principal products from our proposed refinery. The mix of volumes may change depending on market dynamics.

Product	Production Range (in MMTPA)
Diesel	12.0 - 13.0
Gasoline	8.0 - 10.0
Jet / Kerosene	1.0-2.0
Petcoke	2.0 - 3.0
Alkylates	2.0 - 3.0
Polypropylene	0.5 - 0.90
Sulphur	0.5 - 0.6

Project Implementation

Project Implementation Schedule

We propose to commence production at our refinery in, or around, December 2008. The major milestones for the Project and their expected completion dates are given below.

Milestone	Expected Completion Date	Months from Zero Date
Start of the Project/Zero Date		December 1, 2005
Technology Selection/Project Scope	January 2006	Completed
Completion of Basic Engineering	May 2006	6
Order placement for critical equipment	May 2006	6
Completion of Detailed Engineering	September 2007	22
Completion of Civil work	November 2007	24
Completion of Equipment Erection	January 2008	26
Mechanical Completion	August 2008	33
Ready for Start Up (RFSU) All areas	September 2008	34
Commencement of operations	December 2008	36

Technology Licensing

The configuration of the proposed refinery has been designed by a joint team of experts from RPL, RIL, its Affiliates, Bechtel and UOP LLC ("UOP"). It is similar to that of RIL's existing refinery at Jamnagar.

Encouraged by the successful operations of RIL's existing refinery, we have decided to use the same licensors as were used by RIL (with the addition of Exxon Mobil Research and Engineering ("EMRE")) for all of the process units to be built in our refinery. We have selected UOP and EMRE as the technology licensors for the proposed refinery.



We have an agreement with Bechtel (as an authorised licensee of UOP) for certain technologies relating to major units of the refinery including the crude distillation unit, hydrotreater, catalytic reforming unit, fluid catalytic cracking unit and the delayed coker unit (using Foster Wheeler technology). In addition, UOP has been appointed as the managing licensor for the refinery, responsible for providing, among other things, the capacity rating for the equipment, the integrated optimisation model and the operating and consumption guarantees.

UOP is a leading licensor of refinery and petrochemicals technologies in the world with substantial experience in the area, having provided licenses to more than 700 refineries globally. RIL has licensed technology from UOP for its paraxylene plant at Patalganga and its existing refinery at Jamnagar.

EMRE will be the technology licensors for the alkylation and butamer units. EMRE is a Virginia (USA) based leader in petroleum refining technology and has licensed technology to more than 60 greenfield refineries and over 1,000 refining units.

Implementation Strategy

Bechtel has been given the single point responsibility for the implementation of the Project. It will provide detailed engineering, project management, site support and construction supervisory services as well as the offshore supply of equipment and bulk materials for the Project. We will also utilise RIL and its affiliates for construction services. We expect that this will enable us to leverage local construction and project implementation capabilities while utilising Bechtel's technical, project management and engineering expertise. Bechtel's services will be provided pursuant to six separate, but inter-related agreements as outlined below (the "Bechtel Agreements").

Under the Bechtel Agreements, Bechtel has no liability for consequential damages or any loss of profits that we may suffer as a result of its failure to perform. Bechtel may, pursuant to all of the Bechtel Agreements (except the License and Basic Engineering Agreement) seek an adjustment to the Project's schedule where a *force majeure* event has occurred, such as an act of war or terrorism or a strike by a national category of workers if such an event lasts longer than five days, or 20 days in the aggregate should there be a number of such events. The Bechtel Agreements are governed by the laws of India, with disputes to be settled by binding arbitration.

The following is a brief summary of the services provided under the Bechtel Agreements:

- ***Umbrella Services Agreement:*** Bechtel is responsible for the achievement of certain performance standards and the establishment of parameters for yield, capacity, utility consumption, quality, safety and statutory and environmental standards. We are obligated, under this agreement, to effect a "marine-and-erection" insurance policy, the details of which are discussed below under "–Insurance".
- ***License and Basic Engineering Agreement:*** Bechtel (with authority from UOP as its licensor) grants process licenses and provides basic engineering services for certain refinery and polypropylene units, including providing us with design specifications, process technology, know-how and technical information for refinery and polypropylene process units other than the EMRE refinery units.
- ***Engineering Services Agreement:*** Bechtel is required to provide the detailed design and engineering for the Project overall, including the preparation and supply of engineering information in sufficient detail for the procurement of equipment, materials, civil and environmental engineering services and other general engineering services in connection with the construction, operation and maintenance of the refinery and polypropylene plant.
- ***Equipment Supply Agreement:*** Bechtel will supply the basic equipment necessary to design, construct and operate the refinery and polypropylene plant. Bechtel will also arrange to supply and furnish all general arrangement drawings, manufacturers' catalogues and other literature relevant to the equipment prior to the date of shipment in each case.
- ***Site Services and Assistance Agreement:*** Bechtel is required to provide technical assistance in relation to the construction and commencement of operations for the Project. In particular, Bechtel's responsibility includes providing technical assistance in connection with the erection of all items of equipment, the construction of process units, utilities and

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offsite facilities, testing and start-up of the project during six months prior to the start-up date and up to 12 months after the start-up date.

- **Project Management Services Agreement:** Bechtel will provide overall project management services including the management, monitoring and reporting with respect to the implementation of the Project, timely assessments, the periodic monitoring of all factors likely to affect the Project's schedule or quality and recommending, instituting and implementing remedial actions in connection with each of the foregoing. Bechtel will also gather and prepare project documentation, render construction advisory services such as the administration of construction contracts, the coordination, inspection, management and monitoring of the work of contractors and the preparation of progress reports.

In addition to these agreements, RIL has also entered into three license and engineering agreements with EMRE (the "EMRE Agreements") to upgrade various processes that can add value to the products and to enable such products to meet stringent quality specifications. We have requested RIL to assign the EMRE licenses to us in connection with our refinery and polypropylene plant.

Operational support services by RIL

Crude Oil and Other Feedstock Procurement

We intend to enter into long-term contracts with RIL for the provision of procurement services for crude oil and other feedstocks. We hope to leverage RIL's experience and expertise in procurement of crude oil and other feedstock for its existing refinery, which has been operating at near 100% utilisation since it commenced operations in 2000. RIL currently procures approximately 660 KBPSD of crude oil for its existing refinery from various suppliers in the Middle East, West Africa and Latin America, through a combination of term contracts and spot purchases. The term contracts give RIL partial security of supply.

When operations begin at our proposed refinery, its requirements for crude oil combined with the requirements for RIL's existing refinery will be nearly double of RIL's current requirements. We will rely on RIL to provide us crude oil procurement services. We understand from RIL that, in line with existing practice, the crude oil for both refineries will continue to be procured through a combination of term contracts and spot purchases. We believe that this procurement strategy will lead to lower costs of procurement due to synergies in terms of higher economies of scale in purchasing, better negotiating power and enhanced flexibility in scheduling.

Although, since commencing operations at its existing refinery in 2000, RIL has sourced the majority of its crude oil supply from the Middle East, RIL has also procured certain quantities of its crude oil supply from outside the Middle East. The extent of such supply is driven by economic and strategic needs. The grades of crude oil from outside the Middle East, such as grades from West Africa and South America, are procured partly on term contracts and partly on a spot basis. We propose to adopt a similar strategy for meeting our crude oil requirements, with RIL providing the necessary procurement services.

For a complex refinery such as our proposed refinery, with the ability to process many grades of crude oil, an optimal volume of spot procurement offers additional value enhancing opportunities. Spot volumes will give us the ability to adjust our crude mix to ever-changing market dynamics and also enable us to manage any unplanned refinery problems in a better manner. Under operating conditions, the feedstock mix will consist of several varieties of crude oil depending on market conditions and price differentials between the heavier and lighter crude varieties.

The proposed refinery will require catalysts and other chemicals for various production processes. Catalysts are procured from a variety of international suppliers. All other chemicals are also freely available in global markets.

Refined Petroleum Product Marketing and Sales

We intend to market substantially all of our products outside India. Based on the configuration of our proposed refinery, we will endeavour to maximise the output of value added petroleum products and take advantage of the available



opportunities in global markets. We intend to leverage on the expected high product specifications that meet the quality requirements in the developed markets. We propose to target the export markets of the U.S. for gasoline and alkylates while focusing on Europe and the Americas for diesel and jet fuel.

We intend to enter into a long term contract with RIL for the provision of sales and marketing services for our refined petroleum products. RIL exports its petroleum products to over 30 countries including a large number of destinations in the United States, Europe, the Mediterranean, South and East Africa, Brazil and several Asian markets including Sri Lanka, Singapore, Indonesia, Korea, Japan, and China. Some of RIL's key customers include:

- (a) national oil companies and end users such as CEYPETCO in Sri Lanka and Petrobras in Brazil,
- (b) oil majors such as Shell, BP and Chevron Texaco, and
- (c) bankers / traders such as Glencore, Itochu, Marubeni, Morgan Stanley, Sempra and VITOL.

We expect to sell both on free on board ("FOB") basis as well as a cost and freight ("CFR") basis, depending upon the type of customer, trading, economics and marketing strategy.

From our proposed refinery, pet coke and sulphur are the only products that we intend to sell in the domestic market. RIL has been selling these products from its existing refinery in domestic markets for the past five years and has developed those markets for these products. Although RIL will provide marketing services to us, including the development of a marketing strategy as well as negotiating and concluding sales contracts, we will enter into these contracts directly with the customers.

Risk Management

RIL operates a risk management desk that utilises hedging instruments to seek to reduce the impact of market volatility in crude oil and product prices on its profitability. We intend to enter into a long term agreement with RIL to provide us with risk management services, including the hedging of interest rate and currency risks.

Transport Logistics

As a part of providing crude oil, other feedstock procurement services and product market services to us, RIL will provide services with respect to chartering of vessels for crude oil and refined products. We expect that through combined procurement of crude oil and other feedstocks and marketing of petroleum products for both the existing refinery of RIL and our proposed refinery, it will be possible to optimise the transportation services associated with such imports. Even though imports from outside the region will be more than current levels for RIL's existing refinery, the Middle East will continue to be a major source of crude oil supply. Parcel size for crude oil will be predominantly in Very Large Crude Carriers ("VLCCs"). RIL has informed us that it proposes to continue to use a combination of time and spot chartered vessels for crude oil transportation.

Currently, RIL procures crude oil and other feedstocks for its existing refinery from the Middle East and other regions like West Africa and South America. In order to utilize economies of scale, approximately 90% of the total crude oil imports for RIL's existing refinery is transported by VLCC and the rest by Suezmax and Aframax tankers. Additionally, in order to optimize freight cost and to ensure timely availability of tankers, approximately 55% of VLCC cargoes are covered by RIL time chartered vessels and the balance is covered on a spot charter basis. As the transit time from the Middle East to the facility at Jamnagar is less than five days, shipments are amenable to scheduling in time chartered vessels.

Manpower Services

RIL would be deputing skilled manpower and technical resources as required by us, subject to availability, during the construction period and operational periods of our proposed refinery and polypropylene plant.

Operational support services by RIL's Affiliates

Our arrangements with RIL will be supplemented by infrastructural and support agreements that we intend to enter into, pursuant to term sheets that have been agreed, with RIL's Affiliates, including RFL, RUPL, RPTL and REAL. These services include:

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- **Land and associated infrastructure in SEZ:** We require approximately 1,700 acres of land for our proposed refinery and polypropylene plant in the SEZ. Reliance Infrastructure Limited (“RFL”), a wholly owned subsidiary of RIL and the developer of the SEZ, will acquire and lease the required land to us and provide basic infrastructure in the SEZ including roads, storm water drains and township facilities for the employees of the proposed refinery. RFL will also provide the desalinated water, sea water and potable water facilities required by us. RFL has already acquired 1,100 acres of land and is in the process of acquiring the remaining land for the Project. The above land is yet to be notified as an SEZ by the relevant authorities.
- **Power and Steam:** Steam and power required for our refinery and polypropylene plant will be supplied by Reliance Utilities and Power Limited (“RUPL”), a proposed co-developer of the SEZ that currently supplies steam and power to RIL’s existing refinery and petrochemicals complex at Jamnagar. As per the proposed configuration for the Project, the estimated ongoing power and steam requirement for our refinery and polypropylene plant are expected to be approximately 450 MW and 1600 tonnes per hour, respectively.
- **Port and Terminal Facilities:** Reliance Ports and Terminals Limited (“RPTL”), a proposed co-developer of the SEZ, is to provide the port and terminal facilities required for the proposed refinery’s import of feedstock and export of petroleum products. RPTL at present provides these types of facilities for RIL’s existing refinery and polypropylene plant at Jamnagar. For our proposed refinery, RPTL is to put in place additional infrastructural facilities to meet our requirements. The projected costs for these new facilities will be financed by RPTL from its own resources and through borrowings from third parties.
- **Construction Services:** Reliance Engineering Associates Private Limited (“REAL”) is to provide civil construction services during the construction of our proposed refinery. REAL has significant experience in providing these services and was involved in the construction of RIL’s existing refinery at Jamnagar. REAL has over 2,000 employees and is in the process of augmenting its workforce in preparation for providing its services for our proposed refinery.

RIL will provide its services at cost during the implementation and operational phases of the Project. RFL, RUPL and RPTL will provide their services on terms no less favourable than those for other units located within the SEZ. REAL will be providing its construction services on a cost plus margin basis like other third party construction service providers. REAL will match the lowest margins of third party service providers to us. It will provide some of the construction equipment needed for the Project at then prevailing market rates to us. RFL is a wholly owned subsidiary of RIL and REAL, RPTL and RUPL are controlled by the promoters of RIL. RIL and its Affiliates may provide any other service required by us on an arm’s length basis. For more details on related parties, see “Our Promoter and Group Companies” on page 86.

Financing the Project

The capital cost of the Project is estimated at Rs. 270,000 million (approximately US\$ 6 billion). The break-down of the project cost is as follows:

Particulars	US\$ million	Rs. million
Deposits for Infrastructure including Utilities, etc.	133	5,990
Equipment/Construction Costs	3,641	163,840
Technical Fees	887	39,918
IDC, Pre-Operating Cost	694	31,216
Contingency	433	19,496
Margin Money for Working Capital	212	9,540
Total	6,000	270,000

We propose to fund the Project through debt of Rs. 157.5 billion (approximately US\$ 3.5 billion) and equity of Rs. 112.5 billion (approximately US\$ 2.5 billion), including proceeds from the Issue. Any additional equity raised in excess of Rs. 112.5 billion will be used as additional contingency for the Project. We have agreed to a preliminary term sheet with



certain banks and financial institutions to provide for a syndicated term loan facility for approximately Rs. 67.5 billion (US\$ 1.5 billion). We intend to obtain additional financing through export credit agencies for approximately Rs. 45 billion to Rs. 67.5 billion (US\$ 1 billion to US\$ 1.5 billion). We anticipate raising further debt funding of approximately Rs. 22.5 billion to Rs. 33.75 billion (US\$ 500 million to US\$ 750 million) in accordance with the funding requirements for the Project, as they arise.

The Special Economic Zone

We propose to construct our refinery in a Special Economic Zone in Jamnagar in the state of Gujarat in western India.

The SEZ regulations require that we achieve positive net foreign exchange earnings at the end of five years from the date of commencement of commercial operations. Positive net foreign exchange earnings will be achieved if our foreign earnings are greater than our foreign spending. Thereafter, under the SEZ regulations, we will need to be a positive net foreign exchange earner at the end of every subsequent five year period.

For further information relating to the benefits and concessions available under the SEZ regulations, see “Regulations and Policies—The Special Economic Zone” on page 71.

Competition

The refining industry is highly competitive. The principal competitive factors that will affect our refining operations are the price and availability of crude oil and other feedstocks, refinery efficiencies, the refined product mix, product distribution and transportation costs. Many of our principal competitors are fully integrated national and multinational oil companies that refine the same products that we expect to produce and are engaged in many segments of the petroleum business, including exploration, production, refining, marketing, transportation and petrochemicals. Because of their geographic diversity, integrated operations, larger capitalisation and greater resources, these competitors may be in a better position than us to withstand volatile market conditions, compete more effectively on the basis of price and obtain crude oil and other feedstocks more readily in times of shortage.

Although one aspect of our strategy is to complete our proposed refinery while there is a shortage of international refining capacity to meet the expected demand for the intended products, additional global refining capacity is expected to become available in the future. According to PEL Market Services Outlook for the World Refining Industry, January 2006, global crude distillation capacity additions are expected to increase to 5,643 KBPSD by 2009, as indicated in the following table:

Global Crude Distillation Capacity Additions by Region (in KBPSD)

Year	Atlantic Basin	Middle East	Asia-Pacific	Total
2005	387	16	644	1,047
2006	267	110	870	1,247
2007	300	21	226	547
2008	352	170	450	972
2009	852	80	898	1,830
Total	2,158	397	3,088	5,643

Source: PEL Market Services Outlook for the World Refining Industry, January 2006

Polypropylene

Our proposed Project includes setting up a polypropylene plant with a capacity of 0.9 MMTPA. Polypropylene is a crystalline thermoplastic with unique combination of physical, thermal and chemical resistant properties. It has the lowest density amongst all the major thermoplastics. Polypropylene is produced through polymerisation of propylene, a by-product of our refinery. For a description of the polypropylene industry, see “Industry – Polypropylene Industry”. We

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anticipate that revenues from our polypropylene plant will be in the region of 6% of our total revenues. The proposed plant has been included in the Project because it will have an assured source of feedstock from our proposed refinery.

Insurance

We intend to procure an all risks marine and erection policy (“EAR”) to cover the occurrence of various perils during construction phase of our proposed refinery and polypropylene plant. The all risks marine policy is expected to insure for the value of various pieces of equipment during transit by ocean, air, rail and road to the Project’s site. Standard exclusions would apply to this policy, such as wilful misconduct, ordinary wear and tear, unsuitability of packing, war, invasion, act of foreign enemy and nuclear risks. We also expect an excess, which is yet to be determined, that will be excluded from the policy cover.

The EAR policy is expected to also cover equipment and materials from the arrival of the first consignment at the site and during storage as well as movements for the purpose of erection, and remain in force until the completion of erection, testing and commissioning. During the stages of handling, movement, storage, erection, testing and commissioning, the cover is expected to generally be against all risks of physical loss or damage arising due to any cause. The coverage is expected to be subject to customary deductibles under the policy.

Our third party contractors are required to carry insurance during construction of the project and we expect to provide insurance for operations of the refinery and polypropylene plant following its commissioning.

We expect to in due course have statutorily required insurance for public liability general insurance for group personal accident insurance.

Employees

As of February 28, 2006, RIL has deputed to us 98 of its senior officers, technical staff and engineers as per our requirements. The Company has no permanent employee on its rolls at present. However, we may recruit our own permanent employees as the project progresses. We do not have any trade unions. We will endeavour to establish good relations with our own employees as well as employees on deputation. As and when required, we intend to establish employee welfare schemes in accordance with RIL philosophy.

Safety, Health and Environment

We will leverage upon RIL’s experience in the area of safety, health and environment and are committed to adopt best practices in this area.

RIL makes modern occupational health and medical services accessible to all its employees through well-equipped occupational health centres. All of RIL’s business decisions take into account the safety and security of its personnel, its corporate assets and the environment. Structured environmental monitoring, management systems and regular audits ensure compliance with all environmental protection laws.

Recent Developments

Our Promoter, Reliance Industries Limited has been approached by various international industry majors for a strategic tie-up with Reliance Petroleum Limited. RIL has been in discussions with them but no decision has been made in this regard. This discussion may result in a tie-up which may include technical support, supply of crude oil/raw material, purchase of finished goods and/or minority equity stake in RPL (either through fresh issue of equity shares by RPL or through sale of a part of RPL equity shares held by RIL) to these international industry majors. If and when a decision in this regard is made, RIL/RPL will make necessary disclosures and seek regulators approvals if required. At this point of time no assurance can be given as to whether the aforesaid discussions would result in a tie-up or otherwise or the requisite regulatory approvals would be received.



REGULATIONS AND POLICIES

General

The construction and subsequent operation of our refinery and polypropylene plant will be subject to a range of laws and regulations adopted by governmental and local authorities. For example, our refinery and polypropylene plant will be subject to increasingly stringent environmental regulation; its feedstock materials and products are classified as chemicals or hazardous chemicals and, as such, will be subject to numerous regulations and controls governing their handling and storage. Certain regulatory schemes affecting the Company's operations are described below.

Environmental Regulations

The Environmental Protection Act, 1986, 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 set up to exercise the powers under these statutes and perform the functions for preventing and controlling pollution. The Company needs to obtain clearance of the Pollution Control Boards for emissions and discharge of effluents into the environment and will have to comply with the provisions of these Acts and the rules thereunder.

National Environmental Engineering Research Institute ("NEERI") has been retained to prepare a detailed environmental impact assessment and risk assessment study. NEERI has completed its studies and its reports have been submitted to the relevant government and regulatory authorities. On the basis of these reports, we have received the requisite approvals. The approval has been received in the name of RIL and is in the process of being transferred to us.

The Hazardous Waste (Management and Handling) Rules, 1989 provide that waste oil and oil emulsions are hazardous wastes and impose an obligation on the Company to dispose the hazardous wastes properly and ensure their proper collection, treatment, storage and disposal. The Company is required to obtain an approval from the Pollution Control Board for collecting, storing and treating the hazardous waste.

In addition, the Merchant Shipping Act, 1956 provides for liability which arises due to loss or damage caused outside the ship by contamination resulting from escape or discharge of oil from the ship, wherever such escape or discharge occurs.

Essential Commodities Act, 1955

The Essential Commodities Act allows the Central Government to regulate, if necessary in the public interest or for ensuring efficient distribution at fair prices, the production, supply and distribution of essential commodities, which include petrol and petroleum products and is subject to various controls in terms of the provisions of the Essential Commodities Act. As the Company intends to function as an export oriented business, the likelihood of this regulation impacting the proposed project in the foreseeable future is not expected.

The Special Economic Zone

We propose to construct our refinery and polypropylene plant in a Special Economic Zone in Jamnagar in the Western Indian State of Gujarat.

An SEZ is a specifically delineated duty free enclave, deemed to be a foreign territory for the purposes of trade operations as well as duties and tariffs. Any private or public company or State Government or its agencies may set up an SEZ in India. Each SEZ unit functions on a self-certification basis.

An SEZ is notified by the Ministry of Commerce and Industry, Department of Commerce, Government of India. One of the special features of an SEZ is that no governmental license is required for imports, including for second hand machineries and there is minimal examination of imports by customs to enable efficient operations.

A Board of Approval ("SEZ Board") has been set up under the SEZ Act, which is responsible for promoting the SEZ and ensuring its orderly development. The SEZ Board consists of officers from the Central Government, a nominee of the State Government, the Director General of Foreign Trade or his nominee, the Development Commissioner concerned, a Professor

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of the Indian Institute of Management or the Indian Institute of Foreign Trade and an officer dealing with the Special Economic Zones in Ministry or Department of the Central Government. The SEZ Board has a number of powers including the authority to approve proposals for the establishment of the SEZ, the operations to be carried out in the SEZ by the developer, the foreign collaborations and foreign direct investments.

The setting up and performance of business units in the SEZ is approved and monitored by an Approval Committee consisting of the Development Commissioner, officers from the central and state governments and a representative of the Developer (as a special invitee). The Development Commissioner is the nodal officer for SEZs, exercising all powers vested under the SEZ Act.

The functions of the Approval Committee with respect to activities in the SEZ include:

- Approving the import or procurement of goods from within India's Domestic Tariff Area;
- Approving the provision of services by a service provider, from outside India, or from within India's Domestic Tariff Area;
- Monitoring the utilisation, warehousing or trading of goods and utilisation of services;
- Approving, modifying or rejecting proposals for setting up manufacturing units or for rendering services, warehousing or trading;
- Allowing foreign collaborations and foreign direct investments (including investments by person(s) outside India) for setting up a business unit;
- Monitoring and supervising compliance of conditions stated in a letter of approval or permission for each business unit; and
- Performing such other functions as may be entrusted to it by the Central Government or the State Government concerned.

In the circumstances where the Approval Committee is unable to decide any matter by general consensus, the matter is referred to the Board of Approval.

By establishing our operations in an SEZ, we are eligible for the following benefits:

- As per provisions of the I.T. Act, the Company is entitled to deduction of 100% of the profits and gains derived from export of goods manufactured or produced from its unit set up in Special Economic Zone for a period of five consecutive assessment years beginning with the assessment year relevant to the previous year in which the unit begins such manufacture and 50% of such profits and gains for further five consecutive assessment years. Further, for the next five consecutive assessment years, the Company is entitled to deduction of such amount not exceeding 50% of the profit as is debited to Profit & Loss Account of the previous year in respect of which the deduction is to be allowed and credited to a special reserve viz. "Special Economic Zone Reinvestment Reserve Account" to be created and utilised for the purpose of the business in the manner laid down in the I.T. Act.
- The provisions of the Minimum Alternate Tax imposed by the I.T. Act will not be applicable to the Company.
- No custom duty will be levied for any goods imported into, or service provided in, the SEZ for the purposes of its authorised operations. No custom duty is applicable to any export of goods or services from the Company to any place outside India and no excise duty is applicable to goods brought from within India's domestic tariff area to the SEZ to enable the Company to carry on its authorised operations.
- Additionally, there is an exemption from service tax on taxable services provided to the Company to carry on its authorised operations in the SEZ and there is an exemption from the levy of taxes on the sale or purchase of goods, as long as the goods are needed to carry on the Company's authorised operations.



The Gujarat SEZ Act provides certain additional benefits over and above the benefits outlined above. Under the Gujarat SEZ Act, the Company is exempt from the payment of stamp duty and registration fees payable on transfer (including a lease) of land within the SEZ and from the levy of stamp duty and registration fees on loan agreements, credit deeds and mortgages executed by the Company. Additionally, there is an exemption from sales tax, purchase tax, motor spirit tax, other taxes payable on sales transactions and the input of goods and services by the Company are also exempt from sales and other taxes.

The SEZ Rules, 2006 require that the Company achieve positive net foreign exchange earnings at the end of five years from the date of commercial production. Positive net foreign exchange earnings are achieved if the foreign exchange earnings of the Company are greater than its foreign exchange outflow, calculated as per rules prescribed in the SEZ Act. Thereafter, the Company will need to be a positive net foreign exchange earner at the end of every subsequent five year period. As per the provisions of the SEZ Rules, 2006, provide that if the Approval Committee of the SEZ determines that the SEZ Unit has not achieved positive net foreign exchange earnings, then the SEZ Unit will be liable for penal actions under the provisions of the Foreign Trade (Development and Regulation) Act, 1992.

Draft Petroleum and Natural Gas Regulatory Board Bill, 2005

The Government of India has proposed to establish a Petroleum and Natural Gas Regulatory Board to oversee the downstream petroleum products sector in the country 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) so as to protect the interests of consumers and specified entities and to further ensure uninterrupted and adequate supply of petroleum products and natural gas in all parts of the country. To facilitate the setting up of the Board, the Government has introduced the Draft Petroleum and Natural Gas Regulatory Board Bill, 2005.

These objectives are intended to be achieved by the following:

- Setting up of a Petroleum and Natural Gas Regulatory Board to oversee and regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, natural gas and petroleum products. The Board would operate at an arm's length from the Government;
- Enabling the Government to broadly lay down policy framework;
- Making provision for the Government to intervene in matters adversely affecting public interest in certain exigencies;
- Maintaining a data bank of information on activities relating to petroleum, petroleum products and natural gas to enable planning and development thereof.

As the Bill seeks to regulate refining and downstream operations within the country, there would be no impact of the Bill as the Company intends to function primarily as an export oriented business.

Recommendations of the Rangarajan Committee

The Rangarajan Committee ("Committee") which was set up by the GoI to advise on petroleum product pricing submitted its recommendations on the concerns of the oil industry to the Petroleum Ministry on February 17, 2006.

The Committee recommended, among other things, trade parity policy for pricing of petroleum and diesel, termination of the principle of freight equalisation for calculating price of petrol and diesel at different locations, government to keep arm's length from the actual price setting of petrol and diesel, reduction of customs duty on petrol and diesel to 7.5 percent, upward adjustment in the price of petrol and diesel and excise levies on petrol and diesel to be made specific.

As the Committee's recommendations are primarily in relation to marketing and pricing of petrol for sale within India, there would be no material impact on the Company if the recommendations of the Committee are accepted by the GoI as it intends to function primarily as an export oriented unit.

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Other Approvals

The Company needs to obtain certain approvals from various Central and State Ministries, agencies and regulators in the process of building the refinery. These include approvals required for the refinery site from the Chief Inspector of Factories and the Chief Controller of Explosives, environmental approvals from the Gujarat Pollution Control Board and the Ministry of Environment and Forests, approvals from the Gujarat Maritime Board and custom duty approvals from the Department of Customs. For more details on the approvals required and status of approvals, see “Government and Other Approvals” on page 145



HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated under the Companies Act, 1956 on October 24, 2005 as Reliance Petroleum Limited and obtained its certificate of commencement of business on November 7, 2005.

Main Objects

Our main objects as contained in the Memorandum of Association are:

- (i) To carry on the business of refiners, stores, suppliers and distributors of petroleum and petroleum products including the business of extracting, treating, pumping, drawing, transporting, distilling, purifying and dealing in petroleum and mineral oil and to purchase or otherwise acquire, manufacture, extract, refine, purify, treat, reduce, modify, distil, blend, smelt, compress, store, hold, transport, use, experiment with, market, supply, distribute, exchange, sell or otherwise dispose of, import, export, trade, act as agents/dealers of all kinds of crude oil, LPG, LNG, compressed hydrocarbon, petroleum and petroleum products, mineral oils, gas and other substances, lubricating oils, and carbon black feedstock, asphalt, sulphur, clays, bitumen, bituminous, nitrates, coal, ores, minerals and in general subsoil, products and subsurface deposits of every nature and description and the products or the by-products which may be derived, produced, prepared, developed, compounded, made or manufactured therefrom and substances obtained by mixing any of the foregoing with other substances.
- (ii) To carry on anywhere in India or elsewhere the business of exploration and development and production of crude oil, associated gas and natural gas resources and to take on lease, purchase or otherwise acquire oil wells, oil fields, gas wells and gas fields onshore or offshore, riverbeds, ocean and seabed's whether solely or in collaboration or partnership with others commercially exploit and turn to account and advantage oil wells, oil fields, gas wells, gas fields and other sources of oil associated gas and natural gas and to manufacture, produce, buy, sell, dispose of and deal in crude oil, and associate gas, and natural gas coke, tar and all other residual products resulting from the manufacture and treatment of oil, gas or other hydrocarbons and to erect refineries, mills, machineries, laboratories, workshops and other buildings, works and appliances required for the same and in connection therewith to construct, buy, sell, let on hire, hire purchase survey ships, underwater exploratory equipment, rigs, offshore platforms, ships, tankers, floating pipelines, tugs, barges, bathyscaphs, equipment and vessels for drilling, exploration and commercial production of oil and associated natural gas and also other activities.
- (iii) To carry on in India and in any part of the world the business of processing, converting, manufacturing, formulating, using, buying, dealing, acquiring, storing, packaging, selling, transporting, distributing, importing, exporting and disposing of all types of petrochemicals like Naphtha, Methane, Ethylene, Propylene, Butene, Naphthalene, Cyclohexane, Cyclo-hexanone, Benzene, Phenol, Acetic Acid, Cellulose, Acetate, Vinyl Acetate, Caprolactum, Adipic Acid, Hexamethylene, Diamine Nylon, Nylon – 6, Nylon – 6.6, Nylon,- 6.1, Nylon – 6.11, Nylon – 7, their fibres, castings, moulding, sheets, rods, Orthoxylene, Pthalic Anhydride, Alkyd Resins, Polyester Fibres and Films, Mixed Xylene, Paraxylene, Metaxylene, Toluene, Cumene, Styrene, Synthetic Rubbers, Butadiene, Methacrolein, Maleic Anhydride, Methacrylates, Urea, Methanol Formaldehyde, UF, PF and MF Resins, Hydrogen-cyanide, Poly-Methyl, Acetylene, Polyvinyl Chloride, Polyethylene, Plastics, Methanol, Melamine and derivatives thereof, whether liquid, solid or gaseous, Dichloride, Ethylene Oxide, Ethylene Glycol, Poly Glycol, Polyurethane, Paraxyles, Polystyrene, Polypropylene, Isopropanol, Acetone, Propylene Oxide, Propylene Glycol, Acrylonitrile, Acrolein, Acylicensters, Acrylic Fibres, Alkhyl Chloride, Epichlorhydrin, Allphatic and Aromatic Alcohols, Aldehydes, Ketones, Aromatic Acid Anluphrides, Vinyl Chloride, Acrylics, Esters of Ortho, Meta and Terephthalic Acids and all Gases, Epoxy Resins and all other Petrochemical Products and Polymers in all their forms like Resins, Fibres, Sheets, Mouldings, Castings, Cellophane, Colour, Paints, Varnishes, Disinfectants, Insecticides, Fungicides, Deodorants, as well as Biochemical, Pharmaceutical, Medicinal, Sizing, Bleaching, Photographical and other preparations.

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Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of Amendment	Amendment
January 30, 2006	The authorised share capital was modified by consolidating the existing authorised capital of Rs. 100 million divided into 100 million Equity Shares of Re. 1 each into 10 million Equity Shares of Rs. 10 each
January 30, 2006	The authorised share capital of the Company was increased from Rs. 100 million to Rs. 150,000 million divided into 10,000 million Equity Shares of Rs. 10 each and 5,000 million Preference Shares of Rs. 10 each.
February 25, 2006	Alteration of the objects clause by addition of the following incidental object: “To invest and deal with any money of the Company not immediately required in such investments as the Company may deem fit and to hold, sell, vary or otherwise deal with such investments.”
March 29, 2006	Clause II of MoA relating to situation of registered office was altered consequent to the shifting of the registered office of the Company from the State of Maharashtra to the State of Gujarat.

Subsidiaries and Holding Company

We have no subsidiaries. Our holding company is RIL. For details regarding our holding company, please see “Our Promoter and Group Companies” on page 86.

Other Agreements

We have entered into the following material contracts and agreements:

Date/Status	Party	Nature of the Agreement
December 15, 2005	Bechtel France S.A.S.	Umbrella Services Agreement
December 15, 2005	Bechtel France S.A.S.	Project Management Services Agreement
December 15, 2005	Bechtel France S.A.S.	Engineering Services Agreement
December 15, 2005	Bechtel France S.A.S.	Equipment Supply Agreement
December 15, 2005	Bechtel France S.A.S.	Site Services and Assistance Agreement
February 9, 2006	Bechtel France S.A.S.	License and Basic Engineering Agreement
August 26, 2005	E Exxon Mobil Research & Engineering Company	Ultra low Sulphur Gasoline Process License and Engineering Agreement (as amended). RIL has entered into this agreement and is in the process of transferring it to us.
August 26, 2005	E Exxon Mobil Research & Engineering Company	Ultra low Sulphur Diesel Process License and Engineering Agreement (as amended). RIL has entered into this agreement and is in the process of transferring it to us.
August 26, 2005	E Exxon Mobil Research & Engineering Company	LCO Upgrading Process License and Engineering Agreement (as amended). RIL has entered into this agreement and is in the process of transferring it to us.



The Company has signed term sheets with (i) RIL for (a) deputation of manpower; (b) crude oil and other feedstock procurement as well as product marketing and site management services; (c) technical services for operations and maintenance; (ii) REAL for construction services; (iii) RUPL for setting up a power plant for supply of power and steam; (iv) RPTL for (a) setting up additional port and terminals for receipt of crude and evacuation of products (b) for use of certain existing facilities for receipt of capital equipment during the construction period and (v) RFL for the provision of developed land and other infrastructure.

There is no subsisting Shareholder's Agreement as on date.

See "Our Business" on page 58.

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OUR MANAGEMENT

Under our Articles of Association we cannot have fewer than three directors and more than twelve directors. We currently have eight directors.

The following table sets forth current details regarding our Board of Directors as of the date of filing of this Red Herring Prospectus with ROC:

Name, Designation, Father's Name, Address and Occupation	Age (years)	Other Directorships
Mr. Mukesh D. Ambani Chairman S/o Late Mr Dhirajlal Ambani Sea Wind, 39, Cuffe Parade, Colaba Mumbai 400 005 Businessman	48	Reliance Industries Limited Reliance Europe Limited Indian Petrochemicals Corporation Limited Reliance Retail Limited Pratham India Education Initiative
Mr. Hital R. Meswani Director S/o Late Mr Rasiklal Meswani Woodlands, Flat No C – 23/24 67 Pedder Road, Mumbai 400 026 Businessman	37	Reliance Industries Limited Reliance Industrial Investments & Holdings Limited
Mr. Manoj Modi Director S/o Mr. Harjivandas Modi Flat No. 7, BEST Apartments, Walkeshwar, Mumbai 400 006 Businessman	48	Reliance Retail Limited Tally Solutions Private Limited
Mr. P. M. S. Prasad Director S/o Mr. Panda Koteswar Rao 92/93, Bakhtawar Co-operative Society Limited, 22, Narayan Dabholkar Road, Mumbai 400 006 Service	54	Jamnagar Ratlam Pipeline Company Limited Jamnagar Kandla Pipeline Company Limited Reliance Gas Pipelines Limited Reliance Infrastructure Limited Delphinus Commercials Private Limited
Mr Y. P. Trivedi Independent Director S/o. Late Mr. Premkrishna Trivedi “Mistry Manor”, 62-A Napean Sea Road Mumbai 400 006 Advocate	77	Reliance Industries Limited Safari Industries (India) Limited Colosseum Sports & Recreation International The Supreme Industries Limited Birla Power Solutions Limited Sai Service Station Limited The Zandu Pharmaceutical Works Limited Zodiac Clothing Company Limited Ushdev International Limited Clare Mont Trading Private Limited Telstar Travels Private Limited



Name, Designation, Father's Name, Address and Occupation	Age (years)	Other Directorships
		Trivedi Consultants Private Limited Monica Travels Private Limited Bloomingdale Estates Private Limited Metro Exporters Private Limited
Mr. M. P. Modi Independent Director S/o. Mr. Basudeo Prasad Modi B-92 Sector 27 Noida 201 301 (U.P.) Company Director	66	Reliance Industries Limited Mangalore Refinery and Petrochemicals Limited ICICI Prudential Life Insurance Company Limited
Mr. Atul S. Dayal Independent Director S/o. Mr. Shantikumar Vallabhdas Dayal 21, Valentina, Naoroji Gamadia Road, Mumbai 400 026 Advocate and Solicitor	57	Reliance Power Ventures Ltd Pudumjee Agro Industries Ltd Gammon India Ltd Actavis Pharma Limited Goa Publications Private Limited SMS Biopharma Private Limited Harbingers Developers Private Limited Novation Developers Private Limited Millennium Developers Private Limited Arcadia Estates and Developments Private Limited Spectrum Informative Services Private Limited Pavna Agro Farms Private Limited
Mr. Bobby Parikh Independent Director S/o. Mr. Kanaiyalal Natwarlal Parikh 7 th Floor, The Jackers, 113 Carter Road, Bandra West, Mumbai 400 050 Partner, BMR & Associates	41	HDFC Bank Limited Erix Advisors Private Limited

Brief Profile of the Directors

Mr. Mukesh D. Ambani: Mr. Ambani is the non-Executive Chairman of the Company. He holds a Bachelor's degree in chemical engineering from the University of Bombay and pursued a Masters in Business Administration from Stanford University, USA. He is also the Chairman and Managing Director of RIL, where he joined in 1981 and initiated its backward integration from textiles to polyester fibres and further to petrochemicals. In the process, he played a key role in the creation of large petrochemicals complexes of RIL, including the refinery at Jamnagar. He had set up an information and communications technology initiative in the form of Reliance Infocomm Limited.

He was ranked 42nd among the 'World's Most Respected Business Leaders' in a survey conducted by Pricewaterhouse Coopers and published in *Financial Times* in November 2004 and 13th in Asia's Power 25 list of 'The Most Powerful People in Business' published by *Fortune* magazine, August 2004. He was conferred the 'Asia Society Leadership Award' by the Asia Society, Washington D.C., in May 2004.

Mr. Hital R. Meswani: Mr. Meswani graduated with honours in the management and technology programme from the University of Pennsylvania. Mr. Meswani received a B.S. degree in Chemical Engineering and B.S. Economics (equivalent to B.B.A.) from Wharton Business School, both from University of Pennsylvania. He joined RIL in 1990. He has been on

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the Board of RIL as an Executive Director since August 4, 1995, with overall responsibility for the petroleum division and all manufacturing and project activities, including Jamnagar, Patalganga and Hazira complexes. He is a Director of Reliance Industrial Investments and Holdings Limited.

Mr. Manoj Modi: Mr. Modi has been associated with RIL for over 20 years. He is a chemical engineer and was a member of the key management team that worked on the planning and construction of RIL's existing refinery.

Mr. P.M.S. Prasad: Mr. Prasad holds a bachelor's degree in engineering and has been with RIL for 25 years. He has held various positions in the fibres, petrochemicals and petroleum businesses of RIL. He currently heads the upstream and refining business, which comprises of exploration and production, refining and supply and aromatics. He was the project head of the Jamnagar refinery and petrochemicals complex of RIL.

Mr. Y.P. Trivedi: Mr. Trivedi has been a director on the Board of RIL since April 16, 1992. He is practising as a senior advocate in the Supreme Court of India. He has held several senior positions in various economic, professional, political, commercial, educational, medical, sports and social fields. He previously has been a director on the board of Central Bank of India, Dena Bank and a number of other companies. He is also the past President of Indian Merchants' Chamber and is presently on the Managing Committee of ASSOCHAM and International Chamber of Commerce.

Mr. M.P. Modi: Mr. Modi has been a director on the Board of RIL since March 28, 2001 and has held high positions in Government of India as Chairman of Telecom Commission, Secretary, Ministry of Coal, Special Secretary, Insurance and Joint Secretary, Ministry of Petroleum, Chemicals and Fertilisers. He has considerable management experience, particularly in the fields of energy, insurance, petrochemicals and telecom. At present he is Director on the Boards of the following companies: ICICI Prudential Life Insurance Company Ltd., and Mangalore Refinery & Petrochemicals Ltd.

Mr. Atul S. Dayal: Mr. Dayal holds a bachelor's degree in science and an LLB. He is a solicitor and has been in practice since 1974. From April 1998, he has been practicing as a sole proprietor of A S Dayal and Associates focussing on the areas of corporate law, indirect taxation and international commercial contracts.

Mr. Bobby Parikh: Mr Parikh is a graduate of the Bombay University and a Chartered Accountant. Mr Parikh joined Arthur Andersen in 1984 and specialised in the area of tax and business advisory services. He was made a partner in 1995 and assumed responsibility as the Country Managing Partner for Andersen in 1998. In 2002, Mr Parikh became the Chief Executive Officer of Ernst & Young in India and held that position until 2003. In 2004, Mr Parikh joined others to form BMR & Associates, a professional services firm focused on providing tax and regulatory services.

Borrowing Powers of the Directors of the Company

Pursuant to a resolution passed by our shareholders at their Extraordinary General Meeting held on December 6, 2005, our Board of Directors has been authorised to borrow money for the Company upon such terms and conditions and with or without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 320,000 million over and above the paid up capital and free reserves of the Company.



Details of Appointment of our Directors

Name	Contract/Appointment Letter/Resolution	Term
Mr. Mukesh D. Ambani	First Director as per Articles of Association	Director liable to retire by rotation
Mr. Hital R. Meswani	Board Resolution dated February 25, 2006 and Shareholders' Resolution dated March 3, 2006	Director liable to retire by rotation
Mr. Manoj Modi	First Director as per Articles of Association	Director liable to retire by rotation
Mr. P.M.S. Prasad	First Director as per Articles of Association	Director liable to retire by rotation
Mr. Y.P. Trivedi	Board Resolution dated February 25, 2006 and Shareholders' Resolution dated March 3, 2006	Director liable to retire by rotation
Mr. M.P. Modi	Board Resolution dated February 25, 2006 and Shareholders' Resolution dated March 3, 2006	Director liable to retire by rotation
Mr. Atul S. Dayal	Board Resolution dated February 25, 2006 and Shareholders' Resolution dated March 3, 2006	Director liable to retire by rotation
Mr. Bobby Parikh	Board Resolution dated February 25, 2006 and Shareholders' Resolution dated March 3, 2006	Director liable to retire by rotation

Corporate Governance

The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges on listing.

In terms of the Clause 49 of the Listing Agreement, the Company has already appointed Independent Directors and constituted the following committees-

Audit Committee:

Members: Mr. Y.P. Trivedi, Chairman
 Mr. M.P. Modi
 Mr. Bobby Parikh

Terms of reference / scope of the Audit Committee

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A. General Functions and Powers

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of the audit fees.
3. Approval of payment to the statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by the management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems for the purpose of financial reporting
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits.
8. Discussion with internal auditors of any significant findings and follow-up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the "whistle blower" mechanism, if and when introduced.
13. Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and / or other Committee(s) of Directors of the Company.

B. Information for Review

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as may be defined by the audit committee) submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor;



6. The uses / application of funds raised through public issues, rights issues, preferential issues, etc.; and
7. The Annexure and Proforma of the Cost Audit Reports before submission to the Board for approval.

C. Review of the financial statements of the unlisted subsidiary Company(ies), in particular, the investments made by them, if any.

Shareholder / Investor Grievances Committee:

Members: Mr. Y.P. Trivedi, Chairman
 Mr. M.P. Modi
 Mr. Hital R. Meswani

Role and functions of SIGC Committee of RPL

SIGC Committee shall perform *inter alia* the role / various functions as are set out in Clause 49 of the Listing Agreement with Stock Exchanges and including but not limited to

- issue of duplicate certificates;
- oversee and review all matters connected with the transfer and all other processes relating to the securities of the Company;
- oversee the redressal of shareholder complaints; and
- oversee the performance of Registrar & Transfer Agents.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares.

Shareholding of Directors in the Company

None of the Directors hold any shares in the Company.

Interest of our Directors

All the Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association. All the Directors, including independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by or that may be subscribed for and allotted to them or to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees, out of the present offer and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors, including independent Directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees. The Directors may also be deemed to be interested to the extent of the fees and other payments that may be made to companies in which they are directors.

Mr. Mukesh D. Ambani, Mr. Hital R. Meswani, Mr. Y.P. Trivedi, Mr. M.P. Modi as directors of RIL, may be deemed to be indirectly interested to the extent of any payments to RIL by us pursuant to arrangements with RIL. Please refer to “Our Business – Operational Support Services by RIL” on page 66.

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Changes in our Board of Directors during the last three years

There has been no change in our Board of Directors since incorporation except only appointments as follows:

Name	Date of Appointment	Date of Cessation	Reasons
Mr. Hital R. Meswani	Board Resolution dated February 25, 2006 and Shareholders' Resolution dated March 3, 2006	NA	Appointed
Mr. Y. P. Trivedi	Board Resolution dated February 25, 2006 and Shareholders' Resolution dated March 3, 2006	NA	Appointed
Mr. M. P. Modi	Board Resolution dated February 25, 2006 and Shareholders' Resolution dated March 3, 2006	NA	Appointed
Mr. Atul S. Dayal	Board Resolution dated February 25, 2006 and Shareholders' Resolution dated March 3, 2006	NA	Appointed
Mr. Bobby Parikh	Board Resolution dated February 25, 2006 and Shareholders' Resolution dated March 3, 2006	NA	Appointed

Key Managerial Personnel

Mr. P. M. S. Prasad, 54, an Indian national, is the Chief Executive Officer and has been deputed to the Company by RIL since our incorporation. He is also the Manager as defined under the Companies Act. See “- Brief Profile of the Directors” on page 79 for detail.

Mr. Jagannatha Kumar, 43, an Indian national, is the Chief Financial Officer and has been deputed to the Company by RIL since our incorporation. Mr. Kumar holds a Post Graduate Diploma in Management from Indian Institute of Management, Bangalore and is a B. Tech. from J.N.T. University, Hyderabad. He has around 19 years of experience in the area of finance, and has been with RIL since 2000. Prior to joining RIL, he worked with ICICI Limited in various capacities in the areas of corporate and project finance.

Mr. Sanjay Mashruwala, 57, an Indian national, is the Head of project implementation. Mr. Mashruwala holds a Bachelor's degree in Mechanical Engineering from the Indian Institute of Technology, Bombay and a Master's degree in Engineering from the University of Texas. He has over 32 years of experience in the area of design, engineering, construction and operations of petrochemical, petroleum, polyester and nylon plants. Mr. Mashruwala has been associated with RIL since 1981, and has been deputed to the Company by RIL since our incorporation. Prior to joining RIL he has worked with National Rayon Corporation Limited.

Mr. V. K. Gandhi, 48, an Indian national, is the Head of Non-Technical Services for the Project. Mr. Gandhi completed his chartered accountancy in 1979 and his cost accountancy from the Institute of Cost and Works Accountants of India in 1983. Mr. Gandhi has around 25 years of experience in the commercial functions of refinery projects, operations and management. He was part of Reliance's leadership team for the setting up of RIL's existing refinery. Mr. Gandhi started his career at the Indian Oil Company where he had around 15 years of experience in various functions.

Mr. K. Sethuraman, 54, an Indian national, is the Company Secretary and Compliance Officer. Mr. Sethuraman holds a bachelor's degree in commerce from the Madras University. He is an Associate member of the Institute of Chartered Accountants of India and a Fellow member of the Institute of Company Secretaries of India. Mr. Sethuraman is also an Associate member of the Institute of Chartered Secretaries and Administrators, London. Mr. Sethuraman has over 31 years



of post qualification experience in corporate laws and securities laws. He has been with RIL since March 1979 and has been deputed to the Company since February 25, 2006. Prior to joining RIL, he has worked with a Dalmia Group company, New Delhi for about three years.

All the Company's key management personnel are on deputation from RIL.

Shareholding of the Key Managerial Personnel

None of our key managerial personnel hold any shares in the Company, except Mr. K. Sethuraman who jointly holds one Equity Share in our Company with RIL.

Bonus or Profit Sharing Plan for our Key Managerial Personnel

There is no bonus or profit sharing plan for our key managerial employees.

Payment or benefit to officers of the Company

Except as stated otherwise in this Red Herring Prospectus, no non-salary amount or benefit has been paid or given or is intended to be paid or given to any of the Company's officers. None of the beneficiaries of loans, and advances and sundry debtors are related to the Directors of the Company.

RELiance PETROLEUM LIMITED

OUR PROMOTER AND GROUP COMPANIES

Our Promoter

Our Promoter is Reliance Industries Limited (“RIL”), which owns 85.71% of our pre-issue equity share capital and will own 80% of our post-issue equity share capital.

History

RIL was founded and promoted by the visionary industrialist Shri Dhirajlal Hirachand Ambani and incorporated on May 8, 1973 as Mynylon Limited in the State of Karnataka under the provisions of the Companies Act, 1956 and obtained the certificate of commencement of business on June 28, 1976. Subsequently, its registered office was shifted to the State of Maharashtra in 1977. The name of the company was also changed to Reliance Textile Industries Limited on March 11, 1977 and then to Reliance Industries Limited on the June 27, 1985. RIL was engaged in textile manufacturing and first issued its shares publicly in 1977.

Since its initial public offering, RIL has expanded rapidly and integrated backwards, notably into the production of petrochemicals and the refining of crude oil. Backward integration has been at the core of RIL’s success. RIL now has operations that span the exploration and production of oil and gas, the manufacture of petroleum products, polyester products, polyester intermediates, plastics, polymer intermediates, chemicals and synthetic textiles and fabrics. RIL’s four principal production facilities are located at Naroda, Patalganga, Hazira and Jamnagar.

Since its initial public offering to date, RIL has grown consistently and achieved a CAGR of approximately 28% for sales and 32% for net profits.

Today, RIL is India’s largest private sector enterprise with a total gross turnover of Rs.731,640 million (US\$ 16.72 billion) and a net worth of Rs. 376,735 million (US\$ 8.37 billion) in the year ended March 31, 2005. During the financial year 2005, it recorded a net profit of Rs. 75,720 million (US\$ 1.73 billion). It has a Moody’s rating of Baa2 and an S&P rating of BBB, which are two and one notches respectively over the sovereign ratings. Through its financial year ended March 31, 2005, RIL obtained 62% of its consolidated gross revenue from its refining and marketing operations, 35% from its petrochemicals business and 3% from its other product groups. Also, RIL derived 66% of its turnover from domestic sales in the year ended March 31, 2005. RIL also exports its products to over 100 countries, including China, the United States and European countries.

Today, RIL’s business operations comprise of two business segments: refining and marketing and petrochemicals. For the year ended March 31, 2005, the refining and marketing and the petrochemicals businesses together accounted for 97% of consolidated external revenues and over 90% of earnings before interest and taxes. The exploration of oil and natural gas in India was opened for private participation only in 1998 and RIL has been an early entrant in this sector. RIL’s exploration and production operations are still at the nascent stage and are likely to start commercial operations only by 2008. Below is a detailed description of RIL’s key businesses.

Exploration and Production

Exploration

RIL is the largest exploration acreage holder among the private sector companies in India, with 34 domestic exploration blocks covering an area of about 340,000 square kilometres. In addition, RIL has two producing blocks (Panna-Mukta and Tapti on the west coast) in India and one exploration block each in Yemen and Oman.

RIL has a large deep water programme with two thirds of its acreage in deep waters.

In 2002, RIL discovered natural gas in the first exploration well it drilled in the deep-water exploration block (“KG-D6”) in the Krishna-Godavari basin off Andhra Pradesh coast on the East coast of India. This was identified as being amongst the



biggest gas discoveries in the world in 2002 by American Association of Petroleum Geologists (“AAPG”). RIL has explored 20% of the KG-D6 acreage so far.

Production

RIL has a 30% participating interest in an unincorporated joint venture with British Gas and Oil and Natural Gas Corporation Limited (“ONGC”), for the proven Panna-Mukta and Tapti oil and gas fields. The Panna-Mukta fields produced 1.3 million tonnes of crude oil and 47.15 billion cubic feet (1,335 MMSCM) of gas during the year ended March 31, 2005.

Refining and Marketing

Refining and Marketing (“R&M”) constituted 62% of RIL’s consolidated gross revenues for the year ended March 31, 2005. RIL’s refinery is located at Jamnagar in Gujarat and is the only private sector refinery in operation in India. The Jamnagar complex has a capacity of 33 million tonnes per annum. The refinery is fully integrated and consists of more than 50 process units.

According to Oil & Gas Journal, December 2005, RIL’s refinery at Jamnagar is the third largest single location refinery in the world and accounted for 26% of India’s refining capacity in 2005. During the year ended March 31, 2005, RIL sold 45% of its refinery production in the domestic market. RIL exported 32% of its production, or 10.2 million tonnes, with the balance used as feedstock for downstream operations. RIL is setting up its own retail outlets for marketing petroleum products. As on December 31, 2005, RIL had nearly 1,000 operational outlets.

In recognition of its consistent superior performance, RIL’s refinery was conferred the “International Refiner of the Year” award in 2004 by Hart Energy Publishing LP and was ranked the best in “Energy and Loss Performance” by the Shell’s Benchmarking Study for the fourth consecutive year.

Petrochemicals

According to CMAI and PCI, RIL is amongst top ten producers of petrochemicals globally. Its petrochemical product sales accounted for 35% of its consolidated gross revenues for the year ended March 31, 2005.

Polymers/Plastics

RIL, together with IPCL, is the leader in polymer markets in India. It produces polymers like polypropylene, polyethylene and polyvinyl chloride. It also produces a range of specialty polymers including ethylene vinyl acetate and ultra high molecular weight polyethylene, which find applications in niche markets. RIL, together with IPCL, is the eighth largest polypropylene producer with a 3.5% share of global markets.

Polyester and Polyester Intermediaries

RIL is an integrated producer of polyester fibre and yarns and has 38% share of the PFY markets and 69% of the PSF markets in India. (*Source: CrisInfac*). The acquisition of Trevira Holding GmbH, a producer of branded polyester in Germany, during 2004 further strengthened its positioning in the global polyester market. RIL is the third largest producer of paraxylene in the world, sixth largest producer of purified terephthalic acid and fifth largest producer of mono ethylene glycol in the world [*Source: PCI*].

Cracker Products

RIL operates a multifeed cracker at its Hazira petrochemicals complex. It produces ethylene and propylene, which are used for the manufacture of polypropylene, polyethylene, polyvinyl chloride and mono ethylene glycol.

RELIANCE PETROLEUM LIMITED

Directors

The Board of RIL comprises 12 directors, including 7 independent directors. The current composition of the Board is as follows:

Name	Age	Position	Director Since
Mukesh D. Ambani	48	Chairman and Managing Director	April 1, 1977
Nikhil R. Meswani	40	Executive Director	June 26, 1986
Hital R. Meswani	37	Executive Director	August 4, 1995
H. S. Kohli	72	Executive Director	April 1, 2000
Ramniklal H. Ambani	81	Non-Executive Director	January 11, 1977
Mansingh L. Bhakta	74	Independent Director	September 27, 1977
Yogendra P. Trivedi	77	Independent Director	April 16, 1992
Dr. D. V. Kapur	77	Independent Director	March 28, 2001
M. P. Modi	66	Independent Director	March 28, 2001
S. Venkitaramanan	75	Independent Director	August 14, 2002
Prof. Ashok Misra	58	Independent Director	April 27, 2005
Prof. Deepak C. Jain	48	Independent Director	August 4, 2005

Shareholding Pattern

As of March 31, 2006 the shareholding pattern of RIL was as follows:

Category	Number of Equity Shares	Shareholding Percentage (%)
Promoters	402,990,654	28.92
- Individuals		
Smt.K D Ambani	3,665,227	0.26
Shri.M D Ambani	1,807,923	0.13
Smt.Nita Ambani	1,699,073	0.12
Master Hari Anant M Ambani	50,000	0.00
Ms.Isha M Ambani	1,682,195	0.12
Master Akash M Ambani	1,681,595	0.12
- Bodies Corporate / Trust		
Petroleum Trust (through Trustees for sole beneficiary- M/s Reliance Industrial Investments and Holdings Ltd.)	104,660,154	7.51
Eklavya Mercantile Private Limited	61,337,013	4.40
Bahar Trading Private Limited	43,328,996	3.11
Bhumika Trading Private Limited	43,111,811	3.09
Ekansha Enterprise Private Limited	43,109,798	3.09
Anumati Mercantile Private Limited	43,109,368	3.09
Sanatan Textrade Private Limited	34,127,009	2.45
Reliance Consolidated Enterprises Private Limited	14,976,149	1.07
Pams Investments And Trading Company Private Limited	3,184,983	0.23
Rajlaxmi Securities Private Limited	1,452,100	0.10



<i>Category</i>	Number of Equity Shares	Shareholding Percentage (%)
Fiery Investments & Leasing Private Limited	1,150	0.00
Clarion Investments And Trading Company Private Limited	1,060	0.00
Hercules Investments Private Limited	1,000	0.00
Nikhil Investments Company Private Limited	1,000	0.00
Orson Trading Private Limited	1,000	0.00
Real Fibres Private Limited	1,000	0.00
Jagdanand Investments And Trading Company Private Limited	150	0.00
Jagdishvar Investments And Trading Company Private Limited	100	0.00
Kankhal Investments And Trading Company Private Limited	100	0.00
Kedareshwar Investments And Trading Company Private Limited	100	0.00
Krish Commercials Private Limited	100	0.00
Kshitij Commercials Private Limited	100	0.00
Priyash Commercials Private Limited	100	0.00
Pusti Commercials Private Limited	100	0.00
Nityapriya Commercials Private Limited	100	0.00
Kardam Commercials Private Limited	100	0.00
Persons Acting in Concert	264,488,390	18.98
Reliance Enterprises Limited	37,709,123	2.71
Madhuban Merchandise Private Limited	34,233,723	2.46
Amur Trading Private Limited	33,004,017	2.37
Tresta Trading Private Limited	32,911,094	2.36
Ornate Traders Private Limited	32,207,491	2.31
Reliance Chemicals Private Limited	31,119,999	2.23
Reliance Polyolefins Private Limited	30,597,462	2.20
Lazor Syntex Private Limited	14,032,075	1.01
Aavaran Textiles Private Limited	13,108,167	0.94
Reliance Aromatics and Petrochemicals Private Limited	2,971,000	0.21
Reliance Welfare Association	1,170,734	0.08
Reliance Energy & Project Development Private Limited	1,029,000	0.07
Vita Investments And Trading Company Private Limited	308,395	0.02
Reliance Industrial Infrastructure Limited	86,000	0.01
Jogiya Traders Private Limited	10	0.00
Dainty Investment And Leasings Private Limited	100	0.00
Banks, Financial Institutions and Insurance companies	80,023,873	5.74
Mutual Funds and UTI	24,512,932	1.76
FII's	297,552,868	21.35
The Bank of New York as Depository for GDRs	61,542,539	4.42
Private Corporate Bodies	59,966,845	4.30
NRI's/ OCBs	13,009,774	0.93
Indian Public	189,420,166	13.59
Total	1,393,508,041	100.00

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Financial Performance

The financial performance of RIL for the last three years is summarised below:

(In Rs. million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	675,011	529,396	468,990
Profit/(Loss) after tax	75,717	51,601	41,043
Equity share capital (paid up)	13,931	13,960	13,959
Reserves and Surplus (excluding revaluation reserves) and debit balance of Profit and Loss Account	362,804	303,230	262,427
Earnings/(Loss) per share (diluted) (Rs.)	54.24	36.79	29.25
Book Value per share (Rs.)	289.94	246.73	217.19

The permanent account number, bank account number, company registration number and the address of the registrar of companies where RIL is registered have been submitted to the stock exchanges on which the Equity Shares are proposed to be listed, at the time of filing of the Draft Red Herring Prospectus with them.

Details of listing and highest and lowest market price during the preceding six months:

Equity Shares of RIL are listed at the BSE and the NSE. GDRs of RIL are listed on the Luxembourg Stock Exchange and traded on the PORTALsm Market of the United States National Association of Securities Dealers Inc. and on the SEAQ system of the London Stock Exchange.

Monthly high and low price of the equity shares of RIL at BSE and NSE are as follows:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
October 2005	810.00	737.00	809.90	735.00
November 2005	900.00	757.20	865.85	735.00
December 2005	901.00	827.50	900.85	827.00
January 2006	937.50	685.30*	937.00	580.10*
February 2006*	724.95	675.10	724.35	683.50
March 2006	796.25	707.90	795.70	708.25

Source: BSE & NSE websites

* Prices are post the demerger of the Coal Based Energy Undertaking, the Gas Based Energy Undertaking, the Financial Services Undertaking, and the Telecommunication Undertaking as per the Scheme of Arrangement approved by the Honourable High Court of Judicature at Bombay, by its order dated December 9, 2005

There has been no change in the capital structure of RIL in the last six months.

The share price of RIL is Rs. 836.50 as on April 4, 2006, one day prior to the filing of this Red Herring Prospectus.



Disclosures on Capital Issue

Year of Issue	1991
Type of Issue (public/rights/ composite)	Composite / Rights Issue H Series and J Series Partially Convertible Debentures and K Series Non-Convertible Debentures
Amount of the Issue (Rs. in million)	H Series –4788; J Series – 1140; K Series – 2655
Date of Closure of the Issue	January 7, 1992
Date of delivery of debenture certificate	March 30, 1993
Date of completion of the project, where the object of the issue was financing the project	1995
Rate of Dividend paid	1995-96 – 60%; 1996-97 – 65%; 1997-98 – 35%*; 1998-99 – 37.5%; 1999-00 – 40%; 2000-01 – 42.5%; 2001-02 – 47.5%; 2002-03 – 50%; 2003-04 – 52.5%; 2004-05 – 75%

* Post 1:1 Bonus

Promise vs. Performance

RIL has not made any public issue in the last five years. The last rights issue of RIL was in 1991 when RIL allotted three series of debentures in order to part finance the cracker project at Hazira and to finance the expansion of the Patalganga Complex. The series of debentures issued were titled the H Series, the J Series and the K Series Debentures, of which the H Series and the J Series Debentures were partially convertible debentures whilst the K Series Debentures were non-convertible debentures. The issue opened on December 10, 1991, closed on January 7, 1992 and the certificates for the debentures were dispatched on March 30, 1993 in lieu of allotment letters issued in May 1992. The H Series and J Series Debentures were priced at Rs. 150 per debenture, bore interest at 12.5% p.a. and 14.0% p.a., respectively, and were issued to part finance the cracker project at Hazira. The cracker project at Hazira was expected to commence commercial production by the second quarter of 1995. RIL increased the cracker capacity as stated in the Offer Document and completed the project in 1995. The K. Series Debentures were priced at Rs 100 per debenture, bore interest at 17.5% p.a. and were issued to finance the expansion of Hazira and Patalganga Complex. The amounts raised through the issue of H Series, J Series and K. Series Debentures were Rs. 5,469 million, Rs. 1,311 million and Rs. 2,647.78 million, respectively, which aggregated to Rs. 9,427.78 million.

Usage of proceeds of the Issue

The proceeds of the issue were used for the purposes for which the issue was floated which was to part finance the cracker project at Hazira and to finance the expansion of the Patalganga Complex.

Mechanism for redressal of investor grievance

All share related matters namely transfer, transmission, transposition, nomination, dividend, change of name, address and signature, registration of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue

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of duplicate certificates etc. are handled by RIL's Registrars and Transfer Agents ("R&TA") M/s. Karvy Computershare Private Limited ("Karvy").

Investors correspond directly with Karvy, on all share related matters. RIL has an established mechanism for investor service and grievance handling, with Karvy and the Compliance Officer appointed by RIL for this purpose being the important functional nodes. RIL has appointed two firms of Chartered Accountants as Internal Security Auditors to concurrently audit the transactions and communication with investors, regulatory and other concerned authorities.

RIL has prescribed service standards for various investor related activities that are handled by Karvy. Any deviation there from is examined by the Internal Security Auditors who also advise the corrective action thereon and inform RIL on the matters on a monthly basis.

The Board of Directors of RIL has constituted a Shareholders'/Investors' Grievance Committee which, *inter alia*, approves issue of duplicate certificates and oversees and reviews all matters connected with securities transfers and other processes. The Committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend etc. The Committee oversees performance of the R&TA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the Board of Directors of RIL.

As of March 31, 2006, there were no investor complaints pending against RIL.

Joint Venture Arrangements

RIL has entered into unincorporated joint ventures with respect to some of its oil and gas exploration blocks awarded under the New Exploration Licensing Policy ("NELP") and prior to NELP.

Joint ventures in the E&P industry are governed by Joint Operating Agreements ("JOA"), under which, one of the partners is chosen to be the operator of the block for which the joint venture is formed. To provide for overall supervision and direction of the joint venture, an Operating Committee comprising of members from the partner is formed.

The scope of the JOA is limited to activities prior to the delivery point of crude oil and natural gas. The obligations of parties to each other including sharing of costs as per participating interest ends at the delivery point. The JOA does not cover the sale of petroleum.

As of March 31, 2006, RIL's interest in oil and gas joint ventures were

Sr. No.	Name of the Fields under Joint Ventures	RIL's Interest
1	Panna Mukta	30%
2	Tapti	30%
3	NEC-OSN-97/2	90%
4	KG-DWN-98/3	90%
5	GS-OSN-2000/1	90%
6	GK-OSJ-3	60%
7	GK-OS-5	40%
8	GK-ON-90/2	40%
9	CB-ON/1	40%
10	AS-ONN-2000/1	90%
11	KG-DWN-2001/1	90%
12	YEMEN (Block 9)	25%
13	NEC-DWN-2002/1	90%



Other Information

RIL is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Common Pursuits

RIL is also involved in petroleum refining operations, which are similar to the planned operations of the Company. RIL's oil refinery at Jamnagar processes 33 million tonnes of crude oil per annum and is the third largest refinery in the world at any single location. RIL markets its output both in the domestic and international markets. While RIL continues to export, its exports are likely to decrease gradually as it expands its domestic retail presence by setting up retail outlets in India.

Further, polypropylene, which the Company plans to manufacture, is also manufactured and marketed by RIL.

Interest of Promoter

Our Promoter is interested in the Company to the extent of its shareholding, for which it is entitled to receive the dividend declared, if any, by the Company. In addition, RIL will provide various services, as per term sheets entered into between RPL and RIL, in the areas of deputation of manpower, crude procurement, product marketing and risk management services, technical services for operations and maintenance. See "Business" on page 58.

Payment of benefits to our Promoter

There has been no payment of benefits to our Promoter since incorporation except for the reimbursement of incorporation expenses of Rs. 53,506,584 incurred on behalf of us.

Related Party Transactions

For details on related party transactions, see "Financial Statements" on pages 122.

Promoters of RIL

RIL was founded and promoted by late **Shri Dhirubhai Ambani**. Mr. Mukesh D. Ambani is now the promoter of RIL. RIL is controlled by him through various entities as mentioned below:

Promoters

Petroleum Trust (through Trustees for sole beneficiary-M/s Reliance Industrial Investments and Holdings Ltd.)

Eklavya Mercantile Private Limited

Bahar Trading Private Limited

Bhumika Trading Private Limited

Ekansha Enterprise Private Limited

Anumati Mercantile Private Limited

Sanatan Textrade Private Limited

Reliance Consolidated Enterprises Private Limited

Pams Investments And Trading Company Private Limited

Rajlaxmi Securities Private Limited

Fiery Investments & Leasing Private Limited

Clarion Investments And Trading Company Private Limited

Hercules Investments Private Limited

Nikhil Investments Company Private Limited

Orson Trading Private Limited

Real Fibres Private Limited

Jagdanand Investments And Trading Company Private Limited

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Jagdishvar Investments And Trading Company Private Limited
Kankhal Investments And Trading Company Private Limited
Kedareshwar Investments And Trading Company Private Limited
Krish Commercials Private Limited
Kshitij Commercials Private Limited
Priyash Commercials Private Limited
Pusti Commercials Private Limited
Nityapriya Commercials Private Limited
Kardam Commercials Private Limited

Persons Acting in Concert

Reliance Enterprises Limited
Madhuban Merchandise Private Limited
Amur Trading Private Limited
Tresta Trading Private Limited
Ornate Traders Private Limited
Reliance Chemicals Private Limited
Reliance Polyolefins Private Limited
Lazor Syntex Private Limited
Aavaran Textiles Private Limited
Reliance Aromatics and Petrochemicals Private Limited
Reliance Welfare Association
Reliance Energy & Project Development Private Limited
Vita Investments And Trading Company Private Limited
Reliance Industrial Infrastructure Limited
Jogiya Traders Private Limited
Dainty Investment And Leasings Private Limited

Promoter Group Companies

In addition to our Promoter, as specified above, the following companies and entities shall form part of our Promoter Group:

1. Indian Petrochemicals Corporation Limited
2. Reliance Industrial Infrastructure Limited
3. Reliance Industrial Investments and Holdings Limited
4. Reliance Ventures Limited
5. Reliance Strategic Investments Limited.
6. Reliance LNG Limited
7. Reliance Do Brasil Industria E Commercials De Portudos Texteis, Quimicos, Petroquimicos E Derivados Ltda (Reliance Brazil L.L.C.)
8. Reliance Industries (Middle East) DMCC
9. Reliance Infrastructure Limited
10. Reliance Power Ventures Limited
11. Reliance Technologies LLC
12. Reliance Europe Limited
13. Reliance Petroinvestments Limited
14. Reliance Nutraceuticals Private Limited



15. Reliance Pharmaceuticals Private Limited
16. Reliance Retail Private Limited
17. Reliance Netherlands B.V.
18. Petronet India Limited
19. Petronet VK Limited
20. Petronet CI Limited
21. Trevira Holding GmbH

Listed Group Companies

Besides RIL, our Promoter, the other listed companies forming part of the Promoter Group are:

1. Indian Petrochemicals Corporation Limited (“IPCL”)
2. Reliance Industrial Infrastructure Limited (“RIIL”)

Indian Petrochemicals Corporation Limited: IPCL is a leading integrated manufacturer of petrochemicals products. IPCL was incorporated on March 22, 1969. The registered office of IPCL is located at P.O. Petrochemicals, Vadodara – 391 346, Gujarat.

Equity Shareholding Pattern

The shareholding pattern of IPCL, as on March 31, 2006, is as given below:

Category	Number of Equity Shares	Shareholding Percentage (%)
Promoter - Reliance Petroinvestments Limited	114,180,887	46.00
Reliance Industries Limited	600	0.00
Persons Acting in Concert	65,900	0.03
Others	133,979,235	53.97
Grand Total	248,225,622	100.00

Board of Directors

The Board of Directors of IPCL is given below:

Name	Designation
Mukesh D. Ambani	Chairman
Nikhil R. Meswani	Director
Anand J. Jain	Director
Kamal P. Nanavaty	Director
R. S. Lodha	Director
Shailesh V. Haribhakti	Director
Lalit Bhasin	Director
Sandeep H. Junnarkar	Director
Shiv Kumar Bhardwaj	Director
Sandesh K. Anand	Whole Time Director

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Financial Performance

The financial results of IPCL for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	83,312.90	81,991.10	51,307.80
Profit/(Loss) after tax	7,857.30	2,735.60	2,041.70
Equity Share Capital (paid up)	2,490.50	2,490.50	2,490.50
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	26,720.00	20,230.70	20,360.70
Earnings/(Loss) per share (diluted) (Rs.)	31.65	11.02	8.23
Book Value per share (Rs.)	117.68	91.53	91.19

Details of listing and highest and lowest market price during the preceding six months:

Equity Shares of IPCL are listed at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

GDRs of IPCL are listed on the Luxembourg Stock Exchange and traded on the PORTALsm Market of the United States National Association of Securities Dealers Inc.

Monthly high and low price of the equity shares of IPCL at BSE & NSE are as follows:

	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
October 2005	251.00	206.00	250.95	206.00
November 2005	237.60	213.30	237.50	213.35
December 2005	237.25	217.90	250.00	218.00
January 2006	271.90	233.10	272.00	232.30
February 2006	255.00	231.00	254.85	231.00
March 2006	261.95	230.55	262.35	230.85

Source: BSE & NSE websites

There has been no change in the capital structure of IPCL in the last six months.



Disclosures on Capital Issue

Name of the Company	IPCL
Year of Issue	1994
Type of Issue (public/rights/composite)	Rights (Partly Convertible Debentures)
Amount of the Issue (Rs. in millions)	2006
Date of Closure of the Issue	March 31, 1994
Date of delivery of shares/debentures certificates	June 22, 1994
Date of Completion of the project, where the object of the issue was financing the project	Phase one completed in 1996 and Phase two completed in 2000
Rate of Dividend paid	1995-96 – 40%; 1996-97 - 40%; 1997-98 – 40%; 1998-99 - 10%; 1999-00 – 20%; 2000-01 – 30%; 2001-02 – 20%;* 2002-03 – 22.5%; 2003-04 – 25%; 2004-05 – 45%

- * IPCL became a Group Company after disinvestment by Government of India

Promise vs. Performance

The promises given in the public issue of 1992 were revised in the offer document for the rights issue of 1994. IPCL was not a Group Company during the period mentioned below, and became a Group Company only in June 2002 post its disinvestment by the Government of India. The promise versus performance is given below:

Rs. in million

Particulars	Year ended March 31, 1994		Year ended March 31, 1995		Year ended March 31, 1996	
	Actual	Projected	Actual	Projected	Actual	Projected
Gross Sales	21,541	22,890	31,926	25,190	38,037	28,060
Other Income	1254	260	603	250	605	250
EBITDA	4,375	4,420	9,501	5,510	13,042	6,160
Interest	2,403	2,160	2,243	2,100	2,116	1,880
Depreciation	1,080	1,460	1,214	1,700	1,225	1,900
Tax	0.00	0.00	421	0.00	3,664	0.00
Profit After Tax	892	800	5,623	1,710	6,037	2,380
Equity	2,035	2,070	2,488	2,320	2,490	2,620
Reserves	9,406	9,640	17,364	11,090	22,422	12,920
Share Capital and Reserves	11,441	11,710	19,853	13,410	24,911	15,540
Dividend	20%	20%	30%	20%	40%	20%

RELIANCE PETROLEUM LIMITED

Usage of proceeds of the Issue

The proceeds of the issue were used for the purposes for which the public issue was floated.

Mechanism for redressal of investor grievance

All share related matters namely transfer, transmission, transposition, nomination, dividend, change of name, address and signature, registration of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates etc. are handled by IPCL's Registrars and Transfer Agents ("R&TA") M/s. Karvy Computershare Private Limited ("Karvy").

Investors correspond directly with Karvy, on all share related matters. IPCL has an established mechanism for investor service and grievance handling, with Karvy and the Compliance Officer appointed by IPCL for this purpose being the important functional nodes. IPCL has appointed a firm of Chartered Accountants as Internal Security Auditors to concurrently audit the transactions and communication with investors, regulatory and other concerned authorities.

IPCL has prescribed service standards for various investor related activities that are handled by Karvy. Any deviation therefrom is examined by the Internal Security Auditors who also advise the corrective action thereon and inform IPCL on the matters on a monthly basis.

The Board of Directors of IPCL has constituted a Shareholders' / Investors' Grievance Committee which, *inter alia*, approves issue of duplicate certificates and oversees and reviews all matters connected with securities transfers and other processes. The Committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend etc. The Committee oversees performance of the R&TA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the Board of Directors of IPCL.

As of March 31, 2006, there were no investor complaints pending against IPCL.

Other Information

IPCL is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Reliance Industrial Infrastructure Limited ("RIIL")

RIIL is engaged in the business of infrastructure and leasing activities. RIIL was originally incorporated on September 29, 1988 as Chembur Patalganga Pipelines Limited and obtained the certificate of commencement of business on January 4, 1989. The name was changed to CPPL Limited on September 11, 1992 and subsequently changed to its present name on March 16, 1994. The registered office of RIIL is located at 5th Floor, NKM International House, 178, Backbay Reclamation, Babubhai Chinai Road, Mumbai – 400 020, Maharashtra.

Equity Shareholding Pattern

The shareholding pattern of RIIL, as on March 31, 2006, is as given below:

Category	Number of Equity Shares	Shareholding Percentage (%)
Promoter - Reliance Industries Limited	6,980,000	46.23
Others	120,000	53.77
Grand Total	15,100,000	100.00



Board of Directors

The Board of Directors of RIIL is given below:

Name	Designation
Mahesh K. Kamdar	Chairman
Satyapal Jain	Director
Sandeep H. Junnarkar	Director
Bharat C. Gosalia	Director
S.C. Malhotra	Director
Dilip V. Dherai	Executive Director – Projects

Financial Performance

The financial results of RIIL for the last three financial years are summarised below:

(Rs. In million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	686.70	599.52	856.46
Profit/(Loss) after tax	174.73	170.06	150.51
Equity share capital (paid up)	151.00	151.00	151.00
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	786.40	688.44	793.39
Earnings/(Loss) per share (diluted) (Rs.)	11.57	11.26	9.97
Book Value per share (Rs.)	75.99	69.46	75.99

Details of listing and highest and lowest market price during the preceding six months:

Equity Shares of RIIL are listed at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

Monthly high and low price of the equity shares of RIIL at BSE & NSE are as follows:

	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
October 2005	324.00	212.35	324.40	211.10
November 2005	301.00	226.25	299.40	226.10
December 2005	316.00	274.00	315.90	277.15
January 2006	523.55	276.30	523.15	276.05
February 2006	490.00	415.00	492.80	414.50
March 2006	438.30	370.45	439.80	368.00

Source: BSE & NSE website

There has been no change in the capital structure of RIIL in the last six months.

RELIANCE PETROLEUM LIMITED

Disclosures on Capital Issue

Name of the Company	RIL
Year of Issue	1991
Type of Issue (public/rights/ composite)	Public
Amount of the Issue (Rs. in millions)	52.5
Date of Closure of the Issue	23rd August, 1991
Date of delivery of shares/debentures certificates	9th November, 1991
Date of Completion of the project, where the object of the issue was financing the project	13th March, 1992
Rate of Dividend paid	1991-92 - 6 % 1992- 93 - 14% 1993- 94 - 18% 1994- 95 - 25% 1995- 96 - 27% 1996- 97 - 28% 1997- 98 - 29% 1998- 99 - 30% 1999- 00 - 31% 2000-01 – 32% 2001-02 – 32% 2002-03 – 32% 2003-04 – 32% 2004-05 – 32%

Promise vs. Performance

RIL made a public issue of equity shares in August 1991 of 5,250,000 equity shares of Rs.10/- each for cash at par, of which 4,901,700 shares were allotted to the Indian Public. The offer to the Indian Public was over subscribed by 17.45 times. The said equity shares of RIL were thereafter listed and admitted for trading on the BSE and the Pune Stock Exchanges in November 1991. As on date, shares of RIL are listed on BSE and NSE.

The public issue was made to part finance the project for the laying of a pipeline from Bharat Petroleum Corporation Limited's refinery at Chembur, Mumbai to RIL's petrochemical complex at Patalganga to transport petroleum feedstock exclusively for RIL and a second pipeline to transport the return stream. The pipeline covers a distance of approximately 54 kilometres including a sub sea stretch of four kilometres. The Pipeline Project was completed and commissioned in mid-March 1992.

RIL declared dividend in the same year in which the pipeline became operational i.e. financial year 1991-1992 and since then RIL has maintained a track record of uninterrupted and consistent dividend payout.

RIL has not made any public issue in the last five years.

Usage of proceeds of the Issue

The proceeds of the issue were used for the purposes for which the public issue was floated viz. to part finance the project involving the laying of a pipeline, for the exclusive use of Reliance Industries Limited, from the refinery of Bharat



Petroleum Corporation Limited at Chembur, Mumbai for transporting petroleum feedstock to the Petrochemical Complex of Reliance Industries Limited at Patalganga and another pipeline for transporting the return stream.

Mechanism for redressal of investor grievance

All share related matters namely transfer, transmission, transposition, nomination, dividend, change of name, address and signature, registration of mandate and power of attorney, replacement, split, consolidation, demat and remat of shares, issue of duplicate certificates etc. are handled by RIIL's Share Transfer Agents (STA) M/s. Karvy Computershare Private Limited ("Karvy").

Investors correspond directly with Karvy, on all share related matters. RIIL has an established mechanism for investor service and grievance handling, with Karvy and the Compliance Officer appointed by RIIL for this purpose being the important functional nodes. RIIL has appointed a firm of Chartered Accountants as Internal Security Auditors to concurrently audit the transactions and communication with investors, regulatory and other concerned authorities.

RIIL has prescribed service standards for various investor related activities that are handled by Karvy, Any deviation therefrom is examined by the Internal Security Auditors who also advise the corrective action thereon and inform RIIL on the matters on a monthly basis.

The Board of Directors of RIIL has constituted a Shareholders' / Investors' Grievance Committee which, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with securities transfers and other processes. The Committee also looks into redressal of shareholders' complaints related to transfer of shares, non-receipt of declared dividend etc. The Committee oversees performance of the STA and recommends measures for overall improvement in the quality of investor services. The summary statement of investor related transactions and details are also considered by the Board of Directors of RIIL.

As of March 31, 2006, there were no investor complaints pending against RIIL.

Other Information

RIIL is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Unlisted Group Companies

Our Group Companies which are unlisted entities are as follows:

1. Reliance Industrial Investments and Holdings Limited
2. Reliance Ventures Limited
3. Reliance Strategic Investments Limited.
4. Reliance LNG Limited
5. Reliance Do Brasil Industria E Commercials De Portudos Texteis, Quimicos, Petroquimicos E Derivados Ltda (Reliance Brazil L.L.C.)
6. Reliance Industries (Middle East) DMCC
7. Reliance Infrastructure Limited
8. Reliance Power Ventures Limited
9. Reliance Technologies LLC
10. Reliance Europe Limited
11. Reliance Petroinvestments Limited
12. Reliance Nutraceuticals Private Limited
13. Reliance Pharmaceuticals (India) Private Limited
14. Reliance Retail Limited
15. Reliance Netherlands B.V.

RELIANCE PETROLEUM LIMITED

16. Petronet India Limited
17. Petronet VK Limited
18. Petronet CI Limited
19. Trevira Holding GmbH

Reliance Industrial Investments and Holdings Limited (“RIIHL”)

Reliance Industrial Investments and Holdings Limited was originally incorporated on October 1, 1986 as Trishna Investments and Leasing Private Limited. The company became a deemed public company on August 20, 1988 and its name and status was subsequently changed to Reliance Industrial Investments and Holdings Limited on August 6, 1993. The registered office of RIIHL is located at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021, Maharashtra. The main business of RIIHL is making investments.

Equity Shareholding Pattern

The equity shares of RIIHL are not listed on any stock exchange. The shareholding pattern of RIIHL, as on December 31, 2005, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Industries Limited	147,504,400	100.00
Total	147,504,400	100.00

Board of Directors

The board of directors of RIIHL comprises Mr. H. R. Meswani, Mr. Sandeep Junnarkar, Mr. M.N. Bajpai and Mr. Vinod Ambani. Mr. H. R. Meswani is the Chairman of the company.

Financial Performance

The financial results of RIIHL for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	616.81	686.13	555.84
Profit/(Loss) after tax	570.23	414.09	2.29
Equity share capital (paid up)	1,475.04	1,475.04	1,475.04
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	2,200.99	1,627.61	1,213.52
Earnings/(Loss) per share (diluted) (Rs.)	0.97	0.70	0.00
Book Value per share (Rs.)	24.92	21.03	18.23

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

RIIHL is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.



Reliance Ventures Limited

Reliance Ventures Limited was originally incorporated on July 27, 1999 as Reliance Fertilisers Private Limited. The company became a deemed public company on October 7, 1999. The name of the company was changed to Reliance Ventures Private Limited on November 1, 1999 and the status of the company was changed to public company on June 11, 2001. The registered office of the company is located at Shree Ram Mills Premises, Ground Floor, Ganpatrao Kadam Marg, Worli, Mumbai 400 013, Maharashtra. The main business of Reliance Ventures Limited is making loans and investments.

Equity Shareholding Pattern

The equity shares of Reliance Ventures Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Industries Limited	2,020,000	100.00
Total	2,020,000	100.00

Board of Directors

The board of directors of Reliance Ventures Limited comprises Mr. L.V. Merchant, Mr. V Subramaniam, Mr. Anand Jain and Mr. K. Sethuraman. Mr. L.V. Merchant is the Chairman of the company.

Financial Performance

The financial results of Reliance Ventures Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	0.36	0.00	533.67
Profit/(Loss) after tax	0.22	(0.12)	(24.11)
Equity share capital (paid up)	20.20	20.20	20.20
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	74.91	74.69	(24.20)
Earnings/(Loss) per share (diluted) (Rs.)	0.11	(0.06)	(11.93)
Book Value per share (Rs.)	47.08	46.97	(2.00)

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Reliance Ventures Limited is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

RELIANCE PETROLEUM LIMITED

Reliance Strategic Investments Limited

Reliance Strategic Investments Limited was originally incorporated on July 22, 1999 as Reliance Strategic Investments Private Limited. The company became a deemed public company on December 13, 1999 and the name of the company was changed to Reliance Strategic Investments Limited. The name of the company was again changed to Reliance Strategic Investments Private Limited on August 3, 2001 and subsequently the status of the company was changed to public company on January 14, 2002. The registered office of the company is located at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai – 400 021, Maharashtra. The main business of Reliance Strategic Investments Limited is making investments.

Equity Shareholding Pattern

The equity shares of Reliance Strategic Investments Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Industries Limited	2,020,200	100.00
Total	2,020,200	100.00

Board of Directors

The board of directors of Reliance Strategic Investments Limited comprises Mr. L.V. Merchant, Mr. P. Raghavendran, and Mr. K. Sethuraman. Mr. L.V. Merchant is the Chairman of the company.

Financial Performance

The financial results of Reliance Strategic Investments Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	0.01	0.01	0.05
Profit/(Loss) after tax	(0.04)	(0.06)	(0.02)
Equity share capital (paid up)	20.20	20.20	20.20
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	(0.06)	(0.02)	0.03
Earnings/(Loss) per share (diluted) (Rs.)	(0.02)	(0.03)	(0.01)
Book Value per share (Rs.)	9.97	9.99	10.00

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Reliance Strategic Investments Limited is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.



Reliance LNG Limited

Reliance LNG Limited was incorporated on July 24, 2000 as Reliance LNG Private Limited. The status of the company was changed to public company on March 12, 2003. The registered office of the company is located at Ground Floor, Chitrakoot, Shree Ram Mills Compound, GK Marg, Worli, Mumbai – 400 013, Maharashtra. The main business of Reliance LNG Limited is designing, setting up, maintaining and operating pipes, pipelines, cross country piping systems, all other kinds of port facilities for storage and transportation of natural gas, crude oil, petroleum products including liquefied petroleum gas.

Equity Shareholding Pattern

The equity shares of Reliance LNG Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Industries Limited	22,500	45.00
Reliance Power Ventures Limited	22,500	45.00
Others	5,000	10.00
Total	50,000	100.00

Board of Directors

The board of directors of Reliance LNG Limited comprises Mr. Rohit Shah, Mr. B.K. Gangopadhyay, and Ms. Kalpana Srinivasan. Mr. Rohit Shah is the Chairman of the company.

Financial Performance

The financial results of Reliance LNG Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	0.02	0.03	0.02
Profit/(Loss) after tax	0.00	0.01	0.00
Equity share capital (paid up)	0.50	0.50	0.50
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	(0.01)	(0.01)	(0.02)
Earnings/(Loss) per share (diluted) (Rs.)	0.08	0.12	0.08
Book Value per share (Rs.)	9.76	9.58	9.36

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Reliance LNG Limited is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

RELIANCE PETROLEUM LIMITED

Reliance Do Brasil Industria E Commercials De Portudos Texteis, Quimicos, Petroquimicos E Derivados Ltda (Reliance Brazil L.L.C.)

Reliance Brazil L.L.C. was incorporated on July 16, 2004. The registered office of the company is located at Reliance Do Brasil Ltda, Rua Antonio Loureiro, N 346, Terro, Vila Santa catarina, CEP 04376-110, Sao Paulo, Brazil. The main business of Reliance Brazil L.L.C. is to (i) import and export textile, chemical, petrochemical products and derivatives, (ii) manufacture and trade textile, chemical, petrochemical products and derivatives, both in retail and wholesale markets, (iii) render advisory service in the textile, chemical and petrochemical areas, (iv) import, export, manufacture, trade, distribute and sell telecommunication products, and (v) participate in other partnerships in Brazil or abroad, as shareholder or member.

Equity Shareholding Pattern

The equity shares of Reliance Brazil L.L.C. are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Power Ventures Limited	556,410*	100.00
Total	556,410	100.00

* Including 10 shares held by nominees

Board of Directors

There are no directors for Reliance Brazil L.L.C.

Financial Performance

The financial results of Reliance Brazil L.L.C. since incorporation is summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005
Sales and Other Income	0.37
Profit/(Loss) after tax	0.27
Equity share capital (paid up)	9.09
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	0.29
Earnings/(Loss) per share (diluted) (Rs.)	0.48
Book Value per share (Rs.)	16.85
Exchange Rate 1 Real equals Rs.	16.3288

This company is an unlisted company and it has not made any public or rights issue since incorporation.

Other Information

Reliance Brazil L.L.C. is not under winding up.



Reliance Industries (Middle East) DMCC

Reliance Industries (Middle East) DMCC was incorporated on May 2, 2005. The registered office of the company is located at Unit No.703, Al Masaoood Building, Al Maktoum Road, PO Box No. 119450, Dubai, U.A.E. The main business of Reliance Industries (Middle East) DMCC is trading in crude oil, petroleum and petrochemical products.

Equity Shareholding Pattern

The equity shares of Reliance Industries (Middle East) DMCC are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Industries Limited	5,450	96.00
Reliance Ventures Limited	200	4.00
Total	5,650	100.00

Board of Directors

The board of directors of Reliance Industries (Middle East) DMCC comprises Mr. Nandakishore Deshmukh, Mr. Jay Sampat, and Mr. Atul Laul.

Financial Performance

Audited financial results are not available since Reliance Industries (Middle East) DMCC's was incorporated only on May 2, 2005. This company is an unlisted company and it has not made any public or rights issue since incorporation.

Other Information

Reliance Industries (Middle East) DMCC is not under winding up.

Reliance Infrastructure Limited

Reliance Infrastructure Limited was originally incorporated on July 29, 1999 as Reliance Project Engineering Associates Private Limited and the name was thereafter changed as Reliance Engineering Associates Private Limited on October 20, 1999 and again changed as Reliance Project Engineering Associates Private Limited on December 21, 1999. The status of the company was changed to public company on November 7, 2005 and the name was thereafter changed to its present name of Reliance Infrastructure Limited on November 11, 2005. The registered office of the company is located at 7, Patel Colony, Mangal Vihar, Jamnagar – 361 008, Gujarat. The main business of Reliance Infrastructure Limited is the development of the Special Economic Zone at Jamnagar, Gujarat and its responsibility includes the creation, operation and maintenance of various infrastructural facilities at the SEZ. Reliance Infrastructure Limited will be leasing to us the land required for the Project.

Equity Shareholding Pattern

The equity shares of Reliance Infrastructure Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Industries Limited	50,000	100.00
Total	50,000	100.00

Board of Directors

The board of directors of Reliance Infrastructure Limited comprises Mr. A.G. Dawda, Mr. V.K. Gandhi, Mr. P.M.S. Prasad, and Mr. B. Narayan.

RELIANCE PETROLEUM LIMITED

Financial Performance

The financial results of Reliance Infrastructure Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	0.00	0.00	0.00
Profit/(Loss) after tax	(0.01)	(0.01)	(0.01)
Equity share capital (paid up)	0.10	0.10	0.10
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	(0.05)	(0.04)	(0.03)
Earnings/(Loss) per share (diluted) (Rs.)	(0.86)	(0.96)	(3.04)
Book Value per share (Rs.)	4.68	5.47	6.23

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Reliance Infrastructure Limited is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Reliance Power Ventures Limited

Reliance Power Ventures Limited was originally incorporated on January 19, 2000 as Tex-Style Synthetics Private Limited. It became a deemed public company on May 13, 2000 and the name changed as Tex-Style Synthetics Limited. The name of the company was changed to Reliance Power Ventures Private Limited on May 17, 2000 and the status of the company was changed to public company on June 11, 2000. The registered office of the company is located at 3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai – 400 021, Maharashtra. The main business of Reliance Power Ventures Limited is making investments.

Equity Shareholding Pattern

The equity shares of Reliance Power Ventures Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Nutraceuticals Private Limited	1,010,000	50.00
Reliance Pharmaceuticals (India) Private Limited	1,010,000	50.00
Total	2,020,000	100.00

Board of Directors

The board of directors of Reliance Power Ventures Limited comprises Mr. Rohit Shah, Mr. Atul Dayal, Mr. M.N. Bajpai.



Financial Performance

The financial results of Reliance Power Ventures Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	317.86	392.64	166.64
Profit/(Loss) after tax	317.09	392.51	0.28
Equity share capital (paid up)	20.20	20.20	20.20
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	795.67	478.55	86.04
Earnings/(Loss) per share (diluted) (Rs.)	153.59	194.31	0.14
Book Value per share (Rs.)	403.89	246.90	52.57

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Reliance Power Ventures Limited is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Reliance Technologies LLC

Reliance Technologies LLC was incorporated on May 2, 2000. The registered office of the company is located at C/o. Lexis Document Services Inc., 30, Old Rudnick Lane, Suite No. 100, Dover, Delaware 19910, USA. The main business of Reliance Technologies LLC is making business investments.

Membership Pattern

Reliance Technologies LLC is not a listed company. The membership pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Membership interest (%)
Reliance Power Ventures Limited	90.00
Others	10.00
Total	100.00

Board of Directors

There are no directors for Reliance Technologies LLC.

RELIANCE PETROLEUM LIMITED

Financial Performance

The financial results of Reliance Technologies LLC for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	0.05	0.05	0.09
Profit/(Loss) after tax	(0.11)	(0.29)	(6.28)
Capital (paid up)	177.40	177.30	192.60
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	(172.80)	(172.60)	(187.10)
Earnings/(Loss) per share (diluted) (Rs.)	NA	NA	NA
Book Value per share (Rs.)	NA	NA	NA
Exchange Rate 1 US\$ equals Rs.	43.4750	43.7175	47.4850

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Reliance Technologies LLC is not under winding up.

Reliance Europe Limited

Reliance Europe Limited was originally incorporated as Handfall Limited. The name of the company was changed to its present name on August 1, 1990. The registered office of the company is located at Devonshire House, 60 Goswell Road, London EC1M 7AD, UK. The main business of Reliance Europe Limited is to carry on any trade or business as a general commercial company.

Equity Shareholding Pattern

The equity shares of Reliance Europe Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Industries Limited	1,108,500	50.00
Reliance Industrial Infrastructure Limited	1,108,500	50.00
Total	2,217,000	100.00

Board of Directors

The board of directors of Reliance Europe Limited comprises Mr. M.D. Ambani, Mr. A.D. Ambani, Mr. J.R. Hurdley, and Mr. M.K. Shetty. Mr. M.K. Shetty is the Managing Director of the company.



Financial Performance

The financial results of Reliance Europe Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended December 31, 2004	Year ended December 31, 2003	Year ended December 31, 2002
Sales and Other Income	233.47	261.71	463.91
Profit/(Loss) after tax	39.68	2.02	67.96
Equity share capital (paid up)	186.66	195.35	205.72
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	177.68	144.43	149.97
Earnings/(Loss) per share (diluted) (Rs.)	17.90	0.91	30.66
Book Value per share (Rs.)	164.34	153.26	160.44
Exchange rate 1 US\$ equals Rs.	43.58	45.61	48.03

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Reliance Europe Limited is not under winding up.

Reliance Petroinvestments Limited

Reliance Petroinvestments Limited was originally incorporated on July 28, 1999 as WorldTel India Holdings Private Limited and became a deemed public company on April 28, 2000. The status of the Company was changed to Public Company and its name changed as Reliance Petroinvestments Limited on December 19, 2001. The registered office of the company is located at Brindavan, 2nd Floor, Shree Ram Mills Compound, Ganpat Rao Kadam Marg, Worli, Mumbai 400 013, Maharashtra. The main business of Reliance Petroinvestments Limited is making investments.

Equity Shareholding Pattern

The equity shares of Reliance Petroinvestments Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Ventures Limited	4,438,777	50.00
Reliance Nutraceuticals Private Limited	2,219,388	25.00
Reliance Pharmaceuticals (India) Private Limited	2,219,389	25.00
Total	8,877,554	100.00

Board of Directors

The board of directors of Reliance Petroinvestments Limited comprises Mr. Arjun V. Betkekar, Mr. V. Subramaniam, Mr. Jyotindra Thacker. Mr. Arjun V. Betkekar is the Chairman of the company.

RELIANCE PETROLEUM LIMITED

Financial Performance

The financial results of Reliance Petroinvestments Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	285.51	257.16	230.58
Profit/(Loss) after tax	284.99	255.92	4.19
Equity share capital (paid up)	88.78	88.78	88.78
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	531.20	246.21	(9.75)
Earnings/(Loss) per share (diluted) (Rs.)	32.10	28.83	0.47
Book Value per share (Rs.)	69.84	37.70	8.75

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Reliance Petroinvestments Limited is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Reliance Nutraceuticals Private Limited

Reliance Nutraceuticals Private Limited was incorporated on December 27, 1999. The registered office of the company is located at Shree Ram Mills Premises, Ground Floor, Ganpatrao Kadam Marg, Worli, Mumbai 400 013, Maharashtra. The main business of Reliance Nutraceuticals Private Limited is to manufacture, and deal in food products.

Equity Shareholding Pattern

The equity shares of Reliance Nutraceuticals Private Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Strategic Investments Limited	3,000	30.00
Reliance Pharmaceuticals (India) Private Limited	4,000	40.00
Reliance Petroinvestments Limited	3,000	30.00
Total	10,000	100.00

Board of Directors

The board of directors of Reliance Nutraceuticals Private Limited comprises Mr. K. S. Sundara Raman, and Mr. Atul Kumar Tandon.



Financial Performance

The financial results of Reliance Nutraceuticals Private Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	-	-	-
Profit/(Loss) after tax	(0.00)	(0.00)	(0.00)
Equity share capital (paid up)	0.10	0.10	0.10
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	(0.02)	(0.01)	(0.01)
Earnings/(Loss) per share (diluted) (Rs.)	(0.39)	(0.41)	(0.31)
Book Value per share (Rs.)	8.15	8.47	8.79

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Reliance Nutraceuticals Private Limited is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Reliance Pharmaceuticals (India) Private Limited

Reliance Pharmaceuticals (India) Private Limited was incorporated on August 17, 1999. The registered office of the company is located at Shree Ram Mills Premises, Ground Floor, Ganpatrao Kadam Marg, Worli, Mumbai 400 013, Maharashtra. The main business of Reliance Pharmaceuticals (India) Private Limited is to manufacture, sell, purchase, export, import and deal in drugs, pharmaceuticals, vaccines, fine chemicals, enzymes, personal hygiene and public health products.

Equity Shareholding Pattern

The equity shares of Reliance Pharmaceuticals (India) Private Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Strategic Investments Limited	4,000	40.00
Reliance Nutraceuticals Private Limited	3,000	30.00
Reliance Petroinvestments Limited	3,000	30.00
Total	10,000	100.00

Board of Directors

The board of directors of Reliance Pharmaceuticals (India) Private Limited comprises Mr. G.B.B. Babuji, Mr. V. Subramaniam, and Mr. K.S. Sundara Raman.

RELIANCE PETROLEUM LIMITED

Financial Performance

The financial results of Reliance Pharmaceuticals (India) Private Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	-	-	-
Profit/(Loss) after tax	(0.00)	(0.00)	(0.00)
Equity share capital (paid up)	0.10	0.10	0.10
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	(0.02)	(0.02)	(0.01)
Earnings/(Loss) per share (diluted) (Rs.)	(0.33)	(0.39)	(0.30)
Book Value per share (Rs.)	8.07	8.37	8.68

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Reliance Pharmaceuticals (India) Private Limited is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Reliance Retail Limited

Reliance Retail Limited was originally incorporated as Reliance Chemicals and Fibres Private Limited on March 17, 1998. The name of the company was changed to Reliance Petroleum Retail Private Limited on June 30, 2003 and subsequently changed to Reliance Retail Private Limited on January 18, 2006. The status of the Company was changed from private company to public company as on March 6, 2006. The registered office of the company is located at 9th Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021, Maharashtra. The main business of Reliance Retail Limited is to initiate, acquire, set-up, construct, establish, maintain, run, operate and manage business centres, hyper markets, departmental stores, super markets, shopping malls, discount stores, specialty stores, shopping outlets, convenience stores etc. and to render services.

Equity Shareholding Pattern

The equity shares of Reliance Retail Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Industries Limited	215,050,000	100.00
Total	215,050,000	100.00

Board of Directors

The board of directors of Reliance Retail Limited comprises Mr. Mukesh D. Ambani, Mr. Manoj Modi, and Mr. Deepak C. Jain.



Financial Performance

The financial results of Reliance Retail Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	-	-	-
Profit/(Loss) after tax	(0.01)	(0.01)	(0.01)
Equity share capital (paid up)	0.10	0.10	0.10
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	(0.05)	(0.04)	(0.03)
Earnings/(Loss) per share (diluted) (Rs.)	(0.84)	(1.07)	(2.44)
Book Value per share (Rs.)	4.45	5.20	6.20

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Reliance Retail Limited is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

Reliance Netherlands B.V.

Reliance Netherlands B.V. was incorporated on July 23, 2003. The registered office of the company is located at Strawinskyiaan 705, 1077 XX Amsterdam, Netherlands. The main business of Reliance Netherlands B.V. is making investments.

Equity Shareholding Pattern

The equity shares of Reliance Netherlands B.V. are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Industries Limited	10,000	10.00
Reliance Ventures Limited	90,000	90.00
Total	100,000	100.00

Board of Directors

The board of directors of Reliance Netherlands B.V. comprises Mr. Jairaj Sampat, and Mr. Mohan Murti.

Financial Performance

The financial results of Reliance Netherlands B.V. approved by the board of directors for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended December 31, 2005	Year ended December 31, 2004	Year ended December 31, 2003
Sales and Other Income	28.62	0.00	0.00
Profit/(Loss) after tax	18.02	(2.57)	(0.02)
Equity share capital (paid up)	5.36	5.94	1.15
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	15.69	(2.59)	(0.02)
Earnings/(Loss) per share (diluted) (Rs.)	180.21	(25.66)	(1.08)
Book Value per share (Rs.)	210.43	33.52	56.23
Exchange rate 1 Euro equals Rs.	53.55	59.40	57.31

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

RELIANCE PETROLEUM LIMITED

Other Information

Reliance Netherland B.V. is not under winding up.

Petronet India Limited

Petronet India Limited was incorporated on May 26, 1997 and obtained the certificate of commencement of business on September 23, 1997. The registered office of the company is located at 501/502, Pressman House, 70-A, Nehru Road, Vile Parle (East), Mumbai 400 099, Maharashtra. The main business of Petronet India Limited is to develop pipeline network for distribution of petroleum products.

Equity Shareholding Pattern

The equity shares of Petronet India Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Industries Limited	10,000,000	10.00
Others	90,000,000	90.00
Total	100,000,000	100.00

Board of Directors

The board of directors of Petronet India Limited comprises Mr. A. M. Uplenchwar, Mr. A. Balakrishnan, Mr. A. Bhargava, Mr. A. Hingorani, Mr. S. Menon, Mr. S.A. Narayan, Mr. N.R. Narayanan, Mr. R. Narayanan, Mr. P. Raghavendran, Mr. A. N. Sinha and Mr. A. Teltumbde. Mr. A. M. Uplenchwar is the Chairman and Mr. A. Teltumbde is the Managing Director of the company.

Financial Performance

The financial results of Petronet India Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	5.43	9.31	44.45
Profit/(Loss) after tax	(14.74)	(43.88)	10.81
Equity share capital (paid up)	1,000.00	996.87	969.53
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	46.77	61.51	105.39
Earnings/(Loss) per share (diluted) (Rs.)	(0.14)	(0.44)	0.11
Book Value per share (Rs.)	10.47	10.58	10.75

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Petronet India Limited is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.



Petronet VK Limited

Petronet VK Limited was incorporated on May 21, 1998 and obtained the certificate of commencement of business on September 16, 1998. The registered office of the company is located at Marine Tank Farm, Reliance Industries Limited, Sikka, Jamnagar 361 140, Gujarat. The main business of Petronet VK Limited is implementation of pipeline project.

Equity Shareholding Pattern

The equity shares of Petronet VK Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Industries Limited	13,000,000	13.00
Others	87,000,000	87.00
Total	100,000,000	100.00

Board of Directors

The board of directors of Petronet VK Limited comprises Dr. Anand Teltumbde, Mr. J.S.P. Bansal, Mr. G.C. Murmu, Mr. M. Nene, Mr. K.K. Sinha and Mr. Asit Baran Chanda. Dr. Anand Teltumbde is the Chairman and Mr. Asit Baran Chanda the Managing Director of the company.

Financial Performance

The financial results of Petronet VK Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	313.70	624.95	824.24
Profit/(Loss) after tax	(174.60)	(550.49)	22.63
Equity share capital (paid up)	1,000.00	1,000.00	1,000.00
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	(759.23)	(584.63)	(34.15)
Earnings/(Loss) per share (diluted) (Rs.)	(1.75)	(5.50)	0.23
Book Value per share (Rs.)	2.41	4.15	9.64

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Petronet VK Limited is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

RELIANCE PETROLEUM LIMITED

Petronet CI Limited

Petronet CI Limited was incorporated on December 7, 2000 and obtained the certificate of commencement of business on April 30, 2001. The registered office of the company is located at C/o. Indian Oil Corporation Limited, Koyali-Ahmedabad Pipeline Office, P.O. Jawahar Nagar District, Vadodara 391 320, Gujarat. The main business of Petronet CI Limited is for implementing pipeline project.

Equity Shareholding Pattern

The equity shares of Petronet CI Limited are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Industries Limited	1,066,000	26.00
Others	3,034,000	74.00
Total	4,100,000	100.00

Board of Directors

The board of directors of Petronet CI Limited comprises Mr. S.K. Joshi, Mr. S.V. Kulkarni, and Mr. A. Teltumbde.

Financial Performance

The financial results of Petronet CI Limited for the last three financial years are summarised below:

(Rs. in million, unless otherwise stated)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Sales and Other Income	0.10	-	-
Profit/(Loss) after tax	(107.91)	-	-
Equity share capital (paid up)	41.00	41.00	41.00
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	(138.35)	(30.44)	(30.44)
Earnings/(Loss) per share (diluted) (Rs.)	(26.32)	-	-
Book Value per share (Rs.)	(23.74)	2.55	2.58

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Petronet CI Limited is under winding up.



Trevira Holding GmbH

Trevira Holding GmbH was acquired on August 11, 2004. The registered office of the company is located at Hattersheim, Frankfurt, Germany. The main business of Trevira Holding GmbH is manufacture of specialty polyester.

Equity Shareholding Pattern

The equity shares of Trevira Holding GmbH are not listed on any stock exchange. The shareholding pattern of the company, as on March 31, 2006, is as given below:

Name of the Shareholder	Number of Equity Shares	Shareholding Percentage (%)
Reliance Netherlands B.V.	11,000	44.00
Others	14,000	56.00
Total	25,000	100.00

Board of Directors

The supervisory board of Trevira Holding GmbH comprises Mr. Subodh Sapra, Mr. Gunther Gunzenheimer and Mr. Hans-Joachim Becker. Mr. Joerg Hellwig and Mr. Hemant Sharma are the managing directors of the company.

Financial Performance

The financial results of Trevira Group for the last three financial years are as follows:

(Rs. in million, unless otherwise stated)

	Year ended December 31, 2004 (Unaudited)	Year ended December 31, 2003	Year ended December 31, 2002
Sales and Other Income	19,540.52	18,129.62	16,206.11
Profit/(Loss) after tax	(1,200.41)	(2,833.41)	(1,113.32)
Equity share capital (paid up)	1.49	1.43	1.26
Reserves and Surplus (excluding revaluation reserves and debit balance of Profit and Loss Account)	(4,692.48)	(4,149.99)	(1,865.60)
Earnings/(Loss) per share (diluted) (Rs.)	(48,016.40)	(113,336.40)	(44,532.80)
Book Value per share (Rs.)	(187,639.60)	(165,942.40)	(74,573.60)
Exchange rate 1 Euro equals Rs.	59.40	57.31	50.34

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

Other Information

Trevira Holding GmbH is not under winding up.

RELiance PETROLEUM LIMITED

Disassociated Ventures of RIL during the past three years

RIL has disassociated from the following companies during the past three years.

Financial year 2003-04

None

Financial year 2004-05

Reliance Infocom BV, Reliance Infocom Inc., Reliance Communications (UK) Limited, Reliance Communications (Hong Kong) Limited, Reliance Communications Inc., Reliance Communication International Inc., Reliance Communications (Canada) Inc and Reliance Netway Inc. have ceased to be subsidiaries of the company. The above disinvestment of subsidiaries was on account of corporate restructuring and business exigencies and was at book value.

Financial Year 2005-06

RIL demerged certain undertakings, through a Scheme of Arrangement duly approved by the Honorable High Court of Bombay u/s 391 to 394 of the Companies Act 1956, which has since been implemented. Pursuant to this Scheme, the investments held by RIL in:

- Coal based Energy undertakings comprising *inter alia* Reliance Energy Limited., Reliance Power Limited, Hirma Power Limited, Reliance Thermal Energy Limited, and Jayamkondam Power Limited vested in Reliance Energy Ventures Limited;
- Gas based Energy undertaking comprising *inter alia* Reliance Patalganga Power Limited vested in Reliance Natural Resources Limited (formerly Global Fuel Management Services Limited).
- Financial Services undertakings comprising *inter alia* Reliance Capital Limited, Reliance General Insurance Company Limited, and RLIC Limited vested in Reliance Capital Ventures Limited.
- Telecommunication undertakings comprising *inter alia* Reliance Communications Infrastructure Limited, Reliance Telecom Limited, Reliance Infocomm Limited, and World Tel Holdings Limited (Bermuda) vested in Reliance Communication Ventures Limited.

RIL has de-subsidiarised Reliance LNG Limited and has disinvested its entire holdings in the following subsidiaries, namely, Reliance Technologies LLC, Reliance Gas Pipelines Limited, Reliance Power Ventures Limited and Reliance Do Brasil Industria E Commercias De Portudos Texteis, Quimicos, Petroquimicos E Derivados Ltda (Reliance Brazil L.L.C.). This disinvestment of subsidiaries is on account of corporate restructuring and business exigencies and at book value as approved by the board of directors of RIL.

Common Pursuits

Polypropylene planned to be manufactured by RPL is also manufactured and marketed by IPCL.

Related Party Transactions

For details on related party transactions, please refer to the sections titled "Financial Statements" on pages 122 of this Red Herring Prospectus.



DIVIDEND POLICY

It is the objective of the Company to optimise shareholder returns. The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders at their discretion, and will depend on a number of factors, including but not limited to our results of operations, cash flows, business requirements, capital expenditures and overall financial condition. We will also be subject to any covenants in our financing agreements.

We were incorporated in October 2005 and will not start commercial operations until, or around, December, 2008. We may not declare any dividends until the commencement of commercial operations. The agreements that we intend to enter into with the lenders for part financing the Project may restrict us from declaring any dividend for a certain period after the commencement of commercial operations.

RELIANCE PETROLEUM LIMITED

FINANCIAL STATEMENTS

AUDITORS' REPORT

The Board of Directors
Reliance Petroleum Limited,
3rd Floor, Maker Chamber IV,
222, Nariman Point
Mumbai – 400021

Re: Public issue of equity shares of Reliance Petroleum Limited

Dear Sirs,

Reliance Petroleum Limited ('the Company') proposed to make a public offering of its equity shares for cash. We have been requested by the Company to report on the financial information of the Company, described below in A and B and annexed to this report, which has been prepared in accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') and related clarifications thereto issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992. The financial information has been prepared by the Company and approved by its Board of Directors.

A. Financial Information as per Audited Financial Statements:

(i) We have examined:

- a. the attached Statement of Assets and Liabilities of the Company as at February 28, 2006 as approved by the Board of Directors for the purpose of inclusion in the Prospectus as set out in **Annexure I** to this report. There are no adjustments which are required to be made in terms of the SEBI Guidelines;
- b. the Cashflow Statement of the Company for the period October 24, 2005 to February 28, 2006 as set out in **Annexure II** to this report;
- c. the Significant Accounting Policies adopted by the Company and Notes to the Statement of Assets & Liabilities enclosed as **Annexure III** to this report.

together referred to as the "Summary Statements".

Our examination consisted of comparing the audited financial statements of the period October 24, 2005 to February 28, 2006 with the "Summary Statements".

(ii) No profit and loss account has been prepared since the Company has yet to commence its revenue operations.

B. Other Financial Information as per Audited Financial Statements

We have also examined the following other financial information relating to the Company, which is based upon the Summary Statements / audited financial statements and approved by the Board of Directors for the purpose of inclusion herein:

- a. the Statement of Accounting Ratios of the Company for the period ended on February 28, 2006 enclosed as **Annexure IV** to this report;
- b. the Statement of Capitalisation enclosed as **Annexure V** to this report;
- c. the Company has not declared any dividend (whether interim or final) during the period covered in this report and hence the information regarding rates of dividend in respect of each class of shares has not been disclosed;



-
- d. the Company does not have any outstanding secured and unsecured loan as at February 28, 2006; hence the information regarding analysis of outstanding secured and unsecured loans have not been disclosed.

In our opinion, the financial information of the Company attached to this report, as mentioned in (A) and (B) above, read with respective significant accounting policies and notes as annexed to this report, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

This report is intended solely for your information and for inclusion in the Prospectus in connection with the issue of the equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Deloitte Haskins & Sells**
Chartered Accountants

For **Chaturvedi & Shah**
Chartered Accountants

P.R. Barpande
Membership No.: 15291
Mumbai
Dated: March 4, 2006.

Rajesh Chaturvedi
Membership No.: 45882

RELIANCE PETROLEUM LIMITED

ANNEXURE – I:

STATEMENT OF ASSETS AND LIABILITIES

(Rs. in million)

		As at February 28, 2006
A.	Fixed Assets	
	Capital Work in Progress	11,119.21
B.	Investments	15,905.46
C.	Current Assets	
	Cash and Bank balances	0.96
D.	Current Liabilities and Provisions	
	Current Liabilities	49.73
	Provisions	<u>0.30</u>
		50.03
E.	Net Worth (A + B +C – D)	26,975.60
	Net Worth Represented By	
F.	Paid-up Equity Share Capital	27,000.00
G.	Miscellaneous Expenditure (to the extent not written off or adjusted)	24.40
H.	Net Worth (F - G)	26,975.60

Note:

The Company was incorporated on October 24, 2005. Hence there are no corresponding figures for previous period.

**ANNEXURE – II:****CASH FLOW STATEMENT**

(Rs. in million)

	For the period October 24, 2005 to February 28, 2006
A. Cash Flow from Operating Activities	-
B. Cash Flow from Investment Activities	
Capital Work-in-Progress	(11,071.79)
Purchase of Investments	(17,299.51)
Sale of Investments	1,396.66
Net Cash used in Investing Activities	(26,974.64)
C. Cash Flow from Financing Activities	
Proceeds from issue of Equity Shares	27,000.00
Miscellaneous Expenditure	(24.40)
Net Cash generated from Financing Activities	26,975.60
Net Increase in Cash and Cash equivalents	0.96
Opening Balance of Cash and Cash equivalents	-
Closing Balance of Cash and Cash equivalents	0.96

Note:

1. The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India.
2. This being the first period of reporting, there are no corresponding figures for the previous period.

RELIANCE PETROLEUM LIMITED

ANNEXURE – III:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO STATEMENT OF ASSETS AND LIABILITIES AS ON FEBRUARY 28, 2006 AND CASH FLOW STATEMENT FOR THE PERIOD OCTOBER 24, 2005 TO FEBRUARY 28, 2006.

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention 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. Fixed Assets

- i. Fixed Assets are stated at cost net of CENVAT less accumulated depreciation, amortisation and impairment loss, if any.
- ii. 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 fixed assets are capitalised.
- iii. Expenses incurred relating to project prior to commencement of commercial production are classified as Project Development Expenditure and disclosed under Capital Work-in-Progress (net of income earned during project development stage).

d. Foreign Currency Transactions

- i. Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.
- ii. Monetary items denominated in foreign currencies at the period end are restated at period end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the period end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract.
- iii. Non monetary foreign currency items are carried at cost.
- iv. 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 cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

e. 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 in the opinion of the management.



f. Borrowing cost

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 revenue.

g. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised 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.

h. Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the period at current rates. Tax expense comprises both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income tax payable/recoverable in respect of the taxable income / loss for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

2. The Company was incorporated on October 24, 2005. The interim accounts for the period October 24, 2005 to February 28, 2006 have been prepared by the Company in accordance with the requirements of Accounting Standard 25 – ‘Interim Financial Reporting’, issued by the Institute of Chartered Accountants of India (ICAI), for the purpose of inclusion thereof in the Offering Document. This being the first interim accounting period, there are no corresponding figures for the previous period.
3. The Company is setting up a refinery and polypropylene plant (project) which is proposed to be located in a Special Economic Zone at Jamnagar to be notified by the Central Government. No Profit and Loss Account has been prepared since the project is at start up stage of construction and the Company has not commenced revenue operations. The expenditure incurred during the construction period aggregating to Rs. 59.77 million are classified as ‘Project Development Expenditure’ pending Capitalisation to be apportioned on the completion of the project and necessary details as per part II of Schedule VI of the Companies Act, 1956 have been disclosed as under:

	(Rs. in million)
	For the period October 24, 2005 to February 28, 2006
a. Payments to and Provisions for personnel on deputation	48.70
b. Letter of Credit and Bank Charges	12.35
c. Others	1.03
	62.08
Less :	
a. Dividend Income from Current Investments	1.74
b. Profit on sale of Current Investments	0.58
c. Interest received from Current Investments	0.29
	2.61
Less : Provision for Current Tax	0.30
	2.31
	59.77

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4. Payment to Auditors:

(Rs. in million)

	For the period October 24, 2005 to February 28, 2006
Audit Fees (including Service Tax)	0.22

5. Miscellaneous Expenditure (to the extent not written off or adjusted) represents expenses incurred for increase in Authorised Capital of the Company. Such expenditure would be adjusted against the Securities Premium Account as and when Shares are issued.

6. Capital Commitments:	As at February 28, 2006
	(Rs. in million)
Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for	154,609.26
7. Expenditure in foreign currency Capital Advances	11,059.44

8. The Company's activities during the period revolve around setting up of the project (Refer Note 3 above). Considering the nature of Company's business and operations, there are no reportable segments (business and/ or geographical) in accordance with the requirements of Accounting Standard 17 – 'Segment Reporting', issued by ICAI.

9. As per Accounting Standard 18 (AS-18) 'Related Party Disclosures', issued by ICAI, the disclosures of transactions with the related parties as defined in AS-18 are given below :

i) List of related parties and relationships:

Sr. No.	Name of the Related Party	Relationship
1	Reliance Industries Limited	Holding Company
2	Shri Mukesh D. Ambani	Key Management Personnel
3	Shri P. M. S. Prasad	Key Management Personnel

ii) Transactions during the period with Related Parties

(Rs. in million)

Nature of Transactions (Excluding reimbursements)	Holding Company	Key Management Personnel	Total
Share Capital	27,000.00	-	27,000.00
Purchase of Investments *	11,723.02	-	11,723.02
Guarantee liability taken	63,374.61	-	63,374.61

* Purchase of Investments from holding company was at Market rates.



ANNEXURE – IV:

STATEMENT OF ACCOUNTING RATIOS

Earnings per share	
Net profit after tax (Rs. in million)	}
Weighted average number of equity shares outstanding at the end of the period (Nos) –	
Weighted average number of equity shares outstanding at the end of the period (Nos) – Diluted	
Earnings per share (Rs.) – Basic	
Diluted	
Return on Net Worth	
Net profit after tax (Rs. in million)	}
Net Worth (Rs. in million)	
Return on Net Worth (%)	
Net Asset Value	
Net Worth (Rs. in million)	26,975.60
Total number of equity shares of Rs. 10 each fully paid-up outstanding at the end of the period (Numbers)	2,700,000,000
Net Asset Value per equity share of Rs. 10 each fully paid-up (Rs.)	9.99

Note

1. The Company was incorporated on October 24, 2005. Hence there are no corresponding figures for previous period.
2. No Profit and Loss Account has been prepared since the Company is yet to commence its revenue operations as at February 28, 2006.

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ANNEXURE – V:

STATEMENT OF CAPITALISATION AS AT FEBRUARY 28, 2006

(Rs. in million)

	Pre-issue as at February 28, 2006	As adjusted for issue
Borrowing		
Short Term Debt	-	-
Long Term Debt	-	-
Total Debt	-	-
Shareholders' Funds		
Equity Share Capital	27,000.00	} See note no. 2 below
Reserves and Surplus	-	
Miscellaneous Expenditure	(24.40)	
Total Shareholders' Funds	26,975.60	
Debt - Equity Ratio (A / B)	-	

Note:

1. The Company was incorporated on October 24, 2005. Hence there are no corresponding figures for previous period.
2. Shareholders' funds can be ascertained only after conclusion of book building process.



OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, as of the date of this Red Herring Prospectus, there are no outstanding litigation against our Company, our Directors, our Promoter and group companies or any suits or criminal or civil prosecutions, proceedings or tax liabilities defaults, non payment of statutory dues, overdues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debentures, bonds or fixed deposits, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/and other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act) against the Company.

Reliance Petroleum Limited

Outstanding Litigation

(A) Against our Directors

Criminal Cases filed against Mr. Mukesh D. Ambani

- There are eleven criminal cases which have been filed against our Director, Mr. Mukesh D. Ambani amongst others. The details of the same are as provided below:
 - a) For non conversion of Optionally Fully Convertible Debentures (“OFCDs”) issued by the erstwhile Reliance Polypropylene Limited, Mr. Santosh Tyagi, a holder of the OFCDs, filed a criminal case before the Special Court for Economic Offences, Jaipur, under Section 63 of the Companies Act alleging that false statements have been made in the prospectus pertaining to the issue of OFCDs. The Special Court for Economic Offences took cognizance of the offences alleged and issued summons *inter alia* to Mr. Mukesh D. Ambani. Against the order of the Special Court for Economic Offences taking cognizance, the accused filed a Revision Petition before the Sessions Court, Jaipur, which is pending disposal.
 - b) For non conversion of OFCDs of the erstwhile Reliance Polyethylene Limited, Mr. Jairam Jangid has filed a criminal case before the Special Court for Economic Offences, Jaipur, under Section 63 of the Companies Act alleging that false statements have been made in the prospectus pertaining to the issue of OFCDs. The Special Court for Economic Offences took cognizance of the offence alleged and issued summons *inter alia* to Mr. Mukesh D. Ambani. Pending disposal of a petition for quashing filed by the accused, the High Court of Rajasthan has stayed the proceedings before the Special Court for Economic Offences, Jaipur.
 - c) For alleged non receipt of the shares in the erstwhile Reliance Polypropylene Limited and Reliance Polyethylene Limited sent for transfer in 1994, to the then registrar and transfer agents of RIL on a complaint filed by one Mr. Bhanwarlal Bothra, the Chief Judicial Magistrate took cognizance of the offences alleged and issued summons *inter alia* to RIL and Mr. Mukesh D. Ambani under Section 406 and 420 of the Indian Penal Code (“IPC”). Pending disposal of a petition for quashing filed by the accused, the High Court of Patna has stayed the proceedings before the Chief Judicial Magistrate, Patna.
 - d) For the alleged non transfer of 200 share in the erstwhile Reliance Petroleum Limited, on a complaint filed by one Mr. Bharat Bhushan Singh, the Chief Judicial Magistrate, Patna has taken cognizance of the offences alleged and issued summons, *inter alia*, Mr. Mukesh D. Ambani under Section 403 and 420 read with section 120-B of IPC. Pending disposal of a petition for quashing filed by the accused, the High Court of Patna has stayed the proceedings before the Chief Judicial Magistrate, Patna.
 - e) On a complaint filed by one Mr. Bhupinder Singh, the Chief Judicial Magistrate, Hissar issued summons *inter alia* to Mr. Mukesh D. Ambani under Section 406 & 420 of the IPC. In the complaint it is alleged that the complainant was not provided with the mobile phone service although his cheques for deposit and rentals were encashed. Pending disposal of a petition for quashing filed by Mr. Mukesh D. Ambani, the Punjab and Haryana High Court has stayed the proceedings before the Chief Judicial Magistrate, Hissar.

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- f) On a complaint filed by one Ms. Shobha Jha, the Chief Judicial Magistrate, Patna issued summons *inter alia* to Mr. Mukesh D. Ambani under Sections 465, 467, 468, 469, 471 and 120(B) of the IPC. In the complaint it is alleged that although the complainant is not a subscriber of Reliance India Mobile phone, she was receiving bills for usage of the phone. Pending disposal of a petition for quashing filed by the accused, the High Court of Patna has stayed the proceedings before the Chief Judicial Magistrate, Patna.
- g) On a complaint filed by one Mr. Ravi Fogla, the Additional Chief Metropolitan Magistrate, Kolkata issued summons *inter alia* to Mr. Mukesh D. Ambani under Sections 385, 420, 511 and 120(B) of IPC. In the complaint it is alleged that although the complainant is not a subscriber of Reliance India Mobile phone, he was receiving bills for usage of the phone. Pending disposal of a petition for quashing filed by the accused, the Calcutta High Court has stayed the proceedings before the Additional Chief Metropolitan Magistrate, Kolkata.
- h) On a complaint filed by one Mr. Suresh Pal, the Chief Judicial Magistrate, Kurukshetra issued summons *inter alia* to Mr. Mukesh D. Ambani under Sections 420, 467, 468, 471 and 120(B) of IPC. In the complaint it is alleged that although the complainant is not a subscriber of Reliance India Mobile phone, he was receiving bills for usage of the phone. Pending disposal of a petition for quashing filed by the accused, the Punjab and Haryana High Court has stayed the proceedings before the Chief Judicial Magistrate, Kurukshetra.
- i) On a Complaint filed by one Mr. Prafulla Kumar Mishra, the Sub Divisional Judicial Magistrate, Uditnagar issued summons, *inter alia*, to Mr. Mukesh Ambani under sections 199, 406, 409, 418, 420, 427, 468, 477 and 34 of IPC. In the complaint it is alleged that the Complainant, a subscriber of Reliance India Mobile Phone was provided defective handset and deficient services. It is also alleged that although complainant was not using the mobile phone, he continued to receive the bills in respect of the mobile phone. Pending disposal of the Petition for quashing filed by Mr. Mukesh Ambani, the Orissa High Court has stayed the proceedings before the Sub Divisional Judicial Magistrate, Uditnagar.
- j) On a complaint filed by one Mr. Anil Kumar, the Chief Judicial Magistrate, Patna issued summons *inter alia* to Mr. Mukesh D. Ambani under Sections 419, 420, 468, 469, 34 and 500 of IPC. In the complaint it is alleged that although the complainant is not a subscriber of Reliance India Mobile phone, he was receiving bills for usage of the phone. Pending disposal of a petition for quashing filed by the accused, the High Court of Patna has stayed the proceedings before the Chief Judicial Magistrate, Patna.
- k) On a complaint filed by one Mr. Parasmal Choradia, the Chief Judicial Magistrate, Raipur issued summons *inter alia* to Mr. Mukesh D. Ambani under Sections 420, 465, 468 and 474 of IPC. In the complaint it is alleged that Mr. Mukesh D. Ambani (as Chairman of Reliance Telecom Limited) and an official of Reliance Telecom Limited forged certain document and changed the tariff plan of the complainant. Pending disposal of a petition for quashing filed by the accused, the High Court of Chhastigarh has stayed the proceedings before the Chief Judicial Magistrate, Raipur.

Criminal cases filed against Mr. M. P. Modi

A criminal complaint was filed by Morgan Securities and Credit Private Limited, New Delhi against Mr. M.P. Modi (in his capacity as a director) under Section 138 of Negotiable Instruments Act, 1881 and Section 420 of IPC for dishonour of certain cheques amounting to Rs. 50 million issued by Modi Rubber Limited in July 2002. A petition was filed by the accused in the High Court of Allahabad for recalling of summons in the lower court. Pending disposal of the petition for recalling of summons filed by the accused, the High Court of Allahabad has stayed the proceedings.



B. Against the Company

NIL

C. Reliance Industries Limited

Outstanding Litigations

(1) Criminal

- Two charge sheets filed by the Central Bureau of Investigations (“CBI”) are pending in the Court of Additional Chief Metropolitan Magistrate, Mumbai against RIL and Mr. V. T. Pai, the then General Manager of RIL alleging that certain Letters of Credit had been ante dated in May 1985 relating to import of PTA under OGL.
- A complaint was filed in 1984 under Section 9 of Central Excise Act, 1944 and Section 120 of IPC by Excise Authorities at Ahmedabad against RIL and some officers and employees of RIL alleging wrongful availment of credit of excise duty by RIL in year 1988, to the extent of Rs. 11.7 million. RIL has paid the amount along with the penalty under protest and presently the matter is pending for hearing.
- The CBI has filed a Complaint on March 19, 2002 before the Chief Metropolitan Magistrate, Tis Hazari, Delhi, u/s 5(2) read with Section 5(4) of the Official Secrets Act and Section 120-B of IPC to RIL and officials viz. group president Mr. V. Balasubramaniam, group vice president Mr. A. N. Sethuraman and Mr. Shankar Adawal for allegedly entering into conspiracy and receiving certain documents alleged to be classified/secret. The complaint is pending.

(2) Investor related

As on December 31, 2005 there are 2,270 cases pending in relation to investor related civil cases on various grounds, for lost or defaced shares, certificates, for non-transfer of shares and corporate benefits. Out of the 2270 cases RIL is only a formal party in 1,560 cases. In the balance 710 cases, the disputes are in respect of 67882 shares. Of these 710 cases, 294 cases are those in which damages and compensation is sought for delay in transfer of shares/debentures, 381 cases are those involving disputes with respect to transfer or demat of shares and 35 cases involve appeals/revisions preferred by the company.

(3) Rent Act

- The Union of India, Ministry of Defence has filed a suit on April 9, 1996 in the Court of Small Causes, Mumbai seeking eviction of RIL from the 1st, 2nd and 3rd floors of the building known as RPL House situated at Ballard Estate, Mumbai on the alleged ground that the Ministry of Defence is the tenant in respect thereof. The Ministry of Defence contends that they had vacated the premises for repairs of the building and still continue to be the tenant. The building, RPL House was purchased by RIL from Shanbaug Investments Limited and are the owners of the said RPL House. RIL has denied the claims of the Union of India and the proceedings are pending.

(4) Intellectual Property Right

- RIL is facing opposition proceedings in respect of its mark “Xflo” before the Trademarks Registry, Mumbai. The opposition proceedings have been filed by a company which claims to own a trademark “Exflo” which is already registered with the Trademarks Registry, Mumbai. RIL has filed necessary replies denying the claims of the opponent. The Opposition Proceedings are pending.
- RIL is facing opposition in respect of its mark “Repol” before the Trademarks Registry, Mumbai. The opposition proceedings have been filed by a company claiming to be the owner of the mark “Re-pol”. The opponents have claimed that they are the prior users of the trademark “Re-pol”. Necessary replies denying the claims of the opponents have been filed. The opposition proceedings are pending.

(5) Environment

- A Public Interest Litigation (“PIL”) has been filed in the Calcutta High Court by Mr. Pradeep Sancheti seeking ban

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on production, use and indiscriminate disposal of PVC and PVC Products particularly PVC pipes used for supply of potable water for human consumption. The PIL also prays for framing of a transparent policy and/or a scheme for imposing a gradual ban on all PVC Products/pipes. RIL being one of the manufacturers of PVC pipes and a party to the Petition has filed a reply therein. PIL is pending.

- An application dated July 16, 2004 has been filed by Mr. Alok Krishna Agarwal before the Central Empowered Committee, constituted by the Supreme Court of India, alleging that the sites earmarked for offshore exploratory and drilling activity by Reliance Industries Limited in respect of oil and gas discovered in NEC-OSN-97/2 block purportedly fall in the migratory and breeding paths of Olive Ridley Turtles. The application seeks directions to prohibit carrying on any offshore drilling activity in the habitat of Olive Ridley Turtles. The application is pending.

(6) Foreign Exchange Management Act, 1999

- The Enforcement Directorate (ED) had issued a show cause notice in July 2001 *inter alia* to RIL and its then General Manager Mr. V.T. Pai alleging violation of provisions of FERA in respect of alleged ante dating of letters of credit in May 1985. The adjudicating authority has discharged RIL and Mr. V.T. Pai of the charges alleged in the said show cause notice. The ED has filed an appeal before the FEMA Appellate Board against the order of the adjudicating authority. The appeal is pending.

(7) Central Excise and Customs

RIL is contesting several show cause notices issued by authorities constituted under the Customs Act, 1962 and Central Excise Act 1944 of which the material ones (being of a value of Rs. 500 million or more, where the value is quantifiable) include:

- In June 2005, the Commissioner of Central Excise, Jamnagar has issued a show cause notice to RIL demanding duty of Rs. 4943 million in respect of Superior Kerosene Oil (“SKO”) and Liquefied Petroleum Gas (“LPG”) cleared to public sector undertakings. It has also been alleged that RIL has paid duty on the ex-destination price decided by Oil Co-ordination Committee whereas it has allegedly collected more money from the PSUs on the sale of SKO and LPG. RIL has filed a reply stating that it has been paying duty on the basis of the directives issued by the Central Board of Excise and Customs. The said show cause notice is pending adjudication.
- By an Order-in-Original No.62-64/Commr/04-05 dated December 24, 2004 the Commissioner of Central Excise, Raigad, has confirmed the show cause notices dated September 24, 2003, April 15, 2004, November 8, 2004 and May 17, 2004 demanding in aggregate Rs. 829.5 million and penalty of Rs. 885.9 million. In the show cause notice it was, *inter alia*, alleged that:
 - i) RIL has not declared to the Department that in respect of the power plants, they have claimed exemption under Section 80 IA and Section 80 IB of the Income Tax Act, 1961 as an Industrial Undertaking.
 - ii) RIL cleared the capital goods/inputs, without payment of duty, to the power plants which are separate Industrial Undertakings distinct from the Patalganga factory.

An Appeal against the Order of the Commissioner of Central Excise filed by RIL before the Customs, Excise and Service Tax Appellate Tribunal, Mumbai. The arguments with respect to the appeal are complete and the orders are reserved.

- The Customs department has filed an appeal against RIL being appeal number C/189/01/Mum. This appeal is against the Order-in-original bearing number CAO/No.3-2000/CAC/CC-KPS passed by the Commissioner of Customs in respect of RIL’s PTA Plant at Hazira. In the appeal, the department has prayed that (i) USD 39 million is addable to the assessable value towards the transfer of technology and use of patent (ii) USD 8 million is not in the nature of buying commission but in the nature of profit on sale of equipment and is required to be added to the assessable value; (iii) Instructions Manual imported through courier merits assessment under chapter heading 98.03 and not under heading 4911.99 and (iv) Duty demanded in the notice is sustainable and is required to be



confirmed. Total duty impact is Rs. 841.5 million. RIL has filed reply stating that the above amounts should not be added to the assessable value of the goods. RIL has also filed appeal before the Customs, Excise and Service Tax appellate Tribunal, Bombay being appeal number C/301 of 2002-Mum. RIL has challenged the said order to the extent that it (i) confirmed the demand of Rs. 33.5 million on imported manuals which are valued by the Department at USD 3 million and (ii) confirmed demand of Rs. 119,307 in respect of an amount of USD 130,000 paid as part of the consideration of US\$ 5 million under Engineering Service Agreement and (iii) imposed a penalty of Rs. 1 million. Hearing of both the Appeals was concluded on December 30, 2005 and Order is reserved.

- A show cause notice dated May 11, 1990 was issued to RIL by the Commissioner of Customs, Mumbai demanding the differential customs duty of Rs. 1740.3 million, *inter alia*, on the alleged grounds:-
 - (i) the PTA plant (at Patalganga) imported by RIL was of a capacity higher than the license capacity of 75,000 MTA.
 - (ii) RIL imported Paraxylene plant in the guise of Raw Material Feed System.
 - (iii) the power generation equipments do not appear to be covered by the import license in terms of the value limitation of the import license.

By an order dated March 6, 1997, the Commissioner dropped the substantial demand but confirmed the same to the extent of Rs. 401.3 million in respect of (i) value of the PTA plant; (ii) paraxylene plant; (iii) third list equipment and (iv) know-how fees. RIL and the customs authorities have filed separate appeals before CEGAT (now CESTAT) against the said order of the Commissioner dated March 6, 1999. The Tribunal has by a common order dated November 19, 2004 in the appeals filed by the Department and RIL, rejected Department's appeal and allowed RIL's appeal. The CESTAT has remanded the matter for deciding the duty payable on the transfer of technology. Against the order dated November 19, 2004 Department has filed an appeal before the Supreme Court which is pending disposal.

- The Commissioner, Customs and Central Excise, Rajkot in the show cause notice issued in September, 2005 has, *inter alia*, alleged that in some cases, after September 6, 2004, RIL has cleared petroleum products from the refinery to a warehouse or from one warehouse to another without payment of excise duty although the facility for removal of petroleum products without payment of excise duty, in such cases have been withdrawn w.e.f. September 5/6, 2004. In the show cause notice it has also been alleged that RIL has paid duty on the ex-destination price decided by Oil Co-ordination Committee whereas it has allegedly collected more money from the public sector units on the sale of SKO and LPG. By the said show cause notice the Commissioner has demanded differential Central Excise Duty amounting to Rs. 4180.4 million as well as interest and penalty thereon. RIL is in the process of preparing reply to the show cause notice.
- MS and HSD had been sold by RIL to wholesaler Reliance Petro Distribution Private Limited ("RPDPL"). RPDPL has in turn sold MS and HSD to the retailers. Excise authorities have issued show cause notices for the period December 1, 2003 to April 30, 2005, in aggregate demanding Rs. 699.5 million alleging that RIL ought to have paid duties at the retail price and not on the wholesale price as RIL and RPDPL were related parties. The SCNs are pending disposal.
- By a Show Cause Notice dated June 28, 2004 issued to RIL the Commissioner of Central Excise, Rajkot has demanded central excise duty of Rs. 1728.5 million for the period from January, 2004 to May, 2004 in respect of Gas Turbine Fuel used for the manufacture of the exempted and non-excisable activities. RIL has replied to the show cause notice stating that the Gas Turbine Fuel is an intermediate product which is used within the factory therefore no duty is payable on it. The matter is pending hearing.
- By a show cause notice dated March 8, 2002 the Commissioner of Customs, Gujarat, Ahmedabad has called upon (1) Enron Oil and Gas India Limited (now known as BG Exploration and Production India Limited) (2) RIL (3) ONGC and (4) GAIL to show cause why the customs duty amounting to Rs. 5436.6 million should not be

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demanded from them as during the period June 22, 1997 to October 2001 the joint venture (i.e. BGEPL, RIL and ONGC) had allegedly imported without payment of customs duty gas and condensate into India from non-designated areas. RIL has filed a reply stating that the exploration was done in the territorial waters of India and therefore customs duty on import is not payable. RIL has also stated that the exploration is being done for Government of India ("GOI") and GAIL under a production sharing contract and therefore customs duty, if any should be paid by GOI and GAIL. The matter is pending disposal.

- After the dismantling of Administrative Pricing Mechanism (i.e., w.e.f April 1, 2002) RIL is selling MS and HSD to PSU Oil Companies as per Sales Agreements. PSU oil companies are marketing these products at the prices determined by them. Show cause notices for the period from April, 2002 to December, 2003 have been issued by excise authorities to RIL demanding an excise duty in aggregate of Rs. 1109.9 million. It is alleged in SCNs that PSU oil companies are distributors (sole distributor) of RIL and are related parties as they have interest directly as well as indirectly in the business of each other. It is alleged that RIL is liable to pay excise duty on the sale price of PSU oil companies. RIL has denied the contentions that it is a related party to the PSUs. The matter is pending adjudication.

(8) National Thermal Power Corporation Limited

- In December, 2005 National Thermal Power Corporation Limited (NTPC) has filed a suit against RIL in the Bombay High Court seeking a declaration to the effect that there exists a valid, concluding and binding contract between NTPC and RIL for supply of Natural Gas of 132 trillion BTU annually for a period of 17 years on grounds that the Letter of Intent issued by NTPC have been signed and returned by RIL. By way of interim relief, NTPC has sought an order restraining RIL from supplying and/or entering into any contract or arrangement or making any commitment for any other party. The interim application and the suit are pending disposal.

(9) Petroleum Retail Outlets

- RIL is facing 40 litigation in various High Courts and other forums with regard to petroleum retail outlets that it intends to setup. In the petitions it is alleged that the proposed retail outlets in question are allegedly in violation of the norms issued by the Ministry of Road Transport and Highways and/or the same will affect the economic viability of the existing outlets or the necessary licenses under the petroleum laws have not been obtained for setting up retail outlets. If these litigation are decided against RIL then RIL would be required to cease operation of these retail outlets. The litigation are pending disposal.

(10) Monopolies and Restrictive Trade Practices Act, 1969

- Director General, Monopolies and Restrictive Trade Practices Commission (MRTP Commission) (DG) has filed a Complaint bearing No. 140/RTP/2000 before the MRTP Commission alleging that the PVC and HDPE are being offered by RIL at different prices to Gujarat and Non-Gujarat customers and that RIL is offering discriminatory quantity discounts to its customers. It is alleged that these activities amount to restrictive trade practice under Monopolies and Restrictive Trade Practices Act. DG has relied upon the price lists issued by RIL from 1991 to 1994 to support its claim. A notice of enquiry on the complaint has been issued by Deputy Director MRTP Commission. The matter is pending disposal.

(11) Bharat Petroleum Corporation Limited

- Bharat Petroleum Corporation Limited (BPCL) has disputed the prices that the Company paid for quantities of Naphtha supplied to the Company between 11th November, 1992 and 30th April, 1996 and between 1st May, 1996 and 31st January, 1999. In separate actions, BPCL seeks payment of, respectively, Rs. 400 million in claims and additional amounts of Rs. 190 million in processing charges and Rs. 200 million in claims and additional amounts of Rs. 41 million. The matter was referred to arbitration. In September 2000, the arbitrator affirmed BPCL's claims in full. In January 2001 and in July 2002 the High Court upheld the arbitrator's award in two subsequent appeal proceedings filed by the Company. The Company has filed an appeal in the Supreme Court against the High Court decisions upholding the arbitration award.



(12) Sales Tax (of value of Rs. 500 million or more where the value is quantifiable):

- The Gujarat Sales Tax authorities have demanded additional Sales Tax under Gujarat Sales Tax Act amounting to Rs. 735.1 million on local sales and purchases, against Form 40, by RIL. This is a notional sales tax, and the same is disputed by RIL. Presently no cash demand is involved, and only debit to sales tax incentives ceiling is disputed. RIL has filed an appeal before the Gujarat Sales Tax Tribunal, Ahmedabad, which is pending disposal.
- In respect of natural gas transferred from Panna Mukta gas fields, from offshore to GAIL, the Gujarat Sales Tax Authorities have demanded sales tax amounting to Rs. 1937.2 million, although RIL has claimed that the sale of natural gas is made outside the State of Gujarat. However, as per the Sales Tax Department, sales tax @ 20% or more is applicable for different years. In a special civil application filed by RIL challenging the said demand, the Gujarat High Court, pending disposal of the Petition, directed RIL to pay Rs. 185.8 million being sales tax at the rate of 4%. The Petition is pending disposal.

(13) Income Tax Matters as on March 25, 2006

There are 37 disputes pending relating to income tax assessments for various assessment years and the aggregate amount under dispute is approximately Rs. 11,662.10 million.

In addition to the above RIL has also filed 71 appeals, which are pending before various appellate authorities, including, the Commissioner of Income Tax (Appeals), the Income Tax Appellate Tribunal and the High Courts. No demands are pending as these have already been adjusted against refunds.

(14) Trade Actions

European Union:

European Union has imposed anti-dumping/anti subsidy measures on PET, PSF and PTY originating from India including exports by Reliance. In respect of PET and PSF, these measures expired in December 2005 but have been extended pending review. Currently, for PTY, these measures are set to expire in November, 2007.

Turkey:

Turkey has imposed anti-dumping duties on PET, PSF and PTY originating from India including exports by Reliance. In respect of PTY, these measures expired in June 2005 but have been extended pending review. For PSF, currently, these measures are set to expire in July 2008 and for PET these measures are set to expire in January 2011.

South Africa:

South Africa has imposed anti-dumping duties on PET originating from India including exports by Reliance. Currently, these are set to expire in September 2010.

SEBI Matters

By an order dated May 29, 2002, SEBI levied a penalty of Rs. 475,000 for alleged contravention of Regulations 7(1) and (2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, in acquiring shares of Larsen & Toubro Limited in the year 2001. RIL paid the penalty under protest and filed an appeal to SEBI Appellate Tribunal ("SAT"). By an order dated August 31, 2004, SAT set aside the order and directed SEBI to refund the penalty.

RIL is one of the largest companies in India and has large operations. From time to time, RIL experiences large number of litigations and disputes with various parties. The matters referred above cover the more significant litigations and are not exhaustive. In addition to the litigation as disclosed above, RIL is also involved in / is a party to several other litigation, which mainly pertain to civil cases, arbitrations, excise, customs, income tax, sales tax and consumer cases. The cumulative exposure in respect of all these litigation is Rs. 12,656.7 million.

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D. Reliance Industrial Infrastructure Limited

Outstanding Litigation

(1) Income Tax:

Income Tax Assessment of the company is completed up to Assessment year 2002-2003. The total demand raised by the Income Tax department is Rs. 75.08 million.

(2) Claim of Lease Rent by Mumbai Port Trust (MbPT):

RIL was allotted a plot of land at Ambapada on lease by MbPT with a view to construct a Chemical Tankfarm at the Site. Indian Navy who are adjacent to the plot objected to construction of the Tankfarm at the Site. As a result, the plot was returned to MbPT while MbPT refused to take it back and continue to charge Lease Rent. MbPT has staked a claim of Rs. 102.8 million towards rental charges (including interest charges of Rs. 54.7 million) as on March 31, 2003. Matter is under litigation at Mumbai High Court on the ground that MbPT suppressed navy's objection. Amount of claim under litigation as on March 31, 2005 works out to be Rs. 162.5 million.

In addition to the litigation as disclosed above, RIIL is also involved in / is a party to other litigation, which mainly pertain to civil cases, arbitrations, excise, customs, income tax, sales tax and consumer cases. The cumulative exposure in respect of all these litigation is Rs. 0.09 million, and assuming they are decided against RIIL, is not likely to have a material or significant impact on the results of operation or profitability of RIIL.

E. Reliance Industrial Investments and Holdings Limited

There are 4 appeals of Department and 1 appeal of assessee, which are pending relating to income tax assessments for various assessment years before various appellate authorities, including, Commissioner of Income tax (Appeal) and Income Tax Appellate Tribunal. The aggregate amount under dispute is approximately Rs.NIL as on 25.03.2006.

F. IPCL CASES

(1) Criminal Cases

- On a complaint filed by Yanan Chem Met against certain officers of IPCL including Mr. N Chander who at the relevant time was Director Finance of IPCL and officers of New India Assurance Company Limited, the Chief Judicial Magistrate, Vadodara has issued summons under Sections 120B, 406 and 420 of IPC against IPCL and these persons. In the complaint it has been alleged that in respect of a scrap purchased by the complainant, the accused had cheated the complainant. The Complaint is pending disposal.
- A complaint has been filed by M. N. Thakkar, a former employee of IPCL before the Chief Judicial Magistrate, Vadodara, against the Chairman and Managing Director, IPCL, Mr. S.B. Mankodi, Senior Manager and General Manager, IPCL, Vadodara. The Court has issued summons under sections 499, 500, 193 and 120-B of the IPC against these persons. In the complaint it is alleged that Complainant's immediate senior was prejudiced in his mind and the officers of IPCL named in the complaint had harassed him and thereby defamed the Complainant. The complaint is pending disposal.
- For alleged breach of the provisions of the Factories Act in respect of an incident that took place in HDPE Plant of the Gandhar Complex, the Chief Judicial Magistrate, Bharuch, on a complaint filed by the Factory Inspector has taken cognizance of the offence alleged and issued summons to IPCL and some of its officials. The Complaint is pending disposal.
- For alleged breach of the provisions of the Factories Act in respect of an incident that took place in connection with leakage of Chlorine said to have taken place at the Gandhar Complex, the Chief Judicial Magistrate, Bharuch, on a complaint filed by the Factory Inspector has taken cognizance of the offence alleged and issued summons to IPC and some of its officials. The complaint is pending disposal.



(2) Development Charges – Dahej

In 1989, GIDC acquired land for IPCL to set a Petrochemicals Complex at Dahej Gandhar, Dist. Bharuch. For development of roads, amenities, electricity and drainage, GIDC claimed land Development charges @ Rs. 40 per sq. metre (subsequently reduced to Rs 30 per sq. metre) from IPCL. In 1995, GIDC demanded a sum of Rs. 207.8 million from IPCL towards the said development charges. This demand was contrary to the assurance given by GIDC that appropriate set off will be given to IPCL in respect of common infrastructure such as roads, electricity and drainage developed by IPCL. IPCL has challenged the said demand by a writ petition before the Gujarat High Court and pending disposal of the Petition, IPCL has deposited a sum of Rs. 20 million with GIDC. An appeal filed by GIDC against the said Order of deposit is pending disposal before the Division Bench of the Gujarat High Court.

(3) Monopolies and Restrictive Trade Practices Act

2 Cases filed by Director General (I & R) alleging adoption of Restrictive Trade Practices by IPCL in connection with sale of goods are pending before the MRTP Commission.

(4) Recovery Cases

- For recovery of a sum of Rs. 382.5 million and interest thereon, IPCL has filed proceedings/suits in the Civil Court at Vadodara against GSL (India) Limited and its Directors. GSL being declared a sick undertaking as defined under Sick Industrial Companies Act has been referred to Board for Industrial and Financial Reconstruction (BIFR). IPCL has filed its claims before the BIFR.
- For recovery of Rs. 365.8 million from Petrofils Co-operative Society Limited, in respect of goods sold/supplied/delivered, IPCL has filed a suit in the Civil Court at Vadodara. Since the said Society has been ordered to be wound up, IPCL has filed its claims with the Official Liquidator of the Society.
- A suit filed by IPCL against M/s. JK Enterprises (IPCL's Distributor) for recovery of Rs. 286.2 million in respect of goods sold/supplied/delivered, is pending disposal before the Civil Court, Vadodara.
- IPCL has a claim of Rs. 41.0 million and interest thereon against Haryana Petrochemicals Ltd (HPL) in respect of goods sold/supplied/delivered. The petition filed by IPCL for winding up HPL is pending disposal before the Punjab and Haryana Court. On HPL being declared sick, BIFR on reference, recommended winding up of HPL. A petition against the said recommendation is pending disposal before the Punjab and Haryana High Court.
- IPCL has a claim of Rs. 102.8 million against Parasrampuriah Synthetics Ltd (PSL) in respect of goods sold/supplied/delivered. A petition filed by IPCL for winding up PSL is pending disposal before the Rajasthan High Court. Being declared a sick undertaking, PSL has been referred to BIFR.
- IPCL has initiated proceedings before the BIFR for recovery of Rs. 150 million from Indian Drugs and Pharmaceuticals Limited (IDPL), a Government of India undertaking. In 1992 IDPL was declared sick and referred to BIFR.

(5) Right of Use

In the aggregate, 335 cases filed by various persons claiming enhancement of compensation awarded by the Competent authority under the Petroleum and Minerals, Pipelines (Acquisition or Right of User in Land) Act, 1962 in respect of the right of use granted to IPCL for laying pipelines through the lands belonging to these persons are pending before the District Courts, Bharuch/Surat. The total enhanced compensation claimed in these applications is Rs. 123.1 million.

(6) Eviction

The Estate Officer under the Public Premises (Eviction of Unauthorised Occupants) Act on an application made by Air India has *inter alia* directed IPCL to vacate the 9th and 19th Floors of the Air India Building at Nariman Point Mumbai. An appeal filed by IPCL against the said order of eviction is pending disposal before the City Civil Court, Mumbai.

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(7) Investor related

As on December 31, 2005 there are 75 cases pending involving 14,410 shares.

(8) Central Excise and Customs

- IPCL is contesting several Show Cause Notices issued by Authorities constituted under the Customs Act, 1962 and Central Excise Act 1944 which include:
- The Commissioner of Central Excise, Vadodara, while holding that the return stream and C4 Raffinate was classifiable as Butylene *inter alia* demanded differential excise duty of Rs. 174.2 million and penalty from IPCL. Against the said order of Commissioner, IPCL filed an appeal before CESTAT, Mumbai. CESTAT, Mumbai allowed the appeal filed by IPCL and vacated the demand and penalty imposed by the Commissioner against the Order of CESTAT. Revenue authorities have filed an appeal in the Supreme Court which is pending disposal.
- The show cause notice dated November 9, 2005 issued by the Commissioner of Central Excise, Vadodara, alleging that the LPG cleared by IPCL was classifiable under CETH 2711 14 00 instead of CETH 2711 19 00 as claimed by IPCL has demanded differential excise duty of Rs. 96.6 million, penalty and interest is pending adjudication.
- Oil and Natural Gas Corporation (ONGC) had paid differential duty on C2- C3 due to revision in their price and issued certificates under Rule 57 E of erstwhile Central Excise Rules 1944. On the basis of the Certificates, IPCL had taken credit of Rs 169.8 million in its MODVAT credit Account in November and December 1999. Subsequently, on the basis of ONGC's request as well as request from Excise Department the said credit was reversed by IPCL in January 2000 on the ground that extended period show cause notice was issued to ONGC. Once the issue was decided in favour of ONGC, they have revalidated the said two certificates and requested IPCL to restore the credit and accordingly IPCL had restored the credit of Rs 169.8 million in CENVAT credit Account. A show cause notice dated September 1, 2005 was issued by the Commissioner of Central Excise, Raigad Commissionerate, to IPCL NC, alleging that the credit taken by IPCL, on the basis of revalidated 57 E certificates is not permissible. The show cause notice is pending adjudication. This is a protective show cause notice issued by the Department since the Department has filed an Appeal against the order of the Commissioner (A) for deciding the case in favor of ONGC.

(9) Sales Tax

- IPCL is contesting a demand of the Gujarat Sales Tax Department alleging that IPCL was liable to pay sales tax amounting to Rs. 462.1 million for the period from 1999-2000 to 2001-02 in respect of imported naphtha obtained from Indian Oil Corporation Ltd (IOC) on high sea sales basis and returned to IOC after processing. IPCL has paid ST demand for the year 2000-01 and 2001-02 under Sales tax Samadhan Yojana 2005.
- In respect of sales of goods effected in Uttar Pradesh by a Distributor between 1996-97 and 2000-01, IPCL is contesting the claim of the Sales Tax Department holding IPCL to be primarily liable to discharge the Sales Tax liability amounting to Rs. 290.4 million and not the Distributor alone.

(10) Income Tax

- The Assessing Officer disallowed the claim of IPCL treating the interest on loans raised for expansion of Gandhar, Nagothane and Baroda Complexes as revenue expenditure. The Appeals filed by the Income Tax Department before the Income Tax Appellate Tribunal (ITAT), Ahmedabad against the order of CIT (Appeals) allowing the appeals of IPCL against the said disallowance aggregating to Rs 8,310.2 million for the financial years 1986-87 to 1989-90 and 1996-97 to 1999-00 are pending disposal. The appeals filed by IPCL for financial years 1991-92 to 1993-94 claiming a revenue expenditure of Rs. 1,211.4 million were dismissed by CIT (Appeals). The appeals before ITAT, Ahmedabad filed by IPCL against the said orders of CIT (Appeals) are pending disposal.
- In respect of the pipeline laid by Dodsai connecting the same with the IPCL's jetty at Jageshwar, IPCL incurred an additional cost of Rs. 131 million and claimed the entire amount as a revenue expense while computing taxable



income. Assessing Officer disallowed IPCL's claim. CIT (Appeals) set aside the order of the Assessing Officer and allowed IPCL's claim. The Income Tax Department has filed an appeal before the ITAT against the Order of CIT (Appeals) which is pending disposal.

- In connection with the laying of the aforesaid pipeline, IPCL's claim for treating the following as revenue expenditure was rejected by the Assessing Officer as well as CIT (Appeals). Rs. 30 million paid to Engineers India Ltd. to monitor and supervise the laying of the pipelines. Rs. 46 million paid to the land owners for acquiring the right of user to lay the pipelines and Rs. 132.5 million paid to Dodsals as compensation. The appeals before ITAT, Ahmedabad filed by IPCL against the said orders of CIT (Appeal) are pending disposal.
- In respect of certain boilers taken on lease, IPCL's claim that the payment of lease rentals was revenue expenditure was disallowed by the Assessing Officer. In the separate appeals by IPCL, the CIT (Appeals) allowed the claim of IPCL for the FY 1996-97 to 1999-00 and rejected the same for the financial year 1993-94. The Income Tax Department and IPCL have filed separate appeals before ITAT, Ahmedabad which are pending disposal. The total amount of rentals involved in appeals filed by IPCL is Rs. 8.5 million and the total amount involved in appeals filed by the Income Tax Department is Rs. 609.3 million. The appeals filed by IPCL on this issue before CIT (Appeals) for financial years 2000-01 and 2001-02 are pending disposal. The amount involved in these appeals is Rs. 33.6 million.
- While valuing the closing stock of the finished goods for the financial years 1996-97 to 1998-99, the Assessing Officer added the excise duty component thereon as well. This resulted in the enhancement of the taxable income of IPCL. In the appeal by IPCL, the orders of the assessing officer were set aside. The Income Tax Department has filed an appeal against the said order of CIT (Appeals) before the ITAT, Ahmedabad, which is pending disposal. The amount involved in these appeals is Rs. 592.4 million.
- Bharat Petroleum Corporation Limited (BPCL) created special facility in their plant at Uran for supplying C3 feedstock to the Nagothane Complex. BPCL claimed reimbursement of Rs. 134.4 million being expenditure incurred on upkeeping of the facilities during the period it remained unused initially. IPCL paid the said amount in installments between the financial years 1991-92 to 1995-96 and claimed deduction thereof in the respective years. Since BPCL and IPCL were Public Sector Undertaking under the same Ministry, Government of India, IPCL sought intervention of the Ministry for waiver of upkeeping charges. The Assessing Officer and CIT (Appeals) (on the appeals by IPCL) considered the payment so made as payment against the contingent liability-awaiting decision from the Administrative Ministry and disallowed the claim of deduction from taxable income, which is Rs. 36.6 million for the financial year 1991-92, Rs. 48.9 million for 1992-93 and Rs. 48.9 million for 1993-94. Against the aforesaid orders, IPCL has preferred appeals before the ITAT, Ahmedabad, which are pending disposal.
- In respect of foreign currency borrowing of IPCL to finance its expansion and Projects at Nagothane, IPCL covered the risk of fluctuation in the rates of foreign currency by entering into a forward contract as permissible by the RBI and on termination of all forward exchange contracts in financial year 1992-93 realised a gain of Rs. 643.1 million. IPCL's claim that the gain was not taxable under the Income Tax Act was rejected by the Assessing Officer and CIT (Appeals). Appeal by IPCL against the said Order of CIT (Appeals) is pending disposal before the ITAT, Ahmedabad.
- Against the Orders of the Assessing Officer rejecting IPCL's claim to treat as a capital receipt, the sales tax exemption (Rs. 116.1 million for financial year 1999-00; Rs. 467.6 million for financial year 2000-01; and Rs. 463.4 million for financial year 2001-02) granted in respect of sale of goods manufactured at Gandhar Complex, the appeals filed by IPCL in respect of FY 2000-01 and 2001-02 are pending disposal before the CIT (Appeals). CIT (Appeals) has rejected IPCL's appeal for the financial year 1999-00 and against the same IPCL has preferred an appeal before ITAT, Ahmedabad, which is pending disposal.
- IPCL's claim for deduction from taxable profit, leave encashment payable on retirement of employees and provided in the accounts to the tune of Rs. 125.5 million and Rs. 129 million for financial years 1995-96 and 2000-01 respectively was rejected by the Assessing Officer. The CIT (Appeals) has rejected IPCL's appeal for the financial

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year 1995-96 and against the same, IPCL has preferred appeals before ITAT, Ahmedabad which is pending disposal. IPCL's appeal in respect of financial year 2000-01 is pending disposal before CIT (Appeals).

- L&T group set up and let out to IPCL a 90 mw Power Plant at Dahej Site inside the factory premises of IPCL. As per terms of the contract, IPCL paid Rs. 150.8 million (financial year 2000-01 and 2001-02) towards excise Duty, CVD etc to L&T. Against the rejection by the Assessing Officer that the expenditure is allowable as revenue expenditure, IPCL has filed an appeal before the CIT (Appeals), which is pending disposal.
- Under an agreement with Gas Authority of India Ltd. (GAIL) for supply of Gas (raw material of the assessee company) from its Gas field to Gandhar Complex, IPCL paid Rs. 105 million to GAIL towards the cost of metering stations (for measuring supply of gas). IPCL's claim that since GAIL was the owner of these metering pumps, the expenditure was allowable as revenue expenditure was rejected by the Assessing Officer. Against the same, IPCL has filed an appeal before the CIT (Appeals), which is pending disposal.
- Against the rejection of IPCL's claim by the Assessing Officer that the expenditure incurred by it, Rs. 42.4 million in financial year 2000-01 and Rs. 109.5 million in financial year 2001-02 for replacement of membranes and cell elements of Chloralkali Plant at Gandhar is a revenue expenditure, IPCL has filed an appeal before the CIT (Appeals), which is pending disposal.
- Against the rejection of IPCL's claim by the Assessing Officer that the profits earned from export of goods (Rs. 135.9 million during financial year 1997-98, Rs. 10.1 million during financial year 1998-99 Rs. 30.0 million during financial year 1999-00 and Rs. 123.4 million during financial year 2000-01) are to be deducted while calculating book profits under sections 115 JA/115JB of the Income Tax Act, 1961, IPCL filed appeals before the CIT (Appeals). Against the orders of CIT (Appeals) rejecting IPCL's appeals for the financial years 1997-98, 1998-99 and 1999-00, IPCL has filed appeals before ITAT, Ahmedabad, which are pending disposal. The appeal before CIT (Appeals) pertaining to financial year 2000-01 is pending disposal.
- Against the rejection of IPCL's claim by the Assessing Officer that the provision for bad and doubtful debts (Rs. 2.4 million for financial year 1998-99, Rs. 236.3 million for financial year 2000-01 and Rs. 72.6 million for financial year 2001-02) are not to be added back while calculating book profits under section 115JB of the Income Tax Act, 1961, IPCL filed appeals before the CIT (Appeals). Against the orders of CIT (Appeals) rejecting the appeal for the financial year 1998-99, IPCL has filed appeal before ITAT, Ahmedabad which is pending for disposal. The appeals before CIT (Appeals) pertaining to financial year 2000-01 and 2001-02 are pending disposal.
- Against the rejection of IPCL's claim by the Assessing Officer that the provision for leave encashment (Rs. 73.1 million for financial year 2001-02) are not to be added back while calculating book profits under section 115JB of the Income Tax Act, 1961, IPCL filed appeals before the CIT (Appeals) which are pending disposal.
- For non deduction of tax at source in respect of safety performance gift coupons given to all the employees, the Assessing Officer demanded a sum of Rs. 33.7 million for financial year 1994-95, Rs. 30.5 million for financial year 1995-96 and Rs. 35.5 million for financial year 1996-97 for short recovery of tax. In the appeals filed by IPCL, CIT (appeals) has confirmed the said demand. The appeals filed by IPCL before ITAT, Ahmedabad against the Orders of CIT (Appeals) are pending disposal.
- The Assessing Officer, while assessing the taxable income of IPCL, disallowed the expenditure incurred on payment of productivity linked incentive bonus stating that the productivity linked incentive bonus is in the nature of bonus and since it is over and above the amount payable in terms of Payment of Bonus Act, the same is disallowable as falling outside the ambit of section 36(1)(ii). CIT (Appeals) in an appeal filed by IPCL decided the issue in favour of IPCL. Against the Order of CIT (Appeals), the Income Tax Department has filed an appeal before ITAT, Ahmedabad which is pending disposal. The amount involved in these appeals in Rs. 56.5 million for financial year 1985-86 to 1987-88.



- While working out the book profit for the purpose of levying tax, the Assessing Officer made additions in respect of certain items such as premium on redemption of debentures / provision for bad and doubtful debts / contribution made to IOCL in connection with the efficiency improvement and energy conservation scheme on various grounds including that those items are in the nature of provision made for unascertained / contingent liability etc. The amount involved is Rs. 168.7 million for the financial years 1987-88 to 1989-90. On an Appeal by IPCL, CIT (Appeals) set aside the Order of the Assessing Officer and decided the issue in favour of IPCL. Against the Order of CIT (Appeals), the Income Tax Department has filed an appeal before ITAT, Ahmedabad which is pending disposal.
- IPCL received certain income in the course of construction of the projects which are in the nature of (i) Recovery for delayed deliveries by suppliers (ii) Interest (iii) Water charges / Electricity charges recovered from contractors (iv) Misc. Receipt etc. IPCL claimed that these receipts were capital receipts. The Assessing Officer, however, held the same as revenue receipt earned in the course of business. The CIT (Appeals) in an Appeal filed by IPCL upheld the decision of the Assessing Officer in respect of interest income and in respect of other items (water/electricity charges, miscellaneous receipts and recovery for delayed deliveries), allowed IPCL's appeal. The Income Tax Department has filed an appeal before ITAT, Ahmedabad on this issue which is pending disposal. The issue is relating to financial year 1988-89 and 1989-90 and the total amount involved is Rs 61.6 million.
- During the financial year 1988-89, in respect of plant and Machinery installed, IPCL's claim for investment allowance of Rs. 212.8 million was rejected by the Assessing Officer and CIT (Appeals). On an appeal by IPCL, ITAT, Ahmedabad, decided the issue in favour of IPCL. The Petition filed by the department in the Gujarat High Court against the Order of ITAT is pending disposal.
- For the financial year 1999-00, IPCL made a provision of Rs. 256.9 million for bad and doubtful debts in respect of amounts, which were ascertained as not recoverable. IPCL's claim that such provision cannot be regarded as a provision for an unascertained liability and cannot be added to the book profit was rejected by the Assessing Officer. CIT (Appeals) accepted IPCL's claim. Against the Order of CIT (Appeals), the Income Tax Department has filed an appeal before the ITAT which is pending disposal.
- IPCL's claim that the contribution of Rs. 172.0 million to Gujarat Electricity Board (GEB) towards expenses of drawing electricity line (survey expenses, creating facility for feed power supply and other related expenses) from Haldarva substation (near Bharuch) to Gandhar Site to be treated as a revenue expenditure was rejected by the Assessing Officer. On appeal by IPCL, CIT (Appeals), held that expenditure was in the nature of deferred revenue expenditure and accordingly allowable on the basis of charge to Profit and Loss Account. Against the said Order of CIT (Appeals) the Income Tax Department has filed an appeal before ITAT, Ahmedabad which is pending disposal .
- IPCL's claim that payment of Rs. 57.9 million (financial year 1999-00) to MECON (I) Ltd. to carry out a detailed study of the existing Butane plant at Nagothane and to find the reason for not performing to its rated capacity and suggest measures to bring it at an optimum performance level to be treated as a revenue expenditure was rejected by the Assessing Officer. On an appeal by IPCL, CIT (Appeals) held the same to be in the nature of deferred revenue expenditure and allowable on the basis of charge to Profit and Loss Account. Against the Order of CIT (Appeals), the Income Tax Department has filed an appeal before ITAT, Ahmedabad which is pending disposal .

(11) Environment

In a Writ Petition filed as Public Interest Litigation in the Calcutta High Court, one Mr. Pradeep Sancheti has sought relief in the nature of directing the Government Respondents to impose a ban on production, use and indiscriminate disposal of PVC and PVC Products particularly PVC pipes used for supply of potable water for human consumption and to frame a transparent policy and/or a scheme for imposing a gradual ban on all PVC Products/pipes. IPCL being one of the manufacturers of PVC pipes and a party to the Petition has filed a reply therein. PIL is pending.

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(12) Debt Recovery Tribunal

An application filed by Unit Trust of India (UTI) before the Debts Recovery Tribunal, Mumbai for recovery of Rs. 232.5 million towards additional interest of Rs. 12.3 million and compound interest thereon for purported delay in creation of security in respect of Secured Redeemable Non Convertible Debentures issued to UTI is pending disposal.

(13) Consolidated Tax

Against the demand of Rs. 73.9 million (including arrears) towards Consolidated Tax made by the Notified Area Officer (NAO) in respect of Baroda Complex, IPCL has filed a Petition in 1998 before the Gujarat High Court seeking to prohibit NAO from recovering the same. IPCL has contended that demand made by NAO was arbitrary and not based on annual letting value. The Petition is pending disposal.

(14) Unearned Income

Land was acquired by Maharashtra Industrial Development Corporation (MIDC) under the MIDC Act and given on lease to IPCL for Nagothane Complex. The Tahsildar Roha has demanded an amount of Rs.446.8 million towards the 75% of unearned income for transfer of land. It is alleged by the Tahsildar that 346-47-9 Hectares of Govt. land at Roha Taluka of Nagothane handed over to IPCL has been transferred for private purpose without obtaining prior permission of the competent authority and that under the Maharashtra Land Revenue (Disposal of Government Land) Rules 1971, IPCL is liable to pay the said amount. IPCL has denied the claim of the Tahsildar and replied to his demand notice.

(15) Transportation

As stipulated by the Government of India, IPCL has arranged to lay 2 pipelines of 98 km. each for Gandhar Complex for transportation of semi-rich gas from ex-ONGC LPG plant, Hazira to IPCL and return of lean gas from Dahej to Hazira. Though, IPCL is transporting gas at its own cost through the said pipeline and incurs operation and maintenance cost also, the Gas Authority of India (GAIL) has been levying the transportation charges for the gas supplied through the said pipelines. IPCL has therefore filed a writ petition before the Gujarat High Court for refund of Rs. 1037.0 million recovered by GAIL from IPCL as transportation charges and not to charge the same in future. The writ petition is pending disposal.

IPCL is one of the largest companies in India and has very vast operations. From time to time, IPCL experiences large number of litigations and disputes with various parties. The matters referred above cover the more significant litigations and are not exhaustive. In addition to the litigation as disclosed above, IPCL is also involved in / is a party to several other litigation, which mainly pertain to civil cases, arbitrations, excise, customs, income tax, sales tax and consumer cases. The cumulative exposure in respect of all these litigation is Rs. 2,724.6 million and assuming they are decided against IPCL is not likely to have a material or significant impact on the results of operation or profitability of IPCL.



GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake this Issue and no further material approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

APPROVALS FOR THE ISSUE

We have received the following approvals relating to the Issue:

The Board of Directors has, pursuant to a resolution passed at its meeting held on January 21, 2006, authorised the Issue.

The Shareholders have also authorised the Issue by a special resolution, passed at the extraordinary general meeting of the Company held on January 28, 2006. The Board of Directors has, pursuant to a resolution dated February 25, 2006 authorised a committee of its Directors, referred to as the IPO Committee, to take decisions relating to the Issue on behalf of the Board of Directors.

APPROVALS FOR OUR BUSINESS

We are required to obtain several approvals from various Central and State government departments and various other authorities for setting up the Project and operating the same. These include approval as a Unit in the SEZ, environmental approval from the Pollution Control Board of the State Government and the Ministry of Environment and Forest, Government of India and several other approvals including approvals from Chief Controller of Explosives and the Chief Inspector of Factories.

The critical approvals required for the Project and their status are as follows:

Sr. No.	Details	Status
1.	Notification of the SEZ by the Central Government under the SEZ Act	Has to be obtained by RFL and RFL has informed us that they have submitted necessary documents to the relevant authorities. Notification awaited
2.	Approval for the Project to be set up as a Unit in the SEZ	Once the SEZ is notified (as described in point 1. above), RPL shall apply to the Approval Committee constituted under the SEZ Act for this SEZ
3.	Environmental Clearance	The Pollution Control Board of the State of Gujarat and Ministry of Environment and Forests have given their respective approvals for the Project. The said approvals were obtained by RIL. Necessary applications were made to the authorities concerned for transfer of the same in our name. Consent for change of name has been received from the authorities concerned.

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OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to a resolution passed at its meeting held on January 21, 2006, authorised the Issue. The Shareholders have also authorised the Issue by a special resolution, passed at the extraordinary general meeting of the Company held on January 28, 2006.

Prohibition by SEBI / RBI

The Company, the Directors, the Promoter, directors or the person(s) in control of the Promoter or the Promoter group, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Neither the Company, its promoters, its Directors, nor the companies promoted by the Promoter, have been declared as willful defaulter by RBI or any other government authority and there have been no violations of securities laws committed by them in the past or no such proceedings are pending against the Company or them.

Eligibility for the Issue

We are eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained under:

Clause 2.2.2 of the SEBI Guidelines states as follows:

“2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a) (i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

Or

(a) (ii) The “Project” has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.

And

(b) (i) The minimum post-issue face value capital of the Company shall be Rs. 10 crores.

Or

(b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:

(a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;

(b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;

(c) The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.”

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are, therefore, required to meet both the conditions detailed in Sub-Clauses (a) and (b) of Clause 2.2.2 of the SEBI Guidelines.

- We are complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Issue is proposed to be allotted to QIB Bidders (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event we



fail to do so, the full subscription monies shall be refunded to the Bidders. Accordingly, as per the second proviso to Clause 11.3.5(i) of the SEBI Guidelines, Non-Institutional Bidders and Retail Individual Bidders will be allocated up to 10% and 30% of the Issue, respectively.

- We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-Issue face value capital of the Company shall be Rs. 4,500 million, which is more than the minimum requirement of Rs. 100 million.

Hence, we are eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we undertake that the number of allottees, i.e., persons receiving Allotment in the Issue shall be at least 1,000, failing which the entire application money will be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

The Promoter, the Company, and associate companies are not notified as willful defaulters by the RBI/Government of India authorities and there are no violations of securities laws committed by them in the past or pending against them. Except as disclosed in “Outstanding Litigation and Material Developments-”, no penalty has been imposed by SEBI and other regulatory bodies against the Company, the Directors, the Promoter and other companies promoted by our Promoter.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED, DSP MERRILL LYNCH LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, DEUTSCHE EQUITIES INDIA PRIVATE LIMITED, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, ICICI SECURITIES LIMITED, SBI CAPITAL MARKETS LIMITED AND UBS SECURITIES INDIA PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, JM MORGAN STANLEY PRIVATE LIMITED, DSP MERRILL LYNCH LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, DEUTSCHE EQUITIES INDIA PRIVATE LIMITED, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, ICICI SECURITIES LIMITED, SBI CAPITAL MARKETS LIMITED AND UBS SECURITIES INDIA PRIVATE LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 6, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- “(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

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- (II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
- THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;
 - THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;
- (III) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID;
- (IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS". AND
- (V) WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS".

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENTS OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

Disclaimer from the Company and the BRLMs

The Company, the Directors, and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website, www.reliancepetroleum.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and us dated March 6, 2006 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.



Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to permitted Non Residents including FIIs, eligible NRIs and other eligible foreign investors. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Ahmedabad only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to “Qualified Institutional Buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Further, each Bidder, where required, will be required to agree in the CAN that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any so-called P-Notes or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Disclaimer clause of NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE has given vide its letter Ref. No. NSE/LIST/21192-3 dated March 28, 2006 permission to the Issuer to use the Exchange’s name in this Red Herring Prospectus as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus, nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

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Disclaimer clause of BSE

Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter Ref. No. List/Smg/sm/2006 dated March 24, 2006 permission to this Company to use the Exchange’s name in this Red Herring Prospectus as one of the stock exchanges on which this company’s securities are proposed to be listed. The Exchange has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- ii) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

and it should not for any reason be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus dated March 4, 2006 has been filed with SEBI on March 6, 2006 at Corporation Finance Department, Ground Floor, Mittal Court, “A” Wing, Nariman Point, Mumbai 400 021.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the ROC.

Listing

Applications will be made to NSE and BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it from the date of refusal or within 70 days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of Allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, the Domestic Legal Counsel to the Company, the International Legal Counsel to the Company, Domestic Legal Counsel to Underwriters, International Counsel to the Underwriters, the Bankers to the Issue, Bankers to the Company; and (b) the Book Running Lead Managers, Monitoring Agency, the Syndicate Members, the Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with



the ROC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the ROC.

Deloitte Haskins and Sells, Chartered Accountants and Chaturvedi & Shah, Chartered Accountants (member of Nexia International), the Statutory Auditors of our Company under Indian GAAP have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the ROC.

Expert Opinion

Except as stated elsewhere in this Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Rs. in million	As a % of Total Issue Expense	As a % of Issue Size
Lead management, underwriting and selling commission*	[●]	[●]	[●]
Advertisement and marketing expenses**	[●]	[●]	[●]
Printing, stationery including transportation of the same**	[●]	[●]	[●]
Others (Registrar's fees, legal fees, listing fees, etc.) **	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

* Will be incorporated after finalisation of Issue Price

** Will be incorporated at the time of filing of the Prospectus

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable by us to the Book Running Lead Managers and Syndicate Members (including underwriting commission and selling commission) will be as per the Memorandum of Understanding between the Company and the BRLMs dated March 6, 2006, a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding between the Registrar to the Issue and the Company dated March 3, 2006.

The Registrar to the Issue will be reimbursed all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by us to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

Previous Rights and Public Issues

We have not made any public issue or rights issue of Equity Shares either in India or abroad in the five years preceding the date of this Red Herring Prospectus.

Issues otherwise than for Cash

The Company has not issued any Equity Shares for consideration otherwise than for cash.

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Commission and Brokerage paid on Previous Equity Issues by us

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Companies under the Same Management

We do not have any other company under the same management within the meaning of Section 370(1B) of the Companies Act, which has made any capital issue during the last three years.

Outstanding Debentures or Bonds or Redeemable Preference Shares

There are no outstanding debentures or bonds or redeemable preference shares issued by us as of the date of this Red Herring Prospectus.

Stock Market Data For Our Equity Shares

This being an initial public offering of the Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of Allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant, and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances by the Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. K. Sethuraman, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems. He can be contacted at the following address:

Mr. K. Sethuraman,
Company Secretary
Reliance Petroleum Limited
3rd Floor, Maker Chambers IV,
222 Nariman Point,
Mumbai 400 021, India
Tel: +91 22 2278 5214;
Fax: +91 22 2278 5111
Email: rpl.ipo@ril.com



Changes in Auditors

There have been no changes in the Auditors in the last three years except their appointments:

Name of Auditors	Date of Appointment	Reasons for Change
Chaturvedi & Shah, Chartered Accountants	October 24, 2005	Appointed
Deloitte Haskins & Sells Chartered Accountants	February 25, 2006	Appointed

Capitalisation of Reserves or Profits

We have not capitalised any reserves or profits since our incorporation.

Revaluation of Assets

There has been no revaluation of assets by the Company.

Payment or benefit to officers of the Company

Except as stated otherwise in this Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees since incorporation of the Company.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

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ISSUE STRUCTURE

Issue of 1,350,000,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per Equity Share (including share premium of Rs. [●] per share) aggregating to Rs. [●] million, including Promoter’s Contribution of 900,000,000 Equity Shares of Rs. 10 each for cash at a price of Rs.[●] per Equity Share (“Promoters Contribution”) and Net Issue to Public of 450,000,000 Equity Shares of Rs. 10 each (“Net Issue”). The Net Issue will constitute 10% of the fully diluted post-issue paid-up capital of Reliance Petroleum Limited (“Company” or “Issuer”). This Issue is being made through a 100% book building process. The Net Issue will comprise 450,000,000 Equity Shares of face value Rs. 10 each at a price of Rs. [●] per Equity Share, aggregating Rs. [●] million.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	A minimum of 270,000,000 Equity Shares must be allotted to QIBs.	At least 45,000,000 Equity Shares shall be available for allocation.	At least 135,000,000 Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	At least 60% of the Net Issue (of which 5% shall be available for allocation for Mutual Funds)*.Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	At least 10% of the Net Issue. The unsubscribed portion in this category will be available for allocation to QIBs and Retail Individual Bidders*	At least 30% of the Net Issue. The unsubscribed portion in this category will be available for allocation to QIBs and Non Institutional Bidders*
Basis of allocation if respective category is oversubscribed	Proportionate(a) 13,500,000 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and(b) 256,500,000 Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 100 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 100 Equity Shares thereafter.	100 Equity Shares and in multiples of 100 Equity Share thereafter
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share



	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act: FIIs registered with SEBI scheduled commercial banks, mutual funds, venture capital funds registered with SEBI, multilateral and bilateral development financial institutions, foreign venture capital investors registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million	NRIs, Resident Indian individuals, HUFs (in the name of <i>karta</i>), companies, corporate bodies, societies and trusts.	Individuals (including HUFs in the name of <i>karta</i>) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs. 100,000 in value.
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form.	Amount applicable to Non-institutional Bidder at the time of submission of Bid cum Application Form.	Amount applicable at the time of submission of Bid cum Application Form depending upon the Payment Method.
Margin Amount	10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding.	In case of Bidders opting for Payment Method I – Rs. 16 per Equity Share, and in case of Bidders opting for Payment Method II - Full Bid Amount on Bidding.

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Amount Payable Payable per	Payment Method-I Retail Individual Bidders			Payment Method-II Any Category		
	Face Value	Premium	Total	Face Value	Premium	Total
Equity Share	(per share)					
On Application	2.5	13.5	16	10	[●]	[●]
By Due Date for payment of Balance Amount Payable	7.5	[●]	[●]	-	-	-
Total	10	[●]	[●]	10	[●]	[●]

* Subject to valid Bids being received at or above the Issue Price. At least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders. 5% of the QIB Portion shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further, at least 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. If the aggregate demand by Mutual Funds is less than 13,500,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 60% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be required to be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Withdrawal of this Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with this Issue at any time, including after the Bid/ Issue Opening Date without assigning any reason therefore.



TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, the Stock Exchanges, the RBI, ROC and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment. See the section titled “Main Provisions of the Articles of Association of the Company” beginning on page 186 for a description of the Articles of Association of the Company.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Floor Price is Rs. 57 and the Cap Price is Rs. 62 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a show of hands in person or a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, rescission, transfer and transmission and/or consolidation/splitting, see “Main Provisions of Articles of Association of the Company” on page 186.

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Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors. **Since trading of our Equity Shares will be in dematerialised mode, the tradable lot is one equity share.**

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share to the successful Bidders subject to a minimum Allotment of 100 Equity Shares. For details of allocation and allotment, see "Issue Procedure" on page 160.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Application by Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for NRIs or FIIs registered with SEBI or FVCIs registered with SEBI.

As per RBI regulations, OCBs cannot participate in the Issue.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Net Issue (including allotment of at least 60% of the Net Issue to QIBs) to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.



Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Ahmedabad, India.

Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Further, each Bidder, where required, will be required to agree in the CAN that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any so-called P-Notes or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Application in Issue

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialised form only.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefore.

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ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this being an issue for less than 25% of the post Issue paid up equity capital, this Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIBs Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through the BRLMs. Our Company, in consultation with the BRLMs, may reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares would be allotted to all successful Bidders only in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form, bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the filing of the Prospectus with the ROC, allocation of Equity Shares, and dispatch of the CAN, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians, Eligible NRIs applying on a non-repatriation basis	White
Non-residents, NRIs, or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. Hindu Undivided Families or HUFs in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;



4. Eligible NRIs on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
5. FIIs registered with SEBI on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
6. State Industrial Development Corporations;
7. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
8. Provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares;
9. Pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares;
10. Companies and corporate bodies registered under the applicable laws in India and authorised to invest in Equity Shares;
11. Venture Capital Funds registered with SEBI;
12. Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
13. Indian Mutual Funds registered with SEBI;
14. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
15. Multilateral and bilateral development financial institutions;
16. Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorised under their constitution to hold and invest in Equity Shares;
17. Scientific and/or industrial research organisations in India authorised under their constitution to invest in equity shares; and
18. Any other QIBs permitted to invest in the Issue under applicable law or regulation.

As per existing regulations, OCBs cannot Bid in the Issue.

Note: The BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investments limits or maximum number of Equity Shares that can be held by them under applicable laws, rules, regulations, guidelines and approvals.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 13,500,000 Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

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In accordance with the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

Bids by NRIs

Bid cum Application Forms have been made available for NRIs at the corporate office of the Company.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour). All instruments accompanying Bids shall be payable at Mumbai only.

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid up capital of the Company (i.e. 10% of 4,500,000,000 Equity Shares). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid up capital of the Company or 5% of the total paid up capital of the Company, in case such sub-account is a foreign corporate or an individual. With the approval of the Board of Directors and the Shareholders by way of a special resolution, the aggregate FII holding limit has been increased to 49% of the post-Issue paid-up capital of the Company (i.e. 49% of 4,500,000,000 Equity Shares).

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

In accordance with the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI. Accordingly, the holding by any Venture Capital Fund or Foreign Venture Capital Investor should not exceed 25% of the corpus of the Venture Capital Fund or of the Foreign Venture Capital Investor.

The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. The Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company and the BRLMs are not liable to inform the investors of any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.



Maximum and Minimum Bid Size

(a) For Retail Individual Bidders:

The Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter, so as to ensure that the total Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs. 100,000. *(Investors may note that Total Bid amount is not just the amount payable at application but the entire amount payable for the bid including the amount payable by due date for payment of Balance Amount Payable)* In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) For Non-Institutional Bidders and QIB Bidders:

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 100 Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by the regulatory and statutory authorities governing them. **Under the existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders do not have the option of bidding at Cut-off Price.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Bidding Process:

1. The Company will file the Red Herring Prospectus with the ROC at least three days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid cum Application Form can obtain the same from our registered office/corporate office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their Bids.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the member of the Syndicate. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Method and Process of Bidding

1. Our Company and the BRLMs shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with ROC and publish the same in two widely circulated newspapers (one each in English and Hindi) and in a regional newspaper. This advertisement shall contain the disclosures as prescribed

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under the SEBI Guidelines. The BRLMs and Syndicate Members shall accept Bids from the Bidders during the Bidding/Issue Period. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the form prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/17/2005/11/11 dated November 11, 2005.

2. The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding/Issue Period will be published in two national newspapers (one each in English and Hindi) and in a regional newspaper and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate and the Bidding/Issue Period may be extended, if required, by an additional three working days, subject to the total Bidding/Issue Period not exceeding 10 working days.
3. During the Bidding/Issue Period, investors who are interested in subscribing to our Equity Shares should approach the members of Syndicate or their authorised agents to register their Bid.
4. Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels” on page 164) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
5. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “Build up of the Book and Revision of Bids” on page 168.
6. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS, for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment” on page 166.
8. During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 57 to Rs. 62 per Equity Share, Rs. 57 being the floor of the Price Band and Rs. 62 being the cap of the Price Band. The Bidders can Bid at any price within the Price Band in multiples of Re. 1
2. Our Company in consultation with the BRLMs, can revise the Price Band during the Bidding/Issue Period, in which case the Bidding/issue Period shall be extended further for a period of three additional working days, subject to the total Bidding/Issue Period being a maximum of 10 working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by



notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and in a regional newspaper, and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate.

4. Our Company, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder has to Bid for the desired number of Equity Shares at a specific price. The Bidder can Bid at any price within the Price Band in multiples of Re.1. Retail Individual Bidders may Bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
6. Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the cap of the Price Band with the members of the Syndicate. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 100 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Accounts to the Issue Account and the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

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Terms of Payment and Payment into the Escrow Account

Each Bidder shall provide the applicable Margin Amount, and shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (See “Payment Instructions” on page 175) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide their QIB Margin Amount only to a BRLM. Bid cum Application Forms accompanied by cash/Stockinvest/money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid cum Application Form. An illustrative table of the Payment Method is provided herein (*Investors may note that this table is provided solely for illustration purposes and is not specific to this Issue*):

Assuming the Issue Price is Rs. 68 per Equity Share for a Face Value of Rs. 10 each.

Amount payable per Equity Share	Retail Individual Investors, who opt for Payment Method I	Non Institutional Investors, Retail Individual Investors who opt for Payment Method II	QIBs
On Application	Rs. 20	Rs. 68	10% of the Bid Amount (i.e. Rs. 6.8 per share) payable on Application and the Balance on Allocation
By Due date for payment of Balance Amount Payable	Rs. 48	Not Applicable	
Total	Rs. 68	Rs. 68	Rs. 68

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Accounts, as per the terms of the Escrow Agreement, into the Issue Account. The balance amount after transfer to the Issue Account of the Company shall be transferred to the Refund Account. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment, to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading “Issue Structure” on page 154. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in Date. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form. QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Balance Amount Payable, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which we shall pay interest according to the provisions of the Companies Act, for any delay beyond the periods as mentioned above.



Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.
3. BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be accessed on BSE's website at "www.bseindia.com" or on NSE's website at "www.nseindia.com".
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form);
 - Investor category –Individual, Corporate, QIBs, Eligible NRI, FII or Mutual Fund, etc;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - Depository participant identification number and client identification number of the beneficiary account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. In case of QIB bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 178.
8. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company.

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9. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on NSE and BSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to NSE or BSE mainframe on a regular basis in accordance with market practice.
2. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
3. During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**
6. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
7. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
8. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Company in consultation with the BRLMs, based on the physical records of Bid/cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLMs shall analyse the demand generated at various price levels and discuss pricing strategy with us.
2. Our Company in consultation with the BRLMs, shall finalise the Issue Price and the number of Equity Shares to be allocated in each investor category.
3. The allocation in the Issue to Non-Institutional Bidders and Retail Individual Bidders of at least 10% and 30% of the Net Issue respectively, and the allocation to QIBs for at least 60% of the Net Issue, would be on proportionate basis,



in the manner specified in the SEBI Guidelines and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

4. In case of over-subscription in all categories, at least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB portion the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. Further, at least 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs. If a minimum allotment of 60% of the Net Issue is not made to the QIBs, the entire subscription monies shall be refunded.

5. The BRLMs, in consultation with our Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
6. Allotment to eligible NRIs, FIIs registered with SEBI or Mutual Funds or FVCIs registered with SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.
7. We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
8. **In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.**
9. Our Company in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.
10. The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and ROC Filing

- (a) We, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Price Band and Red Herring Prospectus

A statutory advertisement will be issued by the Company after the filing of the Red Herring Prospectus with the ROC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Price Band along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and the Prospectus shall be included in the advertisement.

Issuance of Confirmation of Allocation Note

Subject to "Allotment Reconciliation and Revised CANs" as set forth under Chapter "Terms of Issue"

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously

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with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

- (b) The BRLMs or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the Balance Amount Payable for all the Equity Shares allocated to such Bidder. Those QIB Bidders who have not paid the Bid Amount in full into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. In addition, there are foreign investment limitations applicable to the Company, which may result in a change (including potentially a decrease) in the number of Equity Shares being finally Allotted to Non Resident investors (including FIIs). As a result, a revised CAN may be required to be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bidding /Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.
- (b) As per SEBI Guidelines, **Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees.**
- (c) After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, the Company will allot the Equity Shares to the Allottees.
- (d) Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act, rules, regulations and byelaws of the Depositories.

Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

We would ensure the allotment of Equity Shares within 15 days of Bid/Issue Closing Date and also ensure that credit is given to the allottees' depository accounts within two working days from the date of allotment.



GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Red Herring Prospectus;
- b) Ensure that you Bid within the Price Band;
- c) Read all the instructions carefully and complete the Bid cum Application Form;
- d) Ensure that the details about your depository participant and beneficiary account are correct as Equity Shares will be Allotted in the dematerialised form only;
- e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- h) If your Bid is for Rs. 50,000 or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached copies of your PAN card or PAN allotment letter with the Bid cum Application Form. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place. (See to the section "Issue Procedure - 'PAN' Number" on page 177); and
- i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the depository participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid to a price that is less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;
- (h) Do not bid at Bid Amount exceeding Rs. 100,000 (for Retail Individual Bidders);
- (i) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- (j) Do not submit Bids accompanied by Stockinvest or postal order or money order; and
- (k) Do not submit the GIR number in stead of the PAN as the Bid is liable to be rejected on this ground.

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INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and Eligible NRIs applying on non-repatriation basis and blue colour for Non Residents including, Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis.
2. Made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum application Forms or Revision Forms are liable to be rejected.
4. The Bids from the Retail Individual Bidders must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 100 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Bank shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or giving credit through ECS or Direct Credit and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.



These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ECS credit for refunds/Direct credit of refund/CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid cum Application Form, the Bidder would have deemed to authorise the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Equity Shares in Dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- (a) an agreement dated March 22, 2006 between NSDL, us and the Registrar to the Issue;
- (b) an agreement dated March 23, 2006 between CDSL, us and the Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

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8. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.
9. Non-transferable allotment, advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. By FIIs for a minimum of such number of Equity Shares and in multiples of 100 thereafter that the Bid Amount exceeds Rs. 100,000. For further details see section titled "Issue Procedure-Maximum and Minimum Bid Size" on page 163.
3. In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
4. In a single name or joint names (not more than three).

Bids by NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids by NRIs for a Bid Amount of more than Rs. 100,000 would be considered under the Non-Institutional Portion for the purposes of allocation;

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.



In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLMs may deem fit.

Payment Instructions

We shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Accounts

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member by the BRLMs.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident QIB Bidders: **“RPL IPO– QIB – R”**
 - (b) In case of Non Resident QIB Bidders: **“RPL IPO– QIB– NR”**
 - (c) In case of Resident Retail Bidders: **“RPL IPO - R”**
 - (d) In case of Non Resident Retail Bidders: **“RPL IPO-NR”**
 - (e) In case of Resident Non-Institutional Bidders: **“RPL IPO – HNI – R”**
 - (f) In case of Non Resident Non-Institutional Bidders: **“RPL IPO – HNI – NR”**
4. In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.
5. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

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6. In case of Bids by FIIs, FVCIs registered with SEBI the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
8. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Issue Account.
10. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/money orders/postal orders will not be accepted. Investors in the QIB category may also make payments by RTGS.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in the Issue.

Submission of Bid cum Application Form

All Bid/cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.



2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.
4. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.
5. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also fathers/husbands names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

'PAN' Number

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. **Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.** In case the sole/First Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) ration card (b) passport (c) driving license (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address and (g) any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000, an option will be available to investors to obtain either the

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PAN or UIN. These changes are, however, not effective as of the date of this Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Therefore, MAPIN is not required to be quoted with the Bids.

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alias*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Age of First Bidder not given;
3. Bids by minors;
4. PAN not stated if Bid is for Rs. 50,000 or more and GIR number given instead of PAN and proof of PAN is not attached to the Bid cum Application Form;
5. Bids for lower number of Equity Shares than specified for that category of investors;
6. Bids at a price less than lower end of the Price Band;
7. Bids at a price more than the higher end of the Price Band;
8. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders whose Bid Amount exceeds Rs. 100,000;
9. Bids for number of Equity Shares, which are not in multiples of 100;
10. Category not ticked;
11. Multiple Bids;
12. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Bids accompanied by Stockinvest/money order/postal order/cash;
14. Signature of sole and/or joint Bidders missing;
15. Bid cum Application Form does not have the stamp of the BRLMs or the Syndicate Members;
16. Bid cum Application Form does not have the Bidder's depository account details;
17. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.



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20. Bids by OCBs;
 21. Bids by U.S. residents or U.S. persons excluding “qualified institutional buyers” as defined in Rule 144A under the Securities Act; and
 22. Bids by person who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 135,000,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 135,000,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 100 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 45,000,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 45,000,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 100 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Bids from Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

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- (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
- (b) In the second instance allocation to all QIBs shall be determined as follows:
- (i) The number of Equity Shares available for this category shall be the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
 - (ii) The subscription level for this category shall be determined based on the overall subscription in the QIB Portion less allocation only to Mutual Funds as calculated in (a) above.
 - (iii) Based on the above, the level of the subscription shall be determined and proportionate allocation to all QIBs including Mutual Funds in this category shall be made.
- The aggregate allocation to QIB Bidders shall be at least 270,000,000 Equity Shares.
 - In case the aggregate demand in this category is greater than 270,000,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 100 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

Under-subscription, if any, in any category except in the QIB category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLMs.

The BRLMs, Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with SEBI Guidelines. The drawal of lots (where required) to finalise the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Method of proportionate basis of allocation

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by the Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Prospectus under "Issue Structure".

- (a) Bidders will be categorised according to the number of Equity Shares applied for by them. The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.
- (c) If the proportionate allotment to a Bidder is a number that is more than 100 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (d) In all Bids where the proportionate allotment is less than 100 Equity Shares per Bidder, the Allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of 100 Equity Shares; and



- The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
- (e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Letters of Allotment or Refund Orders

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 working days of the Bid Closing Date / Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. In case of other applicants, the Bank shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the ECS facility. Applicants to whom refunds are made through Electronic transfer of funds will be send a letter (refund advice) through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

We shall ensure dispatch of refund orders/refund advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Bidder’s sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 working days from the Bid/Issue Closing Date;
- Dispatch of refund orders/refund advice will be done within 15 working days from the Bid/Issue Closing Date;
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 working day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No.F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges and as further modified by SEBI’s clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e. ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

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Undertakings by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 working days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund
- that the refund orders or allotment advice to the Non Residents shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue proceeds

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested.

We shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Procedure and Time of Schedule for Allotment and demat Credit of Equity

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on April 13, 2006 and expire on April 20, 2006. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMs, will determine the Issue Price, and, in consultation with the BRLMs, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the BSE/NSE. Successful bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation – see pages 170 for further details with respect to CANs) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 working days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Disposal of Applications and Applications Money

We shall ensure dispatch of allotment advice, transfer advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares. We shall dispatch refund above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder’s sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.



We shall use best efforts to ensure that all steps for completion of the necessary formalities for allotment and trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we further undertake that:

- allot Equity Shares only in dematerialised form within 15 working days of the Bid/Issue Closing Date;
- dispatch refund orders, except for Bidders who have opted to receive refunds through the ECS facility, within 15 working days of the Bid/Issue Closing Date would be ensured; and
- **Interest in case of delay in dispatch of Allotment Letters/ Refund Orders in case of public issues** - we shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 working day time prescribed above.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate Member will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Mode of making refunds

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference

- I. ECS - Payment of refund would be done through ECS for applicants having an account at any of the 15 centers where clearing houses for ECS are managed by Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centers named hereinabove, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS.

The Company, in consultation with the BRLMs and the Registrar may decide to use the National Electronic Funds Transfer ("NEFT") facility for payment of refunds.

- II. Direct Credit – Applicants having their bank account with the Refund Banker, i.e. ICICI Bank Limited shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to the eligible applicant's bank account with the Refund Banker.
- III. RTGS – Applicants having a bank account at any of the 15 centers detailed above, and whose bid amount exceeds Rs. 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Bid cum Application form. In the event of failure to provide the IFSC code in the Bid cum Application form, the refund shall be made through the ECS or direct credit, if eligibility disclosed.

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Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I,II and III hereinabove. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, the refund orders would be despatched “Under Certificate of Posting” for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 working days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI’s Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”.*

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and FEMA and circulars and notifications issued thereunder. While the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. As per the sector specific guidelines of the GoI, FDI in Refinery is up to 100%.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.



As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company (i.e., 10% of 4,500,000,000 Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company in case such sub account is a foreign corporate or an individual.

With the approval of the Board of Directors and the Shareholders by way of a special resolution, the aggregate FII holding limit has been increased to 49%.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Pre-Issue and Post Issue related problems

We have appointed Mr. K. Sethuraman, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems. He can be contacted at the following address:

Mr. K. Sethuraman
Company Secretary
Reliance Petroleum Limited
3rd Floor, Maker Chambers IV,
222 Nariman Point,
Mumbai 400 021, India
Tel: +91 22 2278 5214
Fax: +91 22 2278 5111
Email: rpl.ipo@ril.com

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MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The regulations contained in Table 'A' in Schedule I to the Companies Act (Act 1 of 1956) shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in the Articles or by the said Act.

The main provisions of the Articles of Association of the Company are provided below:

Rights of Members

Rights as to Capital

Article 6 provides that

The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

Article 15 provides that

The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied or modified or affected by the creation or issue of further shares ranking *pari passu* therewith.

Article 5 provides that

- (a) The authorised share capital of the Company shall be as specified in Clause V of the Memorandum of Association of the Company.
- (b) Subject to the provisions of the Act and all other applicable provisions of law, the Company may issue shares, either equity or shares with differential rights as to dividend, voting or otherwise or preference shares or any other kind with no voting rights and the resolutions authorising such issue shall prescribe the terms and conditions of the issue.
- (c) The Company shall have power to issue sweat equity shares to employees and/or directors at a discount or for consideration other than cash pursuant to Section 79A of the Act.
- (d) The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.

Article 220 provides that

- (a) Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid-up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid-up, or which ought to have been paid-up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid-up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital at the commencement of the winding up or which ought to have been paid-up on the shares held by them respectively.
- (b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

Rights as to Dividend

Article 180 provides that

No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.



Article 179 provides that

The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents shall be divisible among the members in proportion to the amount of Capital paid-up or credited as paid-up on the shares held by them respectively.

Article 190 provides that

Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.

Voting Rights

Article 105 provides that

- (a) No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
- (b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

Article 106 provides that

A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 105.

Article 107 provides that

Any shareholder whose name is entered in the Register of Members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Article 108 provides that

At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.

Article 109 provides that

- (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.
- (b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.
- (c) A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may, on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.
- (d) Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the

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case may be at which he proposed to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Restriction on Allotment

Article 19 provides

The Board shall observe the restriction as to allotment of shares to the public contained in Section 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Modification of Class Rights

Article 14 provides that

If at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 106 and 107 of the Act, and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to general meetings shall *mutatis mutandis* apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be the quorum.

Forfeiture and Lien

Forfeiture

Article 49 provides that

- (a) If any member or debenture holder fails to pay the whole or any part of any call or installment or securities premium or any money due in respect of any shares or debentures either by way of principal or interest or securities premium on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any installment or securities premium or any part thereof or other money remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or Securities premium or such part thereof or other moneys as remaining unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.
- (b) The notice shall name a day not being less than 14 (fourteen) days from the date of the notice and a place or places, on and at which such call, or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or installment or such part or other moneys is or are payable will be liable to be forfeited.

Article 50 provides that

If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company, in respect of the payment of any such money, shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the



forfeited shares or debentures and not actually paid before the forfeiture.

Article 51 provides that

When any share/debenture shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Article 52 provides that

Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

Article 53 provides that

The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed of, annul forfeiture thereof upon such conditions as they think fit.

Article 54 provides that

Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, interest, expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.

Article 55 provides that

The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved.

Lien

Article 46 provides that

The Company shall have a first and paramount lien upon all the shares and/or debentures (other than fully paid-up shares and/or debentures) registered in the name of each Member and/or Debenture holder (whether held singly or jointly with others) in respect of all monies, whether presently payable or not and shall extend to all dividends, interest rights and bonuses from time to time declared in respect of such shares and/or debentures. Unless otherwise agreed the registration of transfer of shares and/or debentures shall operate as a waiver of Company's lien, if any, on such shares and/or debentures. The Directors may at any time declare any share and/or debenture wholly or in part exempt from the provisions of this Article. Notwithstanding anything contained hereinabove, Company shall have lien on fully paid shares or debentures and such lien shall extend only in respect of payment of excess dividend/interest or any sums owing to the Company by a member/debenture holder.

Article 47 provides that

For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such share and/or debentures and may authorise one of their member or appoint any officer or Agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfillment, or

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discharge of such debts, liabilities or engagements for fourteen days after such notice.

Restrictions on Transfer of Shares

Article 64 provides that

- (a) Subject to the provisions of Sections 111 and 111A of the Act, or any statutory modification of the said provisions for the time being in force and any other requirements of Law, the Board may, at its own absolute and uncontrolled discretion decline to register or acknowledge any transfer of Shares and in particular may so decline in any case in which (i) the proposed transferee is a person who is not permitted by any applicable law, regulation or guideline or any requirements of Law, to acquire securities of the Company or (ii) if the Company has lien upon the shares or any of them or (iii) whilst any moneys in respects of the shares desired to be transferred or any of them has remained unpaid or unless the transferee is approved by the Board and such refusal shall not be affected by the fact that the proposed transferee is already a Member. But in such case it shall within such time period as prescribed under law from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of refusal to register such transfer. The registration of transfer shall be conclusive evidence of the approval of the Board.
- (b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission by operation of law of the rights to, any shares or interest of a member in, or debentures of the Company.

Article 67 provides that

The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate, to close the Transfer Books, the Register of Members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

Article 68 provides that

Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Indemnity and Responsibility

Article 224 provides that

- (a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Wholetime Director, Manager, Secretary and other Officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company, to pay all costs, losses and expenses (including traveling expense) which such Director, Manager, Secretary and Officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer or servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.
- (b) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other Officer and employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

Article 225 provides that

Subject to the provisions of Section 201 of the Act, no Director, Managing Director, Wholetime Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any



receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, within whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

Chairman

Article 103 (b) provides that

No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant.

Article 103 (c) provides that

- (i) The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Director present be willing to take the chair, the members present shall choose one of themselves to be the Chairman.
- (ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice-Chairman of the Board or by a Director at the expiration of 15 minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their number to be the Chairman of the meeting.

Article 116 provides that

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Board of Directors

Number of Directors

Article 128 provides that

- (a) Unless otherwise determined by the Company in General Meeting, the number of Directors shall not be less than 3 (Three) and shall not be more than 12 (Twelve).
- (b) The First Directors of the Company are:
 - Mr. Mukesh D. Ambani
 - Mr. Manoj Modi
 - Mr. P.M.S. Prasad

Managing Directors

Article 175 provides that

- (a) Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Wholetime Directors and/or Special Directors like Technical Director, Finance Director etc. of the Company for a fixed term not exceeding five years at a time and upon

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such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director(s), Wholetime Director(s), Technical Director(s), Finance Director(s) and Special Director(s) such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine. Unless otherwise determined by the Company in General Meeting, the number of Managing Directors shall not be more than 2 (two). The remuneration of such Directors may be by way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.

- (b) The Directors, whenever they appoint more than one Managing Director, may designate one or more of them as Managing Directors, Joint Managing Directors or Deputy Managing Directors, as the case may be.
- (c) Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting.

Appointment of Senior Executives as Wholetime Directors

Article 129 provides that

- (a) Subject to the provisions of the Act and within the overall limit prescribed under the Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a Wholetime Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:
 - (i) He shall be liable to retire by rotation as provided in the Act but shall be eligible for reappointment. His reappointment as a Director shall not constitute a break in his appointment as Wholetime Director.
 - (ii) He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation.
 - (iii) He shall cease to be a Director of the Company on the happening of any event specified in Section 283 and 314 (2C) of the Act. He shall cease to be a Director of the Company, if for any reason whatsoever, he ceases to hold the position of Senior Executive in the Company or ceases to be in the employment of the Company.
 - (iv) Subject to what is stated hereinabove he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by the Managing Director/s and/or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and/or stipulations as the Managing Director/s and/or the Board may, from time to time determine.
 - (v) His remuneration shall be fixed by the Board and shall be subject to the approval of the Company in general meeting and of the Central Government as may be required under the provisions of the Act.
- (b) Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such Wholetime Directors.

Debenture Director

Article 130 provides that

Any Trust Deed for securing debentures or debenture-stocks may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture-stocks, of some person or persons to be a Director or Directors of the Company and may empower such Trustees or holders of debentures or debenture-stocks from time to time, to remove and reappoint any Director/s so appointed. The Director/s so appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director(s) shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the company. The Trust Deed may contain such ancillary provisions as may be arranged



between the company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

Nominee Director

Article 131 provides that

Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), The Industrial Credit and Investment Corporation of India Ltd. (ICICI), Industrial Finance Corporation of India (IFCI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Financing Company or Body is hereinafter in this Article referred to as “the corporation”) continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or by direct subscription or so long as any liability of the company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors wholetime or non-wholetime (which Director or Directors is/are hereinafter referred to as “Nominee Director/s”) on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their places.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee director/s shall not be required to hold any share qualification in the Company. Also at the option of the corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid of or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

Special Director

Article 132 provides that

- (a) In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know how and/or machinery or technical advice, the Directors may authorise such Company, Corporation, firm or person (hereinafter in this clause referred to as “Collaborator”) to appoint from time to time, any person or persons as Director or Directors of the Company (hereinafter referred to as “Special Director”) and may agree that such Special Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator under the collaboration arrangements or at any time thereafter.
- (b) The Collaborator may at any time and from time to time remove any such Special Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time, appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.

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- (c) It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one collaborator is so entitled there may at any time be as many Special Directors as the Collaborators eligible to make the appointment.

Non-retiring Directors

Article 133 provides that

Subject to the provisions of Section 255 of the Act, the number of Directors appointed under Articles 130, 131 and 132 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.

Alternate Director

Article 134 provides that

- (a) The Board of Directors of the Company may appoint an alternate Director to act for a Director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.
- (b) An alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State in which meeting of the Board are ordinarily held.
- (c) If the term of office of the Original Director is determined before he returns to the State aforesaid any provision for the automatic reappointment of retiring directors in default of another appointment shall apply to the original and not to the alternate director.

Additional Director

Article 135 provides that

Subject to the provisions of Section 260 of the Act, the Board of Directors shall have power at any time to appoint any person as an additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by the Articles. Any Director so appointed shall hold the office only up to the next annual general meeting of the Company and shall then be eligible for re-appointment.

Appointment of Director to fill casual vacancy

Article 136 provides that

Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.

No Qualification Shares

Article 138 provides that

A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

Remuneration of Directors

Article 139 provides that

- (a) Subject to the provisions of the Act, a Managing Director or a Director who is in the whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.



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- (b) Subject to the provisions of the Act, a Director, who is neither in the whole-time employment nor a Managing Director may be paid remuneration either:
- (i) by way of monthly, quarterly or annual payment with the approval of the Central government; or
 - (ii) by way of commission if the Company by a special resolution has authorised such payment.
- (c) The fee payable to Directors (other than Managing or Wholetime Director, if any) for attending each meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Act or the Central Government from time to time.

Increase in Remuneration

Article 142 provides that

- (a) Any provision relating to the remuneration of any Director including a Managing or Joint Managing or Wholetime Director or any amendment thereof, which purports to increase or has the effect of increasing, whether directly or indirectly, the amount thereof, whether that provision is contained in the Company's Memorandum or Articles, or in an agreement entered into by it, or any resolution passed by the Company in general meeting or by the Board of Directors, shall be in compliance with the Act.
- (b) If the terms of any re-appointment or appointment of a Managing or Joint Managing or Wholetime Director, purport to increase or have the effect of increasing, whether directly or indirectly, the remuneration which the Managing or Joint Managing or Wholetime Director or the previous Managing or Joint Managing or Wholetime Director, as the case may be was receiving immediately before such re-appointment or appointment shall be in compliance with the Act.

Interest of Directors

Article 147 provides that

- (a) Subject to the restrictions imposed by these Articles and by Sections 292, 293, 294, 295, 297, 300, 311, 370 and 373 and any other provisions of the Act, no Director, Managing Director, or other officer or employee of the Company shall be disqualified from holding his office by contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director, Managing Director, Jt. Managing Director, Executive Director other officer or employee shall be in any way interested, be avoided, nor shall the Director, Managing Director or any officer or employee so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director, Managing Director, officer or employee holding that Office or of the fiduciary relation thereby established, but the nature of his or their interest must be disclosed by him or them in accordance with the provisions of Section 299 of the Act where that section be applicable.
- (b) In accordance with Section 300 of the Act, no Director shall, as a Director, vote or take part in any discussion in respect of any contract or arrangement in which he is interested and if he does so vote, his vote shall be void nor shall his presence count for the purpose of forming the quorum at the time of any such discussion or vote; Provided that the above prohibition or restriction shall not apply to the extent or under the circumstances mentioned in sub-section (2) of Section 300 of the Act.
- (c) A General notice such as is referred to in sub-section (3) of Section 299 of the Act shall be sufficient disclosure under this Article as provided in that Section.

Duty of Directors to make disclosure

Article 149 provides that

- (a) Every Director (including a person deemed to be a Director by virtue of the explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company, who is appointed to or relinquishes the

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office of Director, Managing Director, Manager or Secretary of any other body corporate shall within twenty days of his appointment or relinquishment of such office, as the case may be, disclose to the Company aforesaid the particulars relating to the office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.

- (b) Every Director of the Company and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section and Section 308 of the Act.

Directors etc. not to hold office or place of profit

Article 150 provides that

The provisions of Section 314 of the Act shall be complied with when applicable in regard to holding of office or place of profit under the Company or under any subsidiary of the Company by any person mentioned in the said section. The words office or place of profit shall have the meaning assigned to them by Section 314 of the Act.

Loans to Directors

Article 151 provides that

The Company shall observe the restrictions imposed on the Company in regard to granting of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any of the Act.

Powers of Directors

General Powers

Article 173 provides that

Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorised to exercise and do and not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other Act and of the Memorandum of Association and these articles and to any regulations, not being inconsistent with the Memorandum of Association and these articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Specific Powers

Article 174 provides that

Without prejudice to the general powers conferred by Article 173 and the other powers conferred by these presents and so as not in any way to limit any or all of those powers, it is hereby expressly declared that the Directors shall have the following powers:-

- (i) to pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;
- (ii) To pay and charge to the capital account of the Company any interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act;
- (iii) Subject to the provisions of the Act and these Articles to purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, credits, royalties, bounties and goodwill of any person, firm or Company carrying on the business which this Company is authorised to carry on, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfactory;



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- (iv) Subject to the provisions of the Act to purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;
 - (v) To erect, construct, enlarge, improve, alter, maintain, pull down rebuild or reconstruct any buildings, factories, offices, workshops or other structures, necessary or convenient for the purposes of the Company and to acquire lands for the purposes of the Company;
 - (vi) To let, mortgage, charge, sell or otherwise dispose of subject to the provisions of Section 293 of the Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit;
 - (vii) At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, debenture-stock or other securities of the Company, and any such shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon; and any such bonds, debentures, debenture-stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;
 - (viii) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think proper, all or any part of the building, machinery, goods, stores, produce and other movable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies or assurance effected in pursuance of this power;
 - (ix) Subject to Section 292 of the Act, to open accounts with any bank or bankers or with any Company, firm or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;
 - (x) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;
 - (xi) To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit;
 - (xii) To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof subject to the provisions of the Act;
 - (xiii) To appoint any person or persons (whether incorporated or not), to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;
 - (xiv) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 293 of the Act to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company;

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- (xv) To refer, subject to the provisions of Section 293 of the Act, any claims or demands by or against the Company to arbitration and observe and perform the awards;
- (xvi) To act on behalf of the Company in all matters relating to bankrupts and insolvents;
- (xvii) To make and give receipts, release and other discharge for moneys payable to the Company and for the claims and demands of the Company subject to the provisions of Section 293 of the Act;
- (xviii) To determine from time to time as to who shall be entitled to sign bills, notices, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents on the Company's behalf;
- (xix) Subject to the provisions of Sections 292, 293, 370 and 372 of the Act, to invest and deal with any of the moneys of the Company, not immediately required for the purpose thereof, upon such shares, securities, or investments (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realise such investments;
- (xx) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed on;
- (xxi) Subject to such sanction as may be necessary under the Act or the Articles, to give to any Director, Officer, or other person employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company;
- (xxii) To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependants or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to provident and other funds, institutions, or trust and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;
- (xxiii) To subscribe, or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national, public or any other useful institutions, object or purposes for any exhibition;
- (xxiv) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or super-annuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments, to any persons who are or were at any time in the employment or services of the Company, or of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such Subsidiary Company, or who are or were at any time Directors or Officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidise and subscribe to any institutions, associations, clubs or funds collected to be for the benefit or to advance the interests and well being of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid;
- (xxv) To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years.



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- (xxvi) Before recommending any dividend, to set aside out of profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or Reserve Fund or Sinking Fund or any other special fund to meet contingencies or to repay redeemable preference shares, debentures, or debenture stock or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any part of the property of the Company, and for such other purposes as the Directors may, in their absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by Section 292 and 293 and other provisions of the Act) as the directors may think fit, and from time to time, to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they may expend the same or any part thereof may be matters to or upon which the Capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Directors think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in repayment or redemption of redeemable preference shares, debentures or debenture-stock and that without being bound to keep the same separate from other assets or to pay interest on the same, with power, however to the Directors at their discretion to pay or allow to the credit of such fund interest at such rate as the Directors may think proper.
- (xxvii) To appoint and at their discretion to remove or suspend such Managers, Secretaries, Officers, Agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit, and from time to time to provide for the management and transactions of the affairs of the Company in any special locality in India in such manner as they may think fit. The provisions contained in the clause following shall be without prejudice to the general powers conferred by this clause.
- (xxviii) At any time and from time to time by power of attorney to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favour of any Company or the members, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the Directors and any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors may think fit; and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities, and discretions for the time being vested in them.
- (xxix) Subject to the provisions of the Act, generally and from time to time and at any time to authorise, empower or delegate to (with or without powers of sub-delegation) any Director, Officer or Officers or Employee for the time being of the Company and/or any other person, firm or Company all or any of the Powers, authorities and discretions for the time being vested in the Directors by these presents, subject to such restrictions and conditions, if any as the Directors may think proper.
- (xxx) To enter into all such negotiations, contracts and rescind and/or vary all such contracts and to execute and do all such acts, deeds, and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

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Borrowing Powers

Article 225 provides that

Subject to the provisions of Section 201 of the Act, no Director, Managing Director, Wholetime Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, within whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.



MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the ROC for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of the Company situated at Reliance Petroleum Limited, 3rd Floor, Maker Chambers IV, 222 Nariman Point, Mumbai 400 021, India from 11.00 am to 1.00 pm on working days from the date of the Red Herring Prospectus until the Bid Closing Date/Issue Closing Date.

Material Contracts

1. Engagement Letters dated March 6, 2006 for appointment of JM Morgan Stanley Private Limited, DSP Merrill Lynch Limited, Citigroup Global Markets India Private Limited, Deutsche Equities India Private Limited, ENAM Financial Consultants Private Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, SBI Capital Markets Limited and UBS Securities India Private Limited as the BRLMs, respectively.
2. Memorandum of Understanding dated March 6, 2006 amongst the Company and the BRLMs.
3. Memorandum of Understanding dated March 3, 2006 executed by the Company with Registrar to the Issue.

Material Documents

1. Our Memorandum and Articles of Association as amended till date.
2. Our certificate of incorporation dated October 24, 2005 and certificate of commencement of business dated November 7, 2005.
3. Shareholders' resolutions dated January 28, 2006 in relation to this Issue and other related matters.
4. Resolutions of the Board dated January 21, 2006 authorising the Issue.
5. Resolutions of the Board of Directors for appointment of Mr. P.M.S. Prasad as Manager.
6. Reports of our Statutory Auditors being Deloitte Haskins & Sells, Chartered Accountants and Chaturvedi & Shah, Chartered Accountants, prepared as per Indian GAAP and mentioned in this Red Herring Prospectus.
7. Consents of our Statutory Auditors, being Deloitte Haskins & Sells, Chartered Accountants and Chaturvedi & Shah, Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Red Herring Prospectus.
8. Certificate of our Statutory Auditors, being Deloitte Haskins & Sells, Chartered Accountants and Chaturvedi & Shah, Chartered Accountants, dated March 4, 2006 on expenditure incurred on the Project as of February 28, 2006.
9. General Powers of Attorney executed by the Directors of the Company, and Chief Financial Officer in favour of person(s) for signing and making necessary changes to this Prospectus and other related documents.
10. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Banks or Bankers to the Issue, Domestic Legal Counsel to the Company, International Legal Counsel to the issuer, Domestic Legal Counsel to the underwriters, International Legal Counsel to the underwriters, Directors of the Company, Company Secretary and Compliance Officer, monitoring agency, Special Counsel to the Transaction as referred to, in their respective capacities.
11. Applications dated March 6, 2006 for in-principle listing approval from BSE and NSE.
12. In-principle listing approvals pursuant to letters March 24, 2006 and March 28, 2006 from BSE and NSE respectively.

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13. Agreement amongst NSDL, the Company and the Registrar to the Issue dated March 22, 2006.
14. Agreement amongst CDSL, the Company and the Registrar to the Issue dated March 23, 2006.
15. Due diligence certificate dated March 6, 2006 to SEBI from the BRLMs.
16. SEBI observation letter No. CFD/DIL/ISSUES/SM/63301/2006 dated March 23, 2006, letter No. CFD/ DIL/ ISSUES/SM/ 63321/2006 dated March 24, 2006 and letter No. CFD/DIL/SM/64105/2006 dated April 4, 2006.
17. Certified extracts of the resolution passed by the board of directors of RIL at its meeting held on October 27, 2005 to provide certain undertakings on behalf of RPL.
18. Copies of the approvals received by RIL from the Ministry of Environment and Forests, GoI and the Gujarat Pollution Control Board alongwith a letter from the Ministry of Environment and Forests, GoI transferring the approval from RIL to RPL.
19. Order dated March 21, 2006 of Company Law Board, Western Region Bench for shifting of Registered Office of the Company from the State of Maharashtra to the State of Gujarat.
20. The following agreements dated December 15, 2006 entered into between us and Bechtel France S.A.S.:
 - i. Umbrella Services Agreement
 - ii. Project Management Services Agreement
 - iii. Engineering Services Agreement
 - iv. Equipment Supply Agreement
 - v. Site Services and Assistance Agreement
21. License and Basic Engineering Agreement dated February 9, 2006 entered into between us and Bechtel France S.A.S.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

Signed by all Directors

Mr. Mukesh D. Ambani

Mr. Hital R. Meswani

Mr. Manoj Modi

Mr. P.M.S. Prasad

*Mr. Y.P. Trivedi

Mr. M.P. Modi

*Mr. Atul S. Dayal

Mr. Bobby Parikh

Signed by,

Mr. P.M.S. Prasad (Chief Executive Officer)

Mr. Jagannatha Kumar (Chief Financial Officer)

** Through their Constituted Attorney Mr. Atul Kumar Tandon*

Date : April 5, 2006

Place : Mumbai

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