RIL turnover exceeds Rs 100000 in Nine Months with Record QTR profit

Turnover exceeds rs. 1,00,000 crore in nine months for the first time

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Reliance Industries Limited (RIL) today reported its financial performance for the nine months period ended December 31, 2007. According to the un-audited financial results RIL marks a substantial growth in each segment as compared to the previous period.

Overall turnover increased by 13% to Rs. 100,572 crore (US$ 25.5 billion) and the cash profit increases by 51% to Rs. 19,714 crore (US$ 5.0 billion). Net Profit (including exceptional item) increases by 77% to Rs. 15,546 crore (US$ 4.0 billion); exceptional income of Rs. 4,733 crore (US$ 1.2 billion). Net Profit (excluding exceptional item) increases by 29% to Rs. 11,349 crore (US$ 2.9 billion) and a gross refining rargin for 3Q FY 07-08 was at US$ 15.4 / bbl and for 9M FY 07-08 was US$ 14.9 / bbl.

Commenting on the results, Shri Mukesh D. Ambani, CMD, Reliance Industries Limited said,'I am happy to report that Reliance continues to surpass previous records in financial performance. The quality of our manufacturing assets and our people is being recognized through the various awards and recognition that we have been receiving in the recent past. The new growth platforms around Oil and Gas, Organized Retailing and Agro-Retail initiatives are gathering momentum and the initial response to these initiatives have been very encouraging. Each of these initiatives inherently addresses India's economic and social imperatives.'

During the nine months period ended December 31, 2007, the refinery processed 23.7 million tonnes and achieved an operating rate of 96%. Petrochemicals production grew by 4% to 14.5 million tonnes, against 14.0 million tonnes for the corresponding period of the previous year.

The Company has reserved issuance of 6,96,75,402 equity shares of Rs 10 each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year 2006-07, the Company has granted 2,87,28,000 Options to the eligible employees for subscribing to equivalent number of fully paid-up equity shares of the Company. During the period ended December 31, 2007, the Company has further granted 10,35,000 options as per the terms of the ESOS.

Basic earning per share (EPS) for the nine months period was Rs. 107.0 (US$ 2.71). Basic earning per share (EPS), excluding exceptional item, for the nine months period was Rs. 78.1 (US$ 1.98) against Rs. 60.5 for the corresponding period of the previous year. The outstanding debt as on 31st December 2007 was Rs 31,553 crore (US$ 8.0 billion) compared to Rs 27,826 crore as on 31st March 2007. Net gearing as on 31st December 2007 was 21.8% as compared to 25.2% on 31st March 2007. RIL retained it domestic credit ratings which were AAA from CRISIL and Fitch. During the same period, Moody's and S&P have reaffirmed investment grade ratings, for international debt of RIL, as Baa2 and BBB respectively.

During the period under review, RIL incurred capital expenditure of Rs. 13,891 crore (US$ 3.5 billion). With the completion of major expansion plans in the refining and petrochemicals businesses, the capital expenditure was largely for the Oil and Gas initiatives. The common capital expenditure of Rs. 1,714 crore (US$ 435 million) during the nine months period was mainly on account of purchase of real estate for office purposes.

This was yet another eventful period for RIL's Oil and Gas Exploration & Production business which resulted in several key achievements. The Empowered Group on Ministers (EGoM) has approved the pricing formula for sale of gas from KG D6. RIL announced two gas discoveries (wells: KG-III-05-P1 and KG-III-05-J1) in Miocene clastics reservoir in the Krishna offshore basin on the east coast of India in the shallow water block, KG-OSN-2001/1 which has an area of 1,100 square kilometers. Four additional discoveries made too Well MD1 in block KG-D4, Well CY-III-D5-A1 in block CY-III-D5, Well KGD6-R1 in block KG D6 and Well GS01-B1 in block GS01. RIL has also submitted development plans for the NEC25 block and MA oil fields (KG D6) to the DGH for approval. The development plan for Sohagpur CBM Blocks (East and West) was approved by the DGH.

RPL successfully completed the second year of implementation of its refinery project with an overall project progress of 82%. Based on the progress made so far, RPL expects to complete the refinery project ahead of its initial schedule of December 2008.

The international business comprises of 10 blocks with acreage of about 80,000 square kilometers - 2 each in Yemen, Oman, Kurdistan and Colombia, 1 each in East Timor and Australia. In addition, Reliance also has 25% interest in a producing block in Yemen. With these blocks, about 70% of Reliance's total international acreage is slated to be in frontier areas of offshore deepwater. A number of international upstream opportunities are being pursued in Africa, Middle East and Asia Pacific and are in various stages of negotiation.

The third quarter of FY 2007-08 was an eventful quarter for Reliance Retail. This quarter saw the launch of 6 new formats. Additionally, RRL entered into an alliance with Apple for setting up a chain of Apple Specialty Stores branded as iStore. This is RRL's first alliance with an international brand. This first iStore was launched during the quarter in Bangalore.

Reliance Fresh started the quarter with 329 stores and opened an additional 112 stores to end the quarter with 441 stores in over 45 towns and cities. As on date there are 453 Reliance Fresh stores operational across India.

The new formats launched by RRL this quarter are Reliance Trends, Reliance Footprint, Reliance Wellness, Reliance TimeOut, Reliance Jewels and Reliance Super. Reliance Digital launched 2 additional stores in Bangalore and Navi Mumbai respectively bringing the total Reliance Digital stores to 3. In the months of October and November, Reliance Trends, a specialty apparel store selling mens', womens' and children's garments was launched at Gurgaon and Delhi. RRL also opened its chain of specialty wellness stores offering pre-emptive, curative and beauty solutions under the brand name of Reliance Wellness in the cities of Hyderabad and Bangalore.

In December 2007, RRL launched another specialty format in Bangalore, with an extensive range of merchandise in Books, Music, Stationery, Toys and Gifts under the brand name Reliance TimeOut. This quarter also saw Reliance's foray into fine and branded jewellery under the brand name of Reliance Jewels in Bangalore. RRL closed this quarter by opening its ninth format, Reliance Super, in Amrtisar.

With the launch of the new formats, RRL now operates 9 different formats across India.The RelianceOne loyalty membership base continues to grow and has crossed over 2 million loyal customers.

During the nine months period, domestic demand for petroleum products increased by 5.9% compared to the corresponding period of the previous year. Demand for HSD, which accounts for a third of the consumption of petroleum products, registered a growth of 9.8% while demand for MS was higher by 11.6%. Demand of ATF grew by 15.1% and for LPG by 7.5%. Sale of Naphtha dropped by 15% and Kerosene also declined marginally during the period under review. Domestic marketing margins on MS and HSD continue to be under pressure due to lack of a level playing field for the private sector marketing companies. The period witnessed high crude oil prices without any corresponding improvement in the domestic selling price. RIL is currently maintaining a price differential of Rs. 5.0 per litre over PSUs' Retail Selling Price on HSD and Rs. 4.50 per litre for MS across India.

RIL added 44 retail outlets during the period under review taking a total number of retail outlets to 1,429. To capture the growth opportunity in the ATF business, RIL has presence at 13 airports in India and is now refueling major airlines. Work at 4 other airports is in advanced stage of completion. All major domestic airlines and few major international airlines (Emirates and Qatar Airways) have started refueling from RIL fuelling stations.

The quarter witnessed volatility in global refining margins on the back of rising crude oil prices. Refining margins in the benchmark US Gulf Coast (WTI) declined from US$ 8.6 / bbl to US$ 3.4 / bbl on a quarter-on-quarter basis primarily due to weak gasoline cracks. However, the benchmark Singapore complex margins increased from US$ 6.4 / bbl to US$ 7.7 / bbl primarily due to near record jet / kerosene and gas oil cracks. Naphtha cracks were also higher but propylene prices remained stable. Light - Heavy differential remained in the US$ 5 / bbl range.

The superior configuration at the Jamnagar refinery allowed RIL the flexibility to focus on the production of middle distillate products (Gasoil and Jet / Kerosene) where margins remained firm with strong global demand.

For the period under review, revenues for the petrochemical segment increased by 3% from Rs 37,799 crore to Rs 38,880 crore. High feedstock prices continue to impact the petrochemicals business. However, strong domestic demand has lowered the extent of impact of current high prices of feed stocks for an integrated producer like RIL. During the quarter, higher naphtha cracks squeezed polyester chain margins. Para xylene and PTA margins were lower compared to the corresponding period of the previous year. Further,Para xylene unit at Jamnagar was under planned shutdown for 19 days in December 2007 leading to lower production. All the polyester products witnessed strong domestic demand growth.

Production volumes of the Polyester (PFY, PSF and PET) increased by 5% to 1,168 thousand tonnes. Production from the new polyester facility has been placed successfully in the market. RIL has maintained its focus on specialty products which account for 54% and 39% of PSF and PFY production respectively. RIL now has a domestic market share in excess of 51% in polyester. RIL's polyester intermediates (PX, PTA and MEG) production grew by 10% to 3,480 thousand tonnes during the nine months period. The production increase is attributed to the new 730 thousand tonnes PTA plant at Hazira which was commissioned in 2Q FY 2006-07, partially offset by planned shutdown of Para xylene unit at Jamnagar in 3Q FY 2007-08. Reliance's domestic market share in polyester intermediates stood at 79%.

During the period, RIL signed an agreement to acquire assets of Hualon, Malaysia. Hualon is a leading polyester producer in Malaysia with polyester (fibre, yarn and resin) manufacturing capacity of half a million tons per annum along with downstream textile manufacturing capabilities spread over two locations in Malaysia, namely Nilai and Malacca. Pending the transfer of assets, Reliance through its subsidiary, has commenced operations with the use of the assets during the quarter.

The polymers business witnessed sustained growth with aggregate production volumes of PP, PE and PVC growing by 4% to 2,514 thousand tonnes. The increase in production is attributed to the full impact of the new PP plant at Jamnagar and also to the scheduled maintenance shutdown of the cracker and downstream plants at Hazira during the corresponding period of the previous year. RIL continues to be India's largest producer of polymers with a domestic market share of 69%. The domestic market of polymers witnessed exciting growth with demand growing at 16% compared to the corresponding period of the previous year. The growth was seen across polymers - PP demand grew by 17%, PE demand grew by 21% while demand for PVC grew by 11%. The increased demand came largely from end-use segments like flexible packaging, infrastructure, cables, consumer durables and agriculture.

During the period under review, production of Linear Alkyl Benzene (LAB) remained unchanged at 128 thousand tonnes. Reliance has a market share of 38% in the domestic LAB market. The Butadiene plant produced 130 thousand tonnes, higher by 13% as compared to the corresponding period of the previous year.

During the quarter Reliance Digital Retail Limited, Reliance Brands Private Limited, Reliance Wellness Limited, Reliance Footprint Limited, Reliance Integrated Agri Solutions Private Limited, Reliance Trends Limited, Reliance Lifestyle Holdings Private Limited, Reliance Universal Ventures Private Limited, Reliance AutoZone Private Limited, Strategic Manpower Solutions Private Limited, Reliance Gems and Jewels Limited, Delight Proteins Private Limited, Reliance F&B Services Private Limited, Reliance Agri Products Distribution Private Limited, Reliance Leisures Private Limited, Reliance Retail Securities and Broking Company Private Limited, Reliance Home Store Private Limited, Reliance Trade Services Centre Private Limited, Reliance Food Processing Solutions Private Limited, Reliance Supply Chain Solutions Private Limited, Reliance Digital Media Private Limited, Reliance Loyalty & Analytics Private Limited have become subsidiaries of the Company.

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