



Media Release

Reliance

**NET PROFIT OF RS 1,083 CRORES (US\$ 226 MILLION) FOR THE QUARTER,
AN INCREASE OF 110% (excluding extra-ordinary income)**

**NET PROFIT OF RS 3,003 CRORES (US\$ 626 MILLION) FOR THE NINE MONTHS,
AN INCREASE OF 46% (excluding extra-ordinary income)**

**CASH PROFIT OF RS 5,602 CRORES (US\$ 1,168 MILLION) FOR THE NINE MONTHS,
AN INCREASE OF 8%**

**GROSS TURNOVER OF
RS 47,382 CRORES (US\$ 9,880 MILLION) FOR THE NINE MONTHS**

EXPORTS AT RS 7,954 CRORES (US \$ 1,658 MILLION)

Mumbai, 31st January 2003 - Reliance Industries Ltd. has announced its unaudited results for the nine months ended December 31, 2002. **Gross Turnover of Rs. 47,382 crores** (US \$ 9,880 million). **Net Profit of Rs. 3,003 crores** (US \$ 626 million) - **the highest in the private sector.**

The performance highlights of Reliance Industries Limited for the nine months ended 31st December 2002 are:

- **Gross Turnover (including inter divisional sales and excise duty)** of Rs. 47,382 crores (US\$ 9,880 million) against Rs. 43,726 crores for the corresponding previous nine months, **an increase of 8%**
- **Turnover (net of inter divisional sales)** of Rs 36,133 crores (US\$ 7,534 million) against Rs 34,539 crores for the corresponding previous nine months, **an increase of 5%**
- **Operating Profit (PBDIT)** increased to Rs 7,022 crores (US\$ 1,464 million) as against Rs 6,460 crores for the corresponding previous nine months, **an increase of 9%**.
- **Cash Profit increased** to Rs. 5,602 crores (US\$ 1,168 million) against Rs. 5,202 crores for the corresponding previous nine months, an increase of 8%.
- **Net Profit increased to Rs. 3,003 crores** (US\$ 626 million) against Rs. 2,409 crores for the corresponding previous nine months, **an increase of 25%**.
- The total paid up equity share capital (including shares allotted to erstwhile RPL shareholders on October 23, 2002) stood at Rs. 1,396 crores (US \$ 291 million).



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- **Earnings Per Share (EPS) for the nine months is Rs. 21.4 (US \$ 0.45) & Cash Earnings Per Share (CEPS) for the nine months is Rs. 40.0 (US \$ 0.83).**

(Annualised Earnings Per Share (EPS) is Rs. 28.5 (US \$ 0.60) & Cash Earnings Per Share (CEPS) is Rs. 53.4 (US \$ 1.11).

- The company's contribution to the national exchequer in the form of various taxes was **Rs. 9,373 crores (US \$ 1,954 million) against Rs. 7,859 crores** for the corresponding previous nine months.
- The Company's production of oil & gas and petrochemicals, including toll conversion, **increased to 8.9 million tonnes** during the first nine months of 2002-03 against 8.6 million tonnes for the first nine months of 2001-02, **representing a growth of 3%.**
- The Company's refinery operated at 103% capacity utilisation and processed 20.87 million tonnes of crude during the nine months.
- **Exports including deemed exports were Rs 7,954 crores (US\$ 1,658 million)** as against Rs 7,812 crores for the corresponding previous nine months, **an increase of 2%.**
- The Company's operations have helped the nation save precious foreign exchange to the tune of Rs. 17,001 crores (US \$ 3,545 million).
- Net profit after consolidating the subsidiary companies is Rs 3,017 crores (US\$ 629 million).

The Company has also reconciled its profits with US GAAP. Reconciliation of Net Profit as per Indian GAAP and US GAAP shows a negligible difference as under:

	<u>Indian GAAP</u>		<u>US GAAP</u>	
	Rs Cr	\$ MM	Rs Crs	\$ MM
Net Profit	3,003	626	3,095	645
Difference			92	19

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

"Reliance has ushered in a new era of growth, for the country and itself, with the announcement of India's largest gas discovery in 3 decades, during the third quarter.

These developments, inspired by the vision of our founder Chairman, Shri Dhirubhai H. Ambani, have substantially improved Reliance's overall risk profile, and will lead to significant enhancement of overall long term shareholder value."

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

"We are pleased with Reliance's strong financial performance, in an environment marked by continuing uncertainties in the global economic scenario, and heightened volatility in our major feedstock costs.

Our scale, market leadership, overall global competitiveness, and continuing focus on productivity, cost reduction and efficiency, have contributed to stability in our operating margins, in this difficult industry environment.

Our future growth will be driven by our investments in oil and gas exploration and production, retail marketing of petroleum products, power, and infocomm, delivering superior value to millions of customers across the country."

For the year ending 31st March 2003 the Company expects to announce its results in the last week of April 2003.

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Management Discussion & Analysis for the Nine months Ended 31st December 2002

Gross Turnover (including Inter Divisional Transfers and Excise duty) for the nine months ended 31st December 2002 was Rs. 47,382 crores (US \$ 9,880 million), **up 8% from the corresponding previous period. Net profit for the nine months increased 25% to Rs. 3,003 crores (US \$ 626 million).**

The 8% increase in sales reflects the impact of a 3% increase in sales volume, and increase of 5% in product selling prices as compared to the corresponding previous nine months.

Exports, including deemed exports, were Rs. 7,954 crores (US\$ 1,658 million) as against Rs 7,812 crores during the corresponding previous nine months, **an increase of 2%.**

The Company's production of oil & gas and petrochemicals, including toll conversion, increased to 8.9 million tonnes during the first nine months of 2002-03 against 8.6 million tonnes for the first nine months of 2001-02, representing a growth of 3%.

The Company's refinery operated at 103% capacity utilisation and processed 20.87 million tonnes of crude during the nine months.

During the period under review, raw material prices remained highly volatile, and domestic product prices also did not keep pace with the changes in raw material prices.

Financial Review

Operating profit, before other income, was at Rs 6,347 crores (US \$ 1,323 million).

The company maintained an operating margin of 13.4% for the nine months, despite highly volatile raw material prices during the third quarter. This was achieved by:

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

Other income was Rs. 675 crores (US \$ 141 million), mainly representing interest and dividend income.

Interest expenditure decreased 17% to Rs. 1,221 crores (US \$ 254 million) due to repayment / pre-payment / refinancing of higher cost long term debts and continuing prudent financial and cash flow management.



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Foreign exchange denominated interest liabilities on foreign currency debt are now a small proportion of export revenues.

Depreciation was lower at Rs 1,960 crores (US \$ 409 million) as against Rs 2,077 crores for the corresponding previous nine months. The lower charge primarily reflects the impact of depreciation being charged on Written Down Value method on petrochemical plants, which had resulted in a higher charge of depreciation in earlier years.

Capital expenditure was Rs 1,507 crores (US \$ 314 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 290,000 sq. kms. of awarded exploration acreage, in 35 offshore and onshore, deep and shallow water blocks, including one 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 3rd round of NELP, covering an area of 113,000 sq km.

Reliance made India's largest natural gas discovery in nearly three decades, in excess of 7 trillion cubic feet, equivalent to about 1.2 billion barrels or 165 million tonnes of crude oil. Reliance discovered gas in the very first well it drilled in the deep-water block D6 in the Krishna Godavari basin off the Andhra Pradesh coast.

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

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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.

Oil and gas production from the Panna-Mukta and Tapti fields is presently being sold to Indian Oil Corporation Ltd. (IOC) and Gas Authority of India Ltd. (GAIL), as nominees of the Government, under the Production Sharing Agreements signed with the Government.

The Panna-Mukta fields produced 947,700 tonnes of crude oil and 26.6 billion cubic feet of gas during the nine months, and are currently producing about 26,000 barrels per day of crude oil, and around 2.7 MMSCMD of gas.

The Tapti field produced around 52.8 billion cubic feet of gas during the nine months, and is currently producing around 5.4 MMSCMD of gas.

Refining & Marketing (R&M)

The domestic demand for petroleum products improved during the nine months, showing a growth of about 1.4%, against a drop of 0.1% during the corresponding period last year.

Consumption of HSD, which accounts for nearly 40% of the total consumption of petroleum products, registered a marginal growth of 0.7%. This compares favourably with a drop of nearly 2.8% during the previous corresponding period. LPG and MS continued to record near double-digit growth rates. Naphtha sales declined 10.1%, while Kerosene sales fell 4.2%.

The international industry environment continued to be characterised by extreme price volatility, owing to tensions in the Middle East region, and the threat of an outbreak of war. The general strike in Venezuela led to the "Force Majeure" being invoked on crude oil and product exports by the country's Oil Companies, further adding to price volatility.

The relative strength of product prices over crude helped in strengthening Singapore Margins. This was supported by a depletion of product inventories, and discretionary throughput cuts.

During the quarter ended December 2002, Refinery undertook its first ever planned shutdown of certain units, ever since it began commercial operations in April 2000. Opportunities were taken to coincide this planned shutdown with the first phase of the Yield and Quality improvement program, which will enable the refinery to gain further flexibility in

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processing different varieties of crude, capture product quality premiums in the international markets, and operate at increased capacity.

All the units are operating satisfactorily after the planned shutdown. This is reflected in the capacity utilisation of 87% achieved during the third quarter, despite the shutdown. For the nine months ended December 2002, the refinery operated at 103% capacity utilisation. This compares favourably with the capacity utilisation rates for other refineries, both in India and abroad, at 89% for North America, 84% for Europe, and 84% for the Asia Pacific region.

Exports of refining products during the nine months under review were 4.51 million tons, compared to 6.32 million tons in the corresponding previous period.

The Administered Price Mechanism (APM) has been dismantled from 1st April 2002 and the retail prices of the transportation fuels are now market determined.

In May 2002, the Government has granted Reliance retail-marketing rights for transportation fuels. Reliance has received approvals for setting up over 5,800 Retail Outlets, and work has already commenced for setting up these outlets in a phased manner over the next two years.

RIL's proposed entry into the retail marketing of transportation fuels will enable it to deliver quality fuels to customers at competitive prices, achieve downstream integration and enhance overall return on capital.

Petrochemicals

Polyester: Reliance is the country's largest manufacturer of PFY, PSF and PET, with a market share of 50%.

RIL's production volumes of PFY, PSF and PET increased 1% to 629,000 tonnes in the first nine months.

Reliance continued its focus on speciality products. 61% of PSF production and 33% 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 10% higher at 1,097,000 tonnes.

Reliance also continues to be the largest manufacturer of polyester intermediates, PX, PTA and MEG, in the country, with a market share of 78%.

Production of PX, PTA and MEG increased 6% to 2,321,000 tonnes in the first nine months.

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Polymers: Reliance is the largest manufacturer of PP, PE and PVC, in the country, with a market share of 49%.

Production volumes of PP, PE and PVC increased 2% to 1,307,000 tonnes in the first nine months.

There was an increased focus on high value premium products, with speciality grades contributing 16% of production, and generating a premium of 2-15% over commodity prices.

Domestic demand decreased by 3% during the nine months, reflecting the impact of general slowdown in the economy and price volatility.

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 petrochemicals complex. During the period under review, Reliance produced 603,000 tonnes of ethylene, representing growth of 7%. Propylene production touched 282,000 tonnes an increase of 8%.

During the period under review, Linear Alkylene Benzene (LAB) production was 86,000 tonnes, an increase of 11%. Reliance has a market share of 31% in LAB.

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/ NINE MONTHS ENDED 31st DECEMBER 2002

(Rs. in crores, except per share data)

Sr. No.	Particulars	Quarter Ended 31st December		Nine months Ended 31st December		Year ended 31 st March
		2002	2001	2002	2001	2002 (Audited)
1.	Gross Turnover	15,600	13,739	47,382	43,726	57,120
	Less: Inter Divisional Transfers	3,567	2,642	11,249	9,187	11,716
	Turnover	12,033	11,097	36,133	34,539	45,404
	Less: Excise Duty Recovered on Sales	1,060	831	2,991	2,443	3,315
2.	Net Turnover	10,973	10,266	33,142	32,096	42,089
3.	Other Income	270	184	675	577	782
4.	Total Expenditure					
	(a) (Increase)/decrease in stock in trade	336	531	(561)	598	908
	(b) Consumption of raw materials	7,252	6,701	23,418	21,777	28,187
	(c) Staff cost	144	135	445	425	569
	(d) Other expenditure	1,099	1,112	3,493	3,413	4,549
5.	Interest	401	464	1,221	1,465	1,825
6.	Depreciation	657	712	1,960	2,077	2,816
7.	Profit before extra-ordinary items	1,354	795	3,841	2,918	4,017
8.	Extra-ordinary Income	-	358	-	358	412
9.	Profit before tax	1,354	1,153	3,841	3,276	4,429
10.	Provision for Current Tax	58	41	199	151	190
11.	Provision for Deferred Tax	213	239	639	716	996
12.	Net Profit	1,083	873	3,003	2,409	3,243
13.	Paid-up equity share capital	1,396	1,054	1,396	1,054	1,054
14.	Equity Share Suspense (Representing 34,26,20,509 shares allotted to share - holders of erstwhile RPL on 23 rd October 2002.)		342	-	342	342
15.	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year	-	-	-	-	23,741
16.	Earnings per share (of Rs. 10)					
	Basic	7.7	6.3	21.4	17.3	23.4
	Diluted	7.7	6.3	21.4	17.3	23.4



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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:

- (a) The figures for the corresponding previous periods have been restated to include the effect of the amalgamation of RPL with the Company with effect from 1st April 2001.
 - (b) The paid up share capital of the Company has increased by Rs 342 crores on allotment of shares on 23rd October 2002, to the shareholders of erstwhile RPL.
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 87 crores (US \$ 18 million) for the nine months ended 31st December 2002 and an equivalent amount has been withdrawn from General Reserve. **This has no impact on profit for the period.**
 4. During the period under review, Vimal Fabrics Limited has ceased to be a subsidiary of the Company and Reliance Communications Inc., a Company incorporated in the United States of America, has become a subsidiary of the Company.
 5. The Company along with its 100% subsidiaries, Reliance Power Ventures Limited (RPVL) and Reliance Industrial Investments and Holdings Limited (RIIHL), have made a cash offer to the shareholders of BSES Limited, to purchase up to 3,22,81,460 paid-up Equity Shares representing 20% of the fully diluted voting capital of BSES Limited at a price of Rs 230.10 per share. The offer opened on 17th January 2003 and will close on 15th February 2003.
 6. The Board of Directors of BSES Limited at its meeting held on 18th January 2003, appointed Shri Anil D. Ambani as Director, and the Board thereupon unanimously elected him as Chairman. Shri Satish Seth, one of the existing nominees of RIL on the Board of Directors of BSES, was designated as Vice-Chairman. Further, Shri S.C. Gupta and Shri J.P. Chalasani, nominees of RIL, have been appointed as Whole-time Directors on the Board of BSES, designated as Director (Operations) and Director (Business Development) respectively.
 7. During the quarter ended December 2002, Refinery undertook it's first ever planned shutdown of certain units, ever since it began commercial operations in April 2000. All the units are operating satisfactorily after the planned shutdown.
 8. The above statement has been placed before the Board at its meeting held on January 31, 2003 and has been approved for its release.



UNAUDITED SEGMENT INFORMATION FOR THE QUARTER/ NINE MONTHS ENDED 31st DECEMBER 2002

Rs Crores

	Quarter Ended 31st December		Nine months Ended 31st December		Year ended 31st March
	2002	2001	2002	2001	2002 (Audited)
1. Segment Revenue					
- Petrochemicals	7,455	5,848	21,229	18,535	24,594
- Refining	7,861	7,571	25,310	24,147	31,164
- Others	284	320	843	1,044	1,369
Gross Turnover	15,600	13,739	47,382	43,726	57,127
Less: Inter Segment / Intra Segment Transfers	3,567	2,642	11,249	9,187	11,716
Turnover	12,033	11,097	36,133	34,539	45,411
Less: Excise Duty Recovered on Sales	1,060	831	2,991	2,443	3,315
Net Turnover	10,973	10,266	33,142	32,096	42,096
2. Segment Results					
- Petrochemicals	889	488	2,547	1,846	2,483
- Refining	572	465	1,580	1,590	2,128
- Others	146	174	399	602	796
Total Segment Profit before Interest and Tax	1,607	1,127	4,526	4,038	5,407
(i) Interest Expense	(401)	(464)	(1,221)	(1,465)	(1,828)
(ii) Interest Income	211	139	511	387	518
(iii) Other Unallocable Income Net of Expenditure	(63)	(7)	25	(42)	(44)
Profit Before Tax and Extra- ordinary Items	1,354	795	3,841	2,918	4,053
Extra-ordinary Income	-	358	-	358	412
Profit Before Tax	1,354	1,153	3,841	3,276	4,465
(i) Provision for Current Tax	(58)	(41)	(199)	(151)	(190)
(ii) Provision for Deferred Tax	(213)	(239)	(639)	(716)	(996)
Profit after Tax	1,083	873	3,003	2,409	3,279
3. Capital Employed					
- Petrochemicals	13,628	15,544	13,628	15,544	14,271
- Refining	22,358	20,272	22,358	20,272	21,425
- Others	2,498	1,752	2,498	1,752	1,903
- Unallocated Corporate	14,691	13,131	14,691	13,131	11,368
Total Capital Employed	53,175	50,699	53,175	50,699	48,987



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Notes to Segment Information for the nine months ended 31st December 2002:

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 were not reportable segments for financial disclosure purposes during the year, have been grouped under the “**others**” segment. This comprises of the following:
 - Oil and Gas business;
 - Textile Business;
 - Infocom Business
2. Income from investments other than interest income has been considered as unallocable income.

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