

## **MEDIA RELEASE**

**RELIANCE ENERGY REPORTS NET PROFIT OF Rs 201 CRORE (US\$ 45 MILLION) – AN INCREASE OF 22% FOR THE QUARTER**

**RELIANCE ENERGY REPORTS NET PROFIT OF Rs 564 CRORE (US\$ 127 MILLION) – AN INCREASE OF 17% FOR NINE MONTHS**

**TOTAL INCOME OF Rs 4,686 CRORE (US\$ 1,059 MILLION) - UP 38 %**

**EPC DIVISION TURNOVER OF Rs 1,353 CRORE (US\$306 MILLION) – UP 136 %**

**EPC ORDERBOOK POSITION AT Rs 1,710 CRORE (US\$ 386 MILLION)**

**Mumbai, 18<sup>th</sup> January 2007:** Reliance Energy Limited (REL) today announced its unaudited financial results for the nine months ended 31<sup>st</sup> December 2006. The performance highlights are:

- **Net Profit of Rs 564 crore** (US\$ 127 million), against Rs 481 crore in the corresponding previous period, **an increase of 17 %**
- **Total Income of Rs 4,686 crore** (US\$ 1,059 million), against Rs 3,383 crore in the corresponding previous period, **an increase of 38 %**
- **Cash Profit of Rs 779 crore** (US\$ 176 million), against Rs 723 crore in the corresponding previous period
- **Quarterly net profit of Rs. 201 crore** (US\$ 45 million), against Rs. 165 crore in the corresponding quarter of the previous year, an increase of 22 %

The Company ranks among Top 5 Indian private sector companies in terms of net worth. As on 31<sup>st</sup> December 2006, the net worth of the company stood at Rs 8,458 crore (US\$ 1,911 million).

The Company remains debt free at the net level, and enjoys the top-end ratings of 'AAA' and 'Ind AAA' by CRISIL and FITCH, respectively.

## **Management Discussion and Analysis:**

### **Energy Sales:**

**The Company's aggregate revenues from energy sales during the nine months were Rs 2,744 crore (US\$ 620 million) against Rs 2,399 crore in the corresponding previous period, an increase of 14 %.**

The aggregate sales of electrical energy were 6,637 million units compared to 6,080 million units in the corresponding previous period, an increase of 9 %.

During the period under review, the consumer base in Mumbai Supply area increased by about 0.20 lakh to 25.6 lakh consumers.

REL has received Golden Peacock Award 2006 for Excellence in Corporate Governance.

### **Power Generation:**

#### **(i) Dahanu Thermal Power Station**

**During the nine months ended 31st December 2006, the Company's Dahanu Thermal Power Station (DTPS) operated at a Plant Load Factor (PLF) of 100.6 % against the PLF of 97.0 % achieved during the corresponding previous period.**

DTPS received the following major awards during the period under review -

1. First Prize – National Award for Meritorious Performance by Central Electricity Authority (CEA), Government of India for its Excellent Performance amongst Indian Thermal Power Plants for the year 2004-05.
2. Maharashtra Energy Development Agency (MEDA) State Level Award – First Prize for Excellence in Energy Conservation & Management in Thermal Power Station sector for the year 2005.
3. "CII – National Award for Excellence in Energy Management – 2006" – by Confederation of Indian Industry (CII).
4. "Greentech Award for Environmental Excellence - 2006".
5. Among the finalist for "TERI- Corporate Environmental Management Award – 2006".
6. "Vishwakarma Rashtriya Purashkar" 2005 by Min. of Labour, GOI was awarded to Four of DTPS employees for their outstanding contribution in work.
7. Safety Award – 2005 from National Safety Council- Maharashtra Chapter for longest accident free period of operation.
8. "CII - National Award for Excellence in Water Management - 2006" - by Confederation of Indian Industry(CII) , Three awards -- One for Excellence Inside the fence, One for Beyond the fence and one for Most useful Presentation.

9. International Quality Crown (IQC) Award 2006 at London by Business Initiative Directions (BID), Spain for outstanding commitment to quality.
10. FICCI Annual Award 2005-06 for Environmental Conservation and Pollution Control given by Hon'ble Prime Minister of India, Dr.Manmohan Singh on 8 th Jan ' 07.

**(ii) Samalkot Power Station, Andhra Pradesh:**

The Samalkot Power Plant operated at a **Plant Load Factor (PLF) of 47%**, against the PLF of 51 % achieved during the corresponding previous period. The lower PLF was mainly on account of lower availability of gas.

**(iii) Goa Power Station:**

The Goa Power Station maintained a **Plant Load Factor (PLF) of 93 %** during the period under review, same as during the corresponding previous period.

**(iv) Wind Farm Power Project**

The Wind farm operated at a **Plant Load Factor (PLF) of 33 %**, against the PLF of 32 % during the corresponding previous period.

**Power Purchased:**

During the period under review, **the Company purchased 3,417 million units of electrical energy** from external sources, which is higher by 11 % compared to the off-take in the corresponding previous period.

However, the cost of energy purchased increased by 32 % to Rs 1,104 crore (US\$ 249 million) during the nine months under review, owing to higher per unit cost.

**Financial Review:**

The **total sales of electrical energy during the nine months were Rs 2,744 crore** (US\$ 620 million), against Rs 2,399 crore in the corresponding previous period, **an increase of 14 %**.

The **turnover of the EPC and Contracts Division was Rs 1,353 crore** (US\$ 306 million), against Rs 573 crore in the corresponding previous period, **an increase of 136 %**. The Division had **an order book position of about Rs 1,710 crore** (US\$ 386 million) as on 31<sup>st</sup> December 2006.

**Other Income** for the period under review was Rs 589 crore (US\$ 133 million), an increase of 43 %, mainly representing interest income.

During the period under review, **the total income of the Company was Rs 4,686 crore** (US\$ 1,059 million), against Rs 3,383 crore in the corresponding previous period, **an increase of 38 %**.

The company's **Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased to Rs 1,028 crore** (US\$ 232 million), against Rs 946 crore in the corresponding previous period, **an increase of 9 %**.

Interest expenditure was Rs 168 crore (US\$ 38 million), which was compensated by higher other income of Rs 589 crore.

Depreciation was at Rs 187 crore (US\$ 42 million) as against Rs 260 crore for the corresponding previous period.

The corporate tax liability, including the deferred taxes, for the nine months was Rs 109 crore (US\$ 25 million), as against Rs 61 crore in the corresponding previous period.

**Net profit for the nine months recorded an increase of 17 % to Rs 564 crore** (US\$ 127 million) from Rs 481 crore in the corresponding previous period.

## **Background**

### **Reliance Energy**

Reliance Energy, a part of Reliance - Anil Dhirubhai Ambani Group, is India's leading private sector utility group, with aggregate estimated group revenues of Rs 10,500 crore (US\$ 2.3 billion), and total assets of Rs 10,800 crore (US\$ 2.4 billion).

The group distributes nearly 21 billion units of power to over 5 million consumers in Mumbai, Delhi, Orissa and Goa, across an area covering 1,24,300 sq. kms.

Reliance Energy generates 941 MW of power, through its power plants located in Maharashtra, Andhra Pradesh, Kerala, Karnataka and Goa.

Reliance Energy is ranked amongst India's top 20 listed private companies in terms of all major financial parameters, including assets, sales, profits and market capitalisation.

**RELIANCE ENERGY LIMITED**

Registered Office: Reliance Energy Center, Santa Cruz (East), Mumbai 400 055.

Website: www.rel.co.in

**Unaudited Financial Results for the Quarter ended 31st December, 2006**

(Rs.in crore)

Sr. No.	Particulars	Quarter ended		9 Months ended		Year ended
		31-12-2006	31-12-2005	31-12-2006	31-12-2005	31-03-2006 Audited
1	Net Sales of Electrical Energy	<b>921.06</b>	809.88	<b>2,743.56</b>	2,398.56	<b>3,179.04</b>
2	Income from EPC and Contracts	<b>612.63</b>	173.07	<b>1,352.61</b>	572.91	<b>840.03</b>
3	Other Income	<b>286.74</b>	154.68	<b>589.41</b>	411.96	<b>588.81</b>
		<b>1,820.43</b>	1,137.63	<b>4,685.58</b>	3,383.43	<b>4,607.88</b>
4	Total Expenditure					
	(a) Cost of Electrical Energy purchased	<b>455.82</b>	264.18	<b>1,103.91</b>	834.84	<b>1,087.56</b>
	(b) Cost of Fuel	<b>224.04</b>	209.88	<b>673.23</b>	602.55	<b>812.10</b>
	(c) Tax on Electricity	<b>32.16</b>	28.89	<b>95.10</b>	86.73	<b>114.00</b>
	(d) Cost of Materials and Sub-contract Charges (EPC and Contracts)	<b>562.56</b>	93.54	<b>1,193.49</b>	397.05	<b>608.61</b>
	(e) Staff Cost	<b>73.41</b>	65.46	<b>216.87</b>	193.71	<b>236.55</b>
	(f) Other Expenses and Provisions	<b>103.02</b>	147.06	<b>375.42</b>	322.98	<b>422.98</b>
5	Interest and Finance Charges	<b>55.05</b>	46.74	<b>168.03</b>	144.15	<b>195.98</b>
6	Depreciation (See Note No 2)	<b>61.17</b>	90.72	<b>186.60</b>	259.50	<b>348.63</b>
7	Profit before Tax	<b>253.20</b>	191.16	<b>672.93</b>	541.92	<b>781.47</b>
8	Provision for Taxation :					
	Current Tax	<b>16.17</b>	35.52	<b>75.57</b>	75.00	<b>85.62</b>
	Deferred Tax	<b>32.85</b>	(10.20)	<b>28.08</b>	(17.55)	<b>(39.33)</b>
	Fringe Benefit Tax	<b>1.65</b>	1.20	<b>3.75</b>	3.60	<b>4.29</b>
	Tax adjustment for earlier years	<b>1.50</b>	-	<b>1.50</b>	-	<b>80.55</b>
9	Profit after Tax	<b>201.03</b>	164.64	<b>564.03</b>	480.87	<b>650.34</b>
10	Paid up Equity Share Capital (Face Value Rs. 10/- per Share)	<b>213.17</b>	201.94	<b>213.17</b>	201.94	<b>212.36</b>
11	Reserves including Statutory Reserves excluding Revaluation Reserves					<b>6820.51</b>
12	Earnings per share (On Net Profit)(* not annualised)					
	- Basic (Rs.)	<b>9.43 *</b>	8.16 *	<b>26.51 *</b>	24.30 *	<b>32.70</b>
	- Diluted (Rs.)	<b>9.10 *</b>	7.75 *	<b>25.73 *</b>	23.14 *	<b>31.46</b>
13	Aggregate of Non-Promoter Share Holding -					
	- No.of Shares	<b>149,803,532</b>	98,984,288	<b>149,803,532</b>	98,984,288	<b>98,984,388</b>
	-Percentage of Share holding	<b>70.29</b>	49.03	<b>70.29</b>	49.03	<b>46.62</b>
	Interim Dividend for the period (exclusive of dividend tax)				23.94	

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**Segment-wise Revenue, Results and Capital Employed**

Particulars	(Rs.in crore)				
	Quarter ended		9 Months ended		Year ended
	31-12-2006	31-12-2005	31-12-2006	31-12-2005	31-03-2006 Audited
<b>1.Segment Revenue</b> <b>(Net Sales/Income)</b>					
- Electrical Energy	988.13	837.39	2,838.15	2,448.62	3,249.96
- EPC and Contracts	613.94	175.14	1,359.12	583.51	865.45
- Others	-	0.60	0.27	1.49	5.15
Gross Turnover	1,602.07	1,013.13	4,197.54	3,033.62	4,120.56
Less: Inter Segment Revenue	-	0.15	0.30	0.15	0.15
<b>Net Turnover</b>	<b>1,602.07</b>	<b>1,012.98</b>	<b>4,197.24</b>	<b>3,033.47</b>	<b>4,120.41</b>
<b>2.Segment Results</b>					
Profit before Tax and Interest from each segment :					
- Electrical Energy	79.19	93.61	316.20	262.23	363.71
- EPC and Contracts	18.09	51.26	56.53	109.64	121.56
- Others	(0.07)	0.29	(0.10)	0.63	3.58
<b>Total Segment Results</b>	<b>97.21</b>	<b>145.16</b>	<b>372.63</b>	<b>372.50</b>	<b>488.85</b>
- Interest and Finance Expense	(55.05)	(46.74)	(168.03)	(144.15)	(195.98)
- Interest Income	127.08	120.40	427.44	323.71	462.96
- Other un-allocable Income net of expenditure	83.96	(27.66)	40.89	(10.14)	25.65
<b>Profit before Tax</b>	<b>253.20</b>	<b>191.16</b>	<b>672.93</b>	<b>541.92</b>	<b>781.47</b>
<b>3.Capital Employed</b>					
- Electrical Energy	3,241.58	3,004.65	3,241.58	3,004.65	3,066.09
- EPC and Contracts	411.65	339.55	411.65	339.55	360.75
- Others	1.87	(0.64)	1.87	(0.64)	2.19
<b>Total Segment Capital Employed</b>	<b>3,655.10</b>	<b>3,343.56</b>	<b>3,655.10</b>	<b>3,343.56</b>	<b>3,429.03</b>

## Notes:

1. a. In the matter of standby charges, Maharashtra Electricity Regulatory Commission (MERC) had passed an order dated 31<sup>st</sup> May, 2004 as under:
  - i. The total liability for the financial years 1998-99 to 2003-04 was determined at Rs. 515.60 crore which had been debited to the Profit & Loss Account up to 31<sup>st</sup> March, 2005.
  - ii. The Tata Power Company Limited (TPC) to refund an amount of Rs. 321.13 crore (net of interest of Rs. 1.17 crore) to the Company for the said period plus interest at 10 per cent per annum commencing from 1<sup>st</sup> April, 2004 till the date of payment. As an interim order, the Hon'ble High Court of Bombay granted stay of payment by TPC, but directed TPC to provide a Bank Guarantee of Rs. 313.93 crore in favour of the Hon'ble High Court of Bombay.
- b. The Hon'ble High Court of Bombay has disposed of the petitions, the petition filed by TPC and the petition filed by the Company, by holding that the issues should be adjudicated within four months of the order of the Hon'ble Bombay High Court by the Appellate Tribunal for Electricity (ATE). In the interregnum, the parties to continue to pay in terms of the interim order, subject to adjustments on adjudication.
- c. Both TPC and the Company filed Special Leave Petitions in the Supreme Court against the Order of Hon'ble High Court of Bombay. While disposing of these petitions, the Hon'ble Supreme Court directed the TPC to file an appeal before the ATE. TPC thereafter filed an appeal before the ATE.
- d. While disposing of the appeal, ATE has passed an order dated 20<sup>th</sup> December, 2006 as under:
  - i. The total liability of standby charges for the financial years 1998-99 to 2003-04 was determined at Rs.500 crore.
  - ii. TPC to refund Rs.354 crore (inclusive of interest of Rs.15 crore upto 31<sup>st</sup> March 2004) to the Company plus interest at 10% p.a. commencing from 1<sup>st</sup> April, 2004 till the date of payment.

TPC has filed an appeal in Supreme Court and it was mentioned in the bench. The matter is posted for consideration of interim relief on 31<sup>st</sup> January, 2007. Until then, the order is stayed.

Pending the outcome of the appeal filed by TPC against ATE's order in the Supreme Court, the Company has not accounted for the reduction in standby charges liability of Rs.15.60 crore as well as interest amount determined as payable by TPC to the Company.

2. The Company had revalued its Plant & Machinery located at Dahanu during the financial year 2003-04 and the depreciation figures shown in the unaudited financial results are net of effect of revaluation since the corresponding amount is withdrawn from the Revaluation Reserve which does not have impact on profit for the quarter.
3. During the quarter, the Company purchased the balance equity shares of BSES Kerala Power Ltd (BKPL) by virtue of which, BKPL has become a wholly owned subsidiary of the Company. The Company also acquired 100% of the shareholdings in a) Reliance AWorld Ltd. b) Reliance Infrastructure Projects Private Ltd. and c) Reliance Infrastructure Services Private Ltd., and 51% shareholding in Reliance Energy Transmission Limited. Consequently, these companies have also become the subsidiaries of the Company.
4. Wage agreements with unionised employees and officers expired on 30<sup>th</sup> June, 2006 and 31<sup>st</sup> March, 2006 respectively. Negotiations with the unionised category are in progress for a settlement, which will be effective from 1<sup>st</sup> July, 2006. Pending settlement/agreement, a provision on an estimated basis has been made in the accounts for the quarter.
5. The Company, during the quarter ended 31<sup>st</sup> December, 2006 received 19 investor complaints and they were resolved. There were no complaints pending at the beginning of the quarter.
6. The statutory auditors of the Company have carried out the "Limited Review" of the results for the quarter ended 31<sup>st</sup> December, 2006 as per the listing agreements entered into with the stock exchanges in India.
7. After review by the Audit Committee, the Board of Directors of the Company took the above results on record at their Meeting held on 18<sup>th</sup> January, 2007.
8. Figures of the previous year / period have been regrouped / reclassified wherever considered necessary.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 18<sup>th</sup> January, 2007

Anil D. Ambani  
Chairman & Managing Director