

FY 2005-06 - Annual Results



**Reliance
Industries Limited**

April 27, 2006

Forward Looking Statements



This presentation contains forward-looking statements which may be identified by their use of words like “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The companies referred to in this presentation cannot guarantee that these assumptions and expectations are accurate or will be realised. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements. These companies assume no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events, or otherwise.

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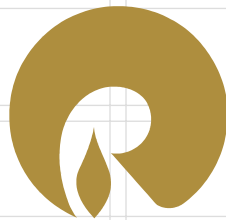


Economic Overview

Financial Performance

Business Review

Summary



Economic Overview

Real GDP Growth (%) Trends



	2005	2006 E	2007 E
Global	3.3	3.5	3.4
US	3.5	3.4	3.3
Japan	2.7	3.2	3.0
Euro Area	1.4	2.3	2.4
China	9.9	9.2	9.0
India	8.1	7.5-8.0	7.5

Source: J P Morgan, RBI forecast

Global economy expected to grow at a robust pace with the accelerating economic expansion in Europe and Japan along with positive outlook on the US economy

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Global Economic Backdrop



- US - expected to continue growing at a robust pace though at a slightly slower pace on account of:
 - High energy prices
 - Housing market slowdown
 - Monetary tightening
- Japan – economic growth is robust and is expected to pick up further momentum over next two years – Q4 GDP rose sharply to 5.4%
- Europe – economic growth is likely to accelerate over next couple of years with Germany, France and Spain being the key growth engines

Global economic backdrop remains positive for Business

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Indian Economic Backdrop

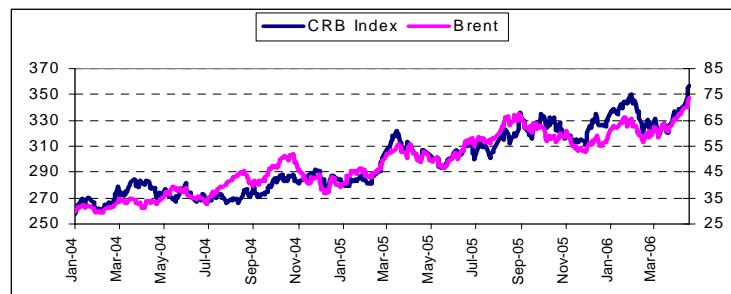


- Robust GDP growth of 8.1% in 05-06 driven by industrial growth, capex cycle and consumption
- Inflation under control in spite of oil shock and strong growth – potential upside risks from wage pressures, demand factors, and high global commodity prices
- Record trade deficit of US\$ 39.6 bio in 05-06 on back of strong import growth in both POL (at 46.8%) and non-oil (at 25.6%)
- Strong capital account flows and consequent FX reserves growth as well as recent RBI interventions have supported liquidity

Strong GDP growth continues with inflation under control

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Trend in Commodity Prices

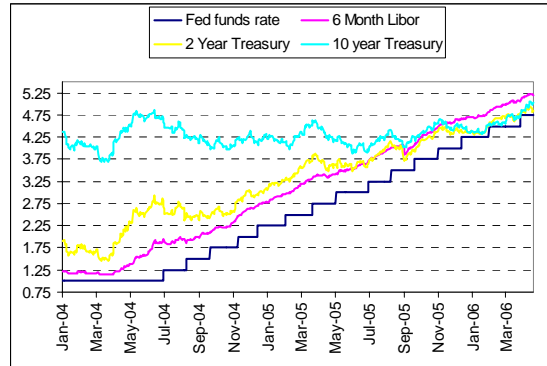


	FY 05-06	Q3	Q4
CRB Index	6%	0%	0%
Crude oil	20%	-8%	9%
Gold	36%	11%	12%
Silver	60%	17%	31%
Copper	65%	20%	15%
Aluminium	24%	24%	7%
Wheat	5%	-2%	3%
Sugar	106%	34%	22%
Cotton	-1%	5%	-3%

- Crude oil price at a new high poses risk for economic growth and inflation
- Many commodities are currently trading at new highs – energy, metals, and some agri
- Expectation is for higher volatility in commodity prices and possible catch-up by some agricultural commodities that have lagged behind so far

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Trends in US Interest Rates



Date	31-Mar-05	31-Mar-06	Change
Fed funds rate	2.75	4.75	2.00
6 Month Libor	3.40	5.14	1.74
2 Year Treasury	3.78	4.82	1.04
10 year Treasury	4.48	4.85	0.37

Source: Bloomberg

- US rates have rallied strongly to new cycle highs as:
 - Fed continued tightening under Bernanke exceeding market expectations
 - US economic data remains robust despite some slowing of housing indicators
- Latest FOMC minutes indicate Fed switching to data watching mode and possibly nearing end of rate hike campaign
- Market fully pricing 25 bps hike in May and then only 50% chance of another hike over next 2 meetings

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Broad-based Dollar Strength in 2005-06

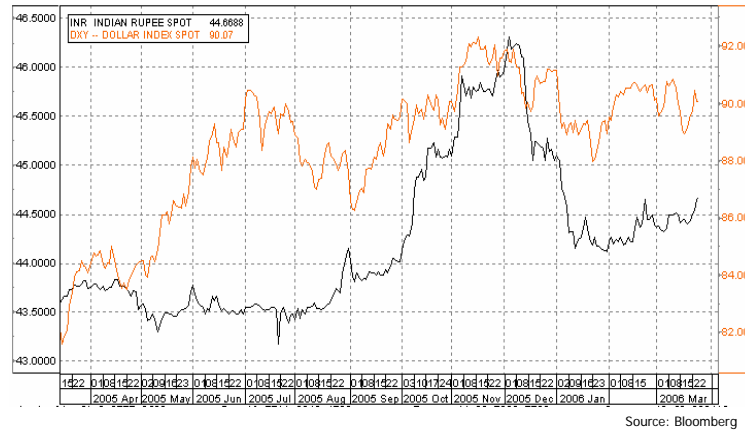


	FX rate on		
	31-Mar-05	31-Mar-06	% Change
DXY	84.06	89.73	6.75%
Major Currencies:			
GBP	1.8905	1.7372	8.82%
EUR	1.2964	1.2118	6.98%
CHF	1.1965	1.3042	9.00%
AUD	0.7729	0.7164	7.89%
JPY	107.15	117.78	9.92%
Asian currencies:			
TWD	31.53	32.458	2.94%
KRW	1015	971.65	-4.31%
THB	39.12	38.88	-0.61%
SGD	1.6506	1.6156	-2.12%
INR	43.75	44.62	2.01%

USD rallied sharply in FY 05-06 on account of rising interest rate differentials, one time Homeland Investment Act (HIA) flows, and robust economic performance

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Trend in Rupee vis-à-vis Dollar Index



Rupee weakened by 2.00% during the year on back of global USD strength, deteriorating current account deficit, and accelerated growth in non-oil imports

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USD Weakness Key Risk for 2006



- Potential US Dollar decline over 2006 and 2007 remains a key risk
- Interest rate differential advantage of USD is likely to narrow against major currencies as Fed pauses and ECB and BOJ hike rates
- USD support from one time HIA flows has already ended
- Economic growth differential between US and Europe and between US and Japan is likely to shrink considerably as US economy slows down and growth in Japan and Europe gains further momentum
- With these developments, focus is likely to return to the large current account deficit of the US – recent G7 statement is a step in that direction
- Further pressure on USD likely from reserves diversification by global Central Banks

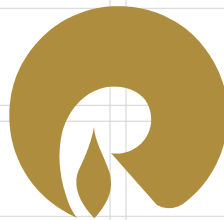
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Summary – Global Economy & Markets



- Global economy expected to perform well with Europe and Japan picking up speed even as US is likely to slow down
- Fed rate hike campaign likely to come to an end in 2006, while ECB and BOJ are expected to tighten over next one year
- US Dollar faces risk of significant weakness over next one year
- High and rising commodity prices, especially of energy, may pose risk for global economic growth and inflation – high volatility in commodity prices likely over next one year

Economic outlook for 2006 positive for Reliance businesses

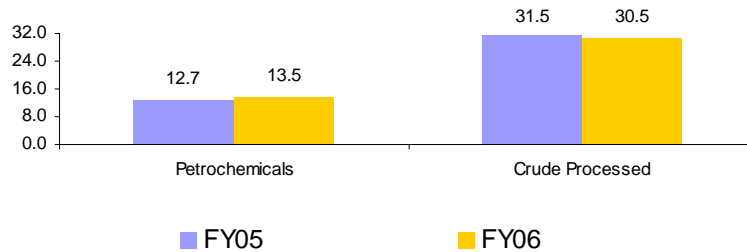


Financial Performance FY 06

Production



Production / Crude processed in Million Tonnes



Higher Petrochemical production due to commissioning of Butadiene and polyester capacities and consolidation of RPCL production
Lower crude processed due to refinery shutdown in Oct-Nov 2005

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Financial Results



(in Rs crore)	FY05	FY06	% change
Revenues	73,164	89,124	21.8%
Net Profit	7,572	9,069	19.8%
Cash Profit	12,087	13,174	9.0%
EPS (Rs)	54.2	65.1	20.1%

Near doubling of Net Profit in a span of 24 months

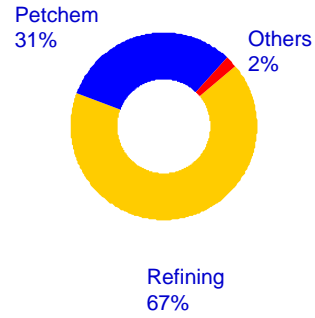
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Segment Results



(in Rs crore)	FY 06	FY 05	% Change
Refining			
Revenues	71,117	51,700	37.6%
EBIT	5,916	5,521	7.2%
EBIT (%)	8.3%	10.7%	
Petrochemicals			
Revenues	32,802	29,745	10.3%
EBIT	4,713	3,762	25.3%
EBIT (%)	14.4%	12.6%	

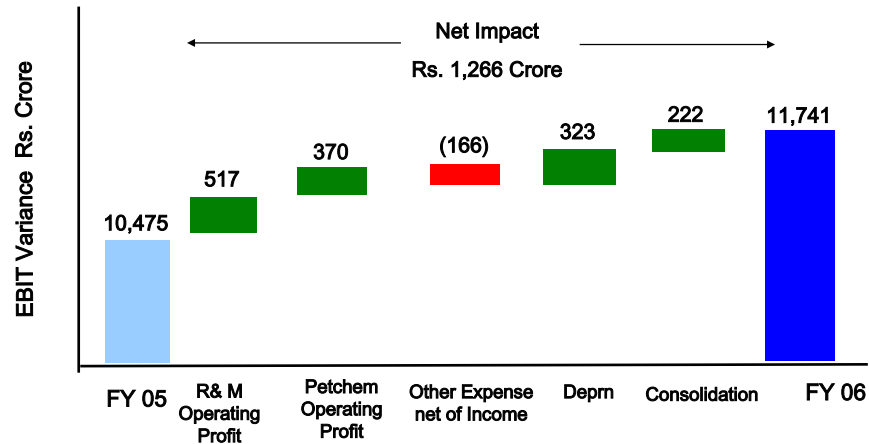
Revenues FY06



Refinery EBIT margin lower primarily on account of higher growth in sales in high crude oil price environment

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EBIT Bridge – FY 06 Vs FY 05



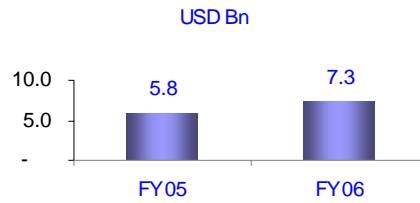
EBIT higher primarily on account of higher Operating Profit

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Exports



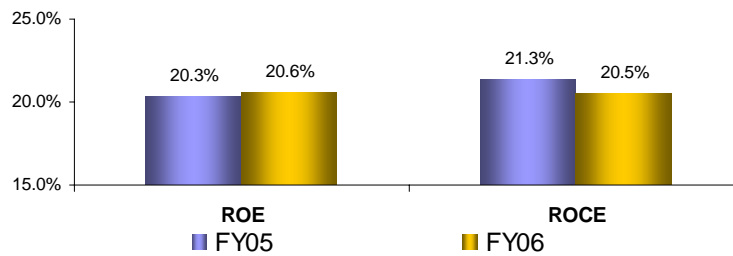
Refining
contributes 75%



Exports in FY06 up 28% compared to FY05
Exports at 37% of total revenues

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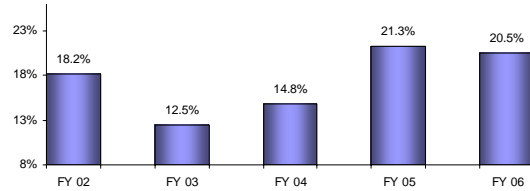
ROE & ROCE



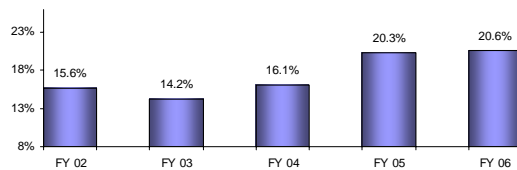
ROE and ROCE of 20%, well above Reliance's cost of equity and WACC

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Trends in ROCE and ROE



ROCE



ROE

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Liquidity Ratios and Debt Profile



Ratios	FY05	FY06
Gross Debt : Equity	0.47	0.44
Net Debt : Equity	0.26	0.33
Net Gearing	21%	25%
Interest Cover	7.7	6.0
Weighted Avg. Cost of Debt (%)	8.0	7.0
Avg. Maturity of Debt (years)	6.2	4.9
Forex Debt (%)	54.0	63.0

Highest rating of 'AAA' rating by CRISIL, and Investment Grade ratings of BBB and Baa2 by S&P and Moody's respectively

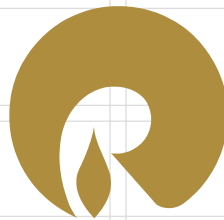
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Capex

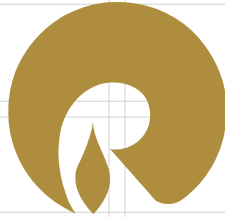


(in Rs crore)	FY06
E & P	2,198
Refining	2,629
Retail Marketing	850
Petrochemicals	2,921
Common	878
Total	9,476

Capex 71% of Cash profit



Business Review



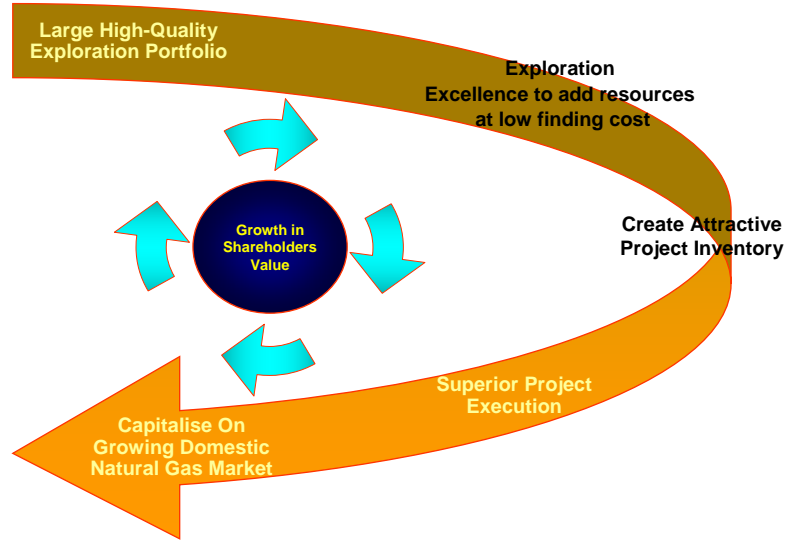
Exploration & Production (E&P)

2005-06 : Highlights – E&P



- 5 blocks awarded under NELP V
- Two Oil Discoveries notified in KG-III-6 to DGH. Commerciality under evaluation
- Production commenced in Yemen Block 9 at 2000 BOPD
- Entered into Co-operation agreement with Ecopetrol of Columbia for farm-in opportunities in Columbia
- Crude oil volumes from Panna Mukta increased from 1.3 million tonnes to 1.6 million tonnes whereas volumes for gas reduced marginally from 47.2 BCF to 46.7 BCF
- Gas production from Tapti increased from 74.8 BCF to 79.0 BCF
- PMT gas price increased to US\$ 4.75/MMBTU from US\$ 3.86 effective April 06

Upstream Business Approach



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Creating Large High-Quality Exploration Portfolio



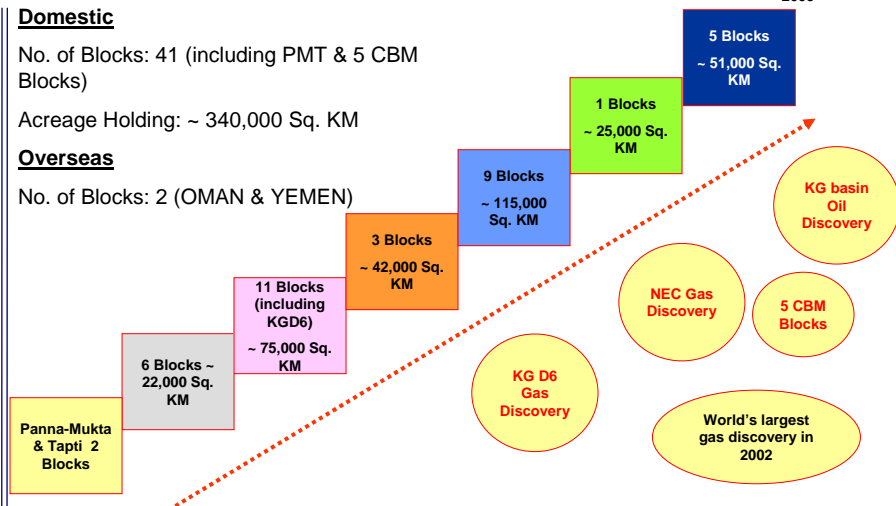
Domestic

No. of Blocks: 41 (including PMT & 5 CBM Blocks)

Acreage Holding: ~ 340,000 Sq. KM

Overseas

No. of Blocks: 2 (OMAN & YEMEN)



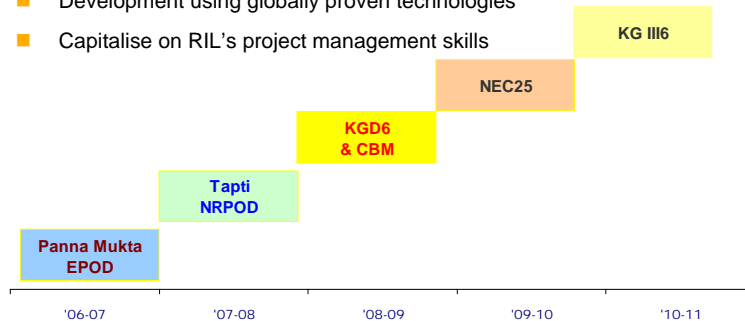
RIL is the largest private sector acreage holder in India

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Creating Attractive Project Inventory



- Panna Mukta EPOD, Tapti NRPOD & KGD6 under implementation
- Target to complete projects at globally competitive costs.
- Continued focus on exploration to maintain inventory
- Development using globally proven technologies
- Capitalise on RIL's project management skills



Significant contribution to RIL cashflow on project completion

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KGD6 Status



- Majority statutory clearance including the environment clearance received
- Bechtel appointed as PMC
- Drilling rig contracted
- FEED of Offshore Facilities completed
- RFQ for Offshore long lead packages issued
- RFQ for EPIC/Offshore installations issued
- Feed and Detail Engineering for Onshore Terminal in progress

Project 'on-track' for first gas in 2008

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Other Blocks : Current Status



NEC

- Clearance for round the year drilling activity obtained from MOEF
- Geo technical survey for proposed offshore structure completed

CBM

- Committed Work Programme of Phase I completed
- Dewatering operations is in progress at Sohagpur West and East CBM Blocks
- Corehole drilling in progress at Rajasthan blocks
- 10 core holes completed at Sonhat CBM Block

Yemen

- 1 Exploration well, 4 Appraisal Wells & 3 Development Wells drilled.
- Development Plan approved with 2,234 Sq.km as Development Area.
- Production started on 12th Dec.'05 - 1,800-2,000 BOPD

Summary



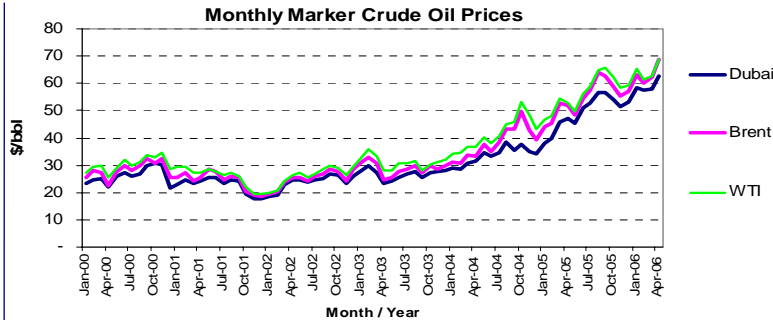
- Diversified and high-potential exploration portfolio
- Successful exploration efforts reduce finding costs
- Development of KG-D6 project progressing as planned
- Continuing work program for other blocks
- Opportunistic expansion of international portfolio

									
Refining & Marketing (R&M)									

Refining & Marketing							
Global Environment							

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Rising Trend in Crude Oil Prices



	Average Price \$ / barrel				% change FY 06/ 05
	FY 2003	FY 2004	FY 2005	FY 2006	
Dubai	25.9	27.0	36.6	53.5	46%
Brent	27.6	29.0	42.1	57.9	38%
WTI	29.2	31.4	45.0	59.8	33%

Source: IEA's Oil Market Report

World economy so far resilient, but sustained high price could be a dampener

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Resilient Oil Demand



Global Oil Demand

	Global Demand million bpd	Annual Change million bpd	%	Avg crude price WTI (\$ / barrel)
CY 2004	82.5	3.2	4.0%	41.42
CY 2005	83.6	1.1	1.3%	56.44
CY 2006	85.1	1.5	1.8%	64.64*

Source: IEA's Oil Market Report

*: Average prices upto April 2006

Despite surge in crude oil prices in recent years, oil demand growth continues to be robust

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Uncertain Political Environment



- Iran's nuclear outlook and its repercussions
- Attacks on oil installations in Nigeria and its impact on crude production
- Uncertainties in Venezuela arising out of termination of production contracts
- Uncertain outlook on Iraqi oil production

The latest crude price rise of ~20% is estimated due to heightened political uncertainty

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Summary – Global Environment



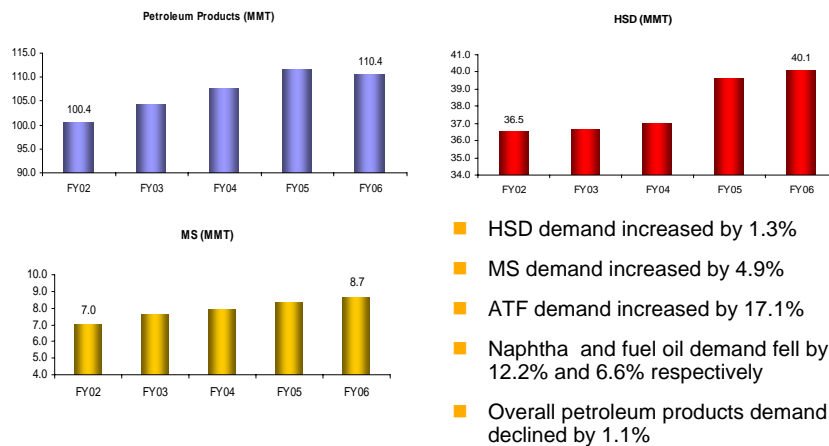
- World economy growth expected to be robust over short to medium term
- Heightened political uncertainty has led to recent high oil prices
- Despite surge in crude oil prices, oil demand growth still resilient – persistent high oil prices could be potential dampener
- Incremental crude is heavier and sourer while demand is increasing for lighter and cleaner fuel
- Global refining systems already stretched, new capacity creation will fall short of incremental demand
- Complex refiners will continue to enjoy high margins
- Positive outlook on refining margins

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Indian Environment

Stagnant Petroleum Product Demand



Partial replacement of naphtha and fuel oil by LNG

Continued Price Controls



	MS	Rs/ Litre HSD
Retail selling price in Delhi	43.51	30.47
Import Parity Price	49.17	38.11

- Retail price increase is not concomitant with significant increase in international crude oil prices

Retail prices continue to be 15-20% below import parity price

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Stringent Product Specs – Migration Plan



Standards	Date of implementation	Area
Euro I	2000	All over India
Euro II	2001-03	NCR + 10 Cities
	2005	All Over India
Euro III	April 2005	NCR + 10 Cities
	April 2010	All over India
Euro IV	April 2010	NCR + 10 Cities

NCR – National Capital Region

India keeping pace with global environmental standards

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Summary – Indian Environment



- Indian economy expected to continue on current high growth path
- Transport fuel demand growth is expected to be high due to
 - High industrial growth
 - High growth in road transport
 - Booming aviation sector growth
- No significant budgetary proposal for the sector – marginal reduction in custom duties
- Retail prices of petroleum products continue to be much below international prices

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Refining & Marketing



Business Performance

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2005-06 : Highlights – R&M



- Capacity utilization continues to remain high despite successful completion of major maintenance shut down
- Ongoing light-heavy differential results in higher GRM
- Demand for transportation fuels continues to grow – ATF grew by 17% and MS by 5%
- Retail roll-out continued as per plan with 867 outlets added during the year
- Spread over Singapore complex was at US\$ 3.8 / bbl for FY 06 and at US\$ 5.8 / bbl during Q4

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Refinery Product Sales

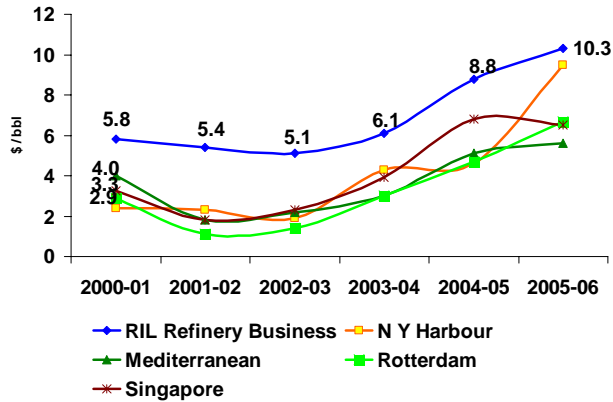


(in million tonnes)	FY05	FY06	Change
PSU	8.5	5.3	-3.2
Captive	7.1	6.3	-0.8
Retail	0.8	3.3	2.5
Others	4.7	4.9	0.2
Exports	10.2	10.8	0.6
Total	31.3	30.7	-0.6

Domestic sales contribute 65% of overall volumes during FY06

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Consistently Higher GRMs

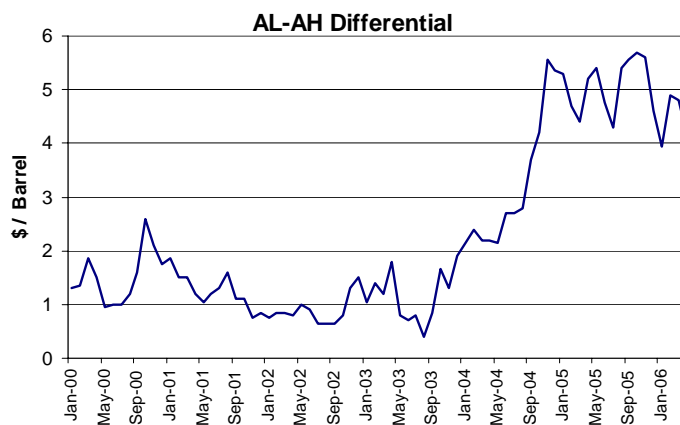


Source: Reuters / Company Data

Significant out-performance compared to complex refineries globally

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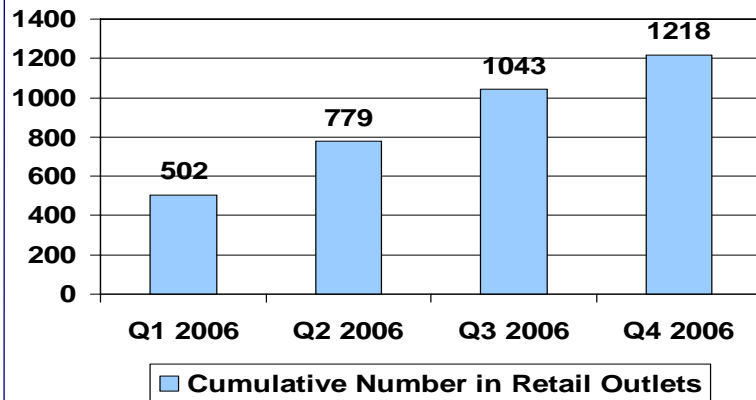
Arab Light and Heavy Differential



Significant differential in Arab light and heavy over last 5-6 quarters

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Progress on Retail Outlets



Reliance added 867 outlets during the year

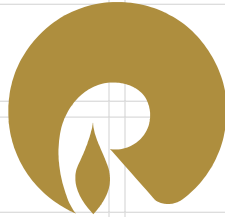
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R&M – Business Strategies



- Cost leadership, Operational excellence
- Feedstock flexibility - Increasingly heavier crude basket
- Superior product slate
- Increasing focus on exports

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Petrochemicals (Polymers)

Global Scenario- Polymers

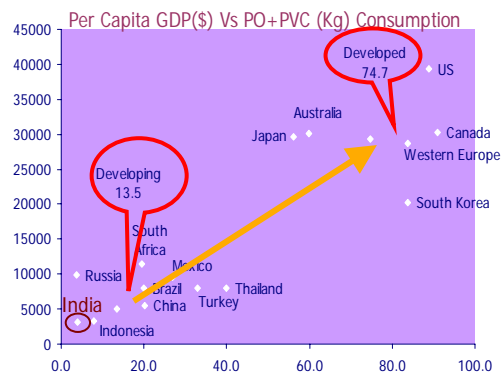


2005

Capacity	: 176 MMTA
Demand	: 152 MMTA
Op. Rate	: 86%
Producers	: 665
Value	: 178 Bn US\$
Per Capita	: 23 kg

Per Capita (China) : 24 kg

Per Capita (India) : 4.5 kg



Global polymer business CARG (01-05)
21% (in value terms)

"With rising per capita GDP in India ,
Unstoppable Growth for years to come "

Polymers - Global Rankings



RANK	PP	PVC	PE (MMT)
1	Access Ind (Basell) 5.6	Shin-Etsu 3.0	Dow 7.7
2	SINOPEC 3.1	Formosa Group 2.8	Exxon Mobil Corp. 7.0
3	BP 2.5	Occidental 1.6	SABIC 4.1
4	Total 2.4	Ineos 1.3	BP 3.4
5	Exxon Mobil Corp. 2.1	Georgia Gulf 1.2	SINOPEC 3.2
6	SABIC 1.7	Solvay 1.2	Lyondell 2.6
7	Reliance 1.7	LG Group 1.2	Access Ind (Basell) 2.4
8	Formosa Group 1.5	SINOPEC 1.0	Total 2.1
9	Dow 1.2	Total 0.9	Formosa Group 1.9
10	CNPC 1.2	Advent Int'l 0.7	Abu Dhabi Gov't 1.8
11	Abu Dhabi Gov't 1.1	Norsk Hydro 0.7	Ente Nazionale Idr 1.7
12	Mitsui Chemicals 1.0	Reliance 0.6	Nova Corporation 1.6
13	Sunoco 1.0	PolyOne 0.6	ConocoPhillips 1.4
14	Sumitomo Chem. 0.8	TOSOH 0.6	Chevron Corp. 1.4
15	Mitsub. Chemical 0.7	Hanwha Group 0.6	CNPC 1.3
16	Nemo Feffer SA 0.7	Westlake 0.5	Reliance 1.1

Ranking based on RIL + IPCL

Global rankings in all products

Source : CMAI 2006

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Polymer Portfolio: Market Trends



Growth Opportunities

- Indian per capita consumption 4kg Vs 75 Kg in developed countries
- 8% GDP growth will boost all round consumption
- India experiencing retail, automobile and construction boom

Asia and Mid East Emerging as production Hub

- Over 3/4th of Global C2 Expansions coming up in Asia and Mid East
- India's participation in export of converted product to West will increase

Emergence of Global markets

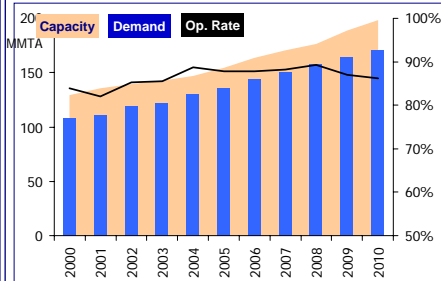
- Reliance is globally competitive

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Polymer : Demand Supply

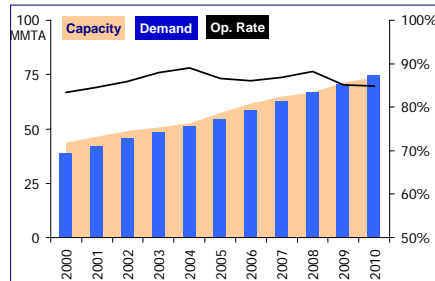


Polymer Demand Supply : Global



CAGR %	00 - 05	05-10
Demand	4.6%	4.8%
Capacity	3.6%	5.1%

Polymer Demand Supply : Asia



CAGR %	00 - 05	05-10
Demand	7.0%	6.5%
Capacity	5.6%	5.1%

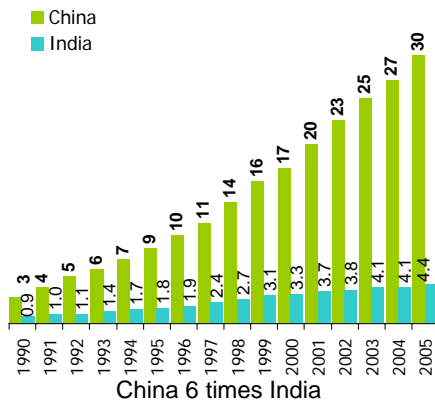
Asian demand growth outpacing capacity addition

India on a Inflection Point



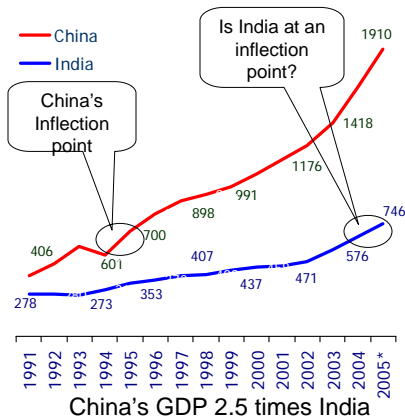
Polymer Consumption (MMT)

Source :CMAI



GDP (Billion US \$ Constant)

Source :Nation Master



India has potential to replicate China but with a time lag

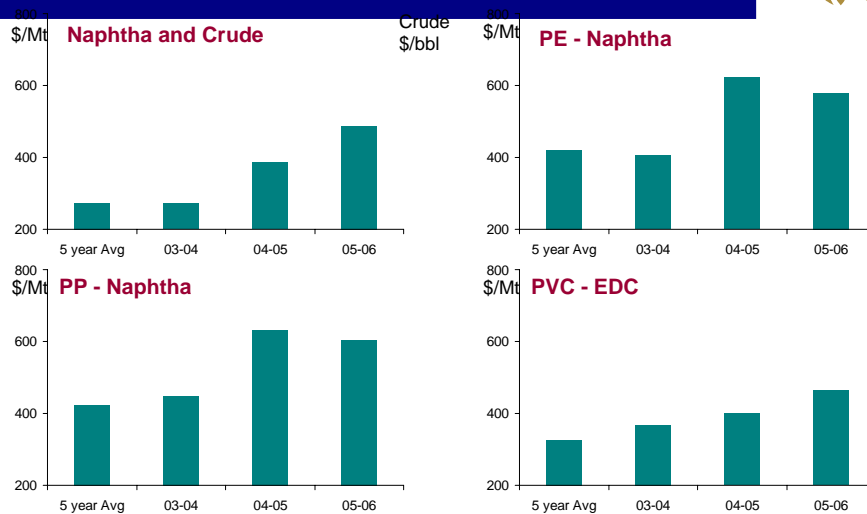
2005-06 : Highlights - Polymers



- Margins continue to better past 5 years average
- RIL continues to be well-positioned in the operating cost curve among naphtha-based Asian crackers
- Operating rates continue to be 100%
- Differentiating business model creating sustainable value
- Market poised for rapid growth on a low base duly supported by strong GDP growth

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Margins – 2005-06

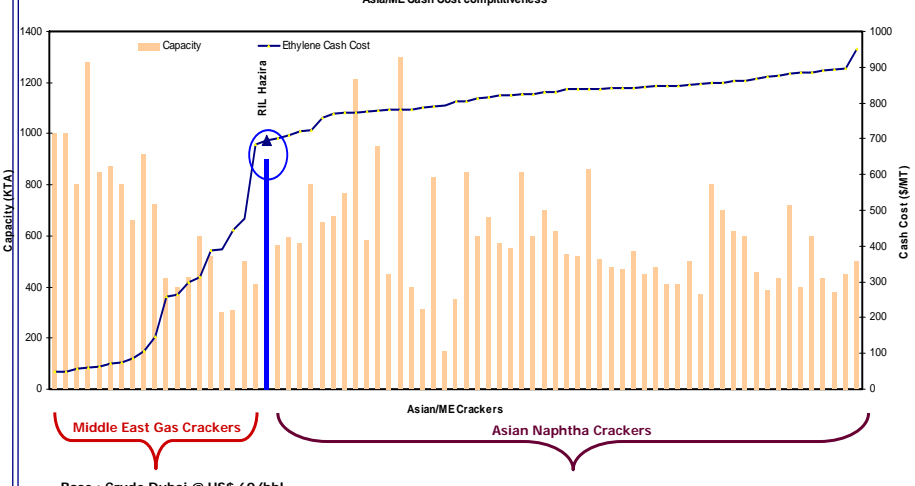


Margins better than 5 year average margins

Source : Platts

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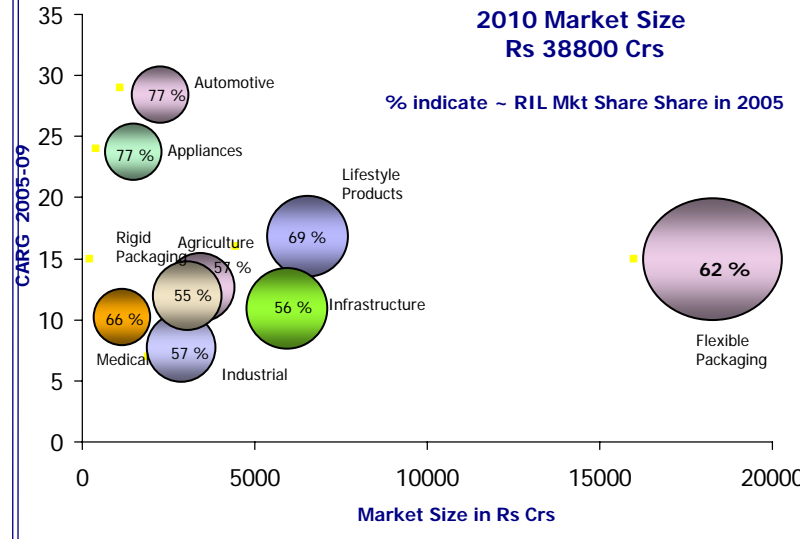
Ethylene Cash Cost Competitiveness Asia / ME



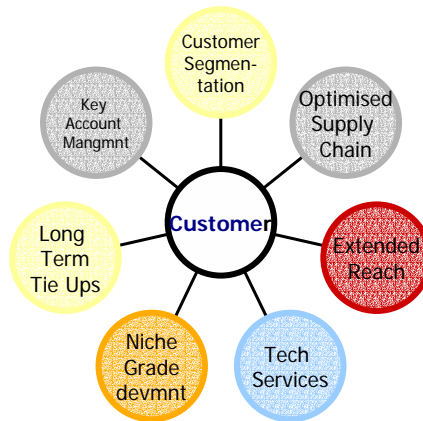
Base : Crude Dubai @ US\$ 60/bbl

Reliance : Cash cost among the lowest in Asian Naphtha crackers

Presence Across sectors



Differentiating Strategies



Delighted Customers : Partners in Growth

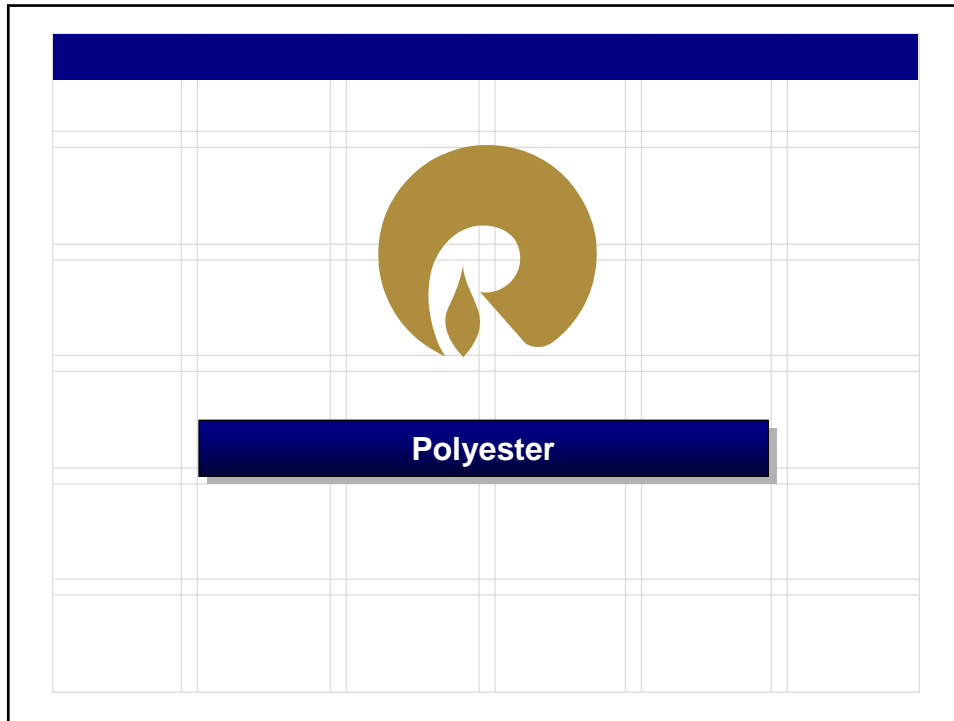
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Priorities and Growth Strategies



- Improved cost position in manufacturing
- Volume growth and value improvement in 'basics'
- Expansion of speciality portfolio
- Enhance customer relationship
- Enhance speed to market through R&D and Application development

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Polyester Production: Changing Trends

1980→ 2000→ 2005

Producer	KTA	Producer	KTA	Producer	KTA
DuPont	841	Nan Ya	1035	Reliance	1700
Celanese	605	Reliance	779	Nan Ya	1080
Hoechst	395	KoSa	700	Sanfangxiang	1050
AKZO	316	Teijin	698	Yizheng	945
Eastman	302	Sam Yang/SS (Huvis)	658	Yuandong	900
Rhone Poulenc	248	Hualon	575	Tuntex	885
Teijin	219	Far Eastern	604	Far Eastern	781
Toray	172	DuPont	583	Huvis	750
ICI	155	Tuntex	561	Rongsheng	650
Monsanto	146	Toray	543	Tongkun	640

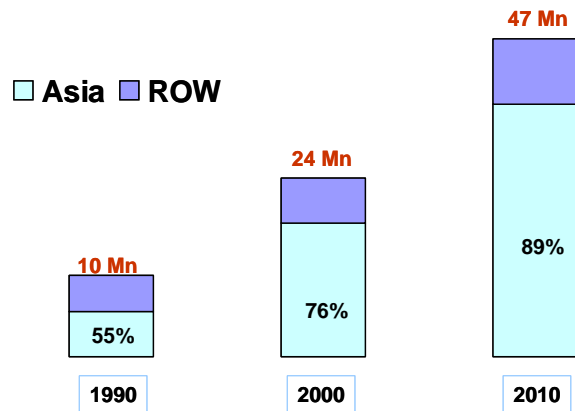
1982: RIL commissioned first polyester plant of 10 KTA

US, EU, Japan→ **Taiwan, Korea**→ **China, India**

RIL: Leadership in two decades

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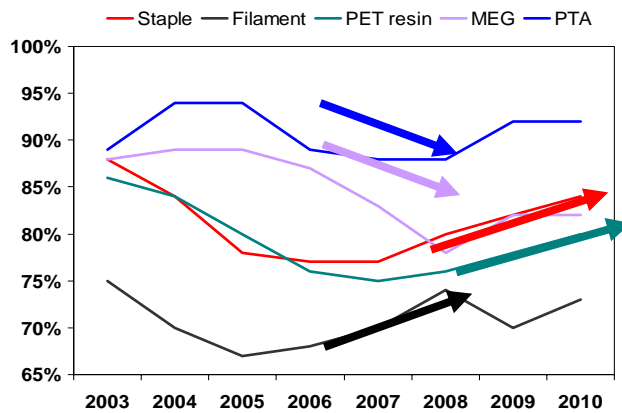
Polyester Capacity: Journey to East



China and India: Hub for polyester manufacturing

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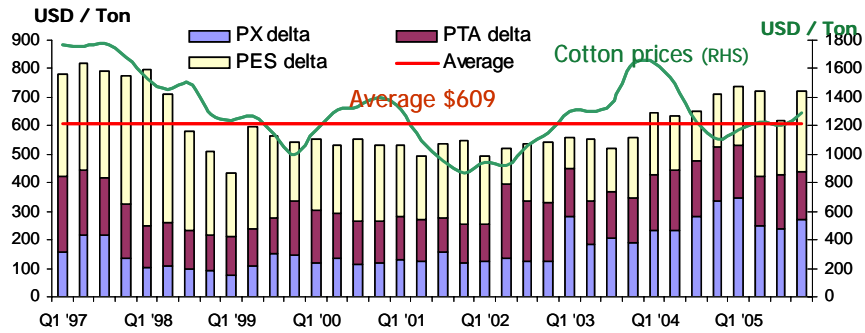
Operating Rates: Global



Polyester operating rates to improve from the current levels
 PTA operating rates to increase beyond 2009
 MEG operating rates to remain under pressure

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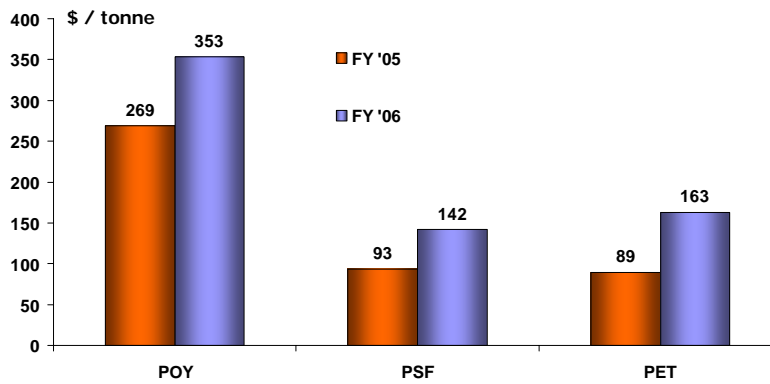
Chain Delta: More Stable



Lower volatility improves investment framework

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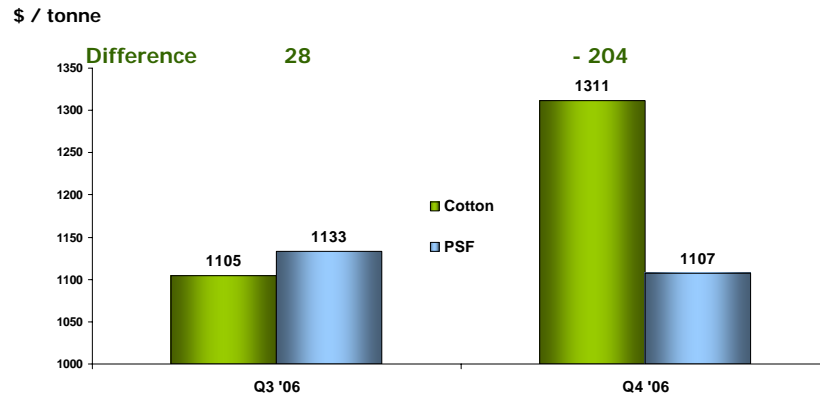
International Delta – YOY Comparison



Significant improvement across key Polyester products

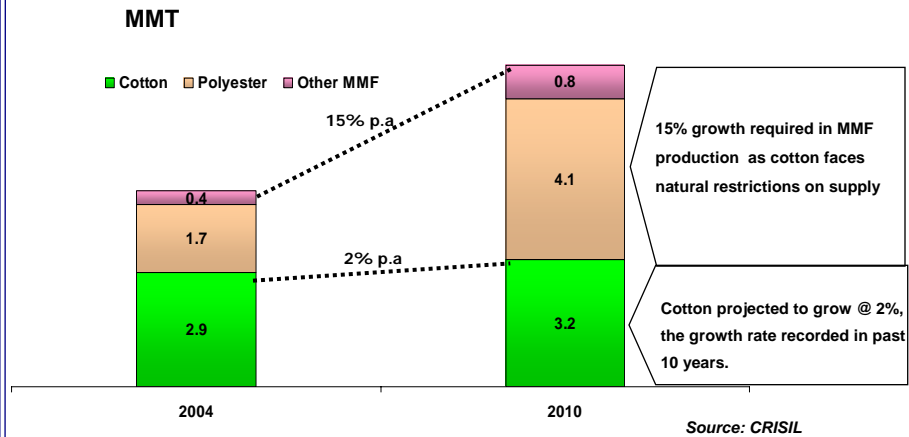
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Price Comparison - Cotton & PSF



Rising cotton prices to improve deltas

India: Textile Vision 2010



Polyester to drive future growth of textile industry in India

2005-06 : Highlights - Polyester



- Textile growth continues to be the key driver fueling Polyester growth - demand growth of 10% during the year
- Changes in the duty structure create opportunity for sustained volume growth – RIL to benefit from expanded capacity
- Significant improvement in deltas on account of reduction in intermediate prices and rising cotton prices
- Reliance poised for investments in high-growth/higher-margin segments in performance polyester products

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Potential: Post Budget



Major Budget initiatives : FY 06/07

- Drop in customs duty (PTA, MEG, POY, PSF) to 10% from 15%
- Drop in customs duty (PET) to 12.5% from 15%
- CVD (modvatable) in lieu of ST @ 4% on imports
- Excise duty on (POY, PSF) reduced to 8% from 16%

Benefits for RIL

- Consumption poised to grow significantly
- Incremental consumption 200 KTA of polyesters

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Polyester: Status of Expansion



PFY (320 KTA)

- Smooth commissioning. Phase 2 commissioning by May end

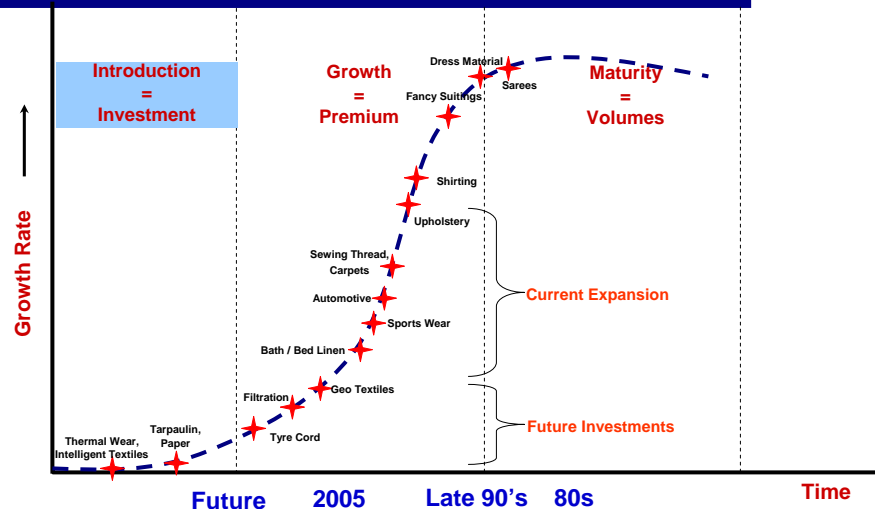
PSF (230 KTA)

- Two lines commissioned. Remaining by April end
- First quality production within **record 24 hours of commissioning**

World's largest polyester expansion - commissioning at the right time to capture delta rise

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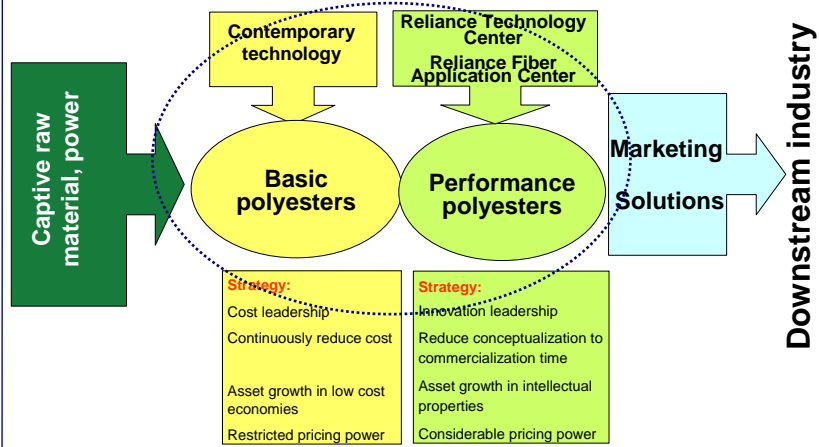
Applications: Segment Life Cycle



RIL expansions to target growth and high margin segments

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Polyester: Product Strategy



Sustainable strategy to maintain leadership

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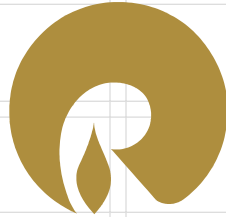
Polyester Summary



- Rising Cotton prices combined with lower availability to encourage polyester consumption in India
- Consumption to grow substantially from low base
- Positive fiscal environment to improve polyester demand
- Reliance well positioned to improve its leadership in volume, product portfolio and earnings

Strong growth momentum across Polyester sector

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Summary

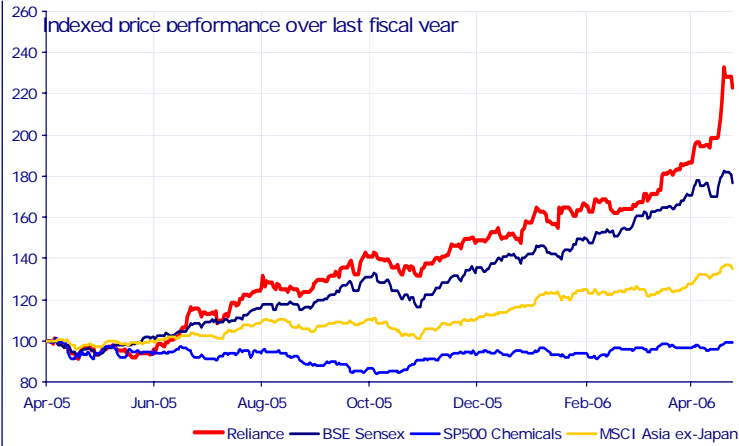
Summary



- Value enhancement of portfolio through investments in Exploration and Production of oil and gas – on target for gas production in 2008
- Positive outlook on refining margins and volume growth with full capacity utilisation
- Stable margins expected in Polymers business
- Significant volume growth in Polyester with expanded capacity

Strong growth momentum in all major businesses

Reliance: Superior Stock Performance

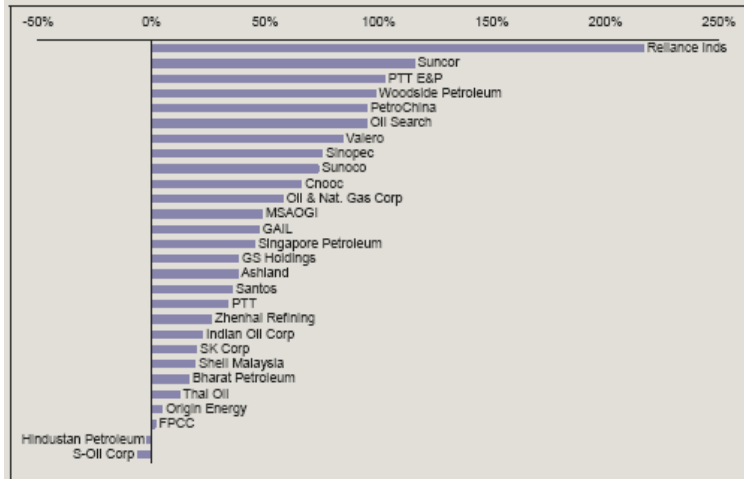


Outperforming most benchmarks in FY 2005-06

Outperforming the Peers in Energy Sectors



12-Month Absolute Share Price Performance





Growth is Life

Thank You