# Media Release

**Mumbai, 16th January 2017**

**QUARTERLY CONSOLIDATED NET PROFIT OF ₹ 7,506 CRORE ($ 1.1 BILLION), UP 3.6%**

**QUARTERLY CONSOLIDATED PBDIT OF ₹ 14,215 CRORE ($ 2.1 BILLION), UP 3.9%**

**RECORD QUARTERLY STANDALONE NET PROFIT ₹ 8,022 CRORE ($ 1.2 BILLION), UP 10.0%**

**FIRST PHASE OF NEW PARAXYLENE PROJECT COMMISSIONED**

***Reliance Industries Limited (RIL) today reported its financial performance for the quarter /nine months ended 31st December 2016. Highlights of the un-audited financial results as compared to the previous year are:***

## CONSOLIDATED FINANCIAL PERFORMANCE

| (In ₹ Crore) | **3Q FY17*** | **2Q FY17*** | **3Q FY16*** | **% chg. w.r.t. 2Q FY17** | **% chg. w.r.t. 3Q FY16** | **9M FY17*** | **9M FY16*** | **% chg. w.r.t. 9M FY16** |
|---|---|---|---|---|---|---|---|---|
| Turnover | 84,189 | 81,651 | 72,513 | 3.1% | 16.1% | 237,291 | 229,512 | 3.4% |
| PBDIT | 14,215 | 13,551 | 13,679 | 4.9% | 3.9% | 41,355 | 36,178 | 14.3% |
| Net Profit (Excluding Exceptional Items) | 7,506 | 7,206 | 7,245 | 4.2% | 3.6% | 21,825 | 18,304 | 19.2% |
| Net Profit | 7,506 | 7,206 | 7,245 | 4.2% | 3.6% | 21,825 | 22,614 | (3.5%) |
| EPS (₹) | 25.4 | 24.4 | 24.6 | 4.1% | 3.4% | 74.0 | 76.8 | (3.6%) |
| EPS (₹) (Excluding Exceptional Item) | 25.4 | 24.4 | 24.6 | 4.1% | 3.4% | 74.0 | 62.1 | 19.1% |

*(* Based on Ind AS)*

## HIGHLIGHTS OF QUARTER'S PERFORMANCE (CONSOLIDATED)

- Revenue (turnover) increased by 16.1% to ₹ 84,189 crore ($ 12.4 billion)
- PBDIT increased by 3.9% to ₹ 14,215 crore ($ 2.1 billion)
- Profit Before Tax increased by 3.7% to ₹ 10,213 crore ($ 1.5 billion)
- Cash Profit increased by 2.3% to ₹ 10,586 crore ($ 1.6 billion)
- Net Profit increased by 3.6% to ₹ 7,506 crore ($ 1.1 billion)


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## HIGHLIGHTS OF QUARTER'S PERFORMANCE (STANDALONE)

- Revenue (turnover) increased by 9.0% to ₹ 66,606 crore ($ 9.8 billion)
- Exports increased by 4.0% to ₹ 38,038 crore ($ 5.6 billion)
- PBDIT increased by 8.8% to ₹ 13,629 crore ($ 2.0 billion)
- Profit Before Tax increased by 9.2% to ₹ 10,621 crore ($ 1.6 billion)
- Cash Profit increased by 7.6% to ₹ 10,374 crore ($ 1.5 billion)
- Net Profit increased by 10.0% to ₹ 8,022 crore ($ 1.2 billion)
- Gross Refining Margin (GRM) of $ 10.8/bbl for the quarter

### CORPORATE HIGHLIGHTS FOR THE QUARTER (3Q FY17)

- In November 2016, RIL and GE signed a global partnership agreement in the Industrial IOT (IIOT) space whereby RIL and GE will work together to build out joint applications on GE's Predix platform
- In November 2016, the world's first Very Large Ethane Carrier (VLEC) "ETHANE CRYSTAL" was received by Reliance. The VLECs will serve to transport Ethane from USA to India, and are the largest vessels ever built for transportation of Ethane at an industrial scale
- In December 2016, Reliance Jio Infocomm Limited (RJIL, a subsidiary of RIL), became the world's fastest growing technology company crossing 50 million subscribers in a record 83 days. RJIL also announced the launch of 'Jio Happy New Year Offer'
- In December 2016, RIL commissioned the first phase of new Paraxylene project at Jamnagar

***Commenting on the results, Mukesh D. Ambani, Chairman and Managing Director, Reliance Industries Limited said:*** *"Our robust integrated platform, sound operational processes and business portfolio aligned to the needs of emerging India enabled us to deliver another record performance in challenging market conditions. The refining business has delivered eight consecutive quarters of double-digit GRMs, benefiting from the global demand for transportation fuels and improved product cracks.*

*We successfully commissioned the first phase of Paraxylene plant during the quarter, further deepening the linkage between our refining and petrochemicals operations. Our growth strategy focuses on creating sustainable returns for our shareholders through value-enhancing, high-return projects. We are executing well on our projects under construction and remain confident on delivering on our growth plans.*

*I am also delighted by our country's eagerness to adopt to a digital life as witnessed by the record-breaking launch of Jio. Its comprehensive ecosystem has enabled millions of Indians to lead a richer life through its offerings."*

**3Q FY 2016-17: FINANCIAL PERFORMANCE REVIEW AND ANALYSIS (CONSOLIDATED)**

***Result for the quarter / nine months ended 31st December 2016 are in compliance with Ind AS notified by the Ministry of Corporate Affairs. Consequently, result for the quarter ended 31st December 2015, Nine months ended 31st December 2015 and previous year ended 31st March 2016 have been restated to comply with Ind AS to make them comparable.***

For the quarter ended 31st December 2016, RIL achieved a turnover of ₹ 84,189 crore ($ 12.4 billion), an increase of 16.1%, as compared to ₹ 72,513 crore in the corresponding period of the previous year. Increase in revenue is primarily on account of increase in prices of refining and petrochemical products led by 13% increase in Brent crude prices. Turnover was also boosted by robust growth in retail business.

Cost of raw materials increased by 24.3% to ₹ 46,774 crore ($ 6.9 billion) from ₹ 37,639 crore on Y-o-Y basis primarily on account of increase in feedstock prices and incremental sourcing of intermediate products.

Exports from India operations were higher by 4.0% at ₹ 38,038 crore ($ 5.6 billion) as against ₹ 36,564 crore in the corresponding period of the previous year.

Employee costs were lower by 3.1% at ₹ 1,894 crore ($ 279 million) as against ₹ 1,954 crore in corresponding period of the previous year due to VRS related expenses in the previous year.

Other expenditure increased by 27.5% to ₹ 10,257 crore ($ 1.5 billion) as against ₹ 8,047 crore in corresponding period of the previous year primarily due to increase in power and fuel expenses with new capacity commissioning, and increase in maintenance expenses on account of planned shutdown at Dahej and Jamnagar.

Operating profit before other income and depreciation increased by 2.7% on a Y-o-Y basis to ₹ 11,552 crore ($ 1.7 billion) from ₹ 11,248 crore in the previous year. Operating profit was led by strong operating performance from petrochemicals businesses, sustained strength in refining business and favorable exchange rate movement. This was partially offset by losses in Oil & Gas business due to lower volumes and weak domestic price environment.

Other income was higher at ₹ 2,736 crore ($ 403 million) as against ₹ 2,440 crore in corresponding period of the previous year primarily due to higher profit on sale of investments partially offset by lower interest income.

Depreciation (including depletion and amortization) was ₹ 2,793 crore ($ 411 million) as compared to ₹ 2,886 crore in corresponding period of the previous year.

Interest cost was at ₹ 1,209 crore ($ 178 million) as against ₹ 945 crore in corresponding period of the previous year, increase is primarily on account of higher average exchange rate for the quarter.

Profit after tax was higher by 3.6% at ₹ 7,506 crore ($ 1.1 billion) as against ₹ 7,245 crore in the corresponding period of the previous year.

Basic earnings per share (EPS) for the quarter ended 31st December 2016 was ₹ 25.4 as against ₹ 24.6 in the corresponding period of the previous year.

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Outstanding debt as on 31st December 2016 was ₹ 194,381 crore ($ 28.6 billion) compared to ₹ 180,388 crore as on 31st March 2016.

Cash and cash equivalents as on 31st December 2016 were at ₹ 76,339 crore ($ 11.2 billion) compared to ₹ 89,966 crore as on 31st March 2016. These were in bank deposits, mutual funds, CDs and Government Bonds and other marketable securities.

The capital expenditure for 3Q FY 17 was ₹ 37,791 crore ($ 5.6 billion). The capital expenditure for the Nine Month ended 31st December 2016 was ₹ 81,691 crore ($ 12.0 billion) including exchange rate difference capitalization. Capital expenditure was principally on account of ongoing projects in the petrochemicals and refining business at Jamnagar, Dahej, Hazira, US Shale gas projects and Digital services business.

RIL retained its domestic credit ratings of “CRISIL AAA” from CRISIL and “Ind AAA” from India Rating and an investment grade rating for its international debt from Moody’s as Baa2 and BBB+ from S&P.

**REFINING & MARKETING BUSINESS**

| (In ₹ Crore) | 3Q FY17 | 2Q FY17 | 3Q FY16 | % chg. w.r.t 2Q FY17 | % chg. w.r.t. 3Q FY16 | 9M FY17 | 9M FY16 | % chg. w.r.t. 9M FY16 |
|---|---|---|---|---|---|---|---|---|
| Segment Revenue | 61,693 | 60,527 | 57,385 | 1.9% | 7.5% | 178,788 | 186,882 | (4.3%) |
| Segment EBIT | 6,194 | 5,975 | 6,474 | 3.7% | (4.3%) | 18,762 | 17,154 | 9.4% |
| Crude Refined (MMT)* | 17.8 | 18.0 | 18.0 | | | 52.6 | 51.8 | |
| GRM* ($ / bbl) | 10.8 | 10.1 | 11.5 | | | 10.8 | 10.8 | |
| EBIT Margin (%) | 10.0% | 9.9% | 11.3% | | | 10.5% | 9.2% | |

(*Standalone RIL)

During 3Q FY17, revenue from the Refining and Marketing segment increased by 7.5% Y-o-Y to ₹ 61,693 crore ($ 9.1 billion). Segment EBIT was at ₹ 6,194 crore ($ 912 million), down 4.3% Y-o-Y on account of lower volumes and decline in GRMs. GRM for 3Q FY17 stood at $ 10.8/bbl as against $ 11.5/bbl in 3Q FY16. RIL's GRM outperformed Singapore complex margins by $ 4.1/bbl. RIL Jamnagar refineries processed 17.8 MMT in 3Q FY17, marginally lower on Q-o-Q. As at the end of the quarter, RIL operated 1,151 petroleum retail outlets in the country.

**PETROCHEMICALS BUSINESS**

| (In ₹ Crore) | 3Q FY17 | 2Q FY17 | 3Q FY16 | % chg. w.r.t 2Q FY17 | % chg. w.r.t. 3Q FY16 | 9M FY17 | 9M FY16 | % chg. w.r.t. , 9M FY16 |
|---|---|---|---|---|---|---|---|---|
| Segment Revenue | 22,854 | 22,422 | 19,398 | 1.9% | 17.8% | 65,994 | 61,495 | 7.3% |
| Segment EBIT | 3,301 | 3,417 | 2,631 | (3.4%) | 25.5% | 9,524 | 7,482 | 27.3% |
| EBIT Margin (%) | 14.4% | 15.2% | 13.6% | | | 14.4% | 12.2% | |
| Production in India (MMT) | 6.2 | 6.4 | 6.4 | | | 18.7 | 18.4 | |

3Q FY17 revenue from the Petrochemicals segment increased by 17.8% Y-o-Y to ₹ 22,854 crore ($ 3.4 billion), primarily due to increase in prices across polymers and polyester chain. Petrochemicals segment EBIT increased sharply by 25.5% to ₹ 3,301 crore ($ 486 million), supported by favorable product deltas and marginal volume growth.

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### OIL AND GAS (EXPLORATION & PRODUCTION) BUSINESS

| (In ₹ Crore) | 3Q FY17 | 2Q FY17 | 3Q FY16 | % chg. w.r.t 2Q FY17 | % chg. w.r.t. 3Q FY16 | 9M FY17 | 9M FY16 | % chg. w.r.t. 9M FY16 |
|---|---|---|---|---|---|---|---|---|
| Segment Revenue | 1,215 | 1,327 | 1,762 | (8.4%) | (31.0%) | 3,882 | 5,880 | (34.0%) |
| Segment EBIT | (295) | (491) | 258 | 39.9% | - | (1,098) | 3,783 | - |
| EBIT Margin (%) | (24.3%) | (37.0%) | 14.6% | | | (28.3%) | 64.3% | |

3Q FY17 revenues for the Oil & Gas segment decreased by 31.0% Y-o-Y to ₹ 1,215 crore. The decline in revenue was led by lower upstream production and lower domestic gas price realization. The unfavorable upstream price environment impacted segment EBIT which was at ₹ (295) crore, as against ₹ 258 crore in the corresponding period of the previous year. Domestic production (RIL share) was at 23.1 Bcfe, down 24% Y-o-Y. For the accounting quarter, upstream production (RIL Share) in US Shale business was 41.4 Bcfe, down 19% Y-o-Y basis.

### ORGANIZED RETAIL

| (In ₹ Crore) | 3Q FY17 | 2Q FY17 | 3Q FY16 | % chg. w.r.t 2Q FY17 | % chg. w.r.t. 3Q FY16 | 9M FY17 | 9M FY16 | % chg. w.r.t. 9M FY16 |
|---|---|---|---|---|---|---|---|---|
| Segment Revenue | 8,688 | 8,079 | 5,901 | 7.5% | 47.2% | 23,433 | 15,429 | 51.9% |
| Segment EBIT | 231 | 162 | 149 | 42.6% | 55.0% | 541 | 376 | 43.9% |
| EBIT Margin (%) | 2.7% | 2.0% | 2.5% | | | 2.3% | 2.4% | |
| Business PBDIT | 333 | 264 | 237 | | | 837 | 636 | |

Revenues for 3Q FY17 grew by 47.2% Y-o-Y to ₹ 8,688 crore from ₹ 5,901 crore. The increase in turnover was led by growth across all consumption baskets. The business delivered strong PBDIT of ₹ 333 crore in 3Q FY17 as against ₹ 237 crore in the corresponding period of the previous year. During the quarter, Reliance Retail added 111 stores across various store concepts. Trends crossed a milestone of 300 stores during the quarter. At the end of the quarter, Reliance Retail operated 3,553 stores across 686 cities with an area of over 13.25 million square feet.

# BUSINESS ENVIRONMENT UPDATE

## REFINING & MARKETING BUSINESS

Global oil demand grew by 1.4 mb/d during CY 2016 led by strong growth in non-OECD countries. Average utilization rates for refineries globally in 3Q FY17 were 85.0% in North America, 86.3% in Europe and 86.6% in Asia. Utilization levels was seasonally higher in Europe and Asia while North American utilization declined from previous quarter levels.

RIL's exports of refined products from India was at $ 4.9 billion during the 3Q FY17 as compared to $ 4.8 billion in 3Q FY16. In terms of volume, exports of refined products were 10.6 MMT during 3Q FY17 as compared to 10.9 MMT in 3Q FY16.

During 3Q FY17, the benchmark Singapore complex margin averaged $ 6.7/bbl as compared to $ 5.1/bbl in 2Q FY17 and $ 8.0/bbl in 3Q FY16. On a Q-o-Q basis, margins improved on back of strong fuel oil and gasoline cracks with other product cracks also being higher. Strength in refining margins led by robust demand growth in the Asia region. Particularly oil demand in India in 3Q FY17 grew 7.5% on a Y-o-Y basis.

Singapore gasoil cracks averaged $ 12.1/bbl during 3Q FY17 as against $ 11.0/ bbl in 2Q FY17 and $ 13.8/bbl in 3Q FY16. On a quarterly basis, cracks improved from unsustainable lows reached in the previous quarters. Gasoil cracks were supported by healthy heating fuel demand and higher maintenance activity during Oct-Nov'16. Cracks were however capped by higher inventory levels and abundant supplies.

Singapore gasoline cracks averaged $ 14.6/bbl during 3Q FY17 as against $ 11.6/bbl in 2Q FY17 and $ 18.7/bbl in 3Q FY16. Gasoline cracks were higher Q-o-Q basis due to strong demand growth from emerging markets and seasonal turnarounds. Demand growth in India was up 11.9% Y-o-Y in 3Q FY17.

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Singapore naphtha cracks averaged $ 0.3/bbl in 3Q FY17 as compared to $ (-1.9)/bbl in 2Q FY17 and $ 7.1/bbl in 3Q FY16. On a Q-o-Q basis, cracks moved up due to seasonally higher demand from petrochemicals due to favorable economics vis-à-vis LPG. Higher demand for blending in gasoline also supported the cracks.

Singapore Fuel oil cracks averaged $ (-2.7/bbl) in 3Q FY17 as compared to $(-5.1/bbl) in 2Q FY17 and $ (-7.3/bbl) in 3Q FY16. Fuel oil cracks were higher Q-o-Q as firm demand from bunker fuels and lower supply from Middle East and Russia led to tighter balances and lower inventory. Fuel oil demand also gained support from electricity generation in Japan and South Korea.

## PETROCHEMICALS BUSINESS

On a Q-o-Q basis, Brent crude oil prices firmed up by 8% and Asian naphtha prices by 17%. Ethylene and propylene prices were lower by 8% and 4% respectively.

On a Q-o-Q basis, PP and HDPE prices showed marginal increase of 1% whereas PVC prices increased by 12%. PP delta strengthened on account of softness in propylene prices due to ample supply after the restart of cracker units post maintenance shutdown. PE delta softened with a firm naphtha price environment. PVC deltas strengthened amidst increasingly stringent environmental regulations impacting coal-based production in China.

Pace of domestic demand growth slowed down due to demonetization of old currency notes during the quarter. However, demand is expected to revive as the effects of demonetisation are absorbed and the economy readjusts to the new normal. In 3Q FY17, domestic polymer demand was higher by 5% Y-o-Y. PE demand witnessed the highest growth rate of 8% among all polymers, driven by a strong pull from the multilayer film, HM pipe, HD raffia and monofilament segments. PP demand was higher by 5% aided by consumption from raffia packaging, fibre filament and appliances sector. PVC demand witnessed a marginal growth rate of 1% due to lower demand on account of seasonality and high agri/rural exposure. RIL's polymer production was down by 11% mainly due to a planned FCCU turnaround and subsequent PP plant shutdown during the quarter at Jamnagar. RIL continues to maintain its leadership position in the domestic market across all sectors.

**Elastomers**

On Q-o-Q basis, Butadiene prices increased by 52% driven by strong demand in China and planned and unplanned shutdowns mainly in Asia.

PBR and SBR prices increased by 33% and 28% respectively on the back of higher butadiene and natural rubber prices. However, PBR and SBR deltas were impacted by much higher increase in butadiene prices.

**Polyester Chain**

PX prices remained stable Q-o-Q amidst tight supply. Three consecutive contract settlements for Oct, Nov & Dec and an improved crude oil price situation provided stability to PX market. However, delta decreased by 13% to $350/MT during the quarter on account of firmer naphtha prices.

PTA industry witnessed healthy operational efficiencies supported by strong downstream demand and bullish sentiments in futures market. Prices remained steady Q-o-Q tracking stable upstream PX prices. PTA – PX delta remained stable at $99/MT in 3Q FY17. Functional PTA units in China were running above 85% in this quarter.

MEG prices during the quarter surged 17% Q-o-Q backed by speculative buying, tight supply and robust demand from the downstream polyester markets. MEG delta over naphtha increased 18% Q-o-Q to $436/MT and is above 5 year average levels.

Polyester market fundamentals improved due to strong demand from end user segments. Fabric trade witnessed 27% rise Q-o-Q. Continued downstream restocking resulted in lower inventories and higher operating rates for polyester producers. Operating rates of polyester fibre & yarn plants in China were in the range of 83-85% during the quarter. Polyester filament yarn prices improved by 8% and staple fibre prices gained 3% Q-o-Q respectively. PFY delta continued to remain firm and settled around its 5 year average level. PSF market remained healthy amid low inventory and support from firm cotton prices.

Global PET markets continued to witness seasonal slowdown in beverage consumption in 3Q FY17. However, PET prices improved 4% Q-o-Q owing to firm raw materials cost. PET delta remained stable on a Q-o-Q basis at $129/MT.

Demand for polyester fibre and yarn remained stable during 3Q FY17. Polyester filament yarns lifting remained healthy in shirting fabrics & circular knitting segment during the quarter. PET demand for the quarter surged 34% Y-o-Y on account of active restocking in view of anticipated price rise.

RIL commissioned the 1st phase of the new PX project at Jamnagar, Gujarat. The plant is built with crystallization technology which is highly energy efficient and environment friendly. On commissioning of the entire PX capacity, RIL will become the world’s second largest PX producer.

Fibre intermediate production in 3Q FY 17 remained stable Y-o-Y to 1.7 MMT while Polyester production output increased 9% to 0.6 MMT.

## OIL AND GAS (EXPLORATION & PRODUCTION) BUSINESS

### DOMESTIC OPERATIONS

| (In ₹ Crore) | 3Q FY17 | 2Q FY17 | 3Q FY16 | % chg. w.r.t 2Q FY17 | % chg. w.r.t. 3Q FY16 | 9M FY17 | 9M FY16 | % chg. w.r.t. 9M FY16 |
|---|---|---|---|---|---|---|---|---|
| Segment Revenue | 623 | 701 | 992 | (11.1%) | (37.2%) | 2,107 | 3,358 | (37.3%) |
| Segment EBIT | (125) | 24 | 244 | - | - | (53) | 615 | - |
| EBIT Margin (%) | (20.1%) | 3.4% | 24.6% | | | (2.5%) | 18.3% | |

3Q FY17 revenues for domestic E&P operations was at ₹ 623 crore. Lower oil and gas price realization along with lower volumes resulted in fall in revenues. Consequently, EBIT for domestic upstream operations declined to ₹ (125) crore.

## KG-D6

### Production and project update:

KG-D6 field produced 0.26 MMBBL of crude oil and 24.4 BCF of natural gas in 3Q FY17, a reduction of 28% and 29% respectively on a Y-o-Y basis. Condensate production in 3Q FY17 was at 0.04 MMBBL. Fall in oil and gas production was mainly on account of natural decline in the fields.

KG-D6 JV completed one side track at MA field which was put to production in Oct 2016. The second side track is under progress and is expected to be completed during 4Q FY17.

## Panna-Mukta and Tapti

### Production and project update:

Panna-Mukta fields produced 1.47 MMBBL of crude oil and 15.6 BCF of natural gas in 3Q FY17, a reduction of 8% and 7% respectively on Y-o-Y basis. This was due to repair work on 3 well platforms to address asset integrity issues.

**Oil & Gas (US Shale)**

| (In ₹ Crore) | 3Q CY16 | 2Q CY16 | 3Q CY15 | % chg. w.r.t 2Q CY16 | % chg. w.r.t. 3Q CY15 | 9M CY16 | 9M CY15 | % chg. w.r.t. 9M CY15 |
|---|---|---|---|---|---|---|---|---|
| Segment Revenue | 592 | 626 | 771 | (5.4%) | (23.2%) | 1,774 | 2,522 | (29.7%) |
| Segment EBIT | (168) | (512) | 23 | 67.2% | - | (1,034) | 3,185 | - |
| EBIT Margin (%) | (28.4%) | (81.8%) | 3.0% | | | (58.3%) | 126.3% | |

*Note: 3Q/9M CY16 financials for US Shale are consolidated in 3Q/9M FY17 results as per accounting standards*

### Review of US Shale Operations (3Q FY17)

The commodity markets showed improving trend during the quarter. Marked sequential improvement in both oil and gas prices, both benchmark prices and realization, led to higher revenues and EBITDA, notwithstanding lower volumes and hedging losses.

WTI prices remained volatile but improved overall on the back of OPEC decision to cut production and subsequent alignment with non-OPEC producers. WTI averaged higher at $49.2/Bbl in 3Q FY17, against $45.0/Bbl in 2Q FY17. Henry Hub (HH) Gas prices improved further during the quarter supported by improved demand from higher gas exports to Mexico and LNG exports as well as subdued production due to lack of incremental take-away capacities in the core Marcellus regions. HH Gas prices averaged 5% higher at $2.99/Mmbtu in 3Q FY17 against $2.85/Mmbtu in 2Q FY17 and $1.95/MMbtu in 1Q FY17. Shale Gas business benefited from improved gas prices, though Marcellus JVs gains were limited during early part of the quarter due to substantial widening of benchmark differentials that led to production curtailments. NGL realization improved substantially, supported by strong domestic demand and improving exports.

Operational trends remained strong across joint ventures (JVs), with improving costs and declining Capex. Overall volume trends remained subdued, reflecting the impact of “zero drilling” strategy pursued to conserve cash flows, natural decline in existing wells and production curtailment in Marcellus JVs towards safeguarding returns in a challenging price environment. Consequently, production was 9% lower sequentially at 37.5 Bcfe in 3Q FY17. Unit realization improved 12% QoQ and supported higher revenue and EBITDA, which reflected sequential growth of 3% and 30% respectively. Financial performance remained challenged on a year-on-year basis.

At the quarter-end, producing well count stood at 1,088 as compared to 1,073 wells in 2Q FY17. Gross production rate averaged at 919 Mcfe/day compared to 1,006 Mcfe/day in 2Q. Net sales volume was 9% lower sequentially at 32.7 Bcfe in 3QFY17. Overall capex was nearly flat sequentially at $30 MM in 3Q and was lower by 82% on YoY basis.

Near term outlook for natural gas is positive. Market rebalancing is supported by growing exports to Mexico and LNG and slow growth in supplies. Medium term outlook for oil is positive. Improving demand and OPEC decision to cut production should ease inventory overhang, though potential ramp-up by US independents could pose some risk. Tightening of demand-supply balance is likely during 2H CY2017.

The business is taking a cautious approach to resuming development and focusing on conserving cash and retaining optionality. Thrust remains on preserving long-term value through high-grading of development and land portfolio, well cost reduction, optimization of well spacing and completions for enhanced recoveries.

**ORGANIZED RETAIL**

Reliance Retail delivered strong performance across the board during the quarter. The demonetization of large denomination notes led to cautious buying by customers for a short period. Strong value proposition, wide product offering and a positive shopping experience helped Reliance gain share in modern trade. Reliance Retail extended support to all its customers, business partners, farmers and small suppliers across the value chain during the initial period of demonetization. Overall impact from demonetization has been positive for core retail business with favorable long-term implications for modern trade.

Reliance Fresh and Smart stores grew faster than the modern trade during the demonetization period and its share of trade went up from 26.2% pre demonetization to 27.8% post demonetization (Source: Nielsen).

Reliance Market further extended its wholesale Cash and Carry leadership by launching store at Kurnool during the quarter. Reliance Market now operates 40 stores with over 2.5 million registered member partners.

Reliance Retail operates the largest consumer electronics store chain in India through a network of 1,986 Reliance Digital and Digital Express Mini stores. Reliance Digital saw robust growth across all categories aided by strategic planning, differentiated assortment and an engaging store experience. These stores are supported by robust supply chain and unmatched service capabilities brought by ResQ.

The Fashion and Lifestyle category delivered strong performance in the quarter by offering fashionable, high quality merchandise at great value. During the period, Trends achieved the milestone of operating over 300 stores across 177 cities.

Reliance Retail further strengthened its presence through its partnerships during this period. Reliance Brands signed a Joint Venture agreement with luxury brand Bally, a luxury brand with rich heritage, Swiss quality and a contemporary design ethos.

As part of Reliance Retail 2.0 initiatives, various omni channel initiatives were expanded to offer differentiated experience to the customers. Ajio continues to scale up its operations and has been awarded 'Silver W3 Award' for its creative excellence on the web by the Academy of Interactive and

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Visual Arts and 'Excellence in Digital Experience' award in SAP Ace Awards 2016. Ajio has expanded its retail presence to 169 Trends stores.

Reliance Retail's device distribution business sold 2.8 million LYF devices and accessories during the quarter. LYF features amongst most attractive mobile phone brands in 2016. Expanding the distribution reach LYF and JioFi devices are now available on Jio.com and Ajio.com in addition to presence across all major e-commerce portals.

Reliance Retail has expanded the network of petro outlets with 18 new outlets opened during the quarter and now operates 413 outlets. There was a tepid growth in sales on a Q-o-Q basis. This was due to demonetization since Reliance petro outlets were not allowed to accept demonetized currency unlike PSU Oil Marketing Company (OMCs) outlets.

Reliance Retail added 111 stores across various store concepts during the quarter. It operated 3,553 stores across 686 cities with an area of over 13.25 million sq.ft as on 31st Dec, 2016.

## DIGITAL SERVICES

Reliance Jio Infocomm Limited ("Jio"), a subsidiary of Reliance Industries Limited ("RIL"), has built a next generation all-IP data network with latest 4G LTE technology. It is the only network built as a Mobile Video Network and providing Voice over LTE technology. It has built a future ready network which can easily deploy 5G and beyond technology in the last leg. Jio has created an eco-system comprising network, devices, applications and content, service experience and affordable tariffs for everyone to live the Jio Digital Life.

Since its commencement of services on 5th September 2016, Jio has become the fastest growing technology company in the world. It crossed 50 million subscribers in just 83 days, adding at an average rate of 6 lakh subscribers per day. This subscriber addition rate is the fastest achieved by any company in the world including the likes of Facebook, WhatsApp and Skype. Jio continues its rapid ramp up of subscriber base and as of 31st December 2016, in less than 4 months from commencement of services, there were 72.4 million subscribers on the network.

This level of growth has been unprecedented on any mobile network anywhere in the world, and is a testimony to the comprehensive digital ecosystem that Jio has created and its promise of enabling millions of Indians to add value to their daily lives. Jio continues to transform the industry paradigm by revolutionising the customer journey from on-boarding to usage by offering services and applications which have substantially enhanced customer experience.

During the quarter, Jio announced the launch of the ‘Jio Happy New Year Offer (“JNO”)’ effective from 4th December 2016. Under the JNO, all the Jio subscribers are entitled to certain special benefits, which comprise of Jio’s Data, Voice, Video and the full bouquet of Jio applications and content, absolutely free, up to 31st March 2017. During this offer period, Jio and Jio customers, will be able to continue the journey of co-creating and building the best network experience together. The benefits will be available to all subscribers signing up for Jio services up to 3rd March 2017.

Jio is a customer obsessed organisation. Jio has ramped up the scale of its customer oriented initiatives such as eKYC platform (over 3 lakh outlets), home delivery services (across 600 cities), digital recharge and billing experience etc.

In order to offer completely flawless and world-class user experience to customers, Jio has continued to expand its network, both in terms of coverage as well as capacity. Jio has the widest and most extensive 4G network in India which is being expanded to cover over 90% of population shortly. Jio is the only operator in India to deploy pan-India LTE on a sub-GHz band, in addition to pan-India 1800MHz and 2300MHz spectrum band. According to speed test results available on TRAI MySpeed portal, average download speed on the Jio network at 18.17 Mbps in December 2016 was twice that of any other operator.

Jio continues to face interconnection congestion issues with some of the large operators on account of inadequate provision of points of interconnection (POI) capacities even months after commencement of services by Jio. The POI capacity provided by these operators is still way below requirement and is falling short of the customer addition pace of Jio, resulting in quality of service issues for Indian customers. The resultant call failure rates continue to be of the order of 175 calls failing out of every 1,000 calls from Jio to Airtel network when the QoS regulations mandate that no more than 5 calls out of every 1,000 calls can fail. Indian customers are still being denied the benefits of superior voice technology on Jio’s state-of-the-art network.

During the quarter, Jio announced a scheme for iPhone users wherein all new iPhone users on Jio’s network would receive one year of complimentary Jio Digital Services as well as convenient and personalised Jio SIM activation experience at doorstep. Jio also announced a strategic partnership with Niantic under which it brought the sought after, first-of-its-kind, Augmented Reality game ‘Pokémon GO’ to India. ‘Pokémon GO’ is the global leading app in the gaming category.

In view of the unprecedented customer response to Jio’s services as well as to address the anticipated growth in demand for digital services, additional investments are proposed to be made into the network to enhance its coverage and capacity. These investments are proposed to be financed largely through an equity offering, to strengthen Jio’s balance sheet for growth. Accordingly, the Board of Directors of the Company has decided to make a rights issue of 6 billion – 9% Non-Cumulative Optionally Convertible Preference Shares (‘OCPS’) of ₹ 10/- each for cash, at a premium of ₹. 40 per OCPS, aggregating to ₹ 30,000 crore.

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**MEDIA BUSINESS**

Network18 Media & Investments Limited reported consolidated segment revenue of ₹ 905 crore and Segment EBIT at ₹ (85) crore. Despite headwinds of subdued advertiser spends in November-December, continued aggressive investments, and high competitive intensity in digital space; Network18’s consolidated topline was flat Y-o-Y. Excluding the impact of new initiatives and one-time expenses, the Segment loss for the quarter is ₹ 33 crore. During the quarter, the group consolidated its standing by scaling up the new regional channels launched over the last year and gave further impetus to digital content and delivery via its multiple digital destinations. OTT video app VOOT continued to gain traction, and News18.com and Firstpost umbrella brands were expanded into Hindi. The TV home-shopping business is passing through a critical phase, faced with competitive, macro and regulatory challenges. CARE has assigned credit ratings Care AAA to the banking facilities of Network18.

(All $ numbers are in US$)

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER/ NINE MONTHS ENDED 31ST DECEMBER 2016

(₹ in crore, except per share data)

| Sr. No. | Particulars | | Quarter Ended | | | Nine Months Ended | | Year Ended |
|---|---|---|---|---|---|---|---|---|
| | | | 31 Dec'16 | 30 Sep'16 | 31 Dec'15 | 31 Dec'16 | 31 Dec'15 | 31 Mar'16 |
| 1 | **Income from operations** | | **84,189** | **81,651** | **72,513** | **237,291** | **229,512** | **293,442** |
| | | | | | | | | |
| 2 | **Expenses** | | | | | | | |
| | (a) | Cost of materials consumed | 46,774 | 43,134 | 37,639 | 127,377 | 129,135 | 158,199 |
| | (b) | Purchases of stock-in- trade | 10,711 | 10,893 | 6,714 | 29,747 | 20,778 | 28,055 |
| | (c) | Changes in inventories of finished goods, work-in-progress and stock-in-trade | (1,780) | (121) | 1,906 | (4,455) | 1,616 | 2,584 |
| | (d) | Excise duty and service tax recovered | 4,781 | 5,490 | 5,005 | 16,732 | 15,057 | 19,316 |
| | (e) | Employee benefits expense | 1,894 | 2,017 | 1,954 | 6,022 | 5,582 | 7,420 |
| | (f) | Depreciation, amortization and depletion expense | 2,793 | 2,774 | 2,886 | 8,292 | 8,479 | 11,589 |
| | (g) | Other expenses | 10,257 | 9,062 | 8,047 | 27,917 | 26,836 | 36,157 |
| | **Total Expenses** | | **75,430** | **73,249** | **64,151** | **211,632** | **207,483** | **263,320** |
| 3 | **Profit from operations before other income, finance costs and exceptional items** | | **8,759** | **8,402** | **8,362** | **25,659** | **22,029** | **30,122** |
| 4 | Other Income | | 2,736 | 2,393 | 2,440 | 7,507 | 5,484 | 7,437 |
| 5 | **Profit from ordinary activities before finance costs and exceptional items** | | **11,495** | **10,795** | **10,802** | **33,166** | **27,513** | **37,559** |
| 6 | Finance costs | | 1,209 | 893 | 945 | 3,308 | 2,853 | 3,695 |
| 7 | **Profit from ordinary activities after finance costs but before exceptional items** | | **10,286** | **9,902** | **9,857** | **29,858** | **24,660** | **33,864** |
| 8 | Exceptional items | | - | - | - | - | 4,310 | 4,382 |
| 9 | **Profit from ordinary activities before tax** | | **10,286** | **9,902** | **9,857** | **29,858** | **28,970** | **38,246** |
| 10 | Tax expense | | 2,719 | 2,708 | 2,531 | 8,008 | 6,493 | 8,844 |
| 11 | **Net Profit for the Period** | | **7,567** | **7,194** | **7,326** | **21,850** | **22,477** | **29,402** |
| 12 | Share of profit / (loss) of associates and joint ventures | | (73) | (18) | (9) | (103) | 186 | 249 |
| 13 | Minority interest (profit) /loss | | 12 | 30 | (72) | 78 | (49) | (107) |
| 14 | **Net Profit after taxes, minority interest and share in profit /(loss) of associates and joint ventures** | | **7,506** | **7,206** | **7,245** | **21,825** | **22,614** | **29,544** |
| 15 | **Other Comprehensive Income (including relating to associates and joint ventures (after tax)) (OCI)** | | **(421)** | **627** | **(444)** | **557** | **726** | **648** |
| 16 | **Total Comprehensive Income (after tax)** | | **7,085** | **7,833** | **6,801** | **22,382** | **23,340** | **30,192** |
| 17 | Paid up Equity Share Capital, Equity Shares of ₹ 10/- each. | | 2,951 | 2,951 | 2,947 | 2,951 | 2,947 | 2,948 |
| 18 | Reserves excluding revaluation reserves | | | | | | | 235,878 |
| 19 | Earnings per share (Face value of ₹ 10) (Not Annualised) | | | | | | | |
| | (a) | Basic | 25.4 | 24.4 | 24.6 | 74.0 | 76.8 | 100.3 |
| | (b) | Diluted | 25.4 | 24.4 | 24.5 | 73.8 | 76.6 | 100.1 |

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**Notes**:

1. Results for the quarter / nine months ended 31st December 2016 are in compliance with the Indian Accounting Standards (Ind-AS) notified by the Ministry of Corporate Affairs. Consequently, results for the quarter ended 31st December, 2015, nine months ended 31st December, 2015 and previous year ended 31st March, 2016 have been restated to comply with Ind-AS to make them comparable.

2. The Government of India (GOI), by its letters dated 2nd May, 2012, 14th November, 2013, 10th July, 2014 and 3rd June 2016 has communicated that it proposes to disallow certain costs which the Production Sharing Contract (PSC), relating to Block KG-DWN-98/3 entitles the Company to recover. Based on legal advice received, the Company 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 referred the issue to arbitration and already communicated the same to GOI for resolution of disputes. Pending decision of the arbitration, the demand from the GOI of $ 148 million (for ₹ 1,006 crore) being the Company`s share (total demand $ 247 million) towards additional Profit Petroleum has been considered as contingent liability.

   The Government has made a claim of about $ 1.55 billion against the KGD6 Contractor parties in respect of gas said to have migrated from neighboring blocks. In carrying out petroleum operations, the Contractor has worked within the boundaries of the block awarded to it and has complied with all applicable regulations and provisions of the Production Sharing Contract (“PSC”). The Company has already invoked the dispute resolution mechanism in the PSC and issued a Notice of Arbitration to the Government on 11th November, 2016. The Company remains convinced of being able to fully justify and vindicate its position that the Government’s claim is not sustainable.

3. The listed non-convertible debentures of the Company aggregating ₹ 1,137 crore as on 31st December, 2016 are secured by way of first mortgage/charge on the Company's certain properties and the asset cover thereof exceeds hundred percent of the principal amount of the said debentures.

   The listed non-convertible debentures of the subsidiary Reliance Jio Infocomm Limited, aggregating ₹ 12,500 crore as on 31st December, 2016 are secured by way of pari passu charge on certain movable properties of Reliance Jio Infocomm Limited and the asset cover thereof exceeds hundred percent of the principal amount of the said debentures.

4. **Transition to Ind-AS:**

   The Company has adopted Ind AS with effect from 1st April 2016 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Reserves as at 1st April 2015 and all the periods presented have been restated.

RECONCILIATION OF PROFIT AND RESERVE BETWEEN IND AS AND PREVIOUS INDIAN GAAP FOR EARLIER PERIODS AND AS AT 31st MARCH, 2016

(₹ in crore)

| Sr. No | Nature of adjustments | Note ref. | Profit reconciliation | | | Reserve reconciliation |
|---|---|---|---|---|---|---|
| | | | Quarter ended | Nine Months ended | Year ended | As at |
| | | | 31-Dec-15 | 31-Dec-15 | 31-Mar-16 | 31-Mar-16 |
| | Net Profit / Reserves as per Previous Indian GAAP | | 7,290 | 20,232 | 27,630 | 2,40,703 |
| 1 | Change in accounting policy for Oil & Gas Activity - From Full Cost Method (FCM) to Successful Efforts Method (SEM) | I | 83 | (952) | (1,270) | (39,570) |
| 2 | Fair valuation as deemed cost for Property, Plant and Equipment | II | - | 4,058 | 3,959 | 45,272 |
| 3 | Fair Valuation for Financial Assets | III | (34) | (459) | (230) | 4,188 |
| 4 | Deferred Tax | IV | (79) | (131) | (311) | (13,665) |
| 5 | Others | V | (15) | (134) | (234) | (215) |
| | Total | | (45) | 2,382 | 1,914 | (3,990) |
| | Net profit before OCI / Reserves as per Ind AS | | 7,245 | 22,614 | 29,544 | 2,36,713 |

**Notes:**

I. **Change in accounting policy for Oil & Gas Activity – From Full Cost Method (FCM) to Successful Efforts Method (SEM):** The impact on account of change in accounting policy from FCM to SEM is recognised in the Opening Reserves on the date of transition and consequential impact of depletion and write offs is recognised in the Profit and Loss Account. Major differences impacting such change of accounting policy are in the areas of;

– Expenditure on surrendered blocks, unproved wells, abandoned wells, seismic and expired leases and licenses which has been expensed under SEM.
– Depletion on producing property in SEM is calculated using Proved Developed Reserve, as against Proved Reserve in FCM.

II. **Fair valuation as deemed cost for Property, Plant and Equipment:** The Company and its subsidiaries have considered fair value for property, viz land admeasuring over 33,000 acres, situated in India, with impact of ₹ 51,101 crore and gas producing wells in USA Shale region with impact of ₹ (-) 5,829 crore in accordance with stipulations of Ind-AS 101 with the resultant impact being accounted for in the reserves. The consequential impact on depletion and reversal of impairment is reflected in the Profit and Loss Account.

III. **Fair valuation for Financial Assets:** The Company has valued financial assets (other than investment in subsidiaries, associates and joint ventures which are accounted at cost), at fair value. Impact of fair value changes as on the date of transition, is recognised in opening reserves and changes thereafter are recognised in Profit and Loss Account or Other Comprehensive Income, as the case may be.

IV. **Deferred Tax:** The impact of transition adjustments together with Ind-AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to the Reserves, on the date of transition, with consequential impact to the Profit and Loss Account for the subsequent periods.

V. **Others:** Other adjustments primarily comprise of :

a. Attributing time value of money to Assets Retirement Obligation: Under Ind-AS, such obligation is recognised and measured at present value. Under previous Indian GAAP it was recorded at cost. The impact for the periods subsequent to the date of transition is reflected in the Profit and Loss Account.

b. Loan processing fees / transaction cost: Under Ind-AS such expenditure are considered for calculating effective interest rate. The impact for the periods subsequent to the date of transition is reflected in the Profit and Loss Account.

Further transition adjustments may be required to the Financial Statements as at 31st March, 2016 including those arising from new or revised standards or interpretations issued by the Ministry of Corporate Affairs or changes in use of one or more optional exemptions from full retrospective application of certain Ind-AS standards.

5. The Audit Committee has reviewed the above results and the Board of Directors has approved the above results and its release at their respective meetings held on 16th January, 2017. The Statutory Auditors of the Company have carried out a Limited Review of the aforesaid results.

| | | | | |
|---|---|---|---|---|
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| Mumbai 400 021, India | Mumbai 400 021, India | CIN | : | L17110MH1973PLC019786 |

UNAUDITED CONSOLIDATED SEGMENT INFORMATION FOR THE QUARTER / NINE MONTHS ENDED 31ST DECEMBER 2016

(₹ in crore)

| Sr. No. | Particulars | Quarter Ended | | | Nine Months Ended | | Year Ended |
|---|---|---|---|---|---|---|---|
| | | 31 Dec '16 | 30 Sep '16 | 31 Dec'15 | 31 Dec'16 | 31 Dec'15 | 31 Mar'16 |
| 1. | Segment Revenue | | | | | | |
| | - Petrochemicals | 22,854 | 22,422 | 19,398 | 65,994 | 61,495 | 82,410 |
| | - Refining | 61,693 | 60,527 | 57,385 | 178,788 | 186,882 | 234,945 |
| | - Oil and Gas | 1,215 | 1,327 | 1,762 | 3,882 | 5,880 | 7,514 |
| | - Organized Retail | 8,688 | 8,079 | 5,901 | 23,433 | 15,429 | 21,075 |
| | - Others | 2,156 | 3,147 | 2,444 | 7,722 | 6,974 | 9,340 |
| | Gross Turnover (Turnover and Inter Segment Transfers) | 96,606 | 95,502 | 86,890 | 279,819 | 276,660 | 355,284 |
| | Less: Inter Segment Transfers | 12,417 | 13,851 | 14,377 | 42,528 | 47,148 | 61,842 |
| | Turnover | 84,189 | 81,651 | 72,513 | 237,291 | 229,512 | 293,442 |
| 2. | Segment Results | | | | | | |
| | - Petrochemicals | 3,301 | 3,417 | 2,631 | 9,524 | 7,482 | 10,186 |
| | - Refining | 6,194 | 5,975 | 6,474 | 18,762 | 17,154 | 23,534 |
| | - Oil and Gas | (295) | (491) | 258 | (1,098) | 3,783 | 3,391 |
| | - Organized Retail | 231 | 162 | 149 | 541 | 376 | 504 |
| | - Others | 72 | 131 | 344 | 330 | 786 | 1,104 |
| | Total Segment Profit before Interest and Tax | 9,503 | 9,194 | 9,856 | 28,059 | 29,581 | 38,719 |
| | (i) Interest Expense | (1,209) | (893) | (945) | (3,308) | (2,853) | (3,695) |
| | (ii) Interest Income | 704 | 951 | 721 | 2,582 | 2,389 | 3,245 |
| | (iii) Other Un-allocable Income (Net of Expenditure) | 1,215 | 632 | 216 | 2,422 | 39 | 226 |
| | Profit before Tax | 10,213 | 9,884 | 9,848 | 29,755 | 29,156 | 38,495 |
| | (i) Provision for Current Tax | (2,432) | (2,347) | (2,311) | (7,085) | (5,902) | (8,042) |
| | (ii) Provision for Deferred Tax | (287) | (361) | (220) | (923) | (591) | (802) |
| | Profit after Tax (including share of profit/(loss) of associates & JV) | 7,494 | 7,176 | 7,317 | 21,747 | 22,663 | 29,651 |
| 3. | Segment Assets | | | | | | |
| | - Petrochemicals | 104,393 | 99,625 | 62,493 | 104,393 | 62,493 | 89,740 |
| | - Refining | 174,282 | 172,195 | 188,489 | 174,282 | 188,489 | 164,824 |
| | - Oil and Gas | 42,079 | 41,496 | 42,313 | 42,079 | 42,313 | 43,644 |
| | - Organized Retail | 11,257 | 10,968 | 9,176 | 11,257 | 9,176 | 10,023 |
| | - Others | 207,501 | 178,595 | 135,907 | 207,501 | 135,907 | 153,605 |
| | - Unallocated | 142,509 | 148,908 | 154,850 | 142,509 | 154,850 | 150,904 |
| | Total Segment Assets | 682,021 | 651,787 | 593,228 | 682,021 | 593,228 | 612,740 |
| 4. | Segment Liabilities | | | | | | |
| | - Petrochemicals | 19,847 | 17,418 | 14,705 | 19,847 | 14,705 | 14,189 |
| | - Refining | 68,977 | 63,078 | 57,817 | 68,977 | 57,817 | 61,229 |
| | - Oil and Gas | 42,509 | 42,648 | 44,383 | 42,509 | 44,383 | 43,322 |
| | - Organized Retail | 6,225 | 5,777 | 4,331 | 6,225 | 4,331 | 4,332 |
| | - Others | 126,490 | 112,552 | 90,813 | 126,490 | 90,813 | 92,578 |
| | - Unallocated | 417,973 | 410,314 | 381,179 | 417,973 | 381,179 | 397,090 |
| | Total Segment Liabilities | 682,021 | 651,787 | 593,228 | 682,021 | 593,228 | 612,740 |

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**Notes to Segment Information (Consolidated) for the quarter / nine months ended 31st December, 2016**

1. As per Indian Accounting Standard 108 ‘Operating Segment’ (Ind-AS 108), 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, Styrene 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 **organized retail** segment includes organized retail business in India.

   e) Other business segments including broadband access & media which are not separately reportable have been grouped under the **others** segment.

   f) Other investments / assets and income from the same are considered under **unallocable**.

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UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED 31ST DECEMBER 2016

(₹ in crore, except per share data)

| Sr. No. | Particulars | Quarter Ended | | | Nine Months Ended | | Year Ended |
|---|---|---|---|---|---|---|---|
| | | 31 Dec'16 | 30 Sep'16 | 31 Dec'15 | 31 Dec'16 | 31 Dec'15 | 31 Mar'16 |
| | | | | | | | |
| 1 | Income from operations | 66,606 | 64,344 | 61,125 | 190,443 | 197,052 | 251,241 |
| | | | | | | | |
| 2 | Expenses | | | | | | |
| | (a) Cost of materials consumed | 43,289 | 39,506 | 36,200 | 118,596 | 125,152 | 152,769 |
| | (b) Purchases of stock-in- trade | 1,029 | 1,944 | 949 | 3,775 | 3,383 | 4,241 |
| | (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (2,253) | (292) | 1,482 | (4,279) | 1,536 | 4,171 |
| | (d) Excise duty and service tax recovered | 4,800 | 4,767 | 4,558 | 15,564 | 13,851 | 18,083 |
| | (e) Employee benefits expense | 949 | 1,016 | 1,092 | 3,216 | 3,249 | 4,262 |
| | (f) Depreciation, amortization and depletion expense | 2,077 | 2,029 | 2,168 | 6,056 | 6,263 | 8,590 |
| | (g) Other expenses | 8,188 | 6,848 | 6,597 | 21,595 | 20,875 | 28,368 |
| | Total Expenses | 58,079 | 55,818 | 53,046 | 164,523 | 174,309 | 220,484 |
| 3 | Profit from operations before other income and finance costs | 8,527 | 8,526 | 8,079 | 25,920 | 22,743 | 30,757 |
| 4 | Other Income | 3,025 | 2,280 | 2,281 | 7,338 | 5,680 | 7,821 |
| 5 | Profit from ordinary activities before finance costs | 11,552 | 10,806 | 10,360 | 33,258 | 28,423 | 38,578 |
| 6 | Finance costs | 931 | 633 | 636 | 2,488 | 1,976 | 2,562 |
| 7 | Profit from ordinary activities before tax | 10,621 | 10,173 | 9,724 | 30,770 | 26,447 | 36,016 |
| 8 | Tax expense | 2,599 | 2,469 | 2,428 | 7,496 | 6,248 | 8,590 |
| 9 | Net Profit for the Period | 8,022 | 7,704 | 7,296 | 23,274 | 20,199 | 27,426 |
| 10 | Other comprehensive income (after tax) | (262) | 654 | (773) | 650 | 492 | 696 |
| 11 | Total comprehensive income (after tax) (OCI) | 7,760 | 8,358 | 6,523 | 23,924 | 20,691 | 28,122 |
| 12 | Paid up Equity Share Capital, Equity Shares of ₹ 10/- each. | 3,244 | 3,243 | 3,239 | 3,244 | 3,239 | 3,240 |
| 13 | Reserves excluding revaluation reserves | | | | | | 2,50,155 |
| 14 | Earnings per share (Face value of ₹ 10) (Not Annualised) | | | | | | |
| | (a) Basic | 24.7 | 23.8 | 22.5 | 71.8 | 62.4 | 84.7 |
| | (b) Diluted | 24.7 | 23.7 | 22.5 | 71.7 | 62.3 | 84.5 |

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**Notes:**

1. Results for the quarter / nine months ended 31st December, 2016 are in compliance with Indian Accounting Standards (Ind-AS) notified by the Ministry of Corporate Affairs. Consequently, results for the quarter ended 31st December, 2015, nine months ended 31st December, 2015 and previous year ended 31st March, 2016 have been restated to comply with Ind-AS to make them comparable.

2. The Government of India (GOI), by its letters dated 2nd May, 2012, 14th November, 2013,10th July, 2014 and 3rd June 2016 has communicated that it proposes to disallow certain costs which the Production Sharing Contract (PSC), relating to Block KG-DWN-98/3 entitles the Company to recover. Based on legal advice received, the Company 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 referred the issue to arbitration and already communicated the same to GOI for resolution of disputes. Pending decision of the arbitration, the demand from the GOI of $ 148 million (for ₹ 1006 crore) being the company`s share (total demand $ 247 million) towards additional Profit Petroleum has been considered as contingent liability.

   The Government has made a claim of about $ 1.55 billion against the KGD6 Contractor parties in respect of gas said to have migrated from neighboring blocks. In carrying out petroleum operations, the Contractor has worked within the boundaries of the block awarded to it and has complied with all applicable regulations and provisions of the Production Sharing Contract ("PSC"). The Company has already invoked the dispute resolution mechanism in the PSC and issued a Notice of Arbitration to the Government on 11th November, 2016. The Company remains convinced of being able to fully justify and vindicate its position that the Government's claim is not sustainable.

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3. The listed non-convertible debentures aggregating ₹ 1,137 crore as on 31st December, 2016 are secured by way of first mortgage/charge on the Company's certain properties and the asset cover thereof exceeds hundred percent of the principal amount of the said debentures.

4. **Transition to Ind-AS:**

The Company has adopted Ind AS with effect from 1st April, 2016 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Reserves as at 1st April, 2015 and all the periods presented have been restated.

RECONCILIATION OF PROFIT AND RESERVE BETWEEN IND AS AND PREVIOUS INDIAN GAAP FOR EARLIER PERIODS AND AS AT 31st MARCH, 2016

(₹ in crore)

| Sr. No | Nature of adjustments | Note ref. | Profit reconciliation | | | Reserve reconciliation |
|---|---|---|---|---|---|---|
| | | | Quarter ended | Nine Months ended | Year ended | As at |
| | | | 31-Dec-15 | 31-Dec-15 | 31-Mar-16 | 31-Mar-16 |
| | Net Profit / Reserves as per Previous Indian GAAP | | 7,218 | 20,097 | 27,417 | 236,944 |
| 1 | Change in accounting policy for Oil & Gas Activity - From Full Cost Method (FCM) to Successful Efforts Method (SEM) | I | 199 | 428 | 279 | (20,114) |
| 2 | Fair valuation as deemed cost for Property, Plant and Equipment | II | - | - | - | 41,292 |
| 3 | Fair Valuation for Financial Assets | III | (27) | (99) | 167 | 4,110 |
| 4 | Deferred Tax | IV | (98) | (150) | (306) | (11,947) |
| 5 | Others | V | 4 | (77) | (131) | (130) |
| | Total | | 78 | 102 | 9 | 13,211 |
| | Net profit before OCI / Reserves as per Ind AS | | 7,296 | 20,199 | 27,426 | 250,155 |

**Notes:**

I. **Change in accounting policy for Oil & Gas Activity – From Full Cost Method (FCM) to Successful Efforts Method (SEM):** The impact on account of change in accounting policy from FCM to SEM is recognised in the Opening Reserves on the date of transition and consequential impact of depletion and write offs is recognized in the Profit and Loss Account. Major differences impacting such change of accounting policy are in the areas of;

– Expenditure on surrendered blocks, unproved wells and abandoned wells, which has been expensed under SEM.

– Depletion on producing property in SEM is calculated using Proved Developed Reserve, as against Proved Reserve in FCM.

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**II.** **Fair valuation as deemed cost for Property, Plant and Equipment:** The Company have considered fair value for property, viz land admeasuring over 30,000 acres, situated in India, with impact of ₹ 41,292 crore in accordance with stipulations of Ind-AS 101 with the resultant impact being accounted for in the reserves.

**III.** **Fair valuation for Financial Assets:** The Company has valued financial assets (other than investment in subsidiaries, associates and joint ventures which are accounted at cost), at fair value. Impact of fair value changes as on the date of transition, is recognised in opening reserves and changes thereafter are recognised in Profit and Loss Account or Other Comprehensive Income, as the case may be.

**IV.** **Deferred Tax:** The impact of transition adjustments together with Ind-AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to the Reserves, on the date of transition, with consequential impact to the Profit and Loss Account for the subsequent periods.

**V.** **Others:** Other adjustments primarily comprise of :

a. Attributing time value of money to Assets Retirement Obligation: Under Ind-AS, such obligation is recognised and measured at present value. Under previous Indian GAAP it was recorded at cost. The impact for the periods subsequent to the date of transition is reflected in the Profit and Loss Account.

b. Loan processing fees / transaction cost: Under Ind-AS such expenditure are considered for calculating effective interest rate. The impact for the periods subsequent to the date of transition is reflected in the Profit and Loss Account.

Further transition adjustments may be required to the Financial Statements as at 31st March, 2016 including those arising from new or revised standards or interpretations issued by the Ministry of Corporate Affairs or changes in use of one or more optional exemptions from full retrospective application of certain Ind AS standards.

5. The Audit Committee has reviewed the above results and the Board of Directors has approved the above results and its release at their respective meetings held on 16th January, 2017. The Statutory Auditors of the Company have carried out a Limited Review of the aforesaid results.

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# Media Release

**Reliance Industries Limited**

**UNAUDITED STANDALONE SEGMENT INFORMATION FOR THE QUARTER/NINE MONTHS ENDED 31ST DECEMBER 2016**

**₹ In crore**

| Sr. No. | Particulars | Quarter Ended 31 Dec'16 | Quarter Ended 30 Sep'16 | Quarter Ended 31 Dec'15 | Nine Months Ended 31 Dec'16 | Nine Months Ended 31 Dec'15 | Year Ended 31 Mar'16 |
|---|---|---|---|---|---|---|---|
| 1. | Segment Revenue | | | | | | |
| | - Petrochemicals | 21,690 | 21,293 | 18,031 | 62,392 | 57,434 | 76,982 |
| | - Refining | 53,215 | 51,838 | 49,552 | 153,999 | 162,175 | 202,504 |
| | - Oil and Gas | 623 | 701 | 992 | 2,107 | 3,358 | 4,259 |
| | - Others | 289 | 305 | 252 | 828 | 726 | 1,086 |
| | Gross Turnover | 75,817 | 74,137 | 68,827 | 219,326 | 223,693 | 284,831 |
| | (Turnover and Inter Segment Transfers) | | | | | | |
| | Less: Inter Segment Transfers | 9,211 | 9,793 | 7,702 | 28,883 | 26,641 | 33,590 |
| | Turnover | 66,606 | 64,344 | 61,125 | 190,443 | 197,052 | 251,241 |
| 2. | Segment Results | | | | | | |
| | - Petrochemicals | 3,359 | 3,464 | 2,584 | 9,724 | 7,544 | 10,264 |
| | - Refining | 6,127 | 5,901 | 6,317 | 18,609 | 16,839 | 23,201 |
| | - Oil and Gas | (125) | 24 | 244 | (53) | 615 | 373 |
| | - Others | 114 | 90 | 88 | 303 | 207 | 295 |
| | Total Segment Profit before Interest and Tax | 9,475 | 9,479 | 9,233 | 28,583 | 25,205 | 34,133 |
| | (i) Interest Expense | (931) | (633) | (636) | (2,488) | (1,976) | (2,562) |
| | (ii) Interest Income | 796 | 1,072 | 900 | 2,996 | 3,048 | 4,169 |
| | (iii) Other Un-allocable Income (Net of Expenditure) | 1,281 | 255 | 227 | 1,679 | 170 | 276 |
| | Profit before Tax | 10,621 | 10,173 | 9,724 | 30,770 | 26,447 | 36,016 |
| | (i) Provision for Current Tax | (2,324) | (2,217) | (2,253) | (6,733) | (5,725) | (7,802) |
| | (ii) Provision for Deferred Tax | (275) | (252) | (175) | (763) | (523) | (788) |
| | Profit after Tax | 8,022 | 7,704 | 7,296 | 23,274 | 20,199 | 27,426 |
| 3. | Segment Assets | | | | | | |
| | - Petrochemicals | 98,727 | 94,861 | 58,919 | 98,727 | 58,919 | 86,280 |
| | - Refining | 173,222 | 171,116 | 185,119 | 173,222 | 185,119 | 163,123 |
| | - Oil and Gas | 25,941 | 24,990 | 23,496 | 25,941 | 23,496 | 24,467 |
| | - Others | 74,765 | 62,778 | 46,761 | 74,765 | 46,761 | 58,977 |
| | - Unallocated | 143,767 | 146,685 | 147,696 | 143,767 | 147,696 | 149,246 |
| | Total Segment Assets | 516,422 | 500,430 | 461,991 | 516,422 | 461,991 | 482,093 |
| 5. | Segment Liabilities | | | | | | |
| | - Petrochemicals | 16,738 | 15,379 | 12,096 | 16,738 | 12,096 | 12,205 |
| | - Refining | 66,762 | 60,821 | 56,299 | 66,762 | 56,299 | 59,900 |
| | - Oil and Gas | 4,649 | 4,599 | 3,523 | 4,649 | 3,523 | 4,457 |
| | - Others | 549 | 638 | 675 | 549 | 675 | 687 |
| | - Unallocated | 427,724 | 418,993 | 389,398 | 427,724 | 389,398 | 404,844 |
| | Total Segment Liabilities | 516,422 | 500,430 | 461,991 | 516,422 | 461,991 | 482,093 |

**Notes to Segment Information (Standalone) for the quarter / nine months ended 31st December, 2016**

1. As per Indian Accounting Standard 108 'Operating Segment' (Ind-AS 108), 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, Styrene 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) Other investments / assets and income from the same are considered under **unallocable**.

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