

**NET PROFIT OF RS 6,567 CRORES (US\$ 1,458 MILLION) FOR THE NINE MONTHS,
AN INCREASE OF 24%**

**CASH PROFIT OF RS 9,514 CRORES (US\$ 2,112 MILLION)
FOR THE NINE MONTHS, AN INCREASE OF 10%**

**TURNOVER OF RS 62,676 CRORES (US\$ 13,913 MILLION)
FOR THE NINE MONTHS, AN INCREASE OF 18%**

**NET PROFIT OF RS 1,776 CRORES (US\$ 394 MILLION) FOR THE QUARTER,
DECREASE OF 15% OWING TO PLANNED REFINERY SHUTDOWN**

EXPORTS OF RS 21,814 CRORES (US\$ 4,842 MILLION), AN INCREASE OF 35%

Mumbai, 10th January 2006 - Reliance Industries Limited has announced its unaudited results for the nine months ended December 31, 2005. **Turnover of Rs.62,676 crores** (US\$ 13,913 million). **Net Profit of Rs. 6,567 crores** (US\$ 1,458 million) - **the highest in the private sector.**

The performance highlights of Reliance Industries Limited for the nine months ended December 31, 2005 are:

- **Turnover** of Rs. 62,676 crores (US\$ 13,913 million) against Rs. 53,324 crores for the corresponding previous period, **an increase of 18%**
- **Operating Profit (PBDIT)** increased to Rs. 10,849 crores (US\$ 2,408 million) against Rs. 10,239 crores for the corresponding previous period, **an increase of 6%**.
- **Cash Profit (before depreciation and deferred tax)** of Rs. 9,514 crores (US\$ 2,112 million) against Rs. 8,622 crores for the corresponding previous period, **an increase of 10%**.
- **Net Profit of Rs. 6,567 crores** (US\$ 1,458 million) against Rs. 5,280 crores for the corresponding previous period, **an increase of 24%**.
- The total paid up equity share capital stood at Rs. 1,394 crores (US\$ 309 million).
- Earnings Per Share (EPS) for the nine months is Rs. 47.1 (US\$ 1.05) & Cash Earnings Per Share (CEPS) for the nine months is Rs. 68.2 (US\$ 1.51).
- The company's contribution to the national exchequer in the form of various taxes is **Rs. 11,632 crores (US\$ 2,582 million)** against Rs. 10,982 crores for the corresponding previous period, **an increase of 6%**.



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- The Company's production of oil & gas and petrochemicals, including toll conversion, is **9.84 million tonnes** during the nine months, against 9.46 million tonnes for the corresponding previous period, **an increase of 4%**.
- The Company's Refinery was under partial shutdown during the month of October and November 2005 for planned maintenance. As a result, crude processed during the third quarter was 6.70 million tonnes compared to 7.95 million tonnes processed in the trailing quarter. During the nine months under review, the refinery operated at 91% capacity utilization, in nominal terms, and processed 22.57 million tonnes of crude.
- **Exports including deemed exports were Rs. 21,814 crores (US\$ 4,842 million),** against Rs. 16,205 crores for the corresponding previous period, **an increase of 35%**.
- The Company's Scheme of Arrangement (Scheme), to demerge certain undertakings to four resulting companies was approved by the Hon High Court of Mumbai on 9th December 2005 and is effective from 21st December 2005. The Record date for issue of shares of resulting companies is 25th January 2006. RIL shares on a demerged basis will start trading on the stock exchanges from 18th January 2006.

For the year ending 31st March 2006 the Company expects to announce its results in the last week of April 2006.

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Management Discussion & Analysis for the Nine months ended 31st December 2005

Turnover for the nine months ended December 31, 2005 was Rs. 62,676 crores (US\$ 13,913 million), **up 18% from the corresponding previous period. Net profit for the nine months increased 24% to Rs. 6,567 crores (US\$ 1,458 million).**

Increase in sales reflects the impact of increase in product selling prices of 20%, and decrease in sales volume of 2%, as compared to the corresponding previous period.

Exports, including deemed exports, were Rs. 21,814 crores (US\$ 4,842 million), against Rs. 16,205 crores during the corresponding previous period, **an increase of 35%.**

The Company's production of oil & gas and petrochemicals, including toll conversion, increased to 9.84 million tonnes for the nine months, against 9.46 million tonnes for the corresponding previous period, an increase of 4%.

The Company's Refinery at Jamnagar was under partial shutdown during the month of October and November 2005 for planned maintenance. As a result, crude processed during the third quarter was 6.70 million tonnes compared to 7.95 million tonnes processed in the trailing quarter. During the nine months under review, the refinery operated at 91% capacity utilization, in nominal terms, and processed 22.57 million tonnes of crude.

Financial Review

Operating profit, before other income, was Rs. 10,254 crores (US\$ 2,276 million), against Rs. 9,265 crores for the corresponding previous period, an increase of 11%

The company's net operating margin during the period under review was lower at 18.1% compared to 19.2% during the corresponding previous period, primarily on account of lower refining operating margins due to higher petroleum product prices on the back of high crude oil prices.

Other income decreased to Rs. 596 crores (US\$ 132 million), from Rs. 974 crores on account of the company exercising its option to convert the Preference shares of Reliance Infocomm Ltd with effect from 1st April 2005. This was partially offset by higher interest income from current investments and fixed deposits.

Interest expenditure decreased 41% to Rs. 652 crores (US\$ 145 million) due to reduction in debt and lower interest rates. Interest capitalised during the period under review was Rs 437 crores compared to Rs 206 crores in the corresponding previous period.

Depreciation is at Rs. 2,419 crores (US\$ 537 million) as against Rs. 2,742 crores for the corresponding previous period. The decrease is primarily on account of impact of WDV depreciation on petrochemical assets.

Capital expenditure during the period under review was in excess of Rs 6,800 crores (US\$ 1,509 million), primarily on account of oil and gas, petrochemical capacity expansions, refinery value maximisation projects 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 the largest exploration acreage holder among the private sector companies in India with 34 domestic exploration blocks covering an area of about 331,000 Square Kilometres. This is in addition to its interest in one exploration block each in Yemen and Oman. Reliance also has 5 coal bed methane blocks (CBM) covering an area of about 4000 sqkms.

12 exploration blocks were awarded under the 1st round of the New Exploration Licensing Policy (NELP-I) of Government of India. In the 2nd round, NELP II, Reliance won another 4 exploration blocks. Reliance has further been awarded 9 blocks under the 3rd round of NELP and one block under the 4th round of NELP.

The Company and various partners, including ONGC Ltd. and Oil India Ltd., were awarded two exploration blocks prior to NELP. The Company has also acquired the operating rights of four exploration blocks from Tullow Oil plc, a UK Company.

Three blocks out of the above-awarded blocks have been relinquished as the expected deposits were found to be sub-economic.

Reliance has been awarded 5 more exploration blocks under the just concluded fifth round of the New Exploration Licensing Policy of the Government of India. The Production Sharing Contracts have been signed and petroleum exploration license for three blocks has been obtained.

During the quarter, oil discovery notification for two wells drilled in KG-III-6 Block was submitted to DGH. Currently, commerciality of this discovery is under evaluation.

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In the Yemen onshore block where Reliance had oil discoveries, the development plan was approved by Ministry of Yemen. The test production started on 12th December 2005 with an initial rate of 2000 BOPD. Oil is currently being sold to a Yemen Govt. nominee, while a detailed off-take arrangement is being negotiated.

In the Oman offshore block where RIL is the Operator, the existing seismic data has been collected and 2D reprocessing of data is underway.

During the quarter, a co-operation agreement was signed with Ecopetrol of Columbia for farm-in opportunities in Columbia.

Building on the giant Dhirubhai gas discovery, Reliance continued with the exploratory drilling campaign in the discovery block KG-DWN-98/3 in the Krishna Godavari Basin. Two Development wells have been drilled and core analysis has commenced on samples obtained.

With the approval of development plan for producing 40 MMSCMD of gas initially from Dhirubhai 1 & 3 of KGD6 Block, the contract for development is slated to be awarded in calendar Q2-06. Commercial production is expected in 2008.

The exploration in the CBM block of RIL is also progressing as per plan. Gas In Place (GIP) estimates of 3.65 TCF have been concurred by DGH for Sohagpur East and West Blocks. Plans are being made to produce commercial CBM first time in the country by mid 2008.

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 11,37,667 tonnes of crude oil and 34.01 billion cubic feet (963 MMSCM) of gas while the Tapti field produced around 60.68 billion cubic feet (1718 MMSCM) of gas during the period under review.

Refining & Marketing (R&M)

During the period under review, the domestic demand for petroleum products reduced by 1.1% compared to first nine months of last year primarily because of reduction in Naphtha consumption by 12.7%, and reduction in HSD consumption by 0.6%. The reduction in Naphtha consumption was on account of shift to alternate cheaper fuels while drop in HSD consumption was primarily on account of slowdown during floods in Mumbai and other parts of the country.

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LPG demand increased by 1.1%, MS demand increased by 4.6% and Kerosene demand increased by 0.5% during the nine months under review. Demand for Aviation turbine fuel increased significantly by 14.4%, in line with the growth in domestic aviation industry.

The average prices of WTI, Brent and Dubai for the nine months period were \$58.7 /bbl, \$56.7/bbl and \$52.1/bbl respectively while the peak prices were \$69.9/bbl, \$67.3/bbl and \$59.2/bbl respectively.

International Energy Agency has revised its global oil demand growth estimate for 2005 to 1.2 million b/d, due to regional economic and logistical disruptions as well as retail price spikes in US due to Katrina and Rita and a warm early winter but has maintained a demand growth of 1.8 million b/d for 2006.

The refining margins remained robust in all the regions compared to historic levels. The company's refinery margins during the nine-month period improved to 10.3 \$/bbl from 8.5 \$/bbl in the corresponding previous period. However the margin decreased to 9.1 \$/bbl in the third quarter from 10.4 \$/bbl in the trailing quarter. Reliance's refining margins continue to be higher compared to benchmark Singapore refining margins by 2 to 4 \$/bbl on account of its higher complexity, ability to process heavier and sour crude and superior quality of products.

During the months of October and November 2005, the company's refinery was under partial shutdown for planned maintenance. As a result, crude processed during the third quarter was 6.70 million tonnes compared to 7.95 million tonnes processed in the trailing quarter. During the nine months under review, the refinery operated at 91% capacity utilization, in nominal terms, and processed 22.57 million tonnes of crude.

The Refinery's capacity utilisation continues to compare favourably with the utilisation rates for other refineries, both in India and abroad, at 88% for North America, 89% for Europe, and 90% for Asia Pacific region.

Exports of refining products during the period under review were 7.64 million tons, compared to 7.57 million tons in the corresponding period last year.

The setting up petroleum retail outlets at various locations is progressing well, with over 1,000 outlets operational as of December 2005. The response from these retail outlets is encouraging as the throughput per outlet is significantly higher than the industry norms. By the end of March 2006, Reliance will have significant presence in the retailing of transportation fuels. Reliance will continue to set new standards for services and product quality through its retail outlets.

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Petrochemicals

During the period under review, olefin chain margins remained healthy globally as operating rates for ethylene crackers continued to be high on account of sustained demand and lack of new capacities. China remained a dominant player accounting for 37% of growth in global demand of polymers.

Polyester deltas improved as price of PTA and MEG declined compared to previous year. Improvement in cotton prices worldwide is expected to result in increase in polyester price and demand.

The domestic demand for both polyester and polymer products remained robust during the period under review, with polyester demand registering a growth of 10% and polymer growth of 21%, compared to corresponding previous period.

Polyester: Reliance is world's largest producer of polyester fibre and yarn with a capacity of 1.1 million tonnes. Reliance has a domestic market share of 49% in PFY, PSF and PET. During the third quarter under review, Reliance commissioned a new polyester plant at Patalganga with PFY capacity of 100 KTA.

During the period under review RIL's production volumes of PFY, PSF and PET increased by 8% to 8,33,000 tonnes.

Reliance has maintained its focus on speciality products. 56% of PSF production and 31% of PFY production represented niche products.

Reliance is one of the largest manufacturers of polyester intermediates in the world. Reliance is world's 4th largest producer of PX, 5th largest producer of MEG and 7th largest producer of PTA. Reliance's domestic market share in PX, PTA and MEG is 76%.

During the period under review, production of PX, PTA and MEG remained flat at 2,320,000 tonnes primarily on account of shutdown of the PX plant due to the partial shutdown of the refinery during the October – November 2005.

Polymers: Reliance is the world's 7th largest manufacturer of PP and the largest polymer producer in the country with a domestic market share of 45%.

During the period under review, production volumes of PP, PE and PVC decreased 6% to 1,353,000 tonnes primarily on account of shutdown of the PP plant due to the partial shutdown of the refinery during the October – November 2005.

There was a continued focus on high value premium products, with speciality grades contributing 20% of production.

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RIL operates the world's largest grassroots, multi-feed cracker at its Hazira petrochemicals complex. During the period under review, Reliance produced 687,000 tonnes of ethylene, representing an increase of 12% over corresponding previous period and 329,000 tonnes of propylene, representing an increase of 11%.

Chemicals: During the nine months under review, Linear Alkyl Benzene (LAB) production was 87,000 tonnes, lower by 3% compared to corresponding previous period. Reliance has a market share of 25% in LAB.

The 140 KTA Butadiene plant at Hazira commissioned during the year has produced 64,000 tonnes.

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**UNAUDITED FINANCIAL RESULTS FOR
THE QUARTER / NINE MONTHS ENDED 31st DECEMBER 2005**

(Rs. in crores, except per share data)

Sr. No.	Particulars	Quarter Ended 31st December		Nine months ended 31 st December		Year Ended 31 st March
		2005	2004	2005	2004	2005 (Audited)
1.	Turnover	19,899	19,714	62,676	53,324	73,164
	Less: Excise Duty Recovered on Sales	1,731	1,946	6,007	5,112	7,113
	Net Turnover	18,168	17,768	56,669	48,212	66,051
2.	Other Income	180	331	596	974	1,450
3.	Total Expenditure					
	(a) (Increase)/decrease in stock in trade	(805)	165	(3,094)	77	524
	(b) Consumption of raw materials	13,358	12,687	42,127	33,849	45,932
	(c) Staff cost	251	214	763	577	846
	(d) Other expenditure	2,388	1,412	6,620	4,444	5,937
4.	Interest	194	205	652	1,107	1,469
5.	Depreciation	824	912	2,419	2,742	3,724
6.	Profit before tax	2,138	2,504	7,778	6,390	9,069
7.	Provision for Current Tax	186	213	683	510	705
8.	Provision for Deferred Tax	176	200	528	600	792
9.	Net Profit	1,776	2,091	6,567	5,280	7,572
10.	Paid up Equity Share Capital, Equity Shares of Rs. 10/- each.	1,394	1,396	1,394	1,396	1,394
11.	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year					36,280
12.	Earnings per share (of Rs. 10)					
	Basic	12.7	15.0	47.1	37.8	54.2
	Diluted	12.7	15.0	47.1	37.8	54.2

Notes:

1. The figures for the corresponding periods have been restated, wherever necessary, to make them comparable.
2. The Company's Scheme of Arrangement (Scheme), to demerge certain undertakings to four resulting companies was approved by the Hon High Court of Mumbai on 9th December 2005 and is effective from 21st December 2005

In terms of the Scheme, the assets and liabilities relatable to the demerged undertakings have been transferred at values appearing in the books of accounts as on the close of business on 31st August 2005. Accordingly net assets of Rs 19,120 crores (US\$ 4,244 million) have been demerged to the four resulting entities i.e. Reliance Communication Ventures Limited Rs 15,389 crores (US\$ 3,416 million), Reliance Energy Ventures Limited Rs 2,921 crores (US\$ 648 million), Reliance Capital Ventures Limited Rs 513 crores (US\$ 114 million) and Reliance Natural Resources Limited (formerly Global Fuel Management Services Limited) Rs 297 crores (US\$ 66 million).

The net assets transferred have been appropriated against the Revaluation Reserve, pursuant to the Court order.

- 3 (a) The Company, based on the report by international valuers, has revalued plant, equipment and buildings situated at Patalganga, Hazira and Jamnagar as at 1st August 2005 by an amount of Rs 22,497 crores (US\$ 4,994 million) and an equivalent amount has been credited to Revaluation Reserve Account. Consequent to the revaluation, there is an additional charge for depreciation of Rs. 887 crores (US\$ 197 million) for the nine months ended 31st December 2005 and an equivalent amount has been withdrawn from Revaluation Reserve. **This has no impact on profit for the period.**
- (b) The Company had revalued its plant and machinery situated at Patalganga and Naroda in 1997-98. Consequent to the revaluation, there is an additional charge for depreciation of Rs. 33 crores (US\$ 7 million) for the nine months ended 31st December 2005 and an equivalent amount, which was hitherto being withdrawn from General Reserves, has been withdrawn from Revaluation Reserve. **This has no impact on profit for the period.**
4. During the quarter, Reliance Petroleum Limited and Reliance Infrastructure Limited have become subsidiaries of the Company.
5. The refinery was under planned maintenance shutdown during October and November 2005.
6. Provision for Current Tax includes, provision for Fringe Benefit Tax of Rs 8 crores (US\$ 2 million) for the quarter and Rs 20 crores (US \$ 4 million) for the nine months. (Previous Year Rs NIL)
7. There were no investors' complaints pending as on October 1, 2005. All the 2785 complaints received during the quarter were resolved and no complaints were outstanding as on 31st December 2005.
8. The statutory auditors of the Company have carried out a Limited Review of the results for the period ended 31st December 2005.
9. The above results were reviewed by the Audit Committee. The Board of Directors at its meeting held on 10th January 2006 approved the above results and its release.

UNAUDITED SEGMENT INFORMATION FOR THE QUARTER / NINE MONTHS ENDED 31st DECEMBER 2005

Rs Crores

	Quarter Ended		Nine months Ended		Year ended
	31st December		31st December		31 st March
	2005	2004	2005	2004	2005 (Audited)
1. Segment Revenue					
- Petrochemicals	7,353	7,015	22,194	20,671	29,745
- Refining	15,179	13,415	49,869	38,495	51,700
- Others	497	411	1,351	1,421	2,623
Gross Turnover	23,029	20,841	73,414	60,587	84,068
Less: Inter Segment Transfers	3,130	1,127	10,738	7,263	10,358
Turnover	19,899	19,714	62,676	53,324	73,710
Less: Excise Duty Recovered on Sales	1,731	1,946	6,007	5,112	7,113
Net Turnover	18,168	17,768	56,669	48,212	66,597
2. Segment Results					
- Petrochemicals	1,064	852	3,225	2,779	3,762
- Refining	856	1,578	4,175	3,941	5,521
- Others	320	268	786	813	1,192
Total Segment Profit before Interest and Tax	2,240	2,698	8,186	7,533	10,475
(i) Interest Expense	(194)	(205)	(652)	(1,107)	(1,474)
(ii) Interest Income	122	79	404	171	369
(iii) Other Unallocable Income Net of Expenditure	(30)	(68)	(160)	(207)	(245)
Profit Before Tax	2,138	2,504	7,778	6,390	9,125
(i) Provision for Current Tax	(186)	(213)	(683)	(510)	(705)
(ii) Provision for Deferred Tax	(176)	(200)	(528)	(600)	(792)
Profit after Tax	1,776	2,091	6,567	5,280	7,628
3. Capital Employed					
- Petrochemicals	25,974	10,871	25,974	10,871	9,576
- Refining	30,918	22,429	30,918	22,429	22,636
- Others	5,753	12,407	5,753	12,407	16,282
- Unallocated Corporate	9,082	16,359	9,082	16,359	15,684
Total Capital Employed	71,727	62,066	71,727	62,066	64,178

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Notes to Segment Information for the nine months ended 31st December 2005:

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, Polyethylene Terephthalate and Butadiene.
 - b) The **refining** segment includes production and marketing operations of the petroleum refinery.
 - c) Smaller business segments not separately reportable have been grouped under the “**others**” segment. This primarily comprises of the following:
 - Oil and Gas
 - Textile
2. The segment results for the year ended 31st March 2005 are on a consolidated basis.