



Reliance

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**NET PROFIT OF RS 1,437 CRORES (US\$ 312 MILLION) FOR THE QUARTER,
AN INCREASE OF 30%**

**CASH PROFIT OF RS 2,553 CRORES (US\$ 554 MILLION)
FOR THE QUARTER, AN INCREASE OF 29%**

**GROSS TURNOVER OF RS 20,763 CRORES (US\$ 4,509 MILLION)
FOR THE QUARTER, AN INCREASE OF 21%**

**EXPORTS AT RS 5,102 CRORES FOR THE QUARTER (US\$ 1,108 MILLION),
AN INCREASE OF 47%**

Mumbai, 27th July 2004 - Reliance Industries Limited has announced its unaudited results for the first quarter ended June 30, 2004. **Gross Turnover (Turnover and Interdivisional Transfers) of Rs. 20,763 crores** (US\$ 4,509 million). **Net Profit of Rs. 1,437 crores** (US\$ 312 million) - **the highest in the private sector.**

The performance highlights of Reliance Industries Limited for the quarter ended June 30, 2004 are:

- **Gross Turnover** of Rs.20,763 crores (US\$ 4,509 million) against Rs. 17,166 crores for the corresponding previous quarter, **an increase of 21%**
- **Turnover** of Rs. 15,746 crores (US\$ 3,419 million) against Rs. 13,509 crores for the corresponding previous quarter, **an increase of 17%**
- **Operating Profit (PBDIT)** of Rs. 3,152 crores (US\$ 684 million) as against Rs. 2,475 crores for the corresponding previous quarter, **an increase of 27%**.
- **Cash Profit (before depreciation and deferred tax)** of Rs. 2,553 crores (US\$ 554 million) against Rs. 1,974 crores for the corresponding previous quarter, **an increase of 29%**.
- **Net Profit of Rs. 1,437 crores** (US\$ 312 million) against Rs. 1,104 crores for the corresponding previous quarter, **an increase of 30%**.
- The total paid up equity share capital stood at Rs. 1,396 crores (US\$ 303 million).
- Earnings Per Share (EPS) for the quarter at Rs. 10.3 (US\$ 0.22) & Cash Earnings Per Share (CEPS) for the quarter at Rs. 18.3 (US\$ 0.40).

(Annualised Earnings Per Share (EPS) at Rs. 41.2 (US\$ 0.89) & Annualised Cash Earnings Per Share (CEPS) at Rs. 73.1 (US\$ 1.59).

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- The company's contribution to the national exchequer in the form of various taxes of **Rs. 3,195 crores (US\$ 694 million) against Rs. 3,073 crores** for the corresponding previous quarter.
- The Company's production of oil & gas and petrochemicals, including toll conversion, of **3.19 million tonnes** during the quarter, **an increase of 16%**
- The Company's refinery operated at 118 % capacity utilisation and processed 7.91 million tonnes of crude during the quarter.
- **Exports including deemed exports of Rs. 5,102 crores (US\$ 1,108 million) as against Rs. 3,466 crores** for the corresponding previous quarter, **an increase of 47%**.
- The Company's operations have helped the nation save precious foreign exchange to the tune of Rs. 8,786 crores (US\$ 1,908 million), as against Rs 5,742 crores for the corresponding previous quarter, **an increase of 53%**.
- Net profit after consolidating the subsidiary and associate companies is Rs.1,433 crores (US\$ 311 million), as against Rs 1,125 crores for the corresponding previous quarter, **an increase of 27%**.

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	1,433	311	1,429	310
Difference			4	1



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

"We are delighted that Reliance Industries has joined the ranks of the world's 500 largest corporations in terms of revenues, and the world's 200 most profitable companies, as reflected in the Fortune Global 500 listing. We dedicate this achievement to the memory of our beloved founder Chairman, Dhirubhai Ambani, whose vision, entrepreneurship, fortitude and determination have brought Reliance to these glorious heights."

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

"We are pleased with Reliance's strong operational and financial performance in the first quarter of the year.

The improvement in our margins and profitability has been achieved, overcoming the challenge of record high crude oil prices, our major feedstock.

Operating conditions in both our major businesses, refining and petrochemicals, remain strong, and, barring unforeseen circumstances, we are looking forward to another year of record-breaking financial performance from Reliance."

For the quarter ending September 30, 2004 the Company expects to announce its results in the last week of October 2004.

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Management Discussion & Analysis for the quarter ended June 30, 2004

Gross Turnover for the quarter ended June 30, 2004 was Rs. 20,763 crores (US\$ 4,509 million), **up 21% from the corresponding previous quarter. Net profit for the quarter increased 30% to Rs. 1,437 crores (US\$ 312 million).**

The increase in sales reflects the impact of increase in product selling prices of 18% and increase in sales volume of 3% as compared to the corresponding previous quarter.

Exports, including deemed exports, were Rs. 5,102 crores (US\$ 1,108 million) as against Rs. 3,466 crores during the corresponding previous quarter, **an increase of 47%**.

The Company's production of oil & gas and petrochemicals, including toll conversion, increased to 3.19 million tonnes for the quarter, against 2.76 million tonnes for the corresponding previous quarter, an increase of 16%.

The Company's refinery operated at 118% capacity utilisation, and processed 7.91 million tonnes of crude during the quarter.

Financial Review

Operating profit, before other income, was Rs. 2,805 crores (US\$ 609 million).

The company's operating margin improved to 13.5% for the quarter. This was achieved by:

- higher degree of integration and value addition;
- higher product selling prices ;
- greater focus on speciality products;
- continued focus on costs, productivity and efficiency; **partially offset by**
- high raw material prices

Other income was Rs. 347 crores (US\$ 75 million), mainly representing interest and premium accrued on preference shares, as against Rs. 187 crores for the corresponding previous quarter, **an increase of 85%**.

Interest expenditure increased 34% to Rs.468 crores (US\$ 102 million) due to exchange rate fluctuations and higher average debt.

Depreciation was Rs. 916 crores (US\$ 199 million) as against Rs. 700 crores for the corresponding previous quarter, on account of depreciation on assets capitalised in the previous financial year.

Capital expenditure was approximately Rs. 800 crores (US\$ 174 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 the largest exploration acreage holder among private sector companies in India with 30 domestic exploration blocks covering an area of about 300,000 square kilometers. This is in addition to its interest in one exploration block in Yemen. Reliance also has 5 coal bed methane blocks covering an area of about 4,000 square kilometers.

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 3^d 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 five exploration blocks from Tullow Oil plc, a UK company subject to Government approval of assignment and transfer of operatorship. While approval for three blocks has already been received, approval for two blocks is awaited.

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

Reliance also struck gas off the Orissa coast in the Bay of Bengal in the exploration block NEC-OSN-97/2. These discoveries are being named as Dhirubhai 9, Dhirubhai 10 & Dhirubhai 11. The initial estimates of the reserves potential from seismic and other studies is in-place volume of about four to five trillion cubic feet.

Reliance has further intensified its exploration in the remaining areas of the discovered block KG-D6 and NEC 25.

A development plan for producing 40 million cubic metres per day of gas initially from the KG-D6 block by the year 2006-07 has been submitted to the Directorate General of Hydrocarbons, Government of India.



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Reliance has won a long-term contract for supply of 3 Million Tonnes (about 12 million standard cubic meters per day) per annum of gas to NTPC, the country's largest state-owned producer of power. With this Reliance has established a new benchmark in international competitiveness in exploration, production, marketing and transportation of gas.

The exploration in RIL's CBM block is progressing as per plan.

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 2,97,756 metric tonnes of crude oil and 310 million standard cubic metres of gas during the first quarter, and are currently producing about 25,000 barrels per day of crude oil, and around 3.64 million standard cubic meters per day of gas.

The Tapti field produced around 463 million standard cubic metres of gas during this quarter, and is currently producing around 5.14 million standard cubic meters per day of gas.

Refining & Marketing (R&M)

Domestic demand for petroleum products increased during the first quarter, showing a nearly double-digit growth of 9.5%, against a drop of about 2.7% during the corresponding period last year.

Consumption of HSD, which accounts for nearly 40% of the total consumption of petroleum products, registered a growth of 12%, against a sharp negative demand growth of 5.8% during the previous corresponding period. LPG continued to record double-digit growth rates, with demand increasing by 18.5%. The MS demand growth rate was about 7.6%. Naphtha sales were also up by 3%, while Kerosene sales fell 2%.

International crude oil prices remained high and volatile and peaked on 1st June 2004 with WTI crude oil price crossing US \$ 42/bbl. Apart from security concerns in the Middle East and continuing geo-political uncertainties in Iraq, the increase in prices has been supported by a much higher forecast of global oil demand growth for 2004 at 3.1% or 2.5 million barrels per day, the steepest annual increase since 1980.

Prices of WTI eased below US \$ 40/bbl after OPEC's decision to boost production targets by 2.0 mb/d from July'04 and by a further 500 Kb/d from August'04 in their 3^d June meeting at Beirut. However, so far, there is little impact on crude oil prices as concerns over strong demand and supply disruption issues have prevailed over higher OPEC supply. The relative refinery margins however remained robust in all world regions, as product prices kept pace with crude prices.

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In India, to minimize the impact of high prices of petroleum products on consumers, excise duty on HSD was reduced by 3% to 11%, on Petrol by 4% to 26% and for LPG, halved to 8% in June'04.

During the period under review, Reliance has again maintained its record of high capacity utilisation at its Jamnagar Refinery, achieving 118% capacity utilisation based on the original nameplate design capacity of 27 MMTPA for the period under review. During the period under review, the refinery processed 7.91 million tons of crude, which is the highest crude oil processing in any quarter by the Jamnagar refinery since it began commercial operations in April 2000.

This capacity utilisation compares favourably with the utilisation rates for other refineries, both in India and abroad, at 94% for North America, 86% for Europe, and 89% for the Asia Pacific region.

Exports of refining products during the quarter under review were 2.55 million tons, compared to 2.16 million tons in the corresponding previous period.

The setting up of Retail Outlets at various locations for marketing of transportation fuels is in full swing. As on date, Reliance has commissioned over 100 outlets and around 400 outlets are at various stages of commissioning. The response from these retail outlets is highly encouraging with significantly higher throughputs per outlet as compared to established industry norms. By the end of March 2005, Reliance will have a significant presence in the retailing of transportation fuels. Reliance will continue to set new standards for services and product quality through its retail outlets.

Petrochemicals

Polyester: Reliance is the country's largest manufacturer of PFY, PSF and PET, with a market share of 46%. Reliance shall emerge as the largest polyester producer in the world on consummation of the acquisition of the European polyester company, Trevira GmbH.

RIL's production volumes of PFY, PSF and PET increased by 2% to 2,34,000 tonnes.

Reliance continued its focus on speciality products. 60% of PSF production and 30% of PFY production represented niche products, contributing a premium of upto 50% over commodity prices.

Demand for PFY, PSF and PET, for the period under review, was 19% higher at 4,39,400 tonnes.

Reliance also continued to be the largest manufacturer of polyester intermediates, PX, PTA and MEG, in the country, with a market share of 76%.

Production of PX, PTA and MEG increased by 20% to 7,76,000 tonnes.

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Polymers: Reliance is the largest manufacturer of PP, PE and PVC, in the country, with a market share of 48%.

Production volumes of PP, PE and PVC increased 5% to 4,79,800 tonnes.

There was an increased focus on high value premium products, with speciality grades contributing 19% of production, and generating a premium of upto 14% over commodity prices.

Domestic demand remained flat during the quarter as compared to the corresponding previous quarter, primarily due to inventory corrections in the downstream industry.

RIL operates the world's largest grassroots, multi-feed cracker at its Hazira petrochemicals complex. During the period under review, Reliance produced 2,04,000 tonnes of ethylene. Propylene production touched 99,000 tonnes, an increase of 4% over the previous corresponding quarter.

During the quarter under review, Linear Alkyl Benzene (LAB) production was 30,000 tonnes. Reliance has a market share of 31% in LAB.

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED June 30, 2004

(Rs. in crores, except per share data)

Sr. No.	Particulars	Quarter Ended 30 th June		Year Ended 31 st March
		2004	2003	2004 (Audited)
1.	Gross Turnover (Turnover and Inter Divisional Transfers)	20,763	17,166	74,418
	Less: Inter Divisional Transfers	5,017	3,657	18,171
	Turnover	15,746	13,509	56,247
	Less: Excise Duty Recovered on Sales	1,466	1,008	4,445
	Net Turnover	14,280	12,501	51,802
2.	Other Income	347	187	1,138
3.	Total Expenditure			
	(a) (Increase)/decrease in stock in trade	(794)	358	605
	(b) Consumption of raw materials	10,504	8,461	34,722
	(c) Staff cost	178	161	666
	(d) Other expenditure	1,587	1,233	5,825
4.	Interest	468	349	1,435
5.	Depreciation	916	700	3,247
6.	Profit before extra-ordinary items	1,768	1,426	6,440
7.	Extra-ordinary Income/ (Expenditure)		(76)	(139)
8.	Profit before tax	1,768	1,350	6,301
9.	Provision for Current Tax	131	76	351
10.	Provision for Deferred Tax	200	170	790
11.	Net Profit	1,437	1,104	5,160
12.	Paid up Equity Share Capital, Equity Shares of Rs. 10/- each.	1,396	1,396	1,396
13.	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year	-	-	30,323
14.	Earnings per share (of Rs. 10)			
	Basic	10.3	7.9	36.79
	Diluted	10.3	7.9	36.79



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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. 15 crores (US\$ 3 million) for the quarter ended 30th June 2004 and an equivalent amount has been withdrawn from General Reserve. **This has no impact on profit for the quarter.**
3. There were no investors' complaints pending as on April 1, 2004. All the 2,768 complaints received during the first quarter were resolved and no complaints were outstanding as on 30th June 2004.
4. The statutory auditors of the Company have carried out a Limited Review of the results for quarter ended 30th June 2004.
5. The above results were reviewed by the audit committee. The Board of Directors at its meeting held on 27th July 2004 approved the above results and its release.

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UNAUDITED SEGMENT INFORMATION FOR THE QUARTER ENDED JUNE 30, 2004

Rs. Crores

Sr. No		Quarter Ended 30 th June		Year Ended 31 st March	
		2004	2003	2004 (Audited)	
1.	Segment Revenue				
	- Petrochemicals	8,142	6,939	30,474	
	- Refining	12,100	9,373	41,606	
	- Others	521	854	2,562	
	Gross Turnover (Turnover and Inter Divisional Transfers)	20,763	17,166	74,642	
	Less: Inter Segment / Intra Segment Transfers	5,017	3,657	18,171	
	Turnover	15,746	13,509	56,471	
	Less: Excise Duty Recovered on Sales	1,466	1,008	4,445	
	Net Turnover	14,280	12,501	52,026	
	2.	Segment Results			
		- Petrochemicals	886	589	3,368
- Refining		1,114	800	3,500	
- Others		269	166	589	
Total Segment Profit before Interest and Tax		2,269	1,555	7,457	
(i) Interest Expense		(468)	(349)	(1,439)	
(ii) Interest Income		65	144	684	
(iii) Other Unallocable Income Net of Expenditure		(98)	76	(253)	
Profit Before Tax and Extra-ordinary Items		1,768	1,426	6,449	
Extra-ordinary Income/(Expenditure)		-	(76)	(139)	
Profit Before Tax		1,768	1,350	6,310	
(i) Provision for Current Tax		(131)	(76)	(351)	
(ii) Provision for Deferred Tax		(200)	(170)	(790)	
Profit after Tax	1,437	1,104	5,169		
3.	Capital Employed				
	- Petrochemicals	11,049	12,585	11,246	
	- Refining	23,396	24,175	23,992	
	- Others	12,327	3,418	15,510	
	- Unallocated Corporate	15,128	13,633	8,761	
Total Capital Employed	61,900	53,811	59,509		

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Notes to Segment Information for the quarter ended June 30, 2004:

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. The segment results for the year ended 31st March 2004 are on a consolidated basis.