

**NET PROFIT OF RS 2,091 CRORES (US\$ 481 MILLION) FOR THE QUARTER,
AN INCREASE OF 52%**

**NET PROFIT OF RS 5,280 CRORES (US\$ 1,215 MILLION) FOR NINE MONTHS,
AN INCREASE OF 41%**

**CASH PROFIT OF RS 8,622 CRORES (US\$ 1,984 MILLION)
FOR THE NINE MONTHS, AN INCREASE OF 32%**

**GROSS TURNOVER OF RS 68,535 CRORES (US\$ 15,770 MILLION)
FOR THE NINE MONTHS, AN INCREASE OF 27%**

EXPORTS OF RS 16,205 CRORES (US\$ 3,729 MILLION), AN INCREASE OF 51%

Mumbai, 21st January 2005 - Reliance Industries Limited has announced its unaudited results for the nine months ended December 31, 2004. **Gross Turnover (Turnover and Interdivisional Transfers) of Rs. 68,535 crores** (US\$ 15,770 million). **Net Profit of Rs. 5,280 crores** (US\$ 1,215 million) - **the highest in the private sector.**

The performance highlights of Reliance Industries Limited for the nine months ended December 31, 2004 are:

- **Gross Turnover** of Rs.68,535 crores (US\$ 15,770 million) against Rs. 54,066 crores for the corresponding previous period, **an increase of 27%**
- **Turnover** of Rs. 53,324 crores (US\$ 12,270 million) against Rs. 40,933 crores for the corresponding previous period, **an increase of 30%**
- **Operating Profit (PBDIT)** of Rs. 10,239 crores (US\$ 2,356 million) against Rs. 7,858 crores for the corresponding previous period, **an increase of 30%**.
- **Cash Profit (before depreciation and deferred tax)** of Rs. 8,622 crores (US\$ 1,984 million) against Rs. 6,550 crores for the corresponding previous period, **an increase of 32%**.
- **Net Profit of Rs. 5,280 crores** (US\$ 1,215 million) against Rs. 3,741 crores for the corresponding previous period, **an increase of 41%**.
- The total paid up equity share capital stood at Rs. 1,396 crores (US\$ 321 million).

- Earnings Per Share (EPS) for the nine months of Rs. 37.8 (US\$ 0.87) & Cash Earnings Per Share (CEPS) for the nine months of Rs. 61.7 (US\$ 1.42).

Annualised Earnings Per Share (EPS) of Rs.50.4 (US\$ 1.16) & Annualised Cash Earnings Per Share (CEPS) of Rs.82.3 (US\$ 1.89).

- Contribution to the national exchequer in the form of various taxes of **Rs. 10,982 crores (US\$ 2,527 million) against Rs. 9,267 crores** for the corresponding previous period.
- Production of oil & gas and petrochemicals, including toll conversion, of **9.4 million tonnes** during the nine months, against 9.2 million tonnes for the corresponding previous period, **an increase of 2%**
- Refinery operated at 96% capacity utilisation and processed 23.69 million tonnes of crude during the nine months.
- **Exports including deemed exports of Rs. 16,205 crores (US\$ 3,729 million),** against Rs. 10,755 crores for the corresponding previous period, **an increase of 51%**.
- The Company's operations have helped the nation save precious foreign exchange to the tune of Rs. 29,896 crores (US\$ 6,879 million), against Rs 18,582 crores for the corresponding previous period, **an increase of 61%**.
- Reliance's buyback programme opened on 10th January 2005. Since then the Company has bought back 26,69,495 shares at an average price of Rs 522 per share, amounting to Rs 139.46 Crores (US\$ 32 million).
- Net profit, after consolidating the financials of subsidiaries viz. Reliance Industrial, Investments and Holdings Limited, Reliance Ventures Limited, Reliance Power Ventures Limited, Reliance LNG Limited, Gas Transportation Infrastructure Limited, Reliance Strategic Investments Limited and Reliance Technologies LLC and associate companies viz. Reliance Capital Limited, Reliance Industrial Infrastructure Limited, Reliance Communications Infrastructure Limited and its subsidiaries including Reliance Infocomm Limited, Reliance Telecom Limited, Reliance Energy Limited, Reliance General Insurance Co. Limited, Reliance Petroinvestments Limited Reliance Europe, **of Rs. 5,360 crores (US\$ 1,233 million),** against Rs 3,944 crores for the corresponding previous period, **an increase of 36%**.

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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	5,360	1,233	5,411	1,245
Difference			51	12

The difference is mainly on account of foreign exchange differences and premium paid on extinguishment of debt.

Management Discussion & Analysis for the Nine months ended 31st December 2004

Gross Turnover for the nine months ended December 31, 2004 was Rs. 68,535 crores (US\$ 15,770 million), **up 27% from the corresponding previous period. Net profit for the nine months increased 41% to Rs. 5,280 crores (US\$ 1,215 million).**

The increase in sales reflects the impact of an increase in product selling prices of 24%, and increase in sales volume of 3%, as compared to the corresponding previous period.

Exports, including deemed exports, were Rs. 16,205 crores (US\$ 3,729 million), against Rs. 10,755 crores during the corresponding previous period, **an increase of 51%.**

The Company's production of oil & gas and petrochemicals, including toll conversion, increased to 9.4 million tonnes for the nine months, against 9.2 million tonnes for the corresponding previous period, an increase of 2%.

The Company's refinery operated at 96% capacity utilisation and processed 23.69 million tonnes of crude for the nine months.

Reliance's buyback programme opened on 10th January 2005. Since then the Company has bought back 26,69,495 shares at an average price of Rs 522 per share, amounting to Rs 139.46 Crores (US\$ 32 million).

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Financial Review

Operating profit, before other income, was Rs. 9,265 crores (US\$ 2,132 million), against Rs. 7,197 crores for the corresponding previous period, an increase of 29%

The company's operating margin on net sales for the nine months maintained at 19% due to higher product selling prices, productivity and efficiency offset by higher raw material prices.

Other income was Rs. 974 crores (US\$ 224 million), mainly representing interest income and premium accrued on preference shares, against Rs. 661 crores for the corresponding previous period, **an increase of 47%**.

Interest expenditure increased 17% to Rs.1,107 crores (US\$ 255 million) on account of exchange difference.

Depreciation was Rs. 2,742 crores (US\$ 631 million), against Rs. 2,279 crores for the corresponding previous period, on account of depreciation on incremental assets capitalised.

The outflow on account of capital expenditure was nearly Rs. 2,600 crores (US\$ 598 million), primarily on account of oil and gas, petrochemical capacity expansions 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 in 30 domestic exploration blocks covering an area of about 300,000 Square Kilometres. 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 4000 sqkm.

12 exploration blocks were awarded through 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 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 being pursued.

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

A development plan for producing 40 million cubic metres per day of gas initially from Dhirubhai 1 & 3 of KG-D6 block has been approved by the Directorate General of Hydrocarbons. Other approvals are being pursued.

The exploration in the CBM block of RIL is also progressing as per plan.

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.

Oil exploration in Yemen block is under progress with 9 exploratory wells already drilled. Recently Reliance has been awarded Block 18 in Oman, which is a deepwater Block and a frontier exploration area. Currently, the Exploration and Production Sharing Agreement is under discussion with the Ministry and is expected to be signed shortly

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 9,77,439 tonnes of crude oil and 34.77 billion cubic feet (984 MMSCM) of gas during the period nine months ended 31st December 2004. The crude oil production increased by about 16% over the last quarter, while the gas production increased by about 4% over the last quarter.

The Tapti field produced around 52.96 billion cubic feet of gas (1500 MMSCM) during the period nine months ended 31st December 2004. With the installation of temporary compression at Tapti in October 2004, the gas production has increased to a level of around 250 million standard cubic feet per day of gas. This has resulted in increase of about 21% over corresponding previous period

Refining & Marketing (R&M)

The domestic demand for petroleum products increased during the nine month of the year under review, showing a growth of 3.7%, against a flat demand during the corresponding period last year.

The consumption of HSD, which accounts for more than one third of the total consumption of petroleum products, registered a healthy growth of 5.3%, against a negative demand growth of 0.9% during the previous corresponding period. While LPG continued to record double-digit growth rates, with demand increasing by 11.4%, MS demand growth rate was about 3.7%. Naphtha and Kerosene sales fell by 9.0% and 2.0% respectively. The demand for Aviation Turbine Fuel grew significantly by 14.2% during the period under review.

The WTI oil price came down by more than \$ 10 per barrel in December'04 from its peak of \$ 55.7 per barrel in mid-October, largely due to rising crude oil stocks and milder winter than expected.

The global oil demand during calendar year 2004 was about 82.4 million b/d, which represents a yearly increase of 2.6 million b/d, the steepest demand growth since 1976. Geopolitical issues and low spare production capacity have made crude prices volatile.

The refinery margins were robust across all the regions around the world, due to product price increases surging ahead of crude price rise.

During the period under review, Reliance has again maintained its record of high capacity utilisation at its Jamnagar Refinery, achieving 96% capacity utilisation. The refinery processed 23.69 million tons of crude during the nine months period.

This capacity utilisation compares favourably with the utilisation rates for other refineries, both in India and abroad, at 91% for North America, 89% for Europe, and 94% for Asia Pacific region.

Exports of refining products during the nine months of the year under review were 7.6 million tons, compared to 5.6 million tons in the corresponding previous period.

As on date, over 280 Retail Outlets have been commissioned to market petroleum products. The response from these retail outlets is highly encouraging, with significantly higher throughputs per outlet than the established industry norms. By the end of March 2005, 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. 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 51%.

RIL's production volumes of PFY, PSF and PET increased by 10% to 762,000 tonnes.

Reliance has maintained its focus on speciality products. 60% of PSF production and 32% of PFY production represented niche products, contributing a premium of up to 50% over commodity prices.

Demand for PFY, PSF and PET, for the period under review, was 2% higher at 12,54,000 tonnes.

Reliance has planned to set up additional polyester capacity of 550,000 tonnes per annum. These capacities are expected to be commissioned in a phased manner by the last quarter of financial year 2005-06.

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 increased by 3% to 2,318,000 tonnes

Reliance has acquired the assets of Glycol Division of SM Dyechem Ltd. (SMDL) with a capacity of 80,000 tonnes of MEG. With this acquisition Reliance MEG capacity is slated to increase to 3,80,000 tonnes.

Reliance is expanding the capacity of its Paraxylene plant at Jamnagar by 310,000 tonnes per annum, which is expected to be completed by the first quarter of financial year 2006-07.

Reliance has also planned to set up a new PTA plant of 532,000 tonnes per annum capacity which is expected to be commissioned by the second quarter of financial year 2006-07.

Polymers: Reliance is the largest manufacturer of PP, PE and PVC, in the country, with a market share of 46%.

Production volumes of PP, PE and PVC increased 4% to 1,441,000 tonnes.

Reliance is setting up additional PP capacity of 280,000 tonnes per annum, which is expected to be commissioned by the last quarter of financial year 2005-06. Reliance is also setting up a new Styrene monomer plant of 550,000 tonnes per annum capacity, which is expected to be commissioned by the first quarter of financial year 2007-08.

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There was an increased focus on high value premium products, with speciality grades contributing 21% of production, and generating a premium of upto 14% over commodity prices.

Demand for PP, PE and PVC, for the period under review, was 3% lower at 2,438,000 tonnes.

RIL operates the world's largest grassroot, multi-feed cracker at its Hazira petrochemicals complex. During the period under review, Reliance produced 612,000 tonnes of ethylene and 297,000 tonnes of propylene.

Reliance is setting up a new Butadiene plant with a production capacity of 125,000 tonnes per annum, which is expected to be commissioned by the last quarter of financial year 2006-07.

During the nine months under review, Linear Alkyl Benzene (LAB) production was 90,600 tonnes. Reliance has a market share of 29% in LAB.

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**UNAUDITED FINANCIAL RESULTS FOR
THE QUARTER / NINE MONTHS ENDED 31st DECEMBER 2004**

(Rs. in crores, except per share data)

Sr. No.	Particulars	Quarter Ended 31st December		Nine months ended 31st December		Year Ended 31st March
		2004	2003	2004	2003	2004 (Audited)
1.	Gross Turnover (Turnover and Inter Divisional Transfers)	24,855	18,864	68,535	54,066	74,418
	Less: Inter Divisional Transfers	5,141	5,242	15,211	13,133	18,171
	Turnover	19,714	13,622	53,324	40,933	56,247
	Less: Excise Duty Recovered on Sales	1,946	1,122	5,112	3,239	4,445
	Net Turnover	17,768	12,500	48,212	37,694	51,802
2.	Other Income	331	223	974	661	1,138
3.	Total Expenditure					
	(a) (Increase)/decrease in stock in trade	165	151	77	530	605
	(b) Consumption of raw materials	12,687	8,149	33,849	25,248	34,722
	(c) Staff cost	214	175	577	497	666
	(d) Other expenditure	1,412	1,459	4,444	4,222	5,825
4.	Interest	205	364	1,107	945	1,435
5.	Depreciation	912	801	2,742	2,279	3,247
6.	Profit before extra-ordinary items	2,504	1,624	6,390	4,634	6,440
7.	Extra-ordinary Income/ (Expenditure)	-	-	-	(107)	(139)
8.	Profit before tax	2,504	1,624	6,390	4,527	6,301
9.	Provision for Current Tax	213	90	510	256	351
10.	Provision for Deferred Tax	200	160	600	530	790
11.	Net Profit	2,091	1,374	5,280	3,741	5,160
12.	Paid up Equity Share Capital, Equity Shares of Rs. 10/- each.	1,396	1396	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	15.0	9.8	37.8	26.8	36.79
	Diluted	15.0	9.8	37.8	26.8	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. 45 crores (US\$ 10 million) for the nine months ended 31st December 2004 and an equivalent amount has been withdrawn from General Reserve. **This has no impact on profit for the period.**
3. During the period under review, Reliance Brazil LLC has become a subsidiary of the Company.
4. There were no investors' complaints pending as on October 1, 2004. All the 3,827 complaints received during the quarter were resolved and no complaints were outstanding as on 31st December 2004.
5. The statutory auditors of the Company have carried out a Limited Review of the results for nine months ended 31st December 2004.
6. The above results were reviewed by the Audit Committee. The Board of Directors at its meeting held on 21st January, 2005 approved the above results and its release.

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UNAUDITED SEGMENT INFORMATION FOR THE QUARTER / NINE MONTHS ENDED 31st DECEMBER 2004

Rs Crores

	Quarter Ended		Nine months Ended		Year ended
	31st December		31st December		31 st March
	2004	2003	2004	2003	2004 (Audited)
1. Segment Revenue					
- Petrochemicals	11,021	8,404	28,588	22,841	30,474
- Refining	13,415	9,983	38,494	29,589	41,606
- Others	419	477	1,453	1,636	2,562
Gross Turnover	24,855	18,864	68,535	54,066	74,642
Less: Inter Segment / Intra Segment Transfers	5,141	5,242	15,211	13,133	18,171
Turnover	19,714	13,622	53,324	40,933	56,471
Less: Excise Duty Recovered on Sales	1,946	1,122	5,112	3,239	4,445
Net Turnover	17,768	12,500	48,212	37,694	52,026
2. Segment Results					
- Petrochemicals	852	1,005	2,779	2,471	3,368
- Refining	1,578	815	3,941	2,411	3,500
- Others	268	113	813	382	589
Total Segment Profit before Interest and Tax	2,698	1,933	7,533	5,264	7,457
(i) Interest Expense	(205)	(364)	(1,107)	(945)	(1,439)
(ii) Interest Income	79	133	171	483	684
(iii) Other Unallocable Income Net of Expenditure	(68)	(78)	(207)	(168)	(253)
Profit Before Tax and Extra-ordinary Items	2,504	1,624	6,390	4,634	6,449
Extra-ordinary Income/ (Expense)	-	-	-	(107)	(139)
Profit Before Tax	2,504	1,624	6,390	4,527	6,310
(i) Provision for Current Tax	(213)	(90)	(510)	(256)	(351)
(ii) Provision for Deferred Tax	(200)	(160)	(600)	(530)	(790)
Profit after Tax	2,091	1,374	5,280	3,741	5,169
3. Capital Employed					
- Petrochemicals	10,871	11,954	10,871	11,954	11,246
- Refining	22,429	21,882	22,429	21,882	23,992
- Others	12,407	11,199	12,407	11,199	15,510
- Unallocated Corporate	16,359	18,719	16,359	18,719	8,761
Total Capital Employed	62,066	63,754	62,066	63,754	59,509

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Notes to Segment Information for the nine months ended 31st December 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 investment in 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.