

NET PROFIT OF RS 2,474 CRORES (US\$ 539 MILLION) FOR THE HALF YEAR BEFORE EXTRA-ORDINARY ITEMS, AN INCREASE OF 29%

NET PROFIT FOR THE HALF YEAR OF RS 2,367 CRORES (US\$ 516 MILLION), AN INCREASE OF 23%

CASH PROFIT FOR THE HALF YEAR OF RS 4,215 CRORES (US\$ 919 MILLION), AN INCREASE OF 15%

GROSS TURNOVER FOR THE HALF YEAR OF RS 35,202 CRORES (US\$ 7,675 MILLION)

EXPORTS AT RS 7,837 CRORES (US\$ 1,709 MILLION), AN INCREASE OF 41%

Mumbai, 16th October 2003 - Reliance Industries Limited (RIL) has announced its unaudited results for the half-year ended September 30, 2003. **Gross Turnover (including Turnover and Inter Divisional Transfers) of Rs 35,202 crores (US \$ 7,675 million). Net Profit of Rs 2,367 crores (US\$ 516 million) - the highest in the private sector.**

The performance highlights of Reliance Industries Limited for the half year ended 30th September 2003 are:

- **Gross Turnover (including inter divisional transfers and excise duty) of Rs 35,202 crores (US\$ 7,675 million) against Rs 31,782 crores for the corresponding previous half-year, an increase of 11%.**
- **Turnover (net of inter divisional transfers) of Rs 27,311 crores (US\$ 5,955 million) against Rs 24,100 crores for the corresponding previous half-year, an increase of 13%.**
- **Operating Profit (PBDIT) increased to Rs 5,188 crores (US\$ 1,131 million) as against Rs 4,610 crores for the corresponding previous half-year, an increase of 13%.**
- **Cash Profit increased to Rs 4,215 crores (US\$ 919 million) against Rs 3,649 crores for the corresponding previous half-year, an increase of 15%.**
- **Net Profit of Rs 2,367 crores (US\$ 516 million) against Rs 1,920 crores for the corresponding previous half-year, an increase of 23%.**
- The total paid up equity share capital stood at Rs 1,396 crores (US \$ 304 million).



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- **Earnings Per Share (EPS) for the half-year is Rs 17.0 (US\$ 0.37) & Cash Earnings Per Share (CEPS) for the half-year is Rs 30.2 (US\$ 0.66).**

(Annualised Earnings Per Share (EPS) is Rs 33.9 (US\$ 0.74) & Annualised Cash Earnings Per Share (CEPS) is Rs 60.4 (US\$ 1.32).

- The company's contribution to the national exchequer in the form of various taxes was Rs 6,016 crores (US\$ 1,312 million) against Rs 6,485 crores for the corresponding previous half-year.
- The Company's production of oil & gas and petrochemicals, including toll conversion, was 6 million tonnes during the first half-year.
- The Company's refinery operated at 112% capacity utilisation and processed 15.2 million tonnes of crude during the half-year.
- **Exports including deemed exports increased 41% to Rs 7,837 crores (US\$ 1,709 million)** as against Rs 5,557 crores for the corresponding previous half-year.
- The Company's operations have helped the nation save precious foreign exchange to the tune of Rs 11,854 crores (US\$ 2,585 million) as against Rs 11,601 crores for the corresponding half year.
- During the period under review the company announced voluntary retirement schemes (VRS) at Patalganga and Naroda. More than 1,700 employees opted for the scheme and the company disbursed a sum of Rs 107 crores (US\$ 23 million) towards the same. **Post VRS the employee strength of the Company has reduced to 11,147 from 12,915, a decrease of 14%**
- Net profit after consolidating the subsidiary and associate companies is Rs 2,404 crores (US\$ 524 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 Crs	\$ MM	Rs Crs	\$ MM
Consolidated Net Profit	2,404	524	2,436	531
Difference			32	7

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 with Reliance's good financial performance in a quarter that has seen continuing improvement in overall macro economic conditions in India. We are seeing signs of an upturn in the petrochemicals cycle, and are confident of achieving even better performance in the future."

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

"We are delighted with another quarter of strong financial performance from Reliance. Stability in feedstock prices, accompanied by increases in product selling prices, has contributed to our improved margins.

Overall demand for our products remains healthy, and with improving capacity utilisation rates globally, we expect to maintain the uptrend in our profitability.

Our continued focus on financial and working capital management has resulted in significantly lower interest costs during the quarter, further contributing to improvement in net margins.

The 41% growth in our exports, in a period that has seen a 3.5% appreciation in the domestic currency, once again demonstrates the international quality and global competitiveness of our products, and the strength of our customer relationships worldwide."

For the 9 months ending 31st December 2003 the Company expects to announce its results in the last week of January 2004.

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Management Discussion & Analysis for the Half-year Ended 30th September 2003

Gross Turnover for the half-year ended 30th September 2003 was Rs 35,202 crores (US \$ 7,675 million), **up 11% from the corresponding previous period. Net profit for the half-year increased by 23% to Rs 2,367 crores (US \$ 516 million).**

The increase in sales of 11% reflects the impact of increase in product selling prices as compared to the corresponding previous half-year.

Exports, including deemed exports, were at Rs 7,837 crores (US\$ 1,709 million) as against Rs 5,557 crores during the corresponding previous half-year, **an increase of 41%**.

The Company's production of oil & gas and petrochemicals, including toll conversion, was 6 million tonnes during the first half of 2003-04.

The Company's refinery operated at 112% capacity utilisation and processed 15.2 million tonnes of crude during the half-year.

Financial Review

Operating profit, before other income, was at Rs 4,750 crores (US\$ 1,036 million) as against Rs 4,205 crores for the corresponding previous half year.

The company's operating margin for the half-year improved to 13.5% from 13.2% during the corresponding previous period 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 438 crores (US\$ 95 million), mainly representing interest and dividend income as against Rs 405 crores for the corresponding previous half year, an increase of 8%.

Interest expenditure decreased 15% to Rs 700 crores (US\$ 153 million) due to refinancing of higher cost long-term debt.

Depreciation was at Rs 1,478 crores (US\$ 322 million) as against Rs 1,303 crores for the corresponding previous half-year on account of depreciation on normal capital expenditure.

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Capital expenditure for the half year under review was about Rs 2,300 crores (US\$ 501 million).

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 290,000 sq. kms. of awarded exploration acreage, in 32 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 reserve of natural gas in the deep-water block D6 in the Krishna Godavari basin off the Andhra Pradesh coast is 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 division 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 5,89,996 tonnes of crude oil and 18.1 billion cubic feet of gas during the first half, and are currently producing about 27,000 barrels per day of crude oil, and around 3.4 MMSCMD of gas.

The Tapti field produced around 35 billion cubic feet of gas during the half-year, and is currently producing around 5.4 MMSCMD of gas.

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Refining & Marketing (R&M)

The domestic demand for petroleum products decreased during the first five months of the period under review, showing a drop of about 2.2%, against a growth of about 1.6% during the corresponding period last year.

High Speed Diesel (HSD), a major constituent of refinery production in India, which accounts for nearly 40% of total consumption of petroleum products, registered a sharp negative growth of 4.1%, against a growth of about 1.8% during the corresponding previous period. While LPG continued to record double-digit growth rates, with demand increasing by 10.2%, MS demand growth rate dropped to 2.6% from nearly 10.9% during the corresponding period last year. Naphtha sales declined sharply by 10.5%, while Kerosene sales fell 3.3%.

The international crude oil prices remained firm during the second quarter of the period under review and was more stable compared to first quarter. Dubai crude oil remained in the range of \$ 25/bbl to \$ 28/bbl during the second quarter.

Reliance has again maintained its record of high capacity utilisation at its Jamnagar Refinery, achieving 112% capacity utilisation based on the original name plate design capacity of 27 MMTPA for the period under review. The capacity utilisation was 98% based on the completed quality / yield improvement program during the fourth quarter of last year. The refinery processed 15.2 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 92% for North America, 85% for Europe, and 86% for Asia Pacific region.

Exports of refining products during the half year under review were 4.5 million tons, compared to 3.6 million tons in the corresponding previous period.

Reliance has the necessary approvals for setting up 5,800 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.



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Petrochemicals

Polyester: RIL is the country's largest manufacturer of PFY, PSF and PET, with a market share of 54%.

RIL's production volumes of PFY, PSF and PET increased 11% to 464,000 tonnes in the first half-year. Production growth was higher than the growth rates in the industry.

RIL continued its focus on speciality products. 61% of PSF sales and 36% 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 marginally higher at 753,000 tonnes.

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

Production of PX, PTA and MEG decreased 6% to 1,464,000 tonnes in the first half-year due to unforeseen shutdown of the paraxylene plant at Jamnagar during the first quarter.

Polymers: RIL 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 4% to 926,000 tonnes in the first half-year.

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 16% during the half-year to 1,584,000 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 412,000 tonnes of ethylene, representing growth of 4%. Propylene production touched 193,000 tonnes representing a growth of 5%.

During the period under review, Linear Alkyl Benzene (LAB) production was 60,700 tonnes represents an increase of 8% over the corresponding previous half-year. RIL has a market share of 32% in LAB.

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/HALF-YEAR ENDED 30th SEPTEMBER 2003

(Rs in crores, except per share data)

Sr. No.	Particulars	Quarter Ended 30 th September		Half-year Ended 30 th September		Year ended 31 st March
		2003	2002	2003	2002	2003 (Audited)
1.	Gross Turnover	18,036	16,206	35,202	31,782	65,061
	Less: Inter Divisional Transfers	4,234	3,699	7,891	7,682	14,965
	Turnover	13,802	12,507	27,311	24,100	50,096
	Less: Excise Duty Recovered on Sales	1,109	988	2,117	1,931	4,198
2.	Net Turnover	12,693	11,519	25,194	22,169	45,898
3.	Other Income	251	204	438	405	1,001
4.	Total Expenditure					
	(a) (Increase)/decrease in stock in trade	21	(174)	379	(897)	(2,435)
	(b) Consumption of raw materials	8,637	8,235	17,098	16,166	34,278
	(c) Staff cost	161	154	322	301	652
	(d) Other expenditure	1,412	1,151	2,645	2,394	5,038
5.	Interest	351	413	700	820	1,555
6.	Depreciation	778	657	1,478	1,303	2,837
7.	Profit before extra-ordinary items	1,584	1,287	3,010	2,487	4,974
8.	Extra-ordinary Income/(Expenditure)	(31)	-	(107)	-	-
9.	Profit before tax	1,553	1,287	2,903	2,487	4,974
10.	Provision for Current Tax	90	72	166	141	246
11.	Provision for Deferred Tax	200	213	370	426	624
12.	Net Profit	1,263	1,002	2,367	1,920	4,104
13.	Paid-up equity share capital	1,396	1054	1,396	1,054	1,396
14.	Equity Share Suspense (Representing 34,26,20,509 shares allotted to share – holders of erstwhile RPL on 23 rd October 2002.)	-	342	-	342	-
15.	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year					26,243
16.	Earnings per share (of Rs 10)					
	Basic	9.0	7.1	17.0	13.7	29.3
	Diluted	9.0	7.1	17.0	13.7	29.3
17.	Aggregate of non-promoter shareholding					
	- Number of Shares (in crores)			74.47	59.31	74.68
	- Percentage of Shareholding (%)			53.33%	56.29%	53.48%

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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 42 crores (US \$ 9 million) for the half-year ended 30th September 2003 and an equivalent amount has been withdrawn from General Reserve. **This has no impact on profit for the period.**
3. As a part of the long-term settlement with the unions the Company had announced a voluntary retirement scheme (VRS) for its workers and staff at Patalganga. Over 400 people have opted for the same and an amount of Rs 78 crores (US\$ 17 million) has been disbursed during the half year. **This expenditure has been treated as an extra-ordinary item.**
4. As a part of restructuring of its textiles business the Company had announced a voluntary retirement scheme (VRS) for its workers and staff at Naroda. Nearly 1,300 people have accepted and an amount of Rs 29 crores (US\$ 6 million) has been disbursed during the half year. **This expenditure has been treated as an extra-ordinary item.**
5. There were 43 investors' complaints pending as on 1st July 2003. 6,968 complaints were received during the quarter. All complaints were resolved and no complaints were outstanding as on 30th September 2003.
6. The statutory auditors of the company have carried out a Limited Review of the results for the half-year ended 30th September 2003.
7. The above results were reviewed by the audit committee. The Board of Directors at its meeting held on 16th October 2003 approved the above results and its release.

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UNAUDITED SEGMENT INFORMATION FOR THE QUARTER/ HALF-YEAR ENDED 30TH SEPTEMBER 2003

Rs Crores

	Quarter Ended 30 th September		Half Year Ended 30 th September		Year ended 31 st March
	2003	2002	2003	2002	2003 (Audited)
1. Segment Revenue					
- Petrochemicals	7,498	7,208	14,437	13,774	29,190
- Refining	10,233	8,752	19,605	17,449	34,409
- Others	305	246	1,160	559	1,474
Gross Turnover	18,036	16,206	35,202	31,782	65,073
Less: Inter Segment / Intra Segment Transfers	4,234	3,699	7,891	7,682	14,965
Turnover	13,802	12,507	27,311	24,100	50,108
Less: Excise Duty Recovered on Sales	1,109	988	2,117	1,931	4,198
Net Turnover	12,693	11,519	25,194	22,169	45,910
2. Segment Results					
- Petrochemicals	877	846	1,466	1,658	2,929
- Refining	796	573	1,596	1,008	2,344
- Others	103	116	269	253	598
Total Segment Profit before Interest and Tax	1,776	1,535	3,331	2,919	5,871
(i) Interest Expense	(351)	(413)	(700)	(820)	(1,559)
(ii) Interest Income	206	151	350	300	520
(iii) Other Unallocable Income Net of Expenditure	(47)	14	29	88	41
Profit Before Tax and Extra- ordinary Items	1,584	1,287	3,010	2,487	4,873
Extra-ordinary Income	(31)	-	(107)	-	-
Profit Before Tax	1,553	1,287	2,903	2,487	4,873
(i) Provision for Current Tax	(90)	(72)	(166)	(141)	(246)
(ii) Provision for Deferred Tax	(200)	(213)	(370)	(426)	(624)
Profit after Tax	1,263	1,002	2,367	1,920	4,003
3. Capital Employed					
- Petrochemicals	12,780	13,389	12,780	13,389	12,445
- Refining	23,314	22,761	23,314	22,761	23,666
- Others	3,554	2,270	3,554	2,270	3,445
- Unallocated Corporate	23,061	14,910	23,061	14,910	13,400
Total Capital Employed	62,709	53,330	62,709	53,330	52,956

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Notes to Segment Information for the half-year ended 30th September 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.