Media Release

Reliance Industries Limited

Mumbai, 25th July 2011

Highest ever quarterly financial performance

Record refining throughput and strong margin recovery

Rich gas and condensate discovery in deep-water, east coast of India

Reliance Industries Limited (RIL) today reported its financial performance for the quarter ended 30th June, 2011. Highlights of the un-audited financial results as compared to the corresponding period of the previous year are:

4Q FY11	(In ₹ Crore)	**1Q FY12**	**1Q FY11**	**% Change wrt 1Q FY11**
75,283	Turnover	**83,689**	61,007	37.2%
10,760	PBDIT	**11,005**	10,064	9.3%
6,677	Profit Before Tax	**7,264**	6,038	20.3%
5,376	Net Profit	**5,661**	4,851	16.7%
16.4	EPS (₹)	**17.3**	14.8	16.9%

Highlights of Quarter's Performance

- Turnover increased by 37.2% to ₹ 83,689 crore ($ 18.7 billion)
- Exports increased by 57.5% to ₹ 51,737 crore ($ 11.6 billion)
- PBDIT increased by 9.3% and achieved a record level of ₹ 11,005 crore ($ 2.5 billion)
- Profit Before Tax increased by 20.3% to ₹ 7,264 crore ($ 1.6 billion)
- Cash Profit increased by 5.5% to ₹ 9,006 crore ($ 2.0 billion)
- Net Profit increased by 16.7% to ₹ 5,661 crore ($ 1.3 billion)
- Gross Refining Margin at $ 10.3 / bbl for the quarter ended 30th June 2011

CORPORATE HIGHLIGHTS

- Reliance Industries Limited (RIL) has been informed that the Cabinet Committee of Economic Affairs has given its approval to the proposal of RIL to assign 30% of its interest to BP Exploration (Alpha) Limited in 21 out of 23 Blocks. RIL will pursue with the Government to resolve the issues, if any, concerning the balance two blocks.
- Reliance Industries Limited (RIL) announced a rich gas and condensate discovery in the very first well drilled in the block CY-PR-DWN-2001/3(CYPR-D6) located in deepwater Cauvery-Palar basin. The block with an area of about 8600 sq km was awarded to RIL under the bidding round of NELP-III. RIL currently holds 100% participating interest in this block. This is one of the 23 exploration blocks where BP would have 30% participating interest.
- AXA, Bharti Enterprises (“Bharti”) and Reliance Industries Limited (“RIL”) reached an understanding on the acquisition by RIL and its associate Reliance Industrial Infrastructure Limited (“RIIL”) of Bharti’s shareholding of 74% in Bharti AXA Life Insurance Co. Ltd (“Bharti AXA Life”) and Bharti AXA General Insurance Co. Ltd. (“Bharti AXA GI”).

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

“Reliance Industries continues to deliver strong financial and operating results. The growth in earnings was driven by strong refining margins and sustained performance in the petrochemicals business. Our cash flows give us the unparalleled opportunity to allocate capital to higher-margin resource plays in leading markets around the world. We remain committed towards investing in India and have commenced the investment program in the petrochemical business.”

FINANCIAL PERFORMANCE REVIEW AND ANALYSIS

Turnover achieved for the quarter ended 30th June 2011 was ₹ 83,689 crore ($ 18.7 billion), an increase of 37.2% on a year-on-year basis. Increase in volume accounted for 4.5% growth in revenue and higher prices accounted for 32.7% growth in revenue. Exports were higher by 57.5% at ₹ 51,737 crore ($ 11.6 billion) as against ₹ 32,849 crore in the corresponding period of the previous year.

Consumption of raw materials increased by 40.6% to ₹ 64,443 crore ($ 14.4 billion) mainly on account of higher crude oil prices. Purchases for traded goods increased from ₹ 474 crore to ₹ 573 crore.

Employee costs were at ₹ 878 crore ($ 196 million) for the quarter as against ₹ 617 crore due to higher benefits.

Other expenditure increased by 20.1% from ₹ 3,583 crore to ₹ 4,301 crore ($ 962 million). This was on account of higher power and fuel expenses, higher stores, chemicals and repair charges, higher selling expenses and lower exchange differences.

Operating profit before other income and depreciation increased by 6.3% from ₹ 9,342 crore to ₹ 9,927 crore ($ 2.2 billion). Net operating margin was lower at 11.9% as compared to 15.3% on a year-on-year basis. This was due to base effect and higher weightage of the low-margin refining business.

Other income was higher at ₹ 1,078 crore ($ 241 million) as against ₹ 722 crore on a year-on-year basis due to income from larger cash balance and higher yields.

Depreciation (including depletion and amortization) was lower by 8.3% at ₹ 3,195 crore ($ 715 million) against ₹ 3,485 crore on a year-on-year basis. This was mainly due to lower depletion charge in oil & gas and lower depreciation charge for the petrochemicals segment.

Interest cost was at ₹ 545 crore ($ 122 million) as against ₹ 541 crore. Gross interest cost was higher at ₹ 680 crore ($ 152 million) as against ₹ 643 crore on a year-on-year basis. Interest capitalized was higher at ₹ 135 crore ($ 30 million) as against ₹ 102 crore.

Profit after tax was ₹ 5,661 crore ($ 1.3 billion) as against ₹ 4,851 crore for the corresponding period of the previous year.

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Basic earnings per share (EPS) for the quarter ended 30th June 2011 was ₹ 17.3 ($ 0.4) against ₹ 14.8 for the corresponding period of the previous year.

Debt as on 30th June 2011 was ₹ 67,041 crore ($ 15.0 billion) compared to ₹ 67,397 crore as on 31st March 2011. Net gearing as on 30th June 2011 was 11.4% as against 13.3% as on 31st March 2011.

RIL has cash and cash equivalents of ₹ 45,775 crore ($ 10.2 billion) which are invested mainly in bank deposits, mutual funds and Government securities / bonds. RIL's net debt is equivalent to 0.5 times its annualized PBDIT for the quarter ended 30th June 2011.

The net capital expenditure for the quarter ended 30th June 2011 was ₹ 1,202 crore ($ 269 million).

RIL retained its credit ratings. Its domestic credit rating is AAA from CRISIL and FITCH while it has investment grade ratings for its international debt from Moody's and S&P as Baa2 and BBB respectively.

OIL AND GAS (EXPLORATION & PRODUCTION) BUSINESS

4Q FY11	(In ₹ Crore)	1Q FY12	1Q FY11	% Change wrt 1Q FY11
4,104	Segment Revenue	3,894	4,665	-16.5%
1,569	Segment EBIT	1,473	1,921	-23.3%
55,544	Capital Employed	56,273	53,445	
11.3%	ROCE (%) (Annualized)	10.5%	14.4%	

Lower production from KG-D6 and PMT blocks resulted in lower oil & gas revenue and partly offset by higher crude oil price realization. EBIT margins remains flat as compared to trailing quarter but were lower on a year-on-year basis due to lower oil and gas production.

DOMESTIC OPERATIONS

KG-D6

For the quarter ended 30th June 2011, production from KG-D6 was 1.41 million barrels of crude oil and 156.2 BCF of natural gas, reduction of 41% and 18% respectively as compared to 1Q FY11. Production of gas condensate was 0.21 million barrels, a growth of 81.6 % over the previous year.

Gas contracts are operational with 57 customers in the fertilizers, power, city gas distribution, steel, LPG, refinery and petrochemical sectors. Gas sales have been prioritized as per Government of India's MOPNG directive with effect from May 09, 2011.

Panna-Mukta and Tapti (PMT)

For the quarter, gas production from Panna-Mukta declined marginally by 1% to 17.5 BCF. Crude oil production from this block was 2.7 million barrels, a decline of 14% on a year-on-year basis. The reduction in production is mainly due to natural decline.

For the same period, gas production from Tapti reduced by 27% to 20.1 BCF. Condensate production also declined by 27% to 0.3 million barrels. The decrease in production was also due to natural decline.

Other Updates

RIL's domestic portfolio consists of 28 exploration blocks. RIL also holds 30% interest in PMT fields. During the period, the following two discoveries were notified to Directorate General of Hydrocarbons (DGH), Government of India:

- Dhirubhai-53 in Well SA1 in CY PR-D6 block
- Dhirubhai-54 in Well A2 in KG III-D9 block

Two deepwater rigs are under operation for exploration and appraisal activities. Four exploratory wells were drilled during the quarter, with one each in KG-D9, CY-D6, CY-D7 and PR-D8. In addition, RIL has conducted appraisal activities for the other discoveries in KG-D6, KG-V-D3 and CB-10 blocks.

A proposal for commerciality for discovery Dhirubhai-42 in KGD6 block was submitted to DGH, Government of India.

CBM BLOCKS

Drilling of production wells is underway in Sohagpur (East and West) blocks. During the quarter, RIL drilled 8 development wells taking the cumulative number of development wells drilled to 14.

INTERNATIONAL OPERATIONS

Conventional

During the quarter, Block 18 in Oman was relinquished. Reliance had 70% participating interest in the block. As a result, Reliance has 12 international blocks in its portfolio.

During the quarter, as part of the exploratory campaign, the company acquired 3D seismic data in Colombia blocks - 410 sq. km. in Borojo North and 490 sq. km. in Borojo South.

Oil production for Block 09 (Yemen) was affected due to prevailing adverse situation.

SHALE GAS

Reliance has 3 JVs for shale gas business in USA with Chevron, Pioneer and Carrizo.

Joint ventures with Chevron and Pioneer are in production. The JVs' exit production rate as on June 30, 2011 is around 133 MMSCFD of gas and around 13,800 barrels of gas condensate per day.

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Development activities are underway in Carrizo and production is expected to commence in 2H CY11.

Henry Hub, the reference benchmark for gas prices in USA averaged at $ 4.36 / MMBTU during the quarter. Similarly, WTI, the reference benchmark for gas condensate averaged at around $ 102 / bbl during the quarter.

REFINING & MARKETING BUSINESS

4Q FY11	(In ₹ Crore)	1Q FY12	1Q FY11	% Change wrt 1Q FY11
62,704	Segment Revenue	73,689	50,531	45.8%
2,509	Segment EBIT	3,199	2,035	57.2%
16.7	Crude Refined (Million Tonnes)	17.0	16.9	
9.2	GRM ($ / bbl)	10.3	7.3	
73,556	Capital Employed	70,460	78,933	
13.6%	ROCE (%) Annualized	18.2%	10.3%	

RIL's gross refining margin (GRM) for quarter was at $ 10.3 /bbl as against $ 7.3 /bbl in the corresponding period of the previous year. Singapore complex refining margin averaged at $ 8.5/bbl for 1Q FY12 which is double of the level in 1Q FY11.

For the quarter, return on capital employed for the segment improved significantly to 18.2% due to sharp improvement in the refining margin.

RIL processed 17.0 million tonnes of crude and achieved its highest ever average utilization of 110%. Average utilization rates for refineries globally during the same period were 83.3% in North America, 74.1% in Europe and 85.1% in the Asia.

Arab light - heavy differential for 1Q FY12 improved to $ 5.1/bbl as compared to $ 2.7/bbl in the same quarter last year. This significant change can be attributed to strong demand for light products, continued supply disruption in Libya and increased supply (of mainly heavy-sour) crude from Saudi Arabia.

Asian gasoil cracks continued to remain strong on the back of robust demand from the power sector in China and the supply disruptions following on from the aftermath of the natural disasters in Japan. In Asia, gasoil crack for the quarter was at $ 19.5/bbl which was significantly higher than the $ 11.4/bbl for the quarter ending June 2010.

Increased sales of personal automobiles in developing Asia as well as tightness in US gasoline stock which opened the arbitrage to the West from Asia resulted in gasoline cracks improving to $14.3/ bbl vis-à-vis $9.4/bbl in 1Q FY10.

Naphtha cracks weakened during the quarter due to cracker maintenance & unplanned outages and impact of shutdown in Japan. Naphtha cracks for the quarter were lower at $ (-) 2.2 / bbl as compared to $ (-) 0.2 / bbl in 4Q FY11 and $ (-) 0.5/bbl in 1Q FY11.

Revenue for the segment increased by 45.8% from ₹ 50,531 crore to ₹ 73,689 crore ($ 16.5 billion). Increase in volumes accounted for 6.5% growth in revenue while higher prices accounted for 39.4% growth in revenue.

Exports of refined products were $ 10.2 billion as against $ 6.3 billion in 1Q FY11. This was accounted for by about 10.37 million tonnes of product. Asia continues to remain the largest export destination due to strong demand and increased economic activity in the region.

EBIT for the refining business was at ₹ 3,199 crore ($ 716 million), an increase of 57.2% on a year-on-year basis. EBIT margin increased to 4.3% as compared to 4.0% in 1Q FY11 due to higher refining margins.

PETROCHEMICALS BUSINESS

4Q FY11	(In ₹ Crore)	1Q FY12	1Q FY11	% Change wrt 1Q FY11
18,194	Segment Revenue	18,366	13,903	32.1%
2,626	Segment EBIT	2,215	2,053	7.9%
36,861	Capital Employed	34,914	37,774	
28.5%	ROCE (%) Annualized	25.4%	21.7%	
5.2	Production (Million Tonnes)	5.5	4.9	

During the quarter ended 30th June 2011, revenue for the segment increased by 32.1% from ₹ 13,903 crore to ₹ 18,366 crore ($ 4.1 billion). Increase in volume accounted for 6.5% growth in revenue and higher prices accounted for 25.6% growth in revenue.

EBIT margins for the quarter ended 30th June 2011 were at 12.1% as compared to 14.8% in 1Q FY11 due to base effect of higher revenues. On a trailing quarter basis, EBIT margins were lower due to negative impact of margin contraction in Polyester & Polymer chains which was partially offset by higher margins in PVC, PET, Butadiene and LAB.

Production of polymer products (PE, PP and PVC) increased to 1.1 million tonnes, an increase of 17% on a year-on-year basis. This increase was due to full operations during the quarter as against planned turnarounds during 1Q FY11.

Production of fibre intermediates (PX, PTA and MEG) increased to 1.2 million tonnes, an increase of 12% on a year-on-year basis. Production of polyester products (POY, PSF and PET) volume decreased marginally to 411 thousand tonnes due to marginal changes in the product mix. RIL has maintained its focus on specialty products which accounted for 53% of PSF and 45% of PFY production.

Domestic demand for polyester products decreased by 5% during the quarter on account of price volatility and labour & power shortage at the downstream industry. Polymer products demand also decreased by 4% during the quarter.

ORGANIZED RETAIL

In the first quarter of FY 2011-12, Reliance Retail has continued to grow its revenues through existing store operations bolstered by strong like-for-like growth.

Reliance Retail's commitment to offer best shopping experience and value to its consumers was further augmented by opening of a new prototype store of Reliance Super under the 'Value Format'.

Keeping pace with the store roll out in the 'Specialty segment', we opened 20 stores across Reliance Digital, Reliance Trends and Reliance Footprint formats taking them a step closer to attaining market leadership in respective categories.

Currently, Reliance Retail operates over 1,000 stores spanning 'Value' and 'Specialty' segments; in 14 states and more than 85 cities in India, with a total area of more than 4.4 million square feet. Reliance Retail's loyalty program 'Reliance One', has now patronage of more than 7 million customers".

TELECOM

RIL's subsidiary, Infotel Broadband Services Limited (Infotel), which has emerged as a successful bidder in all the 22 circles of the auction for Broadband Wireless Access (BWA) spectrum conducted by the Department of Telecom, Government of India is in the process of setting up a world class Broadband Wireless network using state-of-the-art technologies and finalizing the arrangement with leading global technology players, service providers, infrastructure providers, application developers, device manufacturers and others to help usher the 4G revolution into India.

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE 2011

(₹ in crore, except per share data)

Sr No	Particulars	Quarter Ended 30th June		Year Ended 31st March (Audited)
		2011	**2010**	**2011**
1.	Turnover	83,689	61,007	258,651
	Less: Excise Duty / Service Tax Recovered	2,671	2,779	10,481
2.	**Net Turnover**	**81,018**	**58,228**	**248,170**
3.	a) (Increase) / decrease in stock in trade / work in progress	897	(1,606)	(3,243)
	b) Consumption of raw materials	64,443	45,818	193,234
	c) Purchases	573	474	1,464
	d) Staff cost	878	617	2,624
	e) Depreciation	3,195	3,485	13,608
	f) Other expenditure	4,301	3,583	15,965
	g) Total Expenditure	**74,287**	**52,371**	**223,652**
4.	**Profit from Operations before other income, interest and tax**	**6,731**	**5,857**	**24,518**
5.	Other Income	1,078	722	3,052
6.	**Profit before interest and tax**	**7,809**	**6,579**	**27,570**
7.	Interest and Finance Charges	545	541	2,328
8.	**Profit before tax from ordinary activities**	**7,264**	**6,038**	**25,242**
9.	Provision for Current Tax	1,453	987	4,320
10.	Provision for Deferred Tax	150	200	636
11.	**Net Profit for the Period**	**5,661**	**4,851**	**20,286**
12.	Paid up Equity Share Capital, Equity Shares of ₹ 10/- each.	3,274	3,271	3,273
13.	Reserves excluding revaluation reserves			142,800
14.	Earnings per share (Face value of ₹ 10)			
	Basic	17.3	14.8	62.0
	Diluted	17.3	14.8	62.0
15.	Public shareholding [Including Global Depository Receipts (GDR's)]			
	- Number of Shares (in crore)	180.99	180.68	180.95
	- Percentage of Shareholding (%)	55.28	55.24	55.28
16.	Promoters and Promoter Group shareholding	-	-	-
	a) Pledged / Encumbered	-	-	-
	- Number of Shares (in crore)			
	- Percentage of Total Promoters and Promoter Group Shareholding (%)	-	-	-
	- Percentage of Total Share Capital of Company (%)			
	b) Non – Encumbered			
	- Number of Shares (in crore)	146.39	146.39	146.39
	- Percentage of Total Promoters and Promoter Group Shareholding (%)	100.00	100.00	100.00
	- Percentage of Total Share Capital of Company (%)	44.72	44.76	44.72

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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 plant, equipment and buildings situated at Patalganga, Hazira, Naroda, Jamnagar, Gandhar and Nagothane in earlier years. Consequent to revaluation, there is an additional charge for depreciation of ₹ 582 crore ($ 130 million) for the quarter ended 30th June 2011 which has been withdrawn from the Reserves. This has no impact on the profit for the quarter ended 30th June 2011.

3. There were no investors' complaints pending as on 1st April 2011. All the 618 complaints received during the quarter ended 30th June 2011 were resolved and no complaints were outstanding as on 30th June 2011.

4. The audit committee reviewed the above results. The Board of Directors at its meeting held on 25th July 2011 approved the above results and its release. The statutory auditors of the Company have carried out a Limited Review of the results for the quarter ended 30th June 2011.

Media Release

Reliance Industries Limited

UNAUDITED SEGMENT INFORMATION FOR THE QUARTER ENDED 30th JUNE 2011

₹ in Crore

		Quarter Ended 30th June				Year Ended 31st March (Audited)	
		2011		2010		2011	
1.	**Segment Revenue**						
	- Petrochemicals	18,366		13,903		63,155	
	- Refining	73,689		50,531		215,431	
	- Oil and Gas	3,894		4,665		17,250	
	- Others	235		107		615	
	Gross Turnover (Turnover and Inter Segment Transfers)	**96,184**		**69,206**		**296,451**	
	Less: Inter Segment Transfers	12,495		8,199		37,800	
	Turnover	**83,689**		**61,007**		**258,651**	
	Less: Excise Duty / Service Tax Recovered	2,671		2,779		10,481	
	Net Turnover		**81,018**		**58,228**		**248,170**
2.	**Segment Results**						
	- Petrochemicals	2,215		2,053		9,305	
	- Refining	3,199		2,035		9,172	
	- Oil and Gas	1,473		1,921		6,700	
	- Others	8		7		33	
	Total Segment Profit before Interest and Tax		**6,895**		**6,016**		**25,210**
	(i) Interest Expense		(545)		(541)		(2,328)
	(ii) Interest Income		811		520		2,621
	(iii) Other Un-allocable Income Net of Expenditure		103		43		(261)
	Profit before Tax		**7,264**		**6,038**		**25,242**
	(i) Provision for Current Tax		(1,453)		(987)		(4,320)
	(ii) Provision for Deferred Tax		(150)		(200)		(636)
	Profit after Tax		**5,661**		**4,851**		**20,286**
3.	**Capital Employed (Segment Assets – Segment Liabilities)**						
	- Petrochemicals		34,914		37,774		36,861
	- Refining		70,460		78,933		73,556
	- Oil and Gas		56,273		53,445		55,544
	- Others		12,279		6,949		11,730
	- Unallocated Corporate		61,484		48,835		52,808
	Total Capital Employed		**235,410**		**225,936**		**230,499**

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Notes to Segment Information for the Quarter Ended 30th June 2011

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, Acrylonitrile, Poly butyl Rubber, Caustic Soda and Polyethylene Terephthalate.

   b) The **refining** segment includes production and marketing operations of the petroleum products.

   c) The **oil and gas** segment includes exploration, development and production of crude oil and natural gas.

   d) The smaller business segments not separately reportable have been grouped under the **“others”** segment.

   e) Capital employed on other investments / assets and income from the same are considered under “un-allocable”

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