

## **NET PROFIT NEARLY DOUBLES IN 24 MONTHS TO US\$ 2 BILLION DIVIDEND OF 100% PAYOUT OF RS 1,394 CRORE, HIGHEST IN PRIVATE SECTOR**

Mumbai, 27<sup>th</sup> April 2006 - Reliance Industries Ltd. has announced its audited results for the year ended March 31, 2006. **Turnover of Rs. 89,124 crore** (US \$ 19,976 million). **Net Profit of Rs. 9,069 crore** (US \$ 2,033 million) - **the highest in the private sector.**

The performance highlights of Reliance Industries Limited for the year ended 31<sup>st</sup> March 2006 are:

- **Turnover** of Rs. 89,124 crore (US\$ 19,976 million) against Rs. 73,164 crore for the previous year, an increase of 22%
- **Operating Profit (PBDIT)** of Rs. 14,982 crore (US\$ 3,358 million) against Rs. 14,261 crore for the previous year, an increase of 5%.
- **Cash Profit** of Rs. 13,174 crore (US\$ 2,953 million) against Rs. 12,087 crore for the previous year, an increase of 9%.
- **Net Profit** of Rs. 9,069 crore (US\$ 2,033 million) against Rs. 7,572 crore for the previous year, an increase of 20%.
- **Dividend of 100%, payout of Rs. 1,394 crore (US\$ 312 million)**
- **Earnings Per Share (EPS)** for the year is Rs. 65.1 (US\$ 1.46)
- **Contribution to the national exchequer** in the form of various taxes is Rs. 15,950 crore (US\$ 3,575 million) against Rs. 13,972 crore for the previous year
- The Company's production of oil & gas and petrochemicals, including toll conversion, is **13.5 million tonnes** during the year, against 12.7 million tonnes for the previous year, **an increase of 6%.**
- **Exports** of manufactured products were Rs. 32,691 crore (US\$ 7,327 million), against Rs. 25,532 crore for the previous year, an increase of 28%.
- The Company's Scheme of Arrangement (Scheme), to demerge certain undertakings to four resulting companies was approved by the Hon High Court of Mumbai on 9<sup>th</sup> December 2005, effective from 21<sup>st</sup> December 2005.



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- The consolidated Net profit of the Company after consolidating its subsidiaries and associates is Rs. 9,398 crore (US\$ 2,106 million).

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

	<u>Indian GAAP</u>		<u>US GAAP</u>	
	Rs Crs	\$ MM	Rs Crs	\$ MM
<b>Consolidated Net Profit</b>	<b>9,398</b>	<b>2,106</b>	<b>9,735</b>	<b>2,182</b>
<b>Difference</b>			<b>337</b>	<b>76</b>

**The difference is mainly on account of deferred tax.**

The carrying value of the net assets demerged under the Scheme of demerger is Rs. 19,006 crore as per US GAAP.

**Commenting on the results, Chairman & Managing Director Mukesh Ambani said, “It has been a very good year in an extremely challenging environment. We took several strategic steps to enhance and distribute wealth to our shareholders. What is even more gratifying is the growth in our profits from a little over US\$ 1 billion to over US\$ 2 billion in a span of just 24 months. We are now investing in each of our businesses to achieve substantial earnings growth in the future and create further value for millions of our shareholders”.**

## Management's Discussion & Analysis

### 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 with 34 domestic exploration blocks covering an area of about 331,000 Square Kilometres. This is in addition to its interest in one exploration block each in Yemen and Oman. Reliance also has 5 coal bed methane blocks covering an area of about 4000 sqkm. During the year, RIL signed a Co-operation Agreement with Ecopetrol of Columbia for farm-in opportunities in Columbia.

Reliance has deployed state-of-the-art technology, and is working with leading international technology and service providers for E&P projects, covering all activities, such as seismic studies, processing and interpretation of data and drilling. To accelerate the pace of exploration, Reliance has already contracted 7 rigs for deepwater and shallow water drilling.

#### **NELP Blocks**

12 exploration blocks were awarded under the 1st round of the New Exploration Licensing Policy of Government of India, 4 exploration blocks in the 2nd round, 9 blocks in the 3<sup>rd</sup> round and one block in the 4<sup>th</sup> round of NELP. Reliance has been awarded 5 more exploration blocks in the financial year ended 31<sup>ST</sup> March 2006, in the 5<sup>th</sup> round of NELP. The Production Sharing Contract has been signed and Petroleum exploration license for three blocks has been already obtained.

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 four exploration blocks from Tullow Oil plc, a UK Company.

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

Oil discovery notification for the two wells drilled in KG-III-6 Block was submitted to DGH. Currently, commerciality of this discovery is under evaluation.

With the approval of development plan for producing 40 MMSCMD of gas initially from Dhirubhai 1 & 3 of KGD6 Block, the contract for development is stated to be awarded in calendar Q2-06, and commercial production expected in 2008.

## Overseas Blocks

In the Yemen onshore block where Reliance had oil discoveries, the development plan to develop the discoveries has been approved by Ministry of Yemen. The test production has commenced.

In the Oman offshore block where RIL is the Operator, the existing seismic data has been collected and 2D reprocessing of data is underway. To facilitate the operations, a project office has been set up at Muscat.

## CBM Blocks

The exploration in the CBM block of RIL is also progressing as per plan. Gas In Place (GIP) estimates of 3.65 TCF concurred by DGH for Sohagpur East and West Blocks. Plans are being made to produce commercial CBM for the first time in the country by 2008. Business plan for CBM usage and transportation is being developed.

## PMT Blocks

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 and ONGC have a 30% and 40% share in the fields respectively.

The Panna-Mukta fields produced 1,570,096 tonnes of crude oil and 46.70 billion cubic feet (1,446 MMSCM) of gas during the year compared to 1,320,243 tonnes of crude oil and 47.15 billion cubic feet (1,335 MMSCM) of gas produced during the previous year.

The Tapti field produced around 78.99 billion cubic feet (2,297 MMSCM) of gas during the year compared to 74.79 billion cubic feet (2,118 MMSCM) of gas produced during the previous year.

## Refining & Marketing (R&M):

During the period under review, the domestic demand for petroleum products reduced by 1.1% compared to last year against 3.6% growth in the last year, primarily on account of lower domestic demand for Naptha by 12.2%. The decrease in demand for Naptha was on account of high prices of Naptha which prevailed during the year leading to substitution of Naptha in the fuel segment with cheaper available fuels.

The consumption of HSD, which accounts for more than a third of the total consumption of petroleum products, registered a small growth of 1.3%, against a growth of 6.9% during the previous year. LPG demand reduced slightly by 0.1% against 10.1% growth during the last year. Demand for MS grew by 4.9%. The demand of Aviation turbine fuel grew by 17.3% during the year. Naptha sales fell by 12.2% and Kerosene sales reduced slightly by 0.7%.

The average prices of WTI, Brent and Dubai for the year were \$ 59.83 per barrel, \$ 57.99 per barrel and \$ 53.51 per barrel respectively while the peak prices were \$ 69.91 per barrel, \$ 67.33 and \$ 61.05 per barrel respectively.

International Energy Agency has revised its global oil demand growth assessment for 2005 to 1.1 million b/d, due to regional economic and logistical disruptions as well as retail price spikes in US due to Katrina and Rita and a warm early winter but has maintained a demand growth of 1.5 million b/d for 2006.

The refinery margins were robust in all the regions as product price increases were higher than the concomitant rise in crude oil prices. Singapore complex margins averaged 6.2 \$/bbl during the year compared to 7.2 \$/bbl in the previous year.

During the period under review, Reliance recorded 92% capacity utilisation at its Jamnagar Refinery. The refinery processed 30.47 million tons of crude during the year. Capacity utilisation is lower due to scheduled shutdown in October-November 2005 for maintenance. Adjusted for the refinery shutdown, the refinery operated at 96%

This capacity utilisation compares favourably with the utilisation rates for other refineries, both in India and abroad, at 87% for North America, 88% for Europe, and 90% for Asia Pacific region.

Exports of refining products during the period under review were 10.8 million tons, compared to 10.2 million tons in the last year. Exports of HSD was 5.9 million tonnes while that of Gasolene was 2.1 million tonnes.

RIL's refinery at Jamnagar recorded its highest ever GRM of 10.3 \$/bbl. This amply demonstrates the ability of our refinery to process heavy crudes that deliver superior returns. Exports of refined products touched US\$ 5.9 billion demonstrating RIL's capability to service several developed markets across the globe.

Reliance already has the necessary approvals for setting up 5,849 retail outlets in India. As on date, 1,218 outlets are operational. The response from these retail outlets is encouraging as the throughput per outlet is significantly higher than the industry norms. Reliance has achieved a HSD retail market share of 13% within a year in the retailing of transportation fuels. Reliance will continue to set new standards for services and product quality through its retail outlets.

Reliance petroleum retail outlets is a testimony of our commitment to redefine standards in the petroleum retailing business in India. RIL provides its customers with the highest quality transportation fuels along with a delightful experience at each of its outlets.

## **Petrochemicals:**

During the year under review, operating rates of ethylene crackers continued to be high globally on account of sustained demand and lack of new capacities. However the petrochemical business worldwide was affected by high crude oil and natural gas prices leading to increase in cost of raw materials and reduction in profitability margins compared to previous year.

The domestic demand for both polyester and polymer products remained robust during the year, with polyester demand registering a growth of 10% and polymer growth of 17%, compared to the previous year.

## **Polyester:**

Reliance is world's largest producer of polyester fibre and yarn with a capacity of 1.7 million tonnes. Reliance has a domestic market share of 51% in PFY, PSF and PET. During the year, Reliance commissioned a new polyester plant at Patalganga and Hazira with capacity of 550 KTA. Reliance is confident of placing the expanded capacity in domestic and global markets.

During the year, RIL's production volumes of PFY, PSF and PET increased by 9% to 1,129,000 tonnes.

Reliance has maintained its focus on speciality products, 55% of PSF production and 33% of PFY production represented niche products. With the integration of Trevira, Reliance has now the most diversified portfolio in polyester across commodity, specialty and niche products.

Reliance is one of the largest manufacturers of polyester intermediates in the world. Reliance is world's 4<sup>th</sup> largest producer of PX, 5<sup>th</sup> largest producer of MEG and 7<sup>th</sup> largest producer of PTA. Reliance's domestic market share in PX, PTA and MEG is 77%.

During the year, production of PX, PTA and MEG increased by 2% to 3,220,000 tonnes.

## **Polymers**

Reliance is the world's 7<sup>th</sup> largest manufacturer of PP and the largest polymer producer in the country with a domestic market share of 44%.

During the year, production volumes of PP, PE and PVC decreased 4% to 1,845,000 tonnes primarily on account of shutdown of the PP plant due to the partial shutdown of the refinery during the October – November 2005.

RIL operates one of the world's largest and most efficient, multi-feed crackers at its Hazira petrochemicals complex. During the year, Reliance produced 840,000 tonnes of ethylene, representing an increase of 3% over corresponding previous period and 398,000 tonnes of propylene, representing an increase of 1%.

## **Chemicals**

During the year, Linear Alkyl Benzene (LAB) production was 117,000 tonnes, lower by 3% compared to the previous year. Reliance has a market share of 25% in LAB.

The 140 KTA Butadiene plant at Hazira was commissioned during the year and has produced 90,000 tonnes.

In the petrochemical business RIL has a very competitive portfolio with leadership position in costs and integration that provides a differentiated value proposition to all its customers. It is a matter of great pride for RIL to be world's largest and most integrated producer of polyester. RIL is investing in people, processes and technology to provide superior returns through the cycle.

## **Financial Review:**

Turnover for the year increased by 22% from Rs 73,164 crore to Rs 89,124 crore (US\$ 19,976 million)

Net Turnover for the year increased by 23% from Rs 66,051 crore to Rs. 81,211 crore (US\$ 18,203 million). This increase in net turnover is on account of a 1% increase in sales volume and a 22% increase in selling prices of our products.

Other income decreased from Rs. 1,450 crore to Rs. 683 crore (US\$ 153 million). This decrease was on account of non receipt of dividends on Preference shares of Reliance Infocomm Ltd which were converted to equity shares of the same with effect from 1st April 2005. These shares were subsequently demerged as a part of the Scheme. Loss of income on Reliance Infocomm preference shares was partially offset by higher income from other investments.

Consumption of raw materials increased by 27% from Rs 45,932 crore to Rs 58,343 crore (US\$ 13,077 million) primarily on account of higher crude prices.

Employee cost increased by 16% from Rs 846 crore to Rs 978 crore (US\$ 219 million). This increase was mainly on account of higher salaries.

Other expenditure which also includes conversion costs, selling expenses, sales tax, repairs and maintenance, excise duty on stock, and establishment expenses increased by 64% from Rs 5,937 crore to Rs 9,722 crore (US\$ 2,179 million). This increase was primarily on account of higher sales tax and freight expenses on Retail marketing of Petroleum products, payment of royalty on production of Paraxylene, excise duty provision on stocks and higher repairs & maintenance expense due to the planned shutdown of our refinery.

Operating profit before other income increased by 12% from Rs 12,811 crore to Rs.14,299 crore (US\$ 3,205 million). Despite higher selling prices our operating profits were impacted due to higher raw material cost and a planned shutdown of our refinery.

Interest expenditure decreased sharply by 40% from Rs 1,469 crore to Rs. 877 crore (US\$ 197 million) on account of lower interest rates and higher interest capitalisation. Interest capitalised during the year was Rs 637 crore as compared to Rs 297 crore in the previous year. The outstanding debt as on 31<sup>st</sup> March 2006 was Rs 21,866 crore (US\$ 4,901 million) compared to Rs 18,785 crore as on 31<sup>st</sup> March 2005.

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Depreciation charge for the year was Rs. 3,401 crore (US\$ 762 million) as against Rs. 3,724 crore in the previous year. This decrease is primarily on account of impact of WDV depreciation on the petrochemical assets.

Resultant from the above the profit before tax increased by 18% from Rs 9,069 crore to Rs 10,704 crore (US\$ 2,399 million).

Provision for taxation increased by 32% from Rs 705 crore to Rs 931 crore (US\$ 209 million), which includes Fringe Benefit Tax paid of Rs 31 crore (US\$ 7 million). Provision for deferred tax decreased by 11% from Rs 792 crore to Rs. 704 crore (US\$ 158 million) mainly on account of lower Income tax depreciation.

Profit after taxation increased 20% to Rs.9,069 crore (US\$ 2,033 million) from Rs 7,572 crore.

Capital expenditure during the year was Rs 9,476 crore (US\$ 2,124 million) primarily on account of Exploration & Production, implementation of value maximization projects, expansion of petrochemical capacities and setting up of retail marketing outlets.

**RIL has a financial frame work which enables it to pursue aggressive business growth strategies while retaining a prudent capital structure.**

## Update on IPCL and RIIL:

**Indian Petrochemicals Corporation Limited (IPCL)** For the year ended 31<sup>st</sup> March 2006, IPCL has reported a 2% increase in its turnover from Rs 9,386 crore to Rs 9,597 crore. The profit after tax for the year has increased by 28% from Rs 786 crore to Rs. 1,005 crore.

The Board of Directors have approved the merger of Apollo Fibres Ltd (AFL), Central India Polyester Ltd (CIPL), India Polyfibres Ltd (IPL), Orissa Polyfibres Ltd (OPL), Recron Synthetics Ltd (RSL) and Silvassa Industries Pvt Ltd (SIPL) with IPCL, subject to the necessary approvals.

**Reliance Industrial Infrastructure Limited (RIIL)** For the year ended 31<sup>st</sup> March 2006, RIIL has reported a 22% increase in its turnover from Rs 53 crore to Rs 64 crore. The profit after tax for the year has increased by 6% from Rs 17 crore to Rs. 18 crore.

**The Audit Committee reviewed the above results. The Board of Directors at its meeting held on 27<sup>th</sup> April January 2006 approved the above results and its release. For the quarter ending June 30, 2006 the Company expects to announce its results in the last week of July 2006.**

**AUDITED FINANCIAL RESULTS FOR THE QUARTER/ YEAR ENDED 31st MARCH 2006**  
(Rs. in crore, except per share data)

Sr. No.	Particulars	9 Months Ended 31 <sup>st</sup> December	Quarter Ended 31 <sup>st</sup> March		Year Ended 31st March	
		2005	2006	2005	2006	2005
1.	Turnover	<b>62,676</b>	26,448	19,840	<b>89,124</b>	<b>73,164</b>
2.	Less: Excise Duty Recovered on Sales	<b>6,007</b>	1,906	2,001	<b>7,913</b>	<b>7,113</b>
3.	<b>Net Turnover</b>	<b>56,669</b>	24,542	17,839	<b>81,211</b>	<b>66,051</b>
4.	Other Income	<b>596</b>	87	476	<b>683</b>	<b>1,450</b>
5.	Total Expenditure					
	(a) (Increase)/decrease in stock in trade	<b>(3,094)</b>	963	448	<b>(2,131)</b>	<b>524</b>
	(b) Consumption of raw materials	<b>42,127</b>	16,216	12,083	<b>58,343</b>	<b>45,932</b>
	(c) Staff cost	<b>763</b>	215	269	<b>978</b>	<b>846</b>
	(d) Other expenditure	<b>6,620</b>	3,102	1,493	<b>9,722</b>	<b>5,937</b>
6.	Interest	<b>652</b>	225	362	<b>877</b>	<b>1,469</b>
7.	Depreciation	<b>2,419</b>	982	981	<b>3,401</b>	<b>3,724</b>
8.	Profit before tax	7,778	2,926	2,679	<b>10,704</b>	<b>9,069</b>
9.	Provision for Current Tax	683	248	195	<b>931</b>	<b>705</b>
10.	Provision for Deferred Tax	528	176	192	<b>704</b>	<b>792</b>
11.	<b>Net Profit</b>	<b>6,567</b>	<b>2,502</b>	<b>2,292</b>	<b>9,069</b>	<b>7,572</b>
12.	Add: Brought forward from last balance sheet				<b>8,968</b>	<b>5,592</b>
13.	Amount available for appropriation				<b>18,037</b>	<b>13,164</b>
14.	Appropriations:					
	a) Equity Dividend				<b>1,394</b>	<b>1,045</b>
	b) Tax on Dividend				<b>195</b>	<b>147</b>
	c) Tax on Dividend for earlier years				<b>-</b>	<b>4</b>
	d) General Reserves				<b>13,382</b>	<b>3,000</b>
	e) Debenture Redemption Reserve				<b>37</b>	<b>-</b>
15.	Balance carried forward to next year				<b>3,029</b>	<b>8,968</b>
16.	Paid up Equity Share Capital, Equity Shares of Rs 10/- each.	1,394	1,394	1,394	<b>1,394</b>	<b>1,394</b>
17.	Reserves excluding revaluation reserves (as per balance sheet)				<b>43,761</b>	<b>36,280</b>
18.	Earnings per share (of Rs. 10)					
	Basic	47.1	18.0	16.4	<b>65.1</b>	<b>54.2</b>
	Diluted	47.1	18.0	16.4	<b>65.1</b>	<b>54.2</b>
19.	<b>Dividend proposed per Share</b>				<b>10.00</b>	<b>7.50</b>
20.	<b>Aggregate of non-promoter shareholding</b>					
	- Number of Shares (lakh Shares)				7260.29	7,418.68
	- Percentage of Shareholding				52.10	53.24

## Notes:

1. The figures for the corresponding periods have been restated, wherever necessary, to make them comparable.
2. The Company's Scheme of Arrangement (Scheme), to demerge certain undertakings to four resulting companies was approved by the Hon High Court of Mumbai on 9<sup>th</sup> December 2005, effective from 21<sup>st</sup> December 2005  

In terms of the Scheme, the assets and liabilities relatable to the demerged undertakings have been transferred at values appearing in the books of accounts as on the close of business on 31<sup>st</sup> August 2005. Accordingly net assets of Rs 19,120 crore (US\$ 4,286 million) have been demerged to the four resulting entities i.e. Reliance Communication Ventures Limited Rs 15,389 crore (US\$ 3,449 million), Reliance Energy Ventures Limited Rs 2,921 crore (US\$ 655 million), Reliance Capital Ventures Limited Rs 513 crore (US\$ 115 million) and Reliance Natural Resources Limited (formerly Global Fuel Management Services Limited) Rs 297 crore (US\$ 67 million).

The net assets transferred have been appropriated against the Revaluation Reserve, pursuant to the Court order.
3. (a) The Company, based on the report by international valuers, has revalued plant, equipment and buildings situated at Patalganga, Hazira and Jamnagar as at 1<sup>st</sup> August 2005 by an amount of Rs 22,497 crore (US\$ 5,042 million) and an equivalent amount has been credited to Revaluation Reserve Account. Consequent to the revaluation, there is an additional charge for depreciation of Rs. 1,409 crore (US\$ 316 million) for the year ended 31<sup>st</sup> March 2006 and an equivalent amount has been withdrawn from Revaluation Reserve. **This has no impact on 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. 44 crore (US\$ 10 million) for the year ended 31<sup>st</sup> March 2006 and an equivalent amount, which was hitherto being withdrawn from General Reserves, has been withdrawn from Revaluation Reserve. **This has no impact on profit for the period.**
4. The refinery was under planned maintenance shutdown during October and November 2005.
5. Provision for Current Tax includes, provision for Fringe Benefit Tax of Rs 11 crore (US\$ 2 million) for the quarter and Rs 31 crore (US \$ 7 million) for the year. (Previous Year Rs NIL)
6. During the year Reliance Capital Ventures Limited, Reliance Communication Ventures Limited, Reliance Energy Ventures Limited, Reliance Natural Resources Limited, Reliance Thermal Energy Limited, Reliance Patalganga Power Limited, Reliance Power Ventures Limited, Reliance Power Limited, Hirma Power Limited, Jayamkondam Power Limited, Reliance Technologies LLC, Reliance Brazil LLC, Relene Petrochemicals Limited, Reliance Gas Pipeline Limited (formerly Gas Transportation Infrastructure Limited), and Reliance LNG Limited have ceased to be subsidiaries of the Company.
7. There were no investors' complaints pending as on January 1, 2006. All the 2,294 complaints received during the quarter were resolved and no complaints were outstanding as on 31<sup>st</sup> March 2006.
8. The above results were reviewed by the Audit Committee. The Board of Directors at its meeting held on 27<sup>th</sup> April 2006 approved the above results and its release.

**AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31st MARCH 2006**  
(Rs. in crore, except per share data)

Sr. No.	Particulars	Year Ended 31st March	
		2006	2005
1.	Turnover	90,938	73,710
	Less: Excise Duty Recovered on Sales	7,913	7,113
	<b>Net Turnover</b>	<b>83,025</b>	<b>66,597</b>
2.	Other Income	730	1,430
3.	Share in Income of Associates	475	70
	Profit /(Loss) on Sale of Subsidiaries	(100)	31
4.	Total Expenditure		
	(a) (Increase)/decrease in stock in trade	(2,120)	524
	(b) Consumption of raw materials	59,168	45,932
	(c) Staff cost	1,469	858
	(d) Other expenditure	10,159	6,488
5.	Interest	935	1,474
6.	Depreciation	3,495	3,727
7.	Profit before tax	11,024	9,125
8.	Provision for Current Tax	926	705
9.	Provision for Deferred Tax	704	792
10	<b>Net Profit (Before adjustment for Minority Interest)</b>	<b>9,394</b>	<b>7,628</b>
11	Share of Loss transferred to Minority	(4)	-
12	<b>Net Profit (After adjustment for Minority Interest)</b>	<b>9,398</b>	<b>7,628</b>
13.	Paid up Equity Share Capital, Equity Shares of Rs 10/- each.	1,394	1,394
14.	Earnings per share (of Rs. 10)		
	Basic	67.4	54.6
	Diluted	67.4	54.6

**Notes on Consolidated Financial Results for the year ended 31<sup>st</sup> March 2006:**

1. As per Accounting Standard (AS) 21 on Consolidated Financial Statements and Accounting Standard (AS) 23 on Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, the following Subsidiaries and Associates have been considered:

a) The subsidiary companies considered in the consolidated financial statements are:

	<b>Country of Incorporation</b>	<b>Proportion of ownership interest</b>
Reliance Industrial Investments and Holdings Ltd	India	100%
Reliance Ventures Ltd	India	100%
Reliance Strategic Investments Limited	India	100%
Reliance Petroleum Limited	India	100%
Reliance Infrastructure Limited	India	100%
Reliance Retail Limited	India	100%
Reliance Middle East DMCC	U.A.E	100%
Reliance Netherlands BV	Netherlands	100%

b) The significant associate companies considered in the consolidated financial statements are:

	<b>Country of Incorporation</b>	<b>Proportion of ownership interest</b>
Reliance Industrial Infrastructure Limited	India	47.23%
Reliance Europe Limited	UK	50.00%
Indian Petrochemicals Corporation Limited through Reliance Petroinvestments Limited, Reliance Pharmaceuticals Private Limited and Reliance Neutraceuticals Private Limited	India	46.00%

2. This consolidated financial statement should be read in conjunction with the notes to the individual financial results for the year ended 31<sup>st</sup> March 2006.

**AUDITED SEGMENT INFORMATION FOR THE QUARTER/ YEAR  
ENDED 31st MARCH 2006**

Rs Crore

	Quarter Ended 31 <sup>st</sup> March		Year Ended 31 <sup>st</sup> March	
	2006	2005	2006	2005
<b>1. Segment Revenue</b>				
- Petrochemicals	10,608	9,074	32,802	29,745
- Refining	21,248	13,206	71,117	51,700
- Others	522	1,202	1,873	2,623
<b>Gross Turnover (Turnover and Inter Divisional Transfers)</b>	<b>32,378</b>	<b>23,482</b>	<b>105,792</b>	<b>84,068</b>
Less: Inter Segment Transfers	4,116	3,095	14,854	10,358
<b>Turnover</b>	<b>28,262</b>	<b>20,387</b>	<b>90,938</b>	<b>73,710</b>
Less: Excise Duty Recovered on Sales	1,906	2,001	7,913	7,113
<b>Net Turnover</b>	<b>26,356</b>	<b>18,386</b>	<b>83,025</b>	<b>66,597</b>
<b>2. Segment Results</b>				
- Petrochemicals	1,488	984	4,713	3,762
- Refining	1,741	1,579	5,916	5,521
- Others	326	380	1,112	1,192
<b>Total Segment Profit before Interest and Tax</b>	<b>3,555</b>	<b>2,943</b>	<b>11,741</b>	<b>10,475</b>
(i) Interest Expense	(283)	(367)	(935)	(1,474)
(ii) Interest Income	88	198	492	369
(iii) Other Unallocable Income Net of Expenditure	(110)	(39)	(270)	(245)
<b>Profit Before Tax</b>	<b>3,250</b>	<b>2,735</b>	<b>11,028</b>	<b>9,125</b>
(i) Provision for Current Tax	(243)	(195)	(926)	(705)
(ii) Provision for Deferred Tax	(176)	(192)	(704)	(792)
<b>Profit after Tax</b>	<b>2,831</b>	<b>2,348</b>	<b>9,398</b>	<b>7,628</b>
<b>3. Capital Employed</b>				
- Petrochemicals	31,039	9,576	31,039	9,576
- Refining	35,688	22,636	35,688	22,636
- Others	6,502	16,282	6,502	16,282
- Unallocated Corporate	6,570	15,684	6,570	15,684
<b>Total Capital Employed</b>	<b>79,799</b>	<b>64,178</b>	<b>79,799</b>	<b>64,178</b>

## Notes to Segment Information for the year ended 31st March 2006:

1. As per Accounting Standard 17 on Segment Reporting (AS 17), the Company has reported "Segment Information" on consolidated basis including businesses conducted through its subsidiaries, 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, Butadine 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
2. The previous year amounts in respect of "Other Segment" included businesses carried out through associates demerged during the year. Hence the amounts of the previous year are not comparable.