



Reliance

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**NET PROFIT OF RS 1,180 CRORES (US\$ 254 MILLION) FOR THE QUARTER
BEFORE EXTRA-ORDINARY ITEMS, AN INCREASE OF 29%**

**CASH PROFIT OF RS 1,974 CRORES (US\$ 425 MILLION)
FOR THE QUARTER, AN INCREASE OF 11%**

**GROSS TURNOVER OF RS 17,166 CRORES (US\$ 3,693 MILLION)
FOR THE QUARTER, AN INCREASE OF 10%**

**EXPORTS AT RS 3,466 CRORES FOR THE QUARTER (US\$ 746 MILLION),
AN INCREASE OF 37%**

Mumbai, 31st July 2003 - Reliance Industries Limited has announced its unaudited results for the first quarter ended June 30, 2003. **Gross Turnover (Turnover and Interdivisional Transfers) of Rs. 17,166 crores (US\$ 3,693 million). Net Profit of Rs. 1,104 crores (US\$ 237 million) - the highest in the private sector.**

The performance highlights of Reliance Industries Limited for the quarter ended June 30, 2003 are:

- **Gross Turnover** of Rs. 17,166 crores (US\$ 3,693 million) against Rs. 15,576 crores for the corresponding previous quarter, **an increase of 10%**
- **Turnover** of Rs. 13,509 crores (US\$ 2,906 million) against Rs. 11,593 crores for the corresponding previous quarter, **an increase of 17%**
- **Operating Profit (PBDIT)** increased to Rs. 2,475 crores (US\$ 532 million) as against Rs. 2,253 crores for the corresponding previous quarter, **an increase of 10%**.
- **Cash Profit (before depreciation and deferred tax)** of Rs. 1,974 crores (US\$ 425 million) against Rs. 1,777 crores for the corresponding previous quarter, **an increase of 11%**.
- **Net Profit before extra-ordinary items of Rs. 1,180 crores (US\$ 254 million)** against Rs. 918 crores for the corresponding previous quarter, **an increase of 29%**.
- **Net Profit after extra-ordinary items of Rs. 1,104 crores (US\$ 237 million)** against Rs. 918 crores for the corresponding previous quarter, **an increase of 20%**.
- The total paid up equity share stood at Rs. 1,396 crores (US\$ 300 million).
- Earnings Per Share (EPS) for the quarter is Rs. 7.9 (US\$ 0.17) & Cash Earnings Per Share (CEPS) for the quarter is Rs. 14.1 (US\$ 0.30).

(Annualised Earnings Per Share (EPS) is Rs. 31.6 (US\$ 0.68) & Annualised Cash Earnings Per Share (CEPS) is Rs. 56.4 (US\$ 1.22).

Corporate Communications

Maker Chamber IV, 3rd Floor
222 Nariman Point
Mumbai 400 021 India

Internet : www.ril.com

Telephone : 2283 6364
2204 0304
Telefax : (+91 22) 2285 2212
(+91 22) 2287 0072

E-mail : ccd@ril.com

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- The company's contribution to the national exchequer in the form of various taxes was **Rs. 3,073 crores (US\$ 661 million) against Rs. 2,998 crores** for the corresponding previous quarter.
- The Company's production of oil & gas and petrochemicals, including toll conversion, is **2.76 million tonnes** during the quarter.
- The Company's refinery operated at 100% capacity utilisation and processed 7.7 million tonnes of crude during the quarter.
- **Exports including deemed exports were Rs. 3,466 crores (US\$ 746 million) as against Rs. 2,535 crores** for the corresponding previous quarter, **an increase of 37%**.
- The Company's operations have helped the nation save precious foreign exchange to the tune of Rs. 5,742 crores (US\$ 1,235 million).
- Net profit after consolidating the subsidiary and associate companies is Rs. 1,125 crores (US\$ 242 million).

The Company has also reconciled its consolidated net profits as per Indian GAAP with US GAAP as under:

	<u>Indian GAAP</u>		<u>US GAAP</u>	
	Rs. Crs	\$ MM	Rs. Crs	\$ MM
Consolidated Net Profit	1,125	242	1,081	233
Difference			(44)	(9)

The difference is mainly on account of foreign exchange differences, premium paid on extinguishment of debt and change in method of depreciation by associates.



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Commenting on the results, Mr. Mukesh D. Ambani, Chairman & Managing Director, Reliance Industries Ltd., said:

“We are satisfied with Reliance’s strong performance in the first quarter, and are looking forward to the future with renewed confidence on growth prospects for all our businesses, including oil and gas exploration and production, refining and marketing of petroleum products, petrochemicals, power and infocomm.”

Anil D. Ambani, Vice-Chairman & Managing Director, Reliance Industries Ltd., added:

“We are happy that Reliance has reported another quarter of record financial performance, driven primarily by improved operating conditions in the global and domestic petrochemicals industry, and continuing reduction in our financial costs.

Our sales volumes during the quarter showed an increase, with the end of various disruptions arising from the Iraq war, the SARS epidemic, and strikes in our downstream industries and the transportation sector.

The 37% quarter-on-quarter growth in our export revenues, in an environment of an appreciating domestic currency, reflects the international quality of our products, our global competitiveness, and our strong customer relationships, stands in testimony to the significant gains made by us in achieving enhanced productivity and efficiency. ”

For the quarter ending September 30, 2003 the Company expects to announce its results in the last week of October 2003.

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Management Discussion & Analysis for the quarter ended June 30, 2003

Gross Turnover for the quarter ended June 30, 2003 was Rs. 17,166 crores (US\$ 3,693 million), **up 10% from the corresponding previous quarter. Net profit for the quarter increased 20% to Rs. 1,104 crores (US\$ 237 million), after charging off extra-ordinary expenses on account of voluntary retirement scheme of Rs. 76 crores (US\$ 16 million).**

Increase in sales reflects the impact of increase in product selling prices of 3% and increase in sales volume of 7% as compared to the corresponding previous quarter.

Exports, including deemed exports, were Rs. 3,466 crores (US\$ 746 million) as against Rs. 2,535 crores during the corresponding previous quarter, **an increase of 37%.**

The Company's production of oil & gas and petrochemicals, including toll conversion, decreased to 2.76 million tonnes for the quarter against 2.94 million tonnes for the corresponding previous quarter, a decline by 6%, primarily due to the unforeseen shut down of Paraxylene plant at Jamnagar.

The Company's refinery operated at 100% capacity utilisation and processed 7.7 million tonnes of crude for the quarter.

Financial Review

Operating profit, before other income, was at Rs.2,288 crores (US\$ 492 million).

The company's operating margin was marginally higher at 13.3% for the quarter. This was achieved by:

- higher degree of integration and value addition;
- higher sales volume;
- greater focus on speciality products;
- continued focus on costs, productivity and efficiency; **partially offset by**
- lower production volume

Other income was Rs. 187 crores (US\$ 40 million), mainly representing interest and dividend income as against Rs. 201 crores for the corresponding previous quarter.

Interest expenditure decreased by 14% to Rs. 349 crores (US\$ 75 million) due to refinancing of higher cost long term debts and continuing prudent financial and cash flow management.



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Foreign exchange denominated interest cost is now less than 5 % of export revenues.

Depreciation was at Rs. 700 crores (US\$ 150 million) as against Rs. 646 crores for the corresponding previous quarter, on account of depreciation on normal capital expenditure.

Outflow on account of Capital expenditure was approximately Rs. 400 crores (US\$ 86 million), primarily on account of oil and gas and normal capital expenditure.

Business Review

Oil & Gas (E&P)

RIL's oil and gas strategy is aimed at further enhancing the level of vertical integration in its energy business, and capturing value across the entire energy chain, while fulfilling important national priorities.

RIL is now the country's largest private sector E&P (Exploration and Production) player, with over 288,000 sq. kms. of awarded exploration acreage, in 32 blocks in India and 1 block in Yemen.

12 exploration blocks were awarded through a process of competitive international bidding under the 1st round of the New Exploration Licensing Policy (NELP-I). In the 2nd round, NELP II, the Government awarded another 4 exploration blocks. External partners hold a 10% interest in these 16 blocks. Reliance has been awarded 9 blocks under the 3^d round of NELP, covering an area of 113,000 sq km.

The estimated reserve of natural gas in the deep-water block D6 in the Krishna Godavari basin off the Andhra Pradesh coast is approximately 14 trillion cubic feet, equivalent to about 2.3 billion barrels or 300 million tonnes of crude oil. These discoveries are capable of producing in excess of 60 million standard cubic meters of gas per day.

The Oil and Gas division presently contributes less than 1% of RIL's revenues. Reliance expects the share of oil and gas revenues, in its overall business portfolio, to increase significantly in the next 3 to 4 years, when production from the newly discovered gas fields is likely to commence.

Reliance has deployed state-of-the-art technology, and is working with leading international technology and service providers for the E&P project, covering all activities, such as seismic studies, processing and interpretation of data and drilling.

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RIL also holds a 30% interest in an unincorporated Joint Venture with British Gas and ONGC, to develop the proven Panna-Mukta and Tapti oil & gas fields. British Gas has a 30% share and ONGC the balance 40% share.

The Panna-Mukta fields produced 2,81,470 tonnes of crude oil and 8.4 billion cubic feet of gas during the first quarter, and are currently producing about 23,566 barrels per day of crude oil, and around 2.5 MMSCMD of gas.

The Tapti field produced around 17.3 billion cubic feet of gas during this quarter, and is currently producing around 5.4 MMSCMD of gas.

Refining & Marketing (R&M)

The domestic demand for petroleum products decreased during the first quarter, showing a drop of about 2.7%, against a marginal growth of about 0.8% during the corresponding period last year.

Consumption of HSD, which accounts for nearly 40% of the total consumption of petroleum products, registered a sharp negative growth of 5.8%, against the nearly flat demand during the previous corresponding period. While LPG continued to record near double-digit growth rates, with demand increasing by 9%, MS demand growth rate dropped sharply to a meager 0.7%. Naphtha sales declined sharply by 13%, while Kerosene sales fell 3.2%.

The international crude oil prices fell by nearly \$ 9/bbl in the month of April, from early March'03 peaks due to start of military action against Iraq and ample OPEC supply. But crude oil prices rebounded in the month of May'03 and June'03, supported by slower OPEC output, the slow return of Iraqi oil supply, fears of further oil supply disruptions in Nigeria and political uncertainty in Iran.

The relative margins of product prices over crude were very volatile due to very high fluctuations in the international crude oil prices.

Reliance has again maintained its record of high capacity utilisation at its Jamnagar Refinery, achieving 114% capacity utilisation based on the original nameplate design capacity of 27 MMTPA for the period under review. The capacity utilisation was 100% based on the recently completed quality / yield improvement program. During the quarter, the refinery crossed the 100 MMT of crude processing, since commissioning.

This capacity utilisation compares favourably with the utilisation rates for other refineries, both in India and abroad, at 93% for North America, 86% for Europe, and 85% for Asia Pacific region.

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Exports of refining products during the quarter under review were 2.16 million tons, compared to 1.39 million tons in the corresponding previous period.

Reliance has the necessary approvals for setting up 5,800 retail outlets in India. The work to establish 1500 retail outlets in the first phase are moving rapidly. These retail outlets would have state-of-the-art supply chain management and fleet management systems. This will leverage Reliance Infocomm's information technology and communications infrastructure.

Reliance aims to achieve higher productivity per outlet and enhanced customer experience. This will bring a major shift in the retailing of transportation fuels.

This will help improve margins, overall return on capital and, consequently, shareholder value.

Petrochemicals

Polyester: Reliance is the country's largest manufacturer of PFY, PSF and PET, with a market share of 57%.

RIL's production volumes of PFY, PSF and PET increased by 9% to 228,000 tonnes.

Reliance continued its focus on speciality products 61% of PSF production and 32% of PFY production represented niche products, contributing a premium of 5-25% over commodity prices.

Demand for PFY, PSF and PET, for the period under review, was down 11% at 333,000 tonnes.

Reliance also continues to be the largest manufacturer of polyester intermediates, PX, PTA and MEG, in the country, with a market share of 77%.

Production of PX, PTA and MEG decreased by 18% to 6,46,000 tonnes, due to unforeseen shutdown of the paraxylene plant at Jamnagar.

Polymers: Reliance is the largest manufacturer of PP, PE and PVC, in the country, with a market share of 52%.

Production volumes of PP, PE and PVC increased 3% to 4,55,000 tonnes.

There was an increased focus on high value premium products, with speciality grades contributing 18% of production, and generating a premium of 2-16% over commodity prices.

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Domestic demand increased 39% during the quarter as compared to the corresponding previous quarter, reflecting general improvement in processing activity.

RIL operates the world's largest grassroots, multi-feed cracker at its Hazira petrochemicals complex. During the period under review, Reliance produced 2,05,000 tonnes of ethylene, representing growth of 7%. Propylene production touched 96,000 tonnes, an increase of 7% over the previous corresponding quarter.

During the quarter under review, Linear Alkyl Benzene (LAB) production was 30,000 tonnes, an increase of 15% over the corresponding quarter of previous year. Reliance has a market share of 33% in LAB.

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED June 30, 2003 (Rs. in crores, except per share data)

Sr. No.	Particulars	Quarter Ended 30 th June		Year Ended 31 st March
		2003	2002	2003 (Audited)
1.	Gross Turnover (Turnover and Inter Divisional Transfers)	17,166	15,576	65,061
	Less: Inter Divisional Transfers	3,657	3,983	14,965
	Turnover	13,509	11,593	50,096
	Less: Excise Duty Recovered on Sales	1,008	943	4,198
	Net Turnover	12,501	10,650	45,898
2.	Other Income	187	201	1,001
3.	Total Expenditure			
	(a) (Increase)/decrease in stock in trade	358	(723)	(2,435)
	(b) Consumption of raw materials	8,461	7,931	34,278
	(c) Staff cost	161	147	652
	(d) Other expenditure	1,233	1,243	5,038
4.	Interest	349	407	1,555
5.	Depreciation	700	646	2,837
6.	Profit before extra-ordinary items	1,426	1,200	4,974
7.	Extra-ordinary Income/ (Expenditure)	(76)	-	-
8.	Profit before tax	1,350	1,200	4,974
9.	Provision for Current Tax	76	69	246
10.	Provision for Deferred Tax	170	213	624
11.	Net Profit	1,104	918	4,104
12.	Paid up Equity Share Capital, Equity Shares of Rs. 10/- each.	1,396	1,054	1,396
13.	Equity Share Suspense (Representing 34,26,20,509 shares allotted to share-holders of erstwhile RPL on 23 rd October 2002.)	-	342	-
14.	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year	-	-	26,243
15.	Earnings per share (of Rs. 10)			
	Basic	7.9	6.6	29.3
	Diluted	7.9	6.6	29.3

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Notes:

1. The figures for the corresponding periods have been restated, wherever necessary, to make them comparable.
2. In terms of the Scheme of Amalgamation (Scheme) sanctioned by the Hon'ble High Court of Bombay and the Hon'ble High Court of Gujarat, Reliance Petroleum Limited (RPL) (whose core business was refining of crude oil) has been amalgamated with the Company with effect from 1st April 2001.

Consequently the figures for the corresponding previous quarter have been restated to include the effect of the amalgamation of RPL with the Company with effect from 1st April 2001.

3. The Company had revalued its Plant and Machinery located at Patalganga and Naroda during the financial year 1997-98. Consequent to the revaluation, there is an additional charge for depreciation of Rs. 21 crores (US\$ 5 million) for the quarter ended 30th June 2003 and an equivalent amount has been withdrawn from General Reserve. **This has no impact on profit for the quarter.**
4. As a part of the long-term settlement with the unions the Company had announced a voluntary retirement scheme (VRS) for its workers and staff at Patalganga. Over 400 people have opted for the same and an amount of Rs.76 crores (US\$ 16 million) has been disbursed during this quarter. **This expenditure has been treated as an extraordinary item.**
5. As a part of restructuring of its textiles business the Company had announced a voluntary retirement scheme (VRS) for its workers and staff at Naroda. Nearly 1,300 people have accepted and an amount of Rs.38 crores (US\$ 8 million) has been disbursed during July 2003. This will be considered in the subsequent quarter. **With this VRS the current strength at Naroda stands reduced to about 1700 people from the peak strength of over 8300 in 1996.**
6. In accordance with the Accounting Standard (AS) 26 on "Intangible Assets" issued by the Institute of Chartered Accountants of India, Rs. 47 crores (US\$ 10 million), being the balance unamortised Miscellaneous Expenditure has been adjusted from the General Reserves. **This has no impact on profit for the quarter.**
7. There were no investors' complaints pending as on April 1, 2003. Out of 3,435 complaints received during the first quarter ended June 30, 2003, 3,392 complaints were resolved and the balance were resolved on July 1, 2003.
8. The statutory auditors of the Company have carried out a Limited Review of the results for quarter ended June 30, 2003.
9. The above results were reviewed by the audit committee. The Board of Directors at its meeting held on 31st July 2003 approved the above results and its release.

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UNAUDITED SEGMENT INFORMATION FOR THE QUARTER ENDED June 30, 2003

Rs. Crores

Sr. No		Quarter Ended 30 th June		Year Ended 31 st March
		2003	2002	2003 (Audited)
1.	Segment Revenue			
	- Petrochemicals	6,939	6,566	29,190
	- Refining	9,373	8,697	34,409
	- Others	854	313	1,474
	Gross Turnover (Turnover and Inter Divisional Transfers)	17,166	15,576	65,073
	Less: Inter Segment / Intra Segment Transfers	3,657	3,983	14,965
	Turnover	13,509	11,593	50,108
	Less: Excise Duty Recovered on Sales	1,008	943	4,198
	Net Turnover	12,501	10,650	45,910
	2.	Segment Results		
- Petrochemicals		589	812	2,929
- Refining		800	435	2,344
- Others		166	137	598
Total Segment Profit before Interest and Tax		1,555	1,384	5,871
(i) Interest Expense		(349)	(407)	(1,559)
(ii) Interest Income		144	149	520
(iii) Other Unallocable Income Net of Expenditure		76	74	41
Profit Before Tax and Extra-ordinary Items		1,426	1,200	4,873
Extra-ordinary Income/(Expenditure)		(76)	-	-
Profit Before Tax		1,350	1,200	4,873
(i) Provision for Current Tax		(76)	(69)	(246)
(ii) Provision for Deferred Tax	(170)	(213)	(624)	
Profit after Tax	1,104	918	4,003	
3.	Capital Employed			
	- Petrochemicals	12,585	13,642	12,445
	- Refining	24,175	22,468	23,666
	- Others	3,418	2,113	3,445
	- Unallocated Corporate	13,633	14,011	13,400
Total Capital Employed	53,811	52,234	52,956	

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Notes to Segment Information for the quarter ended June 30, 2003:

1. As per Accounting Standard 17 on Segment Reporting (AS 17), the Company has reported segments information as described below:
 - a) The **petrochemicals** segment includes production and marketing operations of petrochemical products namely, High and Low density Polyethylene, Polypropylene, Polyvinyl Chloride, Polyester Yarn, Polyester Fibres, Purified Terephthalic Acid, Paraxylene, Ethylene Glycol, Olefins, Aromatics, Linear Alkyl Benzene and Polyethylene Terephthalate.
 - b) The **refining** segment includes production and marketing operations of the petroleum refinery.
 - c) The businesses, conducted mainly through associates and smaller business segments not separately reportable have been grouped under the “**others**” segment. This comprises of the following:
 - Oil and Gas
 - Textile
 - Communication
 - Power
 - Finance and Risk management
2. Income from investments other than interest income has been considered as unallocable income.
3. The segment results for the quarter ended June 30, 2002 has been recast to include the effect of amalgamation of Reliance Petroleum Limited (RPL) with the Company.
4. The segment results for the year ended 31st March 2003 are on a consolidated basis.

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