# Media Release

Reliance Industries Limited

**Mumbai, 14th October 2013**

**RECORD HALF YEARLY REVENUE OF ₹ 197,112 CRORE ($ 31.5 BILLION), UP 4.7%**

**EXPORTS OF ₹ 134,455 CRORE ($ 21.5 BILLION), UP 19.3%**

**NET PROFIT OF ₹ 10,842 CRORE ($1.7 BILLION), UP 9.4%**

**PBDIT OF ₹ 19,519 CRORE ($3.1 BILLION), UP 4.9%**

**RECORD QUARTERLY REVENUE OF ₹ 106,523 CRORE ($ 17 BILLION), UP 14.2%**

***Reliance Industries Limited (RIL) today reported its financial performance for the quarter / half year ended 30th September, 2013. Highlights of the un-audited financial results as compared to the previous year are:***

| (In ₹ Crore) | **2Q FY14** | **1Q FY14** | **2Q FY13** | **% Change wrt 1Q FY14** | **% Change wrt 2Q FY13** | **1H FY14** | **1H FY13** | **% Change wrt 1H FY13** |
|---|---|---|---|---|---|---|---|---|
| Turnover | **106,523** | 90,589 | 93,266 | 17.6% | 14.2% | **197,112** | 188,193 | 4.7% |
| PBDIT | **9,909** | 9,610 | 9,889 | 3.1% | 0.2% | **19,519** | 18,604 | 4.9% |
| Profit Before Tax | **6,871** | 6,662 | 6,846 | 3.1% | 0.4% | **13,533** | 12,314 | 9.9% |
| Net Profit | **5,490** | 5,352 | 5,409 | 2.6% | 1.5% | **10,842** | 9,912 | 9.4% |
| EPS (₹) | **17.0** | 16.6 | 16.7 | 2.6% | 1.8% | **33.6** | 30.5 | 10.2% |

## HIGHLIGHTS OF HALF YEAR'S PERFORMANCE

- Revenue (turnover) increased by 4.7% to ₹ 197,112 crore ($ 31.5 billion)
- Exports increased by 19.3% to ₹ 134,455 crore ($ 21.5 billion)
- PBDIT increased by 4.9% to ₹ 19,519 crore ($ 3.1 billion)
- Profit Before Tax increased by 9.9% to ₹ 13,533 crore ($ 2.2 billion)
- Cash Profit increased by 3.1% to ₹ 15,077 crore ($ 2.4 billion)
- Net Profit increased by 9.4% to ₹ 10,842 crore ($ 1.7 billion)
- Gross Refining Margin at $ 8.0 /bbl for the half year ended 30th September 2013

## HIGHLIGHTS OF QUARTER'S PERFORMANCE

- Revenue (turnover) increased by 14.2% to ₹ 106,523 crore ($ 17.0 billion)
- Exports increased by 34.9% to ₹ 77,429 crore ($ 12.4 billion)
- PBDIT increased to ₹ 9,909 crore ($ 1.6 billion)
- Profit Before Tax increased to ₹ 6,871 crore ($ 1.1 billion)
- Cash Profit decreased by 1.5% to ₹ 7,668 crore ($ 1.2 billion)
- Net Profit increased by 1.5% to ₹ 5,490 crore ($ 0.9 billion)
- Gross Refining Margin at $ 7.7 /bbl for the quarter ended 30th September 2013

### CORPORATE HIGHLIGHTS

- Reliance Industries Limited (RIL) and BP announced a new gas condensate discovery off the east coast of India in the Cauvery basin. The discovery, in the deepwater block CY-DWN-2001/2 (CYD5), is situated 62 kilometers from the coast in the Cauvery Basin and is the second gas discovery in the block. RIL is the operator with 70% equity and BP has a 30% share. Well CYIII-D5-S1 was drilled in a water depth of 1,743 meters, to a total depth of 5,731 meters, with the primary objective of exploring Mesozoic-aged reservoirs.
- In July 2013, Reliance Industries Ltd (RIL) has inked a Memorandum of Understanding with the Oil and Natural Gas Corporation (ONGC) to explore the possibility of sharing RIL's infrastructural facility in the East Coast. In line with global practice of sharing infrastructure, the MoU aims at working out the modalities for sharing of infrastructure, identifying additional requirements as well as firming up the commercial terms.
- RIL and its partners BP and NIKO announced a significant gas and condensate discovery in the KG-D6 block off the eastern coast of India. The KG-D6-MJ1 well was drilled in a water depth of 1,024 metres - and to a total depth of 4,509 metres - to explore the prospectivity of a Mesozoic Synrift Clastic reservoir lying over 2,000 metres below the already producing reservoirs in the D1-D3 gas fields. The discovery, named 'D55', has been notified to the Government of India (GoI) and the Management Committee of the block. This discovery is expected to add to the hydrocarbon resources in the KG-D6 block. Appraisal will now commence to better define the scale and quality of the field.

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- In April 2013, Reliance Jio Infocomm Limited and Bharti Airtel Limited signed an Indefeasible Right to Use (IRU) Agreement, under which Bharti will provide Reliance Jio data capacity on its i2i submarine cable. Reliance Jio will utilize a dedicated fiber pair on i2i. The high speed link will enable Reliance Jio to extend its network and service reach to customers across Asia Pacific region.
- In April 2013, Telekom Malaysia Berhad (TM) (Malaysia), Vodafone Group (UK), Omantel (Oman), Etisalat (UAE), Reliance Jio Infocomm Limited (India) and Dialog Axiata (Sri Lanka) – signed the Construction and Maintenance Agreement (C&MA) and the Supply Contract for “Bay Of Bengal Gateway” Cable System (BBG) in Kuala Lumpur. The construction of BBG is planned not only to provide connectivity between South East Asia, South Asia and the Middle East, but also to Europe, Africa and to the Far East Asia through interconnections with other existing and newly built cable systems landing in India, the Middle East and the Far East Asia.
- Reliance Jio Infocomm Limited and Reliance Communications Limited signed of a definitive agreement for sharing of RCOM’s nationwide telecom towers infrastructure. Under the terms of the agreement, Reliance Jio Infocomm will utilise upto 45,000 ground and rooftop based towers across RCOM’s nationwide network for accelerated roll-out of its state-of-the-art 4G services. The agreement provides for joint working arrangements to configure the scope of additional towers to be built at new locations to ensure deep penetration and seamless delivery of next generation services.
- Standard & Poor's raised the long-term corporate credit rating on Reliance to 'BBB+' from 'BBB', one of the highest ratings by S&P for an Indian corporate and the highest rating by S&P for an Indian Oil & Gas company. The new rating which is two notches above the S&P rating for the Indian sovereign is testament to Reliance's strong financial and business profile. Furthermore, Reliance is the only Asian company in the oil & gas sector to be rated two notches above the sovereign by S&P. With this upgrade, Reliance is now rated higher than some of its global emerging market peers demonstrating the strength and competitive position of Reliance in the refining and petrochemicals sector. The rating also underpins Reliance’s position as a leading large scale, integrated and efficient oil refining and petrochemicals Company.

**Commenting on the results, Mukesh D. Ambani, Chairman and Managing Director, Reliance Industries Limited said:** *"RIL's first half performance reflects the resilience of our business model in a period of volatility and uncertainty. Our diversified and integrated petrochemicals business captured margins across segments – delivering near-record profit levels even as the domestic economy slowed. Optimal utilization of best-in-class refinery assets and inherent flexibility in sourcing, product delivery contributed to healthy operating profits from our refining business. Retail business continues to break new ground, growing 41% in 1H FY14. Reliance's ongoing counter-cyclical investments will strengthen our competitive position in each business segment."*

## FINANCIAL PERFORMANCE REVIEW AND ANALYSIS

RIL achieved a turnover of ₹ 197,112 crore ($ 31.5 billion) for the half year ended 30th September 2013, an increase of 4.7%, as compared to ₹ 188,193 crore in the corresponding period of the previous year. Higher price accounted for 4.5% growth in revenue while increase in volume accounted for 0.2% growth in revenue. Exports were higher by 19.3% on a Y-o-Y basis at ₹ 134,455 crore ($ 21.5 billion) as against ₹ 112,667 crore in the corresponding period of the previous year.

Higher crude oil prices were the main reason for the 3.3% increase in cost of raw materials from ₹ 156,975 crore to ₹ 162,094 crore ($ 25.9 billion) on Y-o-Y basis.

Employee costs were at ₹ 1,707 crore ($ 273 million) as against ₹ 1,699 crore in the corresponding period of the previous year.

Other expenditure increased by 13.6% on a Y-o-Y basis from ₹ 11,531 crore to ₹ 13,101 crore ($ 2.1 billion) primarily due to higher expenses on account of power & fuel consumption and higher selling expenses on account of higher exports.

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Operating profit before other income and depreciation increased by 2.3% on a Y-o-Y basis from ₹ 14,588 crore to ₹ 14,924 ($ 2.4 billion) crore due to higher margins in refining and petrochemicals business. This was partly offset by lower production in the oil and gas business.

Other income was higher at ₹ 4,595 crore ($ 734 million) as against ₹ 4,016 crore in the corresponding period of the previous year. This was mainly on account of higher investment income.

Depreciation (including depletion and amortization) was lower by 8.3% to ₹ 4,371 ($ 698 million) crore as compared to ₹ 4,769 crore in the corresponding period of the previous year. This was primarily due to lower production of oil & gas.

Interest cost was higher at ₹ 1,615 crore ($ 258 million) as against ₹ 1,521 crore in the corresponding period of the previous year principally due to depreciation of the Indian rupee. This resulted in gross interest cost being higher at ₹ 1,944 crore ($ 310 million) as against ₹ 1,615 crore in the corresponding period of the previous year. Interest capitalized was at ₹ 329 crore ($ 53 million) as against ₹ 95 crore in the corresponding period of the previous year.

Profit after tax was higher by 9.4% at ₹ 10,842 crore ($ 1.7 billion) as against ₹ 9,912 crore in the corresponding period of the previous year.

Basic earnings per share (EPS) for the half year ended 30$^{th}$ September 2013 was ₹ 33.6 ($ 0.5) against ₹ 30.5 in the corresponding period of the previous year.

Outstanding debt as on 30$^{th}$ September 2013 was ₹ 83,982 crore ($ 13.4 billion) compared to ₹ 72,427 crore as on 31$^{st}$ March 2013.

RIL had cash and cash equivalents of ₹ 90,540 crore ($ 14.5 billion). These were in bank deposits, mutual funds, CDs and Government securities / bonds. RIL is debt free on a net basis as at 30$^{th}$ September 2013.

The net addition to fixed assets for the half year ended 30th September 2013 was ₹ 20,154 crore ($ 3.2 billion) including exchange rate difference capitalization. Capital expenditure was principally on account of ongoing expansions projects in the petrochemicals and refining business at Jamnagar, Dahej, Silvassa and Hazira.

RIL retained its domestic credit ratings of AAA from CRISIL and FITCH and an investment grade rating for its international debt from Moody's as Baa2. S&P has raised the long term corporate credit rating to BBB+ from BBB.

## OIL AND GAS (EXPLORATION & PRODUCTION) BUSINESS

| (In ₹ Crore) | **2Q FY14** | **1Q FY14** | **2Q FY13** | **% Change wrt 1Q FY14** | **% Change wrt 2Q FY13** | **1H FY14** | **1H FY13** | **% Change wrt 1H FY13** |
|---|---|---|---|---|---|---|---|---|
| Segment Revenue | **1,464** | 1,454 | 2,254 | 0.7% | (35.0%) | **2,918** | 4,762 | (38.7%) |
| Segment EBIT | **356** | 352 | 866 | 1.1% | (58.9%) | **708** | 1,838 | (61.5%) |
| EBIT Margin (%) | **24.3%** | 24.2% | 38.4% | | | **24.3%** | 38.6% | |

## DOMESTIC OPERATIONS

### KG-D6

**Production update:**

KG-D6 field produced 1.0 million barrels of crude oil, 0.13 million barrels of condensate and 94.6BCF of natural gas in 1H FY14, a reduction of 41%, 50% and 52% respectively on a Y-o-Y basis. Fall in production is mainly attributed to geological complexity and natural decline in the fields.

**Key Project update:**

- Exploration

- Appraisal program for MJ1 discovery (D55) reviewed by Management Committee (MC) of KG-D6 block
- First appraisal well for MJ-A1 spud in mid-September 2013

- R-Cluster development
  - Field Development Plan approved by MC in August 2013
  - Front End Engineering & Design (FEED) completed
- D1-D3 and MA field
  - Booster compressor – FEED completed and detailed engineering in progress
  - Development well MA8 spud in mid-September 2013
  - Side-track and water shut-off jobs to follow after drilling and completion of MA8 well

**<u>Panna-Mukta and Tapti (PMT)</u>**

**Production update:**

Panna-Mukta fields produced 3.6 million barrels of crude oil and 33.8 BCF of natural gas in 1H FY14 – reduction of 17% in case of crude oil and 6% in case of natural gas on Y-o-Y basis. Lower production due to Mukta A shutdown in Panna-Mukta field coupled with natural decline.

Tapti produced 0.14 million barrels of condensate and 14.9 BCF of natural gas in 1H FY14 – a decline of 53% and 42% respectively on Y-o-Y basis. The decrease was due to natural decline and under performance of new ERD wells drilled last year.

**Key project update:**

- **Panna-Mukta**
  - Two rigs are in operation
  - Development wells in Panna “L” area – 4 wells completed and put to production. Balance 2 wells to be completed by 3Q FY14
  - Infill drilling campaign – 3 wells completed and put to production. Balance 4 wells to be completed by 4Q FY14
  - Mukta-B development - FEED completed. Expect to submit development plan in 3Q FY14

- **Tapti**
  - Plan to drill an infill well in STD area in 3Q FY14
  - Exploration proposal in Greater Mid Tapti (GMT) is under review

**Other Domestic Blocks**

- RIL and BP announced new gas condensate discovery from its deep-water block CY-D5 in Cauvery basin. The well flowed gas and condensate, and has been notified as discovery D56
- Currently 2 rigs are in operation
- RIL's portfolio consists of 7 exploration blocks in Mahanadi basin, Krishna-Godavari basin, Cauvery basin and Cambay basin excluding CBM, KG-D6, Panna-Mukta and Tapti

**CBM BLOCKS**

Currently RIL holds 2 CBM blocks in Central India viz. Sohagpur (East) and Sohagpur (West) which are in development phase. Contracting process for development activities is at an advanced stage. Early activities progressing on Shahdol-Phulpur Gas Pipeline by Reliance Gas Pipelines Limited, a wholly owned subsidiary of RIL.

**INTERNATIONAL OPERATIONS (CONVENTIONAL)**

Reliance has 4 blocks in its international oil and gas portfolio including 2 in Yemen (exploratory fields) and 2 each in Peru.

Yemen Blocks: Approval for 2 years phase extension (which expired on 1st April 2013) has been received from the concerned ministry in Yemen.

**INTERNATIONAL OPERATIONS (SHALE GAS)**

Reliance's shale gas business in the United States comprises of three upstream joint ventures, one each with Chevron, Pioneer Natural Resources and Carrizo Oil & Gas and a midstream joint venture with Pioneer. Aggregate investments since inception of these joint ventures stood at around

$ 6.5 billion, as at the end of 2Q FY14. Reliance's shale gas business continued to grow and development momentum remained strong in each of the joint ventures.

1H FY14 revenue increased 61% Y-o-Y to $ 407.5 million, while EBITDA was up 47% at $ 291.7 million. Production during 1H FY14 increased 49% Y-o-Y to 74.4 BCFe.

Reliance's share of gross production stood at 36.5 Bcfe in 2Q FY14, which reflects a growth of 31% Y-o-Y. However, on a sequential basis, volumes were marginally lower due to the impact of pad drilling driven delays in turning wells online, higher shut-ins for offset frac operations and certain midstream constraints. Optional shut-ins undertaken at times, to overcome higher price differentials in the Marcellus areas added further pressure on volumes during the quarter.

Average combined daily production (gross at JV level) for all 3 JVs stood at 875 Mmscfed (including ~46,300 barrels of condensate) during the quarter. As at the end of 2Q FY14, cumulative number of producing wells stood at 550 compared to 309 wells as at the end of 2Q last year and 494 wells as at the end of the 1Q FY14.

Aggregate revenues for 2Q FY14 was at $193.0 million reflecting a growth of 33% Y-o-Y. Average unit realization at $6.19/Mcfe in 2Q FY14, was higher as compared to $6.03/Mcfe in 2Q FY13. There continues to be focus on operational, cost and efficiency improvements; high graded development and prudent lease holding strategy to retain optionality.

## REFINING & MARKETING BUSINESS

| (In ₹ Crore) | 2Q FY14 | 1Q FY14 | 2Q FY13 | % Change wrt 1Q FY14 | % Change wrt 2Q FY13 | 1H FY14 | 1H FY13 | % Change wrt 1H FY13 |
|---|---|---|---|---|---|---|---|---|
| Segment Revenue | **97,456** | 81,458 | 83,878 | 19.6% | 16.2% | **178,914** | 169,261 | 5.7% |
| Segment EBIT | **3,174** | 2,951 | 3,523 | 7.6% | (9.9%) | **6,125** | 5,653 | 8.3% |
| Crude Refined (Mn MT) | **17.7** | 17.1 | 17.6 | | | **34.7** | 34.9 | |
| GRM ($ / bbl) | **7.7** | 8.4 | 9.5 | | | **8.0** | 8.5 | |
| EBIT Margin (%) | **3.3%** | 3.6% | 4.2% | | | **3.4%** | 3.3% | |

1H FY14 revenue from the Refining and Marketing segment increased by 5.7% Y-o-Y to ₹ 178,914 crore, while EBIT was up 8.3% Y-o-Y at ₹ 6,125 crore. GRMs averaged $ 8.0/bbl during 1H FY14 and the refineries achieved an average utilization rate of 112%. 1H FY14 export of refined products was at 22.1 MMT as compared to 19.2 MMT in 1H FY13.

During 2Q FY14, RIL Jamnagar refineries processed 17.7 MMT (highest ever quarterly throughput) of crude and achieved utilization rate of 114%. In comparison average utilization rates for refineries globally during the same period were 86.7% in North America, 78.7% in Europe and 85.2% in Asia.

During the quarter, revenue from Refining & Marketing segment increased by 16.2% to ₹ 97,456 crore ($ 15.6 billion) from ₹ 83,878 crore in 2Q FY13. Growth in revenue was accounted by 4.9% higher volume and 11.3% increase in prices.

EBIT was at ₹ 3,174 crore ($ 507 million) down 9.9% on Y-o-Y basis, however it was up 7.6% on a sequential quarter basis. During the quarter, total exports of refined products reached $ 11.1 billion and accounted for 67% of aggregate refinery product volumes.

RIL's refining business performance during the quarter was positively impacted by increased crude throughput, stable middle distillate and naphtha cracks, and favourable exchange rate movement. This was partly offset by weak gasoline and solid products (pet-coke/sulphur) cracks, widening Brent-Dubai differential and lower domestic sales on weak demand.

Singapore complex refining margin was softer in comparison to the corresponding period last year due to weak gasoline, jet-kero and fuel oil (FO) cracks, even though gasoil and naphtha cracks were stable. Refining margins dropped in the month of August and September, post Ramadan and end of US driving season.

Gasoil cracks in Asia were at $ 17.3/bbl in 2Q FY14 as compared to $ 16.8/bbl in 1Q FY14. Gasoil demand was lower in China due to slowing economy and in India / Malaysia on account of their efforts to cut subsidies. Major importing countries of Asia like Indonesia, Vietnam also witnessed lower gasoil demand. Muted demand led to weakness in cracks particularly towards the end of the quarter. US domestic demand for gasoil was strong and there were continued opportunities to place products into Europe and Latin America. However, the cracks eased due to high crude prices, narrower Brent-WTI differential and improved supply from refiners tilting their yields towards more gasoil. Decline in gasoil cracks in Europe were relatively lower on reduced imports from US and Russia.

Gasoline cracks in Asia were at $ 9.6/bbl in 2Q FY14 as compared to $ 11.4/bbl in 1Q FY14. Relatively subdued demand in the region particularly after Ramadan and rising supplies due to higher runs led to easing the cracks though strong Chinese demand gave some support. In the US, decline in gasoline demand after the summer driving season, higher refinery run rates and high stocks resulted in weaker gasoline cracks. Rising stock levels pressurized gasoline cracks in Europe which continues to be surplus gasoline, with declining demand and limited export options.

Naphtha cracks in Asia improved marginally and were at $ (-)5.8/bbl in 2Q FY14 as compared to $ (-)7.1/bbl in 1Q FY14. Stable to firm petrochemical demand, prospects of tightening supply in next few months on account of refinery maintenance and lower arbitrage levels from the west due to refinery run cuts resulted in the strength of the naphtha cracks. Improving economic prospects of the Asian countries and expected higher seasonal demand likely to keep the naphtha market tightened in the near future.

During the quarter, Arab light-Arab heavy crude differential widened by $ 1.3 / bbl compared to the corresponding period of the previous year and by $ 0.3 /bbl compared to the last quarter. The increase was marginal as supply constraints eased with Libyan supplies starting to return to the market. Brent-Dubai differentials widened to $ 4.1/bbl in 2Q FY14 from $ 1.7/bbl in the trailing quarter. This had a negative impact for RIL as part of the crude procured is linked to Brent.

**PETROCHEMICALS BUSINESS**

| (In ₹ Crore) | 2Q FY14 | 1Q FY14 | 2Q FY13 | % Change wrt 1Q FY14 | % Change wrt 2Q FY13 | 1H FY14 | 1H FY13 | % Change wrt 1H FY13 |
|---|---|---|---|---|---|---|---|---|
| Segment Revenue | 24,892 | 21,950 | 22,058 | 13.4% | 12.8% | 46,842 | 43,897 | 6.7% |
| Segment EBIT | 2,504 | 1,888 | 1,740 | 32.6% | 43.9% | 4,392 | 3,496 | 25.6% |
| EBIT Margin (%) | 10.1% | 8.6% | 7.9% | | | 9.4% | 8.0% | |
| Production (Million Tonnes) | 5.7 | 5.3 | 5.5 | | | 11.0 | 11.1 | |

1H FY14 revenue from the Petrochemicals segment increased by 6.7% Y-o-Y to ₹ 46,842 crore ($ 7.5 billion). Higher prices accounted for 7.4% growth in revenue which was partly offset by the decrease in volumes of 0.7%. EBIT margin improved to 9.4% in 1H FY14 as compared to 8.0% a year ago.

RIL's petrochemicals business performance during the quarter was positively impacted by higher volumes, stable demand, improved deltas for key polymers (PP/PE) and fibre intermediates (PX/MEG), and favourable exchange rate movement. Though polyester margins were weak, RIL benefited due to integrated chain economics.

**Polymer & Cracker Business**

During the quarter, domestic demand for polymer products was higher by 1%. The growth was subdued and the anticipated festive season demand did not materalise fully. Growth was mainly on account of stable domestic consumption in some of the major end-use sectors, viz. packaging sector, moulded products, extrusion coating, pipes and films. However, during 1H FY14 (Y-o-Y) demand in Indian polymer industry grew steadily at 8%. PP, PE, and PVC consumption growth rate was at 5.4%, 5.8% and 15.8% respectively.

During the quarter, the polymer business saw a healthy trend in terms of product margins in polyolefin products. PP and PE margins improved (on Y-o-Y basis) as product prices were higher on account of cascading effect of feedstock prices. PVC margins were higher (on Q-o-Q basis) on improvement in PVC prices supported by higher feedstock ethylene prices and tight supply.

During 1H FY14, RIL's total polymer production was maintained at 2.3 MMT.

**Polyester Chain**

During the first half, major buyer markets for polyester continued their cautious stance given volatility in currency and product prices. The recovery was slower; start of seasonal peak demand period was below expectations. Polyester prices though witnessed improvement but fell short of the rise seen in the feedstock prices.

In 1H FY14, overall domestic polyester demand grew 6% Y-o-Y. PFY demand grew 7% Y-o-Y amidst inventory replenishment for festive season preparation, good polyester textured yarn exports and with PFY substituting spun yarns in some markets. PET demand was moderate at around 4%, impacted by early and prolonged monsoon coupled with high prices on account of rupee depreciation and higher raw material prices. Inflationary pressure also dampened demand in beverage and FMCG segments. Volatility in rupee and high raw material prices led to moderate growth in PSF demand as downstream buyers turned cautious.

Feedstock markets remained volatile. PX prices firmed up owing to supply tightness due to delay in new projects and demand from new PTA capacities. PTA players remained extremely cautious about lower margins and resorted to production rationing to protect margins, to the extent of selling of PX stocks which intermittently also impacted PX dynamics. MEG markets witnessed buying interest as Chinese port MEG inventories declined from high level of around 1 MMT in the last quarter. Consequently MEG margins improved despite volatility.

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During 1H FY14, production of fibre intermediates (PX, PTA and MEG) was around 2.3 MMT, down 4% Y-o-Y amidst planned shutdown in PX and PTA plants during the first quarter. In 2Q, fibre intermediate production increased 14% Q-o-Q. In 1H FY14, polyester (PFY, PSF and PET) production volume was down marginally by 2% due to planned shutdown of PFY plants and changes in product-mix.

**Chemicals**

In 1H FY14, butadiene prices nearly halved on a Y-o-Y basis due to continued poor global demand and excess supplies. However, prices of butadiene have improved from the levels which were seen at the beginning of the second quarter. Domestic demand has shown marginal increase on Y-o-Y basis due to good buying interest from select downstream sectors (PBR & SB latex).

On a Y-o-Y basis, 1H FY14 demand for LAB was stable with an increase in volume sales of detergents by major manufacturers. RIL's share stood at 29% in the domestic LAB market.

**Elastomers**

Domestic demand for PBR in 1H FY14 increased by 11% on Y-o-Y basis mainly on account of growth in replacement market. However, margins dropped during the second quarter mainly due to relatively early recovery in Butadiene prices which is yet to reflect in PBR prices.

## ORGANIZED RETAIL

From a consumer confidence perspective the past quarter has been a difficult one for the Indian retail sector. Various factors such as subdued economic growth, continued inflation and devaluation of the rupee have resulted in the dip in consumer confidence. Additionally, high volatility in gold prices coupled with high import duties and restrictions on import have impacted the jewellery sector. Further, extended business disruptions due to regional unrests in Andhra Pradesh also had an impact on the retail sector.

However, even during this challenging scenario, the retail business registered a turnover of ₹ 6,930 crore for the first six months of the financial year, a growth of 41% over the corresponding period last year. Turnover in 2Q FY14 stood at ₹ 3,456 crore, a 31% growth over the same quarter of last year. Retail business achieved PBDIT of ₹ 165 crore for 1H FY14 and ₹ 95 crore for 2Q FY14. The format sectors saw same store sales growth ranging up to 22% in the first half of the financial year.

During this quarter, the business crossed a significant milestone of operating 10 million sq. ft. of retail space with the addition of 58 stores across all formats. The business now operates over 1,550 stores across 136 cities in India.

The digital sector continued its growth momentum and made significant progress in its offerings and services:

- Reliance Digital with its high brand awareness, strong partnerships with all leading brands and category ownership continued to improve its proposition for customers and grow market share.
- The Digital Xpress concept, developed with an emphasis on technology solutions, has been exceptionally well received by customers as well as brand partners. The initial set of 17 stores has garnered appreciation for its experiential offerings, design and layout and knowledgeable store associates delivering a great customer experience.
- resQ, the Digital support and service arm, launched comprehensive home care plans for appliances and electronics for its existing customer base of 1 million households. The resQ network, from its current 43 service centres in 36 cities, is being expanded to create a national footprint.

With 180 stores spread across in 57 cities and the planned multi-channel offering, the digital business is poised to establish itself as the undisputed leader in this category.

Value Formats continued their momentum to maintain leadership in the grocery retail business while the cash and carry business continued its geographical expansion.

The Fashion and lifestyle business continued to deliver a strong performance in the quarter with launch of private brands and collections in collaboration with Indian and international designers. Reliance Trends was awarded Images "Most Admired Retailer of the Year – Large Format Fashion/ Lifestyle" at the India Retail Forum.

Witnessing the rapid migration of books and music delivery via digital channels, the business has decided to discontinue offering books and music through physical stores being operated under TimeOut banner.

In the quarter, Reliance Brands opened the first stores for Dune and Stuart Weitzman apart from new store openings for other partner brands.

Towards the next phase of growth, the Company has identified strategic technology enabled initiatives, spanning across all formats and functional areas. The Company has partnered with strategic technology partners to implement industry-leading solutions in areas such as supply chain management, assortment planning, etc. Some of these strategic initiatives include Mobile Point of Sales systems, RFID based automation, Enhanced version of Customer Relationship Management (CRM), Assortment Planning and Space Optimization, etc.

## BROADBAND ACCESS

RIL's subsidiary, Reliance Jio Infocomm Limited ("RJIL"), which is the only private player with Broadband Wireless Access spectrum in all the 22 telecom circles of India, plans to provide reliable fast internet connectivity and rich digital services on a Pan India basis.

In addition to fixed and wireless broadband connectivity, RJIL also plans to enable end-to-end solutions that address the entire value chain across various digital services in key domains of national interest such as education, healthcare, security, financial services, government-citizen interfaces and entertainment. RJIL aims to comprehensively address the requisite components of the customer need, thereby fundamentally enhancing the opportunity and experience of hundreds of millions of Indian citizens and organizations.

From less than 700 employees last year, most of them based in RJIL's Navi Mumbai campus, the RJIL team has grown rapidly to a national footprint of over 4,000 employees today. The key leadership positions required to execute the project are in place. RJIL has finalized the key vendor and supplier partnerships that are required for the launch of our services, and is making rapid progress in building the critical infrastructure needed to launch its services.

In the past year, RJIL has announced key definitive agreements with Reliance Communications (RCOM) for inter-city optic fibre sharing, for sharing of up to 45,000 of RCOM's nationwide telecom towers, and for joint working arrangements to configure the scope of additional towers to be built at new locations. RJIL also announced a key agreement for international data connectivity with Bharti to utilise dedicated fiber pair on Bharti's i2i submarine cable that connects India and Singapore. In addition, RJIL also signed the Construction and Maintenance Agreement (C&MA) and the Supply Contract for "Bay Of Bengal Gateway" Cable System (BBG) in Kuala Lumpur, to provide connectivity between South East Asia, South Asia and the Middle East, Europe, Africa and to the Far East Asia.

RJIL has received Letter of Intent (LoI) from DOT for award of Unified Licence with Authorisation for all Services under Unified License in all service areas and RJIL has complied with requirements of LoI including payment of the requisite entry fee. In addition RJIL has been awarded with a Facility Based Operator License ("FBO License") in Singapore which will allow Reliance Jio Infocomm Pte Ltd. to buy, operate and sell undersea and/or terrestrial fibre connectivity, setup its internet point of presence, offer internet transit and peering services as well as data and voice roaming services in Singapore.

(All $ numbers are in US$)

Media Release

Reliance Industries Limited

## UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER/HALF YEAR ENDED 30th SEPTEMBER 2013

(₹ in crore, except per share data)

| Sr. No. | | Quarter Ended | | | Half Year Ended | | Year Ended |
|---|---|---|---|---|---|---|---|
| | | 30 Sep'13 | 30 June'13 | 30 Sep'12 | 30 Sep'13 | 30 Sep'12 | 31 Mar'13 (Audited) |
| 1 | **Income from Operations** | | | | | | |
| | (a) Net Sales/Income from operations (Net of excise duty and service tax ) | 103,758 | 87,645 | 90,336 | 191,403 | 182,212 | 360,297 |
| | **Total income from operations (net)** | **103,758** | **87,645** | **90,336** | **191,403** | **182,212** | **360,297** |
| 2 | **Expenses** | | | | | | |
| | (a) Cost of materials consumed | 88,365 | 73,729 | 77,717 | 162,094 | 156,975 | 306,127 |
| | (b) Purchases of stock-in- trade | 116 | 392 | 54 | 508 | 217 | 502 |
| | (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (185) | (746) | (1,811) | (931) | (2,798) | (3,317) |
| | (d) Employee benefits expense | 808 | 899 | 848 | 1,707 | 1,699 | 3,354 |
| | (e) Depreciation and amortization expense | 2,233 | 2,138 | 2,306 | 4,371 | 4,769 | 9,465 |
| | (f) Other expenses | 6,805 | 6,296 | 5,751 | 13,101 | 11,531 | 22,844 |
| | **Total Expenses** | **98,142** | **82,708** | **84,865** | **180,850** | **172,393** | **338,975** |
| 3 | **Profit from operations before other income, finance costs** | **5,616** | **4,937** | **5,471** | **10,553** | **9,819** | **21,322** |
| 4 | Other Income | 2,060 | 2,535 | 2,112 | 4,595 | 4,016 | 7,998 |
| 5 | **Profit from ordinary activities before finance costs** | **7,676** | **7,472** | **7,583** | **15,148** | **13,835** | **29,320** |
| 6 | Finance costs | 805 | 810 | 737 | 1,615 | 1,521 | 3,036 |
| 7 | **Profit from ordinary activities before tax** | **6,871** | **6,662** | **6,846** | **13,533** | **12,314** | **26,284** |
| 8 | Tax expense | 1,381 | 1,310 | 1,437 | 2,691 | 2,402 | 5,281 |
| 9 | **Net Profit for the Period** | **5,490** | **5,352** | **5,409** | **10,842** | **9,912** | **21,003** |
| 10 | Paid up Equity Share Capital, Equity Shares of ₹ 10/- each. | 3,231 | 3,229 | 3,236 | 3,231 | 3236 | 3,229 |
| 11 | Reserves excluding revaluation reserves | | | | | | 1,75,711 |
| 12 | Earnings per share (Face value of ₹ 10) | | | | | | |
| | (a) Basic | 17.0 | 16.6 | 16.7 | 33.6 | 30.5 | 64.8 |
| | (b) Diluted | 17.0 | 16.6 | 16.7 | 33.6 | 30.5 | 64.8 |
| A | **PARTICULARS OF SHAREHOLDING** | | | | | | |
| 1 | Public shareholding (including GDR holders) | | | | | | |
| | - Number of Shares (in crore) | 176.67 | 176.55 | 177.17 | 176.67 | 177.17 | 176.47 |
| | - Percentage of Shareholding (%) | 54.69 | 54.67 | 54.75 | 54.69 | 54.75 | 54.66 |
| 2 | Promoters and Promoter Group shareholding | | | | | | |
| | a) Pledged / Encumbered | | | | | | |
| | - Number of shares (in crore) | - | - | - | - | - | - |
| | - Percentage of shares (as a % of the total shareholding of Promoters and Promoter Group) | - | - | - | - | - | - |
| | - Percentage of shares (as a % of the total share capital of the company) | - | - | - | - | - | - |
| | b) Non - Encumbered | | | | | | |
| | - Number of shares (in crore) | 146.39 | 146.39 | 146.39 | 146.39 | 146.39 | 146.39 |
| | - Percentage of shares (as a % of the total shareholding of Promoters and Promoter Group) | 100 | 100 | 100 | 100 | 100 | 100 |
| | - Percentage of shares (as a % of the total share capital of the company) | 45.31 | 45.33 | 45.25 | 45.31 | 45.25 | 45.34 |

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**Notes:**

1. The figures for the previous periods have been restated/regrouped wherever necessary, to make them comparable.

2. The Scheme of amalgamation of Reliance Jamnagar Infrastructure Limited (RJIL), with the company became effective on 22nd October 2012. In view thereof, the figure for corresponding quarter/ half year has been reworked and re-stated giving effect to the amalgamation of Reliance Jamnagar Infrastructure Limited (RJIL).

3. 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 ₹ 925 crore ($ 148 million) for the half year ended 30th September 2013 which has been withdrawn from the Reserves. This has no impact on the profit for the half year ended 30th September 2013.

4. The Government of India, by its letter of 02 May 2012 has communicated that it proposes to disallow certain costs which the PSC relating to Block KG-DWN-98/3 entitles RIL to recover. RIL continues to maintain that a Contractor is entitled to recover all of its costs under the terms of the PSC and there are no provisions that entitle the Government to disallow the recovery of any Contract Cost as defined in the PSC. The Company has already initiated arbitration on the above issue.

5. 3 investor complaints were pending as on 1st July, 2013 and during the quarter 1,237 complaints were received. All complaints were resolved and no complaints were outstanding as on 30th September 2013.

6. The audit committee reviewed the above results. The Board of Directors at its meeting held on 14th October 2013 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 / half year ended 30th September 2013.

## Standalone Statement of Assets and Liabilities

*₹in Crore*

| Sr. No. | Particulars | | As at 30th September 2013 (Unaudited) | As at 31st March 2013 (Audited) |
|---|---|---|---|---|
| **A** | **EQUITY AND LIABILITIES** | | | |
| **1** | **Shareholders' funds** | | | |
| | (a) | Share Capital | 3,231 | 3,229 |
| | (b) | Reserves and Surplus | 186,808 | 176,766 |
| | | **Subtotal - Shareholders' funds** | **190,039** | **179,995** |
| **2** | **Share application money pending allotment** | | **15** | **25** |
| **3** | **Non - current liabilities** | | | |
| | (a) | Long-Term borrowings | 52,690 | 43,012 |
| | (b) | Deferred Tax Liability (net) | 12,057 | 12,193 |
| | | **Subtotal -Non - current liabilities** | **64,747** | **55,205** |
| **4** | **Current liabilities** | | | |
| | (a) | Short-term borrowings | 14,735 | 11,511 |
| | (b) | Trade Payables | 59,157 | 45,787 |
| | (c) | Other current liabilities | 21,170 | 21,640 |
| | (d) | Short term provisions | 1,395 | 4,348 |
| | | **Subtotal -Current liabilities** | **96,457** | **83,286** |
| | | **TOTAL- EQUITY AND LIABILITIES** | **351,258** | **318,511** |
| **B** | **ASSETS** | | | |
| **1** | **Non-current assets** | | | |
| | (a) | Fixed Assets | 143,039 | 128,864 |
| | (b) | Non-current investments | 31,210 | 24,143 |
| | (c) | Long-term loans and advances | 24,549 | 21,528 |
| | | **Sub Total – Non-current assets** | **198,798** | **174,535** |
| **2** | **Current assets** | | | |
| | (a) | Current investments | 34,951 | 28,366 |
| | (b) | Inventories | 47,077 | 42,729 |
| | (c) | Trade receivables | 11,016 | 11,880 |
| | (d) | Cash and Bank Balances | 43,429 | 49,547 |
| | (e) | Short-term loans and advances | 15,363 | 10,974 |
| | (f) | Other current assets | 624 | 480 |
| | | **Sub Total - Current assets** | **152,460** | **143,976** |
| | | **TOTAL ASSETS** | **351,258** | **318,511** |

**UNAUDITED STANDALONE SEGMENT INFORMATION FOR THE QUARTER / HALF YEAR ENDED 30th SEPTEMBER 2013**

₹ in Crore

| Sr. No. | | Quarter Ended | | | Half Year Ended | | Year Ended |
|---|---|---|---|---|---|---|---|
| | | 30 Sep'13 | 30 June'13 | 30 Sep'12 | 30 Sep'13 | 30 Sep'12 | 31 Mar'13 (Audited) |
| 1. | **Segment Revenue** | | | | | | |
| | - Petrochemicals | 24,892 | 21,950 | 22,058 | 46,842 | 43,897 | 88,108 |
| | - Refining | 97,456 | 81,458 | 83,878 | 178,914 | 169,261 | 333,774 |
| | - Oil and Gas | 1,464 | 1,454 | 2,254 | 2,918 | 4,762 | 8,280 |
| | - Others | 330 | 616 | 169 | 946 | 418 | 953 |
| | **Gross Turnover (Turnover and Inter Segment Transfers)** | **124,142** | **105,478** | **108,359** | **229,620** | **218,338** | **431,115** |
| | Less: Inter Segment Transfers | 17,619 | 14,889 | 15,093 | 32,508 | 30,145 | 59,996 |
| | **Turnover** | **106,523** | **90,589** | **93,266** | **197,112** | **188,193** | **371,119** |
| | Less: Excise Duty / Service Tax Recovered | 2,765 | 2,944 | 2,930 | 5,709 | 5,981 | 10,822 |
| | **Net Turnover** | **103,758** | **87,645** | **90,336** | **191,403** | **182,212** | **360,297** |
| 2. | **Segment Results** | | | | | | |
| | - Petrochemicals | 2,504 | 1,888 | 1,740 | 4,392 | 3,496 | 7,328 |
| | - Refining | 3,174 | 2,951 | 3,523 | 6,125 | 5,653 | 12,788 |
| | - Oil and Gas | 356 | 352 | 866 | 708 | 1,838 | 2,887 |
| | - Others | 42 | 84 | 71 | 126 | 129 | 255 |
| | **Total Segment Profit before Interest and Tax** | **6,076** | **5,275** | **6,200** | **11,351** | **11,116** | **23,258** |
| | (i) Interest Expense | (805) | (810) | (737) | (1,615) | (1,521) | (3,036) |
| | (ii) Interest Income | 1,551 | 1,628 | 1,370 | 3,179 | 2,661 | 6,245 |
| | (iii) Other Un-allocable Income (Net of Expenditure) | 49 | 569 | 13 | 618 | 58 | (183) |
| | **Profit before Tax** | **6,871** | **6,662** | **6,846** | **13,533** | **12,314** | **26,284** |
| | (i) Provision for Current Tax | (1,436) | (1,391) | (1,371) | (2,827) | (2,460) | (5,244) |
| | (ii) Provision for Deferred Tax | 55 | 81 | (66) | 136 | 58 | (37) |
| | **Profit after Tax** | **5,490** | **5,352** | **5,409** | **10,842** | **9,912** | **21,003** |
| 3. | **Capital Employed (Segment Assets – Segment Liabilities)** | | | | | | |
| | - Petrochemicals | 42,696 | 39,476 | 36,059 | 42,696 | 36,059 | 38,816 |
| | - Refining | 61,563 | 60,459 | 65,012 | 61,563 | 65,012 | 66,811 |
| | - Oil and Gas | 29,526 | 27,651 | 26,887 | 29,526 | 26,887 | 25,167 |
| | - Others | 27,463 | 23,993 | 17,329 | 27,463 | 17,329 | 22,201 |
| | - Unallocated | 124,845 | 125,784 | 110,455 | 124,845 | 110,455 | 114,737 |
| | **Total Capital Employed** | **286,093** | **277,363** | **255,742** | **286,093** | **255,742** | **267,732** |

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## Notes to Segment Information for the Quarter/ Half Year Ended 30th September 2013

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 density Polyethylene, Low density Polyethylene, Linear Low density Polyethylene, Polypropylene, Polyvinyl Chloride, Polyester Yarn, Polyester Fibres, Purified Terephthalic Acid, Paraxylene, Ethylene Glycol, Olefins, Aromatics, Linear Alkyl Benzene, Butadiene, Acrylonitrile, Poly Butadiene 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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