

Mumbai, 18 January 2007

STRONG OPERATING PERFORMANCE IN AN EXTREMELY CHALLENGING ENVIRONMENT

TURNOVER AT RS. 83,487 CRORE (US\$ 18,863 MILLION) FOR THE NINE MONTH PERIOD, AN INCREASE OF 33%

NET PROFIT AT RS. 8,055 CRORE (US\$ 1,820 MILLION) FOR THE NINE MONTH PERIOD, AN INCREASE OF 23%

HIGHEST EVER EXPORTS OF RS 48,696 CRORE (US\$ 11,002 MILLION)

3Q FY07	2Q FY07	3Q FY06	% Change wrt Q3 FY06	(In Rs. Crore)	9M FY07	9M FY06	% Change wrt 9M FY06
27,771	29,550	19,899	40%	Turnover	83,487	62,676	33%
4,751	4,587	3,156	51%	PBDIT	13,619	10,849	26%
2,799	2,709	1,776	58%	Net Profit	8,055	6,567	23%
20.1	19.4	12.7		EPS (Rs.)	57.8	47.1	

Reliance Industries Limited (RIL) today reported its operating performance for nine months period ended December 31, 2006. The highlights of the un-audited financial results as compared to the corresponding period of the previous year are:

- Turnover has risen by 33 % to Rs. 83,487 crore (US\$ 18,863 million).
- Cash Profit has risen by 23% to Rs. 11,657 crore (US\$ 2,634 million)
- Net Profit has risen by 23% to Rs. 8,055 crore (US\$ 1,820 million) – the highest ever for any private sector company in India.
- Gross refinery margin of US\$ 11.7 / bbl in this quarter – highest ever out- performance over the benchmark Singapore complex
- Planned shutdown of one train of Paraxylene unit at Jamnagar during the third quarter. Plant was re-started during first week of January 2007.
- Fire in VGO Hydro-treating Train II unit in third quarter; unit restarted on December 2, 2006.

Commenting on the results, Mukesh D. Ambani, CMD, Reliance Industries Limited said:

"It has been an excellent quarter for RIL. Our integrated and globally competitive business portfolio continues to help RIL de-risk its business model and deliver a superior operating performance. I am pleased with the launch of "Reliance Fresh", Reliance's initiative in the organized retail sector that shall create a unique value proposition for the Indian consumer. RIL remains committed to deploying its cash flows in growing its existing and new businesses."

MANAGEMENT DISCUSSION & ANALYSIS

(For the Nine months ended December 31, 2006)

STRATEGIC DEVELOPMENTS

Independent assessment of 2P reserves for the D1 & D3 discoveries in KGD6 is estimated at 11.3 TCF, which is almost double the earlier estimate. The revised estimates of reserves have enhanced the production plateau from 40 MMSCMD to 80 MMSCMD.

RIL has submitted commerciality proposal for Oil discovery in MA01 well of KGD6 and is awaiting regulatory approvals.

Reliance Retail opened its first store "Reliance Fresh" on 3rd November 2006. A total of 22 retail stores were operational during the quarter.

RIL completed the expansion of its polyester capacity by adding 550,000 TPA of new polyester capacity. With this expansion, total polyester capacity of the group has touched 2 million tonnes. This was one of the largest expansions in the polyester sector globally.

During the period under review, RIL commissioned 730,000 tonnes per annum of PTA capacity at Hazira.

VGO hydro-treater Unit II at RIL Jamnagar refinery had to be shut down due to an accidental fire at the facility. The unit was re-started on 2nd December 2006 after necessary repairs and restoration.

PERFORMANCE REVIEW AND ANALYSIS

As a result of the partial shut down at the refinery during the first quarter, crude processed during the nine months was lower at 23.6 million tonnes, reflecting an operating rate of 95%. This was against 22.6 million tonnes of crude processed in the corresponding period of the previous year.

Petrochemicals production (including toll conversions) for the nine months grew by 18% to 10.4 million tonnes, against 8.8 million tonnes for the corresponding period of the previous year. Oil production increased by 21% from 330,652 tonnes to 399,033 tonnes and gas production increased by 7% from 748 MMSCM to 804 MMSCM.

Turnover for the nine months of current fiscal was at Rs. 83,487 crore (US\$ 18,863 million), reflecting a growth of 33% over the corresponding period of the previous year. Increase in revenues reflects the impact of 17% higher product prices and 16% higher volumes. During this period, aggregate exports were higher by 123% at Rs. 48,696 crore (US\$ 11,002 million).

Consumption of raw materials increased by 41% from Rs 42,127 crore to Rs 59,193 crore (US\$ 13,374 million) primarily on account of higher crude prices.

Employee cost increased by 16% from Rs 763 crore to Rs 888 crore (US\$ 201 million). This increase was mainly on account of performance linked incentives and increments. Reliance's employee cost as a percentage of turnover is at 1%, which is very competitive when compared with its peer group globally.

Other expenditure, which also includes conversion costs, selling expenses, sales tax, repairs and maintenance, excise duty on stock and establishment expenses, decreased marginally by 0.3% from Rs 6,620 crore to Rs 6,603 crore (US\$ 1,492 million).

Operating Profit before other income increased by 32% from Rs. 10,254 crore to Rs. 13,511 crore (US\$ 3,053 million). Net operating margin during the nine months period was 17% as compared to 18% in the corresponding period of the previous year. The margin was slightly lower due to higher raw material costs, primarily crude oil.

Other income was lower at Rs. 108 crore (US\$ 24 million) against Rs. 596 crore primarily on account of a decrease in interest income due to utilization of surplus funds for investment in Reliance Petroleum Ltd.

In April 2006, RIL invested in 90 crore equity shares of Reliance Petroleum Limited (RPL) at Rs. 60 per share and 270 crore equity shares at Rs. 10 per share. Consequent to RPL's 20% share issue to public and 5% stake sale to Chevron, RIL now holds 75% equity stake in RPL at an investment of Rs 6,750 crore (US\$ 1,525 million). The market value of this strategic investment is over Rs. 22,000 crore (US\$ 4,971 million).

Interest costs were higher by 28% year-on-year at Rs. 837 crore (US\$ 189 million) due to increase in borrowings and exchange difference. During the period under review, Rs 407 crore of interest was capitalized, as against Rs 437 crore in the corresponding period of the previous year. Interest

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cost includes Rs. 146 crore on account of exchange rate difference considered as interest as against Rs. 41 crore in the corresponding period of the previous year. Interest cover during the nine months was 8.6 compared to 7.7 on 31st March 2006.

Depreciation was higher at Rs. 2,987 crore (US\$ 675 million) against Rs. 2,419 crore in the corresponding period of the previous year. The higher charge of depreciation was on account of assets capitalized during the current year and last quarter of FY 2005-06.

Profit after tax is Rs. 8,055 crore (US\$ 1,820 million) against Rs. 6,567 crore for the corresponding previous period, reflecting an increase of 23%. Earnings per share (EPS) for the period is at Rs. 57.8 (US\$ 1.3) against Rs. 47.1 for the corresponding period of the previous year.

During the same period, RIL's contribution to the national exchequer in the form of various taxes was Rs. 9,068 crore (US\$ 2,049 million).

The outstanding debt as on 31st December 2006 was Rs 22,534 crore (US\$ 5,091 million) compared to Rs 21,866 crore as on 31st March 2006 and Rs 17,504 crore on 31st December 2005. Net gearing during the quarter was 26% compared to 25% on 31st March 06.

(In Rs. Crore)	31 st Dec 06	30 th Sept 06	31 st Mar 06	31 st Dec 05
Gross Debt	22,534	24,288	21,866	17,504
Cash & cash equivalent	539	738	4,144	3,135
Net Debt	21,995	23,550	17,722	14,369
Shareholders' Equity	56,355	54,059	49,804	49,428
Net Debt Ratio	0.39	0.44	0.36	0.29

RIL has the highest credit rating of AAA from CRISIL, and investment grade rating of Baa2 and BBB from Moody's and S&P respectively. RIL's international rating from both Moody's and S&P is above the sovereign rating of India.

In the nine month period ended 31st December 2006, RIL incurred capital expenditure of Rs. 5,099 crore (US\$ 1,152 million) as against Rs. 6,804 crore during the corresponding period of previous year. The common capital expenditure of Rs. 1,298 crore (US\$ 293 million) during the first nine months of the current year was mainly incurred on account of acquisition of land at Bandra Kurla

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complex. With the completion of major expansion plan in refining and petrochemicals business, the capital expenditure was largely for developing the potential E&P initiatives.

Capital Expenditure

3Q FY07	2Q FY07	3Q FY06	(In Rs. Crore)	9M FY07	9M FY06
1,180	774	429	E & P	2,430	1,251
129	450	900	Refining & Marketing	1,101	2,552
106	79	1,130	Petrochemicals	270	2,646
98	344	116	Common	1,298	355
1,513	1,647	2,575	TOTAL	5,099	6,804

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

	Indian GAAP		US GAAP	
	Rs Crs	\$ MM	Rs Crs	\$ MM
Net Profit	8,055	1,820	8,722	1,971
Difference			667	151

The difference is mainly on account of consolidation of affiliates.

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Update on Key Associates and Subsidiaries:

Indian Petrochemicals Corporation Limited (IPCL):

3Q FY07	2Q FY07	3Q FY06	% Change wrt Q3 FY06	(In Rs. Crore)	9M FY07	9M FY06	% Change wrt 9M FY06
3,459	3,477	3,153	10%	Turnover	10,307	9,095	13%
3,056	3,048	2,800	9%	Net Turnover	9,122	8,009	14%
755	755	568	33%	PBDIT	2,131	1,570	36%
405	351	289	40%	Net Profit	1,014	843	20%
13.4	12.2	10.1		EPS (Rs.)	34.5	29.3	

During the nine month period ended 31st December 2006, Net Turnover (i.e. Turnover less Excise duty recovered on sales) increased by 14% to Rs 9,122 crore (US\$ 2,061 million) from Rs 8,009 crore in corresponding period of the previous year. The increase of 14% in net turnover is on account of 4% increase in sales volume and 10% increase in selling prices of products. Increase in price variance was primarily on account of higher selling prices of polymer products, MEG, benzene and LAB.

Exports decreased by 15% to Rs 1,075 crore (US\$ 243 million) as against Rs 1,266 crore in corresponding period of the previous year.

Operating profit before other income increased by 29% to Rs 1,877 crore (US\$ 424 million) as compared to Rs 1,460 crore in corresponding period of the previous year, mainly on account of higher selling prices, lower other expenditure, partially offset by higher consumption cost of raw materials.

The profit after tax for the nine months has increased by 20% from Rs 843 crore to Rs. 1,014 crore (US\$ 229 million).

The Hon'ble High Court of Judicature of Gujarat, at Ahmedabad by its Order dated August 18, 2006, has sanctioned the scheme of amalgamation of six polyester manufacturing companies, viz. Apollo Fibres limited, Central India Polyesters Limited, India Polyfibres Limited, Orissa Polyfibres Limited,

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Recron Synthetics Limited and Silvassa Industries Private Limited, with IPCL. The scheme has become effective from the September 27, 2006 and the Appointed Date is April 01, 2005.

Reliance Industrial Infrastructure Limited (RIIL):

3Q FY07	2Q FY07	3Q FY06	% Change wrt Q3 FY06	(In Rs. Crore)	9M FY07	9M FY06	% Change wrt 9M FY06
13	13	17	-22%	Turnover	40	49	-17%
11	12	11	-4%	PBDIT	33	33	0%
5	5	5	9%	Net Profit	15	13	11%
3.3	3.5	3.0		EPS (Rs.)	9.9	8.9	

During the nine month period ended 31st December 2006, RIIL has reported a 17% decrease in its turnover from Rs 49 crore to Rs 40 crore (US\$ 9.1 million). The profit after tax for the nine month period has increased by 11% from Rs 13 crore to Rs. 15 crore (US\$ 3.4 million).

Reliance Petroleum Limited (RPL): RPL's 580 KBPSD export oriented refinery, being set up in a Special Economic Zone at Jamnagar, is progressing as per schedule and is well on its way towards its completion by December 2008.

The Project has achieved significant progress on various fronts including engineering, procurement, construction and statutory approvals. Highlights of key developments during the quarter are as follows:

Project Update

- All statutory approvals including SEZ received
- Basic engineering and major part of detailed engineering completed
- All long lead and critical equipments ordered; remaining procurement and contracting activities are nearing completion
- Construction work at site has taken off and progressing at a rapid pace
- Over 7,500 engineers are working at several interconnected locations
- Over 6,00,000 cubic meters of concreting completed
- Over 30,000 tonnes of steel and tankage work completed

Financial Update

- Equity financing completed through highly successful IPO
- Concluded strategic partnership with Chevron
- US\$ 2 billion Commitments obtained through global syndication of loan facility

(Please visit www.reliancepetroleum.com for a photo preview of progress at the project site)

Reliance Retail Limited (RRL):

Reliance Retail Limited is building a business that would focus on competitive offerings to Indian consumers across several verticals in diverse geographies through multiple formats. This will be built on an integrated platform with a world-class supply chain, logistics and information technology infrastructure across the country.

“Reliance Fresh” is the first format amongst the several formats Reliance Retail is working to implement in its pilot program. These stores are expected to be rolled out in a phased manner over the next few months in several multiple formats across different states.

Reliance Fresh Concept

Reliance Fresh Stores will cater to customers with a wide variety and choice of fresh fruits, vegetables, staples, dairy, juices, beverages and processed food. Reliance Fresh stores are neighborhood stores targeting all income groups.

The differentiation for Reliance Fresh stores will be the consistent availability of a wide variety of quality fruits, vegetables and dairy products. The “farm to fork” strategy and the shopping experience is expected to provide competitive advantage to Reliance Fresh.

These pilot stores are launched to understand the customer needs. Over the next few months, by incorporating the learning gained at these stores, Reliance Fresh will fine tune it's offering in its subsequent store openings.

Launch

Reliance Fresh launched its first set of 11 pilot stores in Hyderabad on 3rd November 2006. This was followed by the roll out of 6 more stores on 1st December 2006. On 15th December 2006, Reliance Fresh rolled out 5 more pilot stores in Jaipur. With the roll out of the above stores there was a total of 22 stores operational during the quarter ended 31st December 2006. The total square footage of these 22 stores is in excess of 50,000 sq. ft.

"RelianceOne" a Membership and Loyalty program designed to deliver customized benefits to frequent shoppers is also being piloted. We currently have over 1,50,000 customers who have signed up to be a part of our loyalty program in our stores.

The Audit Committee reviewed the above results. The Board of Directors at its meeting held on 18th January 2007 approved the above results and its release.

PERFORMANCE REVIEW

OIL & GAS (EXPLORATION & PRODUCTION)

Global Scenario

The global E&P industry registered another year of strong performance driven by high commodity prices and robust oil & gas demand. Globally, crude oil demand increased to 84.5 million barrels per day in 2006 from 83.6 million barrels per day in 2005. In 2006, Brent prices on an average rose by 20% over 2005 levels to touch US\$ 70 / bbl. Natural gas prices in Asia and continental Europe are predominantly indexed to oil prices and are expected to remain above historical levels. During 2006, Henry hub gas prices reached a high of US\$ 14 / MMBTU before declining significantly thereafter to US\$ 7.54 / MMBTU.

Globally strong cash flows of E&P companies have enabled them to substantially increase their expenditure across the value chain. This high expenditure has led to severe supply chain pressures. Huge investments in the E&P sector have led to significant rise in prices of equipment and services.

Despite rising investments supply continues to remain a concern. The International Energy Agency (IEA) estimates a total investment of US\$ 5.3 trillion over the next two decades in order to bridge the demand supply gap. A sharp increase in equipment and services cost over the last three years is impacting the pace of investments in the sector.

Indian perspective

During the first nine months of the current year, India's oil import bill is estimated to stand at US\$ 40 billion accounting for 33% of India's total imports of US\$ 120 Billion. The Planning Commission estimates a significant increase in energy needs if its economy is to grow at 9%. In order to strengthen the country's energy security, the Government of India opened up its exploration blocks for competitive bidding. Subsequent to several exploration blocks being awarded there has been certain discoveries that have significantly changed the perception of the geological prospectivity in the Indian subcontinent.

The natural gas market in India is at an inflection point of rapid growth. The share of natural gas in India's energy mix currently stands at 8% as against the global average of 21%. The low share of

natural gas is primarily due to limited domestic availability and the absence of a well-developed pipeline infrastructure. After the improved availability of natural gas along with adequate pipeline infrastructure, it is expected that the contribution of natural gas in the energy sector in India would grow substantially.

Natural gas prices in India are moving towards market driven pricing. The Indian energy sector requires heavy investments to be made in the gas pipeline infrastructure that can help bridge the demand supply gap. The regulatory framework is expected to create a conducive environment for promoting investments. A regulatory body is being put in place to give more clarity to market participants and investors.

RIL – Oil and Gas

Reliance is the largest exploration acreage holder in the private sector in India. Its operations comprise of (i) 30% interest in Panna-Mukta and Tapti fields; (ii) 29 exploration blocks in India; (iii) exploration and production rights in 5 coal bed methane blocks; and (iv) overseas initiatives in Yemen, Oman, Columbia and East Timor. RIL will strengthen its exploration activities in search for hydrocarbons through continued focus on people, technology and processes.

RIL's business strategy is aimed at enhancing vertical integration in its energy business and capturing value across the entire energy chain. RIL's oil and gas business will support India's efforts in enhancing its energy security.

During the period under review, performance of the Panna-Mukta and Tapti operating fields has been satisfactory. The Panna - Mukta fields produced 12,89,788 MT of crude oil and 1,183 MMSCM of natural gas while the Tapti field produced 86,000 MT of condensate and 1,571 MMSCM of natural gas.

Exploration activities progressed satisfactorily with the following positive developments:

- Processing and interpretation of acquired seismic and other data continues to be amongst key initiatives at RIL's E&P business. Advance techniques such as multi-beam and electromagnetic surveys are conducted in order to unveil the potential existence of hydrocarbons.

- During the third quarter of FY06-07, RIL relinquished 5 blocks assessed to be low on hydrocarbon prospects.
- In order to further strengthen the prospects of its E&P business, RIL has bid for 21 blocks in the sixth round of NELP bidding. This round of bidding witnessed high level of participation by leading international players.
- During the third quarter of FY06-07, RIL acquired 119 LKM of 2D and 259 Sq KM of 3D in its on-land blocks in Cambay Basin.
- During the period under review, eight exploratory wells were drilled in KGD6, KG - III5 and KG - III6 blocks. The results are under evaluation.
- The expansion plan (EPOD) at Panna-Mukta block and revised plan of development (NRPOD) for Tapti block are on schedule for production up-gradation in the year 2007.
- Considering the sustained pressure in supply chain and services, RIL is positioning itself against risks through prudent long-term contracting strategies of equipment and services.

Discovered Blocks – Fast Track Implementation

- During the third quarter of FY06-07, the DGH approved the revised development plan for Dhirubhai 1 & 3 discoveries of KGD6 that envisages initial plateau production of 80 MMSCMD of natural gas. This initiative entails implementing one of the world's largest deep-water gas development project.
- RIL will continue to focus on development of KGD6 so as to be on schedule to commence the delivery of natural gas by the second half of FY 2008–09. The target to deliver natural gas within six years from time of announcement of discovery in KGD6 represents the fastest execution and commissioning of a deep water gas production facility anywhere in the world.
- Independent assessment of 2P reserves for the D1 & D3 discoveries in KGD6 is estimated at 11.3 TCF, which is almost double the earlier estimate. The revised estimate of reserves will double the production plateau from 40 MMSCMD to 80 MMSCMD.

- RIL continued its exploration campaign in the KGD6 block by drilling two wells that provided significant geological information about the block. Currently, simultaneous drilling of four development wells is under progress.
- RIL has submitted an application for commerciality of the Oil Discovery – in MA01 well of KGD6 (Dhirubhai 26). Conceptualization of fast-track execution plan to bring the discovery into production is underway.
- With an objective of further evaluating the multiple cretaceous prospects with oil potential identified in KGD6, RIL continued with the drilling of an appraisal well MA-2. Drilling was carried up to a total depth of 3,581 meters and the results have further strengthened the commerciality of the discovery and further upside potential in the block.
- Further drilling is planned in NEC 25 to fully explore the hydrocarbon potential in the block. Preparation for a development plan of six discovered blocks is in progress.

Coal Bed Methane (CBM)

- RIL's venture into the development of CBM blocks is a first of its kind in India. It is expected that this venture will commence production by 2009. Development plans for the Sohagpur East and West blocks are to be submitted in the near future. The initial estimate of Gas In Place of 3.65 TCF has been concurred by DGH.
- RIL's exploration efforts in the Sohagpur blocks were reviewed by international CBM experts and have concurred the blocks to be of a "World Class CBM Play". Exploration work in the other 3 CBM blocks are progressing as per plan.

International Portfolio

- RIL's portfolio was enriched with the award of two new blocks in Yemen (Block 34 and 37) and one block in Oman (Block 41). Negotiation of production sharing contracts (PSC) for these blocks is under progress.

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- RIL signed a PSC with the Government of Timor Leste for offshore Contract Area K that was awarded in May 2006. The acreage (2,384 Sq KM) awarded to RIL is in the proven petroleum province of Australian North West Shelf and is adjacent to the Timor Sea.
- During the quarter, RIL acquired fresh 2D and 3D seismic data of 971 LKM and 2,048 Sq KM in the Oman block 18, where RIL is the sole operator. Processing and interpretation of the data are likely to be completed during the next quarter.

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REFINING & MARKETING (R&M)

3Q FY07	2Q FY07	3Q FY06	% Change wrt Q3 FY06	(In Rs. Crore)	9M FY07	9M FY06	% Change wrt 9M FY06
20,870	23,208	15,179	37%	Segment Revenues	64,940	49,869	30%
1,925	1,489	856	125%	Segment EBIT	5,449	4,175	31%
9.2%	6.4%	5.6%		EBIT Margin (%)	8.4%	8.4%	

The refining and marketing segment revenue increased by 30% from Rs 49,869 crore to Rs 64,940 crore. This reflects an 18% price increase and 12% volume growth.

Refining EBIT increased by 31% from Rs. 4,175 crore to Rs 5,449 crore. However, the EBIT margin for the refining business remained stable at 8.4 % for the nine months FY 07 as compared to the corresponding period of the previous year.

Crude Throughput Volumes

3Q FY07	2Q FY07	3Q FY06	% Change wrt Q3 FY06	Crude Oil (Mn. MT)	9M FY07	9M FY06	% Change wrt 9M FY06
4.9	5.5	3.9	26%	Heavy	14.9	11.9	25%
1.1	1.1	1.9	-42%	Medium	3.8	9.0	-58%
1.9	1.6	0.9	111%	Light	4.9	1.7	188%
7.9	8.2	6.7	18%	Total Crude Processed	23.6	22.6	4%

Basis to arrive above figures is: -

- Above data are based on consumption
- API < 29 = Heavy, >29 & < 33 = Medium and above 33 light

During the nine month period ended 31st December 2006, RIL's refinery processed 23.6 million tonnes of crude with a nominal average utilisation of 95%. The performance could have been better, but for the planned partial shut down of the refinery during May 2006. This compares favourably with the utilization rates of global refineries, which operated at 88% in North America, 86% in Europe and 86% in the Asia Pacific region.



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Exports of refined products touched US\$ 8.3 billion accounting for 76% of RIL's total exports. During the nine month period ended 31st December 2006, export of refined products were 13.51 million tonnes as compared to 7.64 million tones during the corresponding period of the previous year. Refining margins were optimized through better product placement globally.

Due to a fire in the unit, VGO hydro treater Unit II of the Jamnagar refinery was shutdown on October 25, 2006. As a precautionary measure, RIL shutdown the neighbouring Diesel Hydro treater Unit II for a day. The VGO Hydro treater was re-started on 2nd December 2006.

Product Price Realization in India

3Q FY07	2Q FY07	3Q FY06	Avg. Realization (Industry Prices) – (Rs. / Ltr.)	9M FY07	9M FY06
23.2	23.7	20.7	Gasoline	22.8	18.8
23.1	23.4	21.7	Diesel	22.8	20.3
18.3	18.3	16.8	LPG (Rs. / kg)	18.1	16.8

(Source: IPR and Industrial Price data)

The petroleum retailing business has seen several changes during the period under review. The earlier part of the year saw high crude prices but low price realizations at the retail level. This led to under recovery by all players in this sector. In light of the negative margins, RIL took the decision to correct its pricing strategy in order to reflect the prevailing crude price environment. This led to a sharp decline in its market share from a high of 13% to under 2%.

Recent trends in declining crude oil prices has allowed RIL to further rationalize its retail pricing with a view to better utilizing its investments in a world class marketing network and this has resulted in a sharp increase in its market share to 6% in December 2006.

Continuing lack of level playing field is limiting RIL from optimal utilisation of its retail network.

During the quarter, RIL has added 52 retail outlets taking the total number of retail outlets to 1,339, which represents a 4% share of the national network.

In October 2006, RIL bagged the prestigious pre-operation services and O&M contract for re-fuelling at GMR Hyderabad International Airport for a period of seven years against tough competition.

On 28th December 2006, RIL commissioned its first Aviation Fuelling station at Bhubaneswar, heralding its entry into the high growth aviation sector.

Refining Margin (GRM)

(US\$ / bbl)	3Q FY07	2Q FY07	3Q FY06
Reliance Industries	11.7	9.1	9.1
Regional Benchmarks			
Singapore	3.9	4.7	6.0
US Gulf Coast	4.2	7.8	11.0
Rotterdam	2.8	5.2	7.1
Mediterranean	4.0	5.3	5.4

(Source: Reuters)

Singapore complex margin for the period October to December 2006 averaged at US\$ 3.9 per barrel as compared to US\$ 6.0 per barrel in corresponding period of the previous year. There was a fall in global refining margins due to improved global refining utilization rate, lower turnaround rate, end of peak driving season in US and continued fuel switching in China and US.

During the quarter ended 31st December 2006, RIL's Gross Refining Margins (GRMs) was US\$ 11.7 / bbl as against US\$ 9.1 / bbl during the corresponding period of the previous year. Importantly, RIL's GRM was higher than the benchmark Singapore complex margin by US\$ 7.8 / bbl. RIL's consistent out-performance over all other key benchmarks reflects the Jamnagar refinery's higher complexity, capability to process heavier / sour crude, superior product mix and quality premium.

During the period under review, the domestic demand for petroleum products increased by 3.6% mainly due to demand growth in ATF, HSD and MS.

During the nine month period ended 31st December 2006, HSD recorded 6.8%, LPG 3.6%, MS 6.8% growth over the corresponding period of the previous year. During the same period, ATF witnessed a strong demand and registered a growth of 23.8% as compared to the corresponding period of the previous year. On the other hand, consumption of Naphtha reduced by 8.5% due to replacement by lower priced natural gas and higher hydel power generation.

Crude Oil Price Movement (Global Benchmarks)

3Q FY07	2Q FY07	3Q FY06	Oil (Benchmark Industry Prices) – US\$ / bbl	9M FY07	9M FY06
59.7	69.6	56.9	Brent	66.3	56.7
58.2	70.5	60.0	WTI	66.4	58.7
56.4	66.0	52.9	Dubai	62.4	52.0

(Source: Reuters)

Product Price – Market Reference Prices (Region - Singapore)

3Q FY07	2Q FY07	3Q FY06	Products – Period Average - US\$ / bbl	9M FY07	9M FY06
64.2	77.6	63.7	Gasoline	75.1	65.0
70.3	82.9	66.1	HSD	79.2	67.2
75.0	85.9	70.4	ATF	82.1	71.2
477.6	536.9	533.1	LPG	490.6	452.7

(Source: Platts)

For the nine month ended 31st December 2006, the average prices of Brent stood at US\$ 66.3 / bbl, WTI at US\$ 66.4 / bbl, and Dubai at US\$ 62.4 / bbl. Peak prices for the same period stood at Brent US\$ 78.7 / bbl, WTI US\$ 77.0 / bbl, and Dubai US\$ 72.3 / bbl respectively.

International Energy Agency (IEA) forecasts a product demand growth forecast of 1.4 million barrel per day in 2007 as against demand growth of 0.9 million barrel per day in 2006.

PETROCHEMICALS

3Q FY07	2Q FY07	3Q FY06	% Change wrt Q3 FY 06	(In Rs. Crore)	9M FY07	9M FY06	% Change 9M FY 06
10,895	10,874	7,353	48%	Segment Revenues	31,556	22,194	42%
1,407	1,764	1,064	32%	Segment EBIT	4,258	3,225	32%
12.9%	16.2%	14.5%		EBIT Margin (%)	13.5%	14.5%	

RIL's petrochemical business has a portfolio of very competitive products with a leadership position in costs and integration that provides it with a differentiated value proposition to all its customers.

During the nine month period ended 31st December 2006, revenues for the petrochemical segment increased from Rs 22,194 crore to Rs 31,556 crore recording a growth of 42% as compared to the corresponding period of the previous year. Increased prices accounted for 18% of the growth while the balance 24% was on account of higher volumes.

During the same period, EBIT from the petrochemical segment increased from Rs. 3,225 crore to Rs 4,258 crore recording an increase of 32% as compared to the corresponding period of the previous year. However, a higher price environment resulted in the EBIT margin decreasing from 14.5% to 13.5% in the corresponding period of the previous year. Within the petrochemicals business, PE, PP witnessed improved margins while PTA, MEG and PET margins were under pressure.

Polymer margins were at historical high during second quarter primarily due to lower naphtha cracks for most of the quarter. The prices and margins started dropping during end of second quarter. On the other hand, polyester margins improved in third quarter after dropping to low levels in second quarter.

Petrochemicals Production Volumes

3Q FY07	2Q FY07	3Q FY06	% Change wrt Q3 FY06	(In '000 Tons)	9M FY07	9M FY06	% Change wrt 9M FY06
3,630	3,628	2,719	34%	Production	10,412	8,790	18%
567	565	391	45%	Polymers (PP, PE, PVC)	1,599	1,353	18%
389	355	284	37%	Polyester (PFY, PSF, PET)	1,115	833	34%
1,007	1,046	695	45%	Polyester Intermediates (PX, PTA, MEG)	2,950	2,320	27%

Polyester and Fibre Intermediates

The recent commissioning of 550,000 tonnes per year of new capacity makes Reliance the world's largest producer of polyester fibre and yarn with a combined capacity of 2 million tonnes. Reliance has a domestic market share of 56% in PFY, PSF and PET.

During the period under review, RIL's production of PFY, PSF and PET grew by 34% to 1,115,000 tonnes due to commissioning of polyester facilities at Hazira and Patalganga. The recently commissioned polyester facilities are operating at high utilization rates and production is being absorbed in domestic and international markets. Thrust on speciality products account for 57% and 34% of PSF and PFY production volumes respectively. Production of polyester intermediates (PX, PTA and MEG) at 2,950,000 tonnes increased by 27% as compared to corresponding period of the previous year. RIL commissioned a 730,000 tonnes per annum PTA plant at Hazira in July 06. Reliance's domestic market share in polyester intermediates is 78%.

One of the Paraxylene trains at Jamnagar was under planned maintenance shutdown from third week of November 2006 till the first week of January 2007 resulting in a production loss of 55,000 tonnes.

During the period under review, domestic demand for polyester remained strong registering a growth of 8% compared to the corresponding period of the previous year. Floods in major consumption centers and volatile raw material prices adversely affected demand.

Polymers

PP, PE and PVC recorded a combined production volume of 1,599,000 tonnes recording a growth of 18% as compared to the corresponding period of the previous year. This growth was on account of the commissioning of a new PP plant at Jamnagar, which was partially offset by the scheduled maintenance shutdown of the cracker and downstream plants at Hazira in May 2006. RIL continues to be the largest polymer producer in India with a domestic market share of 45%.

RIL produced 616,000 tonnes of ethylene, representing a decrease of 10% over corresponding period of the previous year and 297,000 tonnes of propylene, representing a decrease of 10%. The decrease in production was due to the planned shut down of the cracker plant during the first quarter.

As a result of prevailing high prices, domestic demand for polymers grew by only 7%. Declining polymer prices towards the end of the second quarter resulted in downstream processors adopting a 'wait and watch' approach leading to a lower off-take in October 2006. Demand for polymers picked up in November and December 2006 on account of stable prices.

Chemicals

During the nine months, Linear Alkyl Benzene (LAB) production was 83,750 tonnes; lower by 4% compared to corresponding period of the previous year due to planned shutdown in the third quarter. Reliance has a market share of 24% in LAB. The Butadiene plant at Hazira produced 76,000 tonnes, higher by 20% compared to corresponding period of the previous year.

BUSINESS OUTLOOK

RIL continues to remain focused on enhancing shareholder value through strong operating performance and continued investments in existing and new businesses. Robust economic growth along with a stable operating environment promises a positive outlook for all our businesses.

Media Release



**UNAUDITED FINANCIAL RESULTS FOR THE
QUARTER / NINE MONTHS ENDED 31st DECEMBER 2006**
(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
		2006	2005	2006	2005	2006 (Audited)
1.	Turnover	27,771	19,899	83,487	62,676	89,124
	Less: Excise Duty / Service Tax Recovered	1,299	1,731	4,019	6,007	7,913
	Net Turnover	26,472	18,168	79,468	56,669	81,211
2.	Other Income	42	180	108	596	683
3.	Total Expenditure					
	a) (Increase)/decrease in stock in trade	773	(805)	(727)	(3,094)	(2,131)
	b) Consumption of raw materials	18,656	13,358	59,193	42,127	58,343
	c) Staff cost	286	251	888	763	978
	d) Other expenditure	2,048	2,388	6,603	6,620	9,722
4.	Interest and Finance Charges	293	194	837	652	877
5.	Depreciation	1,062	824	2,987	2,419	3,401
6.	Profit before tax	3,396	2,138	9,795	7,778	10,704
7.	Provision for Current Tax (including Fringe Benefit tax)	392	186	1,125	683	931
8.	Provision for Deferred Tax	205	176	615	528	704
9.	Net Profit	2,799	1,776	8,055	6,567	9,069
10.	Paid up Equity Share Capital, Equity Shares of Rs. 10/- each.	1,394	1,394	1,394	1,394	1,394
11.	Reserves excluding revaluation reserves (as per balance sheet) of previous accounting year					43,761
12.	Earnings per share (of Rs. 10)					
	Basic	20.1	12.7	57.8	47.1	65.1
	Diluted	20.1	12.7	57.8	47.1	65.1

Notes:

1. The figures for the corresponding periods of the previous year are not strictly comparable in view of the planned shutdown of the refinery during October and November 2005.
2. (a) The Company, had revalued plant, equipment and buildings situated at Patalganga, Hazira and Jamnagar in 2005-06. Consequent to the revaluation, there is an additional charge for depreciation of Rs. 1,482 crore (US\$ 335 million) for the nine month period and an equivalent amount has been withdrawn from Revaluation Reserve. **This has no impact on the profit for the period.**

(b) The Company had revalued its plant and machinery situated at Patalganga and Naroda in 1997-98. Consequent to the revaluation, there is an additional charge for depreciation of Rs. 23 crore (US\$ 5 million) for the nine months and an equivalent amount has been withdrawn from Revaluation Reserve. **This has no impact on the profit for the period.**
3. (a) On October 25, 2006, there was a fire in VGO Hydro treating Unit II of the refinery at Jamnagar resulting in its shutdown. As a precautionary measure, neighbouring Diesel Hydro treating unit II was also shutdown for a day. Diesel Hydro treating unit was started on October 26, 2006 and VGO Hydro treating Unit II on 2nd December 2006.

(b) One of the Paraxylene trains at Jamnagar was under planned maintenance shutdown and catalyst change since 21st November 2006. The production resumed during the first week of January 2007.
4. During the quarter, Reliance Haryana SEZ Limited, Reliance Exploration and Production DMCC, Ranger Farms Private Limited, Retail Concepts and Service India Private Limited, Reliance Dairy Foods Limited and Reliance Retail Insurance and Broking Limited have become subsidiaries of the company.
5. Pursuant to the adoption of Accounting Standard on Employee Benefits (AS 15) (Revised 2005) issued by the Institute of Chartered Accountants of India, additional liability of Rs. 50 crore (US\$ 11 million) up to 31st March 2006 net of deferred tax of Rs 17 crore (US\$ 4 million) has been adjusted against the opening balance of revenue reserves. The additional charge on account of the above is Rs 9 crore for the nine months.

6. Provision for Current Tax for the nine months includes provision for Fringe Benefit Tax of Rs 24 crore (US\$ 5 million).
7. There were no investors' complaints pending as on 1st October 2006. All the 1,991 complaints received during the quarter were resolved and no complaints were outstanding as on 31st December 2006.
8. The audit committee reviewed the above results. The Board of Directors at its meeting held on 18th January 2007 approved the above results and its release.
9. The statutory auditors of the Company have carried out a Limited Review of the results for the quarter ended 31st December 2006.

**UNAUDITED SEGMENT INFORMATION FOR THE
QUARTER / NINE MONTHS ENDED 31st DECEMBER 2006**

Rs Crores

		Quarter Ended 31 st December		Nine Months Ended 31 st December		Year ended 31 st March
		2006	2005	2006	2005	2006 (Audited)
1. Segment Revenue						
- Petrochemicals		10,895	7,353	31,556	22,194	32,802
- Refining		20,870	15,179	64,940	49,869	71,117
- Others		634	497	1,719	1,351	1873
Gross Turnover (Turnover and Inter Segment Transfers)		32,399	23,029	98,215	73,414	105,792
Less: Inter Segment Transfers		4,628	3,130	14,728	10,738	14,854
Turnover		27,771	19,899	83,487	62,676	90,938
Less: Excise Duty Recovered on Sales		1,299	1,731	4,019	6,007	7,913
Net Turnover		26,472	18,168	79,468	56,669	83,025
2. Segment Results						
- Petrochemicals		1,407	1,064	4,258	3,225	4,713
- Refining		1,925	856	5,449	4,175	5,916
- Others		364	320	1,013	786	1,112
Total Segment Profit before Interest and Tax		3,696	2,240	10,720	8,186	11,741
(i) Interest Expense		(293)	(194)	(837)	(652)	(935)
(ii) Interest Income		26	122	60	404	492
(iii) Other Unallocable Income Net of Expenditure		(33)	(30)	(148)	(160)	(270)
Profit before Tax		3,396	2,138	9,795	7,778	11,028
(i) Provision for Current Tax		(392)	(186)	(1125)	(683)	926
(ii) Provision for Deferred Tax		(205)	(176)	(615)	(528)	704
Profit after Tax		2,799	1,776	8,055	6,567	9,398
3. Capital Employed (Segment Assets – Segment Liabilities)						
- Petrochemicals		27,372	25,974	27,372	25,974	31,039
- Refining		40,369	30,918	40,369	30,918	35,688
- Others		8,951	5,753	8,951	5,753	6,502
- Unallocated Corporate		7,782	9,082	7,782	9,082	6,570
Total Capital Employed		84,474	71,727	84,474	71,727	79,799

Notes to Segment Information for the nine months ended 31st December 2006

1. As per Accounting Standard 17 on Segment Reporting (AS 17), the Company has reported "Segment 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, Butadiene and Polyethylene Terephthalate.
 - b) The **refining** segment includes production and marketing operations of the petroleum refinery.
 - c) The smaller business segments not separately reportable have been grouped under the "**others**" segment. This comprises of the following:
 - Oil and Gas
 - Textile
 - d) Capital employed on other Investments and income from the same are considered under "un-allocable"
2. The segment results for the year ended 31st March 2006 are on a consolidated basis.