

Media Release



**NET PROFIT OF RS 1,374 CRORES (US\$ 301 MILLION) FOR THE QUARTER,
AN INCREASE OF 27%**

**NET PROFIT OF RS 3,741 CRORES (US\$ 820 MILLION) FOR NINE MONTHS,
AN INCREASE OF 25%**

**CASH PROFIT OF RS 6,550 CRORES (US\$ 1,436 MILLION) FOR NINE MONTHS,
AN INCREASE OF 17%**

**GROSS TURNOVER OF RS 54,066 CRORES (US\$ 11,856 MILLION)
FOR NINE MONTHS, AN INCREASE OF 14%**

**EXPORTS AT RS 10,755 CRORES (US\$ 2,359 MILLION) FOR NINE MONTHS,
AN INCREASE OF 35%**

Mumbai, 29th January 2004 - Reliance Industries Limited (RIL) has announced its unaudited results for the nine months ended 31st December 2003. **Gross Turnover (including inter divisional transfers and excise duty) of Rs 54,066 crores (US \$ 11,856 million). Net Profit of Rs 3,741 crores (US\$ 820 million) - the highest in the private sector.**

The performance highlights of Reliance Industries Limited for the nine months ended 31st December 2003 are:

- **Gross Turnover (including inter divisional transfers and excise duty)** of Rs 54,066 crores (US\$ 11,856 million) against Rs 47,382 crores for the corresponding previous nine months, **an increase of 14%.**
- **Turnover (net of inter divisional transfers)** of Rs 40,933 crores (US\$ 8,976 million) against Rs 36,133 crores for the corresponding previous nine months, **an increase of 13%.**
- **Operating Profit (PBDIT)** increased to Rs 7,999 crores (US\$ 1,754 million) as against Rs 7,022 crores for the corresponding previous nine months, **an increase of 14%.**
- **Cash Profit** increased to Rs 6,550 crores (US\$ 1,436 million) against Rs 5,602 crores for the corresponding previous nine months, **an increase of 17%.**
- **Net Profit of Rs 3,741 crores (US\$ 820 million)** against Rs 3,003 crores for the corresponding previous nine months, **an increase of 25%.**
- The total paid up equity share capital stood at Rs 1,396 crores (US \$ 306 million).

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- **Earnings Per Share (EPS) for nine months is Rs 26.8 (US\$ 0.59) & Cash Earnings Per Share (CEPS) for nine months is Rs 46.9 (US\$ 1.03).**

(Annualised Earnings Per Share (EPS) is Rs 35.7 (US\$ 0.78) & Annualised Cash Earnings Per Share (CEPS) is Rs 62.5 (US\$ 1.37).

- The company's contribution to the national exchequer in the form of various taxes was Rs 9,267 crores (US\$ 2,032 million).
- The Company's production of oil & gas and petrochemicals, including toll conversion, was 9.2 million tonnes during the first nine months.
- The Company's refinery operated at 107% capacity utilisation and processed 21.8 million tonnes of crude during the nine months.
- **Exports including deemed exports increased 35% to Rs 10,755 crores (US\$ 2,359 million)** as against Rs 7,954 crores for the corresponding previous nine months.
- The Company's operations have helped the nation save precious foreign exchange to the tune of Rs 18,582 crores (US\$ 4,075 million) as against Rs 17,001 crores for the corresponding previous nine months.
- Net profit after consolidating the subsidiary and associate companies is Rs 3,944 crores (US\$ 865 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 Cr	\$ MM	Rs Crs	\$ MM
Consolidated Net Profit	3,944	865	3,895	854
Difference			(49)	(11)

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, Mukesh D. Ambani, Chairman and Managing Director, Reliance Industries Ltd., said:

"We are happy that Reliance has reported another quarter of record-breaking financial performance. With continuing indications of an upturn in the petrochemicals cycle, we are confident of achieving superior performance in the years ahead."

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

'We are delighted with Reliance's strong financial performance in a quarter that saw further improvement in the operating environment for each of our key businesses.

The refining business in particular has witnessed healthy demand growth during the quarter, in line with improving prospects for accelerated economic growth in the country.

We are also happy with the 28% growth in our exports during the quarter, despite the 5% appreciation in the value of the Indian rupee against the US\$, demonstrating once again, the international quality and global competitiveness of our products, and the strength of our customer relationships worldwide."

For the year ending 31st March 2004 the Company expects to announce its results in the last week of April 2004.

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Management Discussion & Analysis for the nine months Ended 31st December 2003

Gross Turnover for the nine months ended 31st December 2003 was Rs 54,066 crores (US \$ 11,856 million), **up 14% from the corresponding previous period. Net profit for the nine months increased by 25% to Rs 3,741 crores (US \$ 820 million).**

The increase in sales of 14% reflects the impact of 9% increase in product selling prices and 5% increase in product sales volumes as compared to the corresponding previous nine months.

Exports, including deemed exports, were at Rs 10,755 crores (US\$ 2,359 million) as against Rs 7,954 crores during the corresponding previous nine months, **an increase of 35%.**

The Company's production of oil & gas and petrochemicals, including toll conversion, increased 4% to 9.2 million tonnes during the first nine months of 2003-04 as against 8.9 million tonnes during the corresponding previous nine months.

The Company's refinery operated at 107% capacity utilisation and processed 21.8 million tonnes of crude during the nine months.

Financial Review

Operating profit, before other income, was at Rs 7,338 crores (US\$ 1,609 million) as against Rs 6,347 crores for the corresponding previous nine months, **an increase of 16%.**

The company's operating margin for the nine months improved to 13.6% from 13.4% during the corresponding previous nine months as a result of:

- higher product selling prices
- higher degree of integration and value addition;
- greater focus on speciality products;
- continued focus on costs, productivity and efficiency;

Other income was Rs 661 crores (US\$ 145 million), mainly representing interest and dividend income as against Rs 675 crores for the corresponding previous nine months.

Interest expenditure decreased 11% to Rs 1,086 crores (US\$ 238 million) due to refinancing of higher cost long-term debt.

Depreciation was at Rs 2,279 crores (US\$ 500 million) as against Rs 1,960 crores for the corresponding previous nine months on account of depreciation on normal capital expenditure.

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Business Review

Oil & Gas (E&P)

The Company'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 279,340 sq. kms. of awarded exploration acreage, in 31 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. Reliance has been awarded 9 more blocks under the 3rd round of NELP, covering an area of 113,000 sq km. The Company has submitted bids under fourth round of NELP for 8 blocks with aggregate acreage of 114,000 sq. km.

The estimated in place reserves of natural gas in the deep-water block D6 in the Krishna Godavari basin off the Andhra Pradesh coast are 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 business presently contributes less than 1% of RIL's gross turnover. 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.

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, saved and sold 9,11,881 tonnes of crude oil and 28.87 billion cubic feet of gas during the period from April 2003 to December 2003 and are currently producing about 27,000 barrels per day of crude oil, and around 3.6 MMSCMD of gas.

The Tapti field produced, saved and sold around 51 billion cubic feet of gas during the period from April 2003 to December 2003, and is currently producing around 5.0 MMSCMD of gas.

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Refining and Marketing

The overall demand of petroleum products for the nine months ended December 2003, remained flat. However, the demand increased sharply by 5.9% in the month of November'03 and a further 3.4% in the month of December'03 over the corresponding months in the previous period. HSD consumption, which accounts for nearly 40% of the total petroleum product consumption, jumped by over 10% and 3.8% in November'03 and December'03 respectively. The higher growth rate of HSD has been attributed mainly to increased consumption in the agriculture sector after a good monsoon and buoyant industrial activity.

MS demand growth rate dropped to 3.2% from nearly 9% during the corresponding period last year. LPG continued to maintain the double-digit growth rates. However, demand for Kerosene and Naphtha again fell by 3.2% and 9.5% respectively as compared to the corresponding previous period owing to "fuel switching".

International crude oil prices remained firm but volatile during the third quarter of the period under review. Dubai crude oil was in the range of \$ 27/bbl to \$ 29/bbl during the third quarter. Worldwide increased consumption, tight stocks and geopolitical uncertainty during the peak winter demand period are supporting the prices.

The refinery margins however remained robust in all the world regions, as product prices kept pace with crude prices.

During the quarter ended in December 2003, refinery took its second planned shutdown of certain units, since it began commercial operations in April 2000. This opportunity was also utilised to complete the final phase of Yield and Quality improvement program, which will enable the refinery to gain further flexibility in different varieties of crude, capture product quality premiums in the international markets, and operate at increased capacity.

Reliance has again maintained its record of high capacity utilisation at its Jamnagar Refinery, achieving 107% capacity utilisation based on the original nameplate design capacity of 27 MMTPA for the period under review despite the planned shutdown of about three weeks in December'03. The refinery processed 21.78 million tonnes of crude during the period under review.

This capacity utilisation compares favourably with the utilisation rates for other refineries, both in India and abroad, at 91% for North America, 87% for Europe, and 88% for Asia Pacific region.

Recently Jamnagar Refinery was ranked best in Shell Benchmarking for the third consecutive year in 'Energy and Loss' performance from amongst 50 refineries worldwide. Reliance was also ranked No.1 in 'Energy Performance' amongst large complex group refineries in Asia-Pacific region in Solomon Benchmarking, a world-renowned energy

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benchmarking by Solomon Associates, USA. Reliance EII (Energy Intensity Index) was best at 64 among large and complex group refineries in the Asia-Pacific region.

Exports of refining products during the nine months under review were 5.60 million tons, compared to 4.51 million tons in the corresponding previous period.

Reliance has the necessary approvals for setting up 5,849 retail outlets in India. The work to establish retail outlets in the first phase is moving rapidly. Reliance expects to bring about a major shift in the retailing of transportation fuels. 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.

This will in turn give higher productivity per outlet and enhanced customer experience.

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

Petrochemicals

Polyester: RIL is the country's largest manufacturer of Polyester products (PFY, PSF and PET), with a market share of 51%.

RIL's production volumes of PFY, PSF and PET increased 10% to 694,000 tonnes in the first nine months. Production growth was higher than the growth rates in the industry.

RIL continued its focus on speciality products. 61% of PSF sales and 33% of PFY sales represented niche products, contributing a premium of 5%-25% over commodity prices.

Demand for PFY, PSF and PET, for the period under review, was 6% higher at 1,204,000 tonnes.

RIL also continues to be the largest manufacturer of polyester intermediates, PX, PTA and MEG, in the country, with a market share of 79%.

Production of PX, PTA and MEG decreased 3% to 2,258,000 tonnes in the first nine months due to unforeseen shutdown of the paraxylene plant at Jamnagar during the first quarter.



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Polymers: RIL is the largest manufacturer of Polymer products (PP, PE and PVC), in the country, with a market share of 47%.

Production volumes of PP, PE and PVC increased 6% to 1,384,000 tonnes in the first nine months.

There was an increased focus on high value premium products, with speciality grades contributing 19% of sales, and generating a premium of 5%-15% over commodity prices.

Domestic demand increased by 9% during the nine months to 2,422,000 tonnes, on the back of competitive prices.

Imports were unable to make any inroads in the polymers business, with domestic product selling prices generally remaining pegged below the landed cost of imports.

RIL operates the world's largest grassroots, multi-feed cracker at its Hazira petrochemical complex. During the period under review, RIL produced 619,000 tonnes of ethylene, representing growth of 3%. Propylene production touched 292,000 tonnes representing a growth of 3%.

During the period under review, Linear Alkane Benzene (LAB) production was 91,000 tonnes represents an increase of 6% over the corresponding previous nine months. RIL has a market share of 31% in LAB.

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED 31st DECEMBER 2003

(Rs in crores, except per share data)

Sr. No.	Particulars	Quarter Ended 31 st December		Nine Months Ended 31 st December		Year ended 31 st March
		2003	2002	2003	2002	2003 (Audited)
1.	Gross Turnover	18,864	15,600	54,066	47,382	65,061
	Less: Inter Divisional Transfers	5,242	3,567	13,133	11,249	14,965
	Turnover	13,622	12,033	40,933	36,133	50,096
	Less: Excise Duty Recovered on Sales	1,122	1,060	3,239	2,991	4,198
2.	Net Turnover	12,500	10,973	37,694	33,142	45,898
3.	Other Income	223	270	661	675	1,001
4.	Total Expenditure					
	(a) (Increase)/decrease in stock in trade	151	336	530	(561)	(2,435)
	(b) Consumption of raw materials	8,149	7,252	25,248	23,418	34,278
	(c) Staff cost	175	144	497	445	652
	(d) Other expenditure	1,437	1,099	4,081	3,493	5,038
5.	Interest	386	401	1,086	1,221	1,555
6.	Depreciation	801	657	2,279	1,960	2,837
7.	Profit before extra-ordinary items	1,624	1,354	4,634	3,841	4,974
8.	Extra-ordinary Income/(Expenditure)	-	-	(107)	-	-
9.	Profit before tax	1,624	1,354	4,527	3,841	4,974
10.	Provision for Current Tax	90	58	256	199	246
11.	Provision for Deferred Tax	160	213	530	639	624
12.	Net Profit	1,374	1,083	3,741	3,003	4,104
13.	Paid-up equity share capital	1,396	1,396	1,396	1,396	1,396
14.	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year					26,243
15.	Earnings per share (of Rs 10)					
	Basic	9.8	7.7	26.8	21.4	29.3
	Diluted	9.8	7.7	26.8	21.4	29.3



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Notes:

1. The figures for the corresponding periods have been restated, wherever necessary, to make them comparable.
2. 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 63 crores (US \$ 14 million) for the nine months ended 31st December 2003 and an equivalent amount has been withdrawn from General Reserve. **This has no impact on profit for the period.**
3. In accordance with the Accounting Standard (AS) 26 on "Intangible Assets" issued by the Institute of Chartered Accountants of India (ICAI), Rs. 47 crores (US\$ 10 million), being the balance unamortised Miscellaneous Expenditure as on April 1, 2003 had been adjusted from the General Reserves. In view of the subsequent clarification issued by the ICAI, the Company has readjusted the General Reserves and shall be amortising this balance as per the accounting policy hitherto followed. **Consequently Rs 12 crores (US\$ 2.6 million), being the charge for 9 months has been debited to the Profit and Loss Account, under the head staff costs, during this quarter.**
4. There were no investors' complaints pending as on 1st October 2003. 5548 complaints were received during the quarter. All complaints were resolved and no complaints were outstanding as on 31st December 2003.
5. The statutory auditors of the company have carried out a Limited Review of the results for the nine months ended 31st December 2003.
6. The above results were reviewed by the audit committee. The Board of Directors at its meeting held on 29th January 2004 approved the above results and its release.

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UNAUDITED SEGMENT INFORMATION FOR THE QUARTER/ NINE MONTHS ENDED 31st DECEMBER 2003

Rs Crores

	Quarter Ended 31 st December		Nine Months Ended 31 st December		Year ended 31 st March
	2003	2002	2003	2002	2003 (Audited)
1. Segment Revenue					
- Petrochemicals	8,404	7,455	22,841	21,229	29,190
- Refining	9,983	7,861	29,589	25,310	34,409
- Others	477	284	1,636	843	1,474
Gross Turnover	18,864	15,600	54,066	47,382	65,073
Less: Inter Segment / Intra Segment Transfers	5,242	3,567	13,133	11,249	14,965
Turnover	13,622	12,033	40,933	36,133	50,108
Less: Excise Duty Recovered on Sales	1,122	1,060	3,239	2,991	4,198
Net Turnover	12,500	10,973	37,694	33,142	45,910
2. Segment Results					
- Petrochemicals	1,005	889	2,471	2,547	2,929
- Refining	815	572	2,411	1,580	2,344
- Others	113	146	382	399	598
Total Segment Profit before Interest and Tax	1,933	1,607	5,264	4,526	5,871
(i) Interest Expense	(386)	(401)	(1,086)	(1,221)	(1,559)
(ii) Interest Income	133	211	483	511	520
(iii) Other Unallocable Income Net of Expenditure	(56)	(63)	(27)	25	41
Profit Before Tax and Extra- ordinary Items	1,624	1,354	4,634	3,841	4,873
Extra-ordinary Income	-	-	(107)	-	-
Profit Before Tax	1,624	1,354	4,527	3,841	4,873
(i) Provision for Current Tax	(90)	(58)	(256)	(199)	(246)
(ii) Provision for Deferred Tax	(160)	(213)	(530)	(639)	(624)
Profit after Tax	1,374	1,083	3,741	3,003	4,003
3. Capital Employed					
- Petrochemicals	11,954	13,628	11,954	13,628	12,445
- Refining	21,882	22,358	21,882	22,358	23,666
- Others	5,798	2,498	5,798	2,498	3,445
- Unallocated Corporate	24,120	14,691	24,120	14,691	13,400
Total Capital Employed	63,754	53,175	63,754	53,175	52,956

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Notes to Segment Information for the nine months ended 31st December 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, which are not reportable segments for financial disclosure purposes have been, grouped under the “**others**” segment. This comprises of the following:
 - Oil and Gas
 - Textile
 - Communication
2. Income from investments other than interest income has been considered as unallocable income.
3. The segment results for the year ended 31st March 2003 are on a consolidated basis.

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