



Reliance Industries Limited

September 2006

RI's Existing Refinery At Jamnagar, Gujarat

Contents

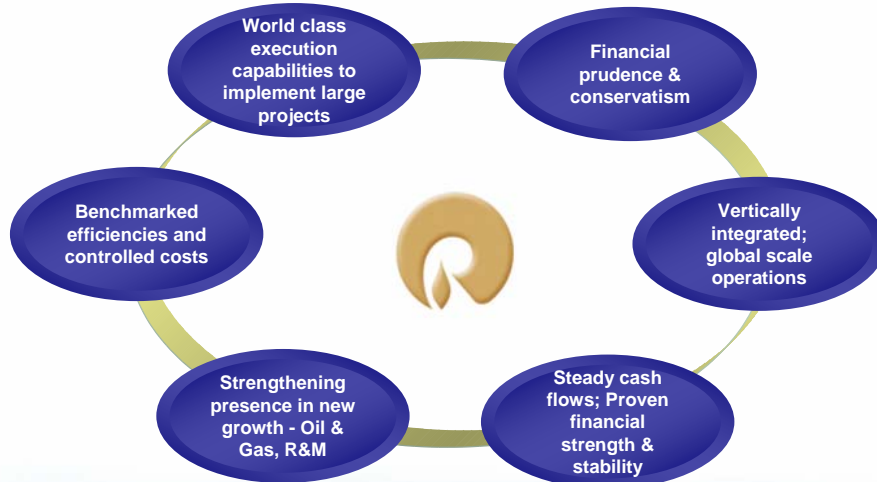


Reliance Industries: An Overview

Business Review

Summary

RIL – Unique Business Model



India's only private sector company in Fortune Global 500

Reliance Industries – India's Proxy



- Revenues of US\$ 19.9 billion
- Cash Profit of US\$ 2.9 billion
- Net Profit of US\$ 2 billion
- 98% of revenues from Refining and Petrochemicals, 2% from E&P & others

India and Reliance

- Revenues equivalent to 2.8% of India's GDP
- 8.2% of India's total exports
- Contributing 8% India's indirect taxes
- 4.7% of the total market capitalization, 11.5% weightage in Sensex



Note: All numbers for FY 2005-06

What is good for India is good for Reliance

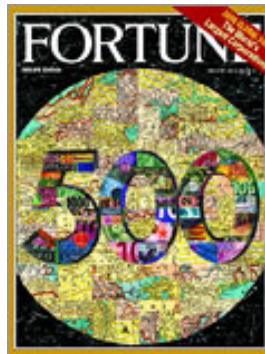
Fortune Global 500



Amongst the 200 most Profitable Companies in the Fortune Global 500

Among the top 25 Climbers – change of 75 ranks

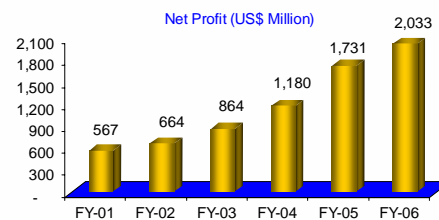
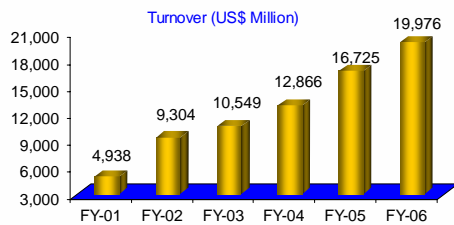
	Global Rank		
Net Sales	342	↑	75
Net Profit	194	↓	11
Net Worth	226	↑	19
Assets	351	↑	6



India's only private sector company in Fortune Global 500 list

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Consistent Growth



Turnover CAGR of 32% and Net Profit CAGR at 29% over 5 years

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Strong Fundamentals

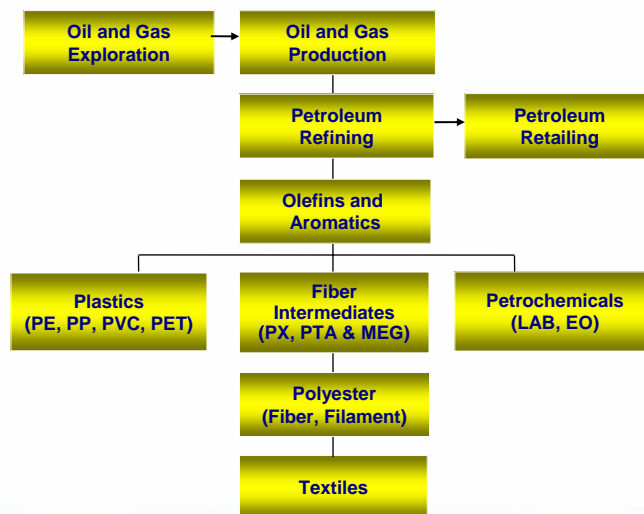


- Strong Cash flows
 - Existing businesses generating cash flows of US\$ 2.9 billion per annum
- Solid Balance Sheet
 - Total Assets have grown from US\$ 4.3 billion to US\$ 20.8 billion over the last 10 years
- Conservative gearing
 - Debt to Equity ratio of 0.47, Net Gearing at 29% as on June 30, 2006
- Top end credit ratings
 - Baa2 Stable Outlook by Moody's
 - BBB Stable Outlook by S&P (above Sovereign Rating)
 - AAA by CRISIL (S&P-India) for the past 12 years

Experience in multi-billion dollar projects on the strength of cash flows with marginal recourse to external borrowings

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Oil to Textiles: Value from Integration



Unique level of integration among the global players

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Domestic Leadership & Global Rankings



Leading Market Shares in India

Polyester ⁽²⁾	56%
Fibre Intermediates ⁽²⁾	87%
Polymers ⁽²⁾	67%
Refining	28%

Dominant market share in India

Leading Global Position

1 Polyester (Fibre & Yarn)	4 Paraxylene
3 Refining ⁽¹⁾	6 Purified Terephthalic Acid
7 MEG	7 Polypropylene

Amongst top 10 global players in all its core businesses

(1) At any single location
(2) Petrochemicals market share incl. IPCL

Leading domestic market shares and global positions

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Tenets of RIL's Value Creation Journey



- Ability to identify and pursue high growth businesses
- Superior execution capabilities in setting up world-class projects in record time
- Global competitiveness and leadership position in most businesses
- Low cost manufacturer and quality service provider
- Integration across the value chain
- Financial conservatism and prudent financing norms
- High standards of Health, Safety and Environment

Consistently Enhancing Stakeholder Value

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Exploration & Production (E&P)



Upstream Business Approach



Large High-Quality Exploration Portfolio



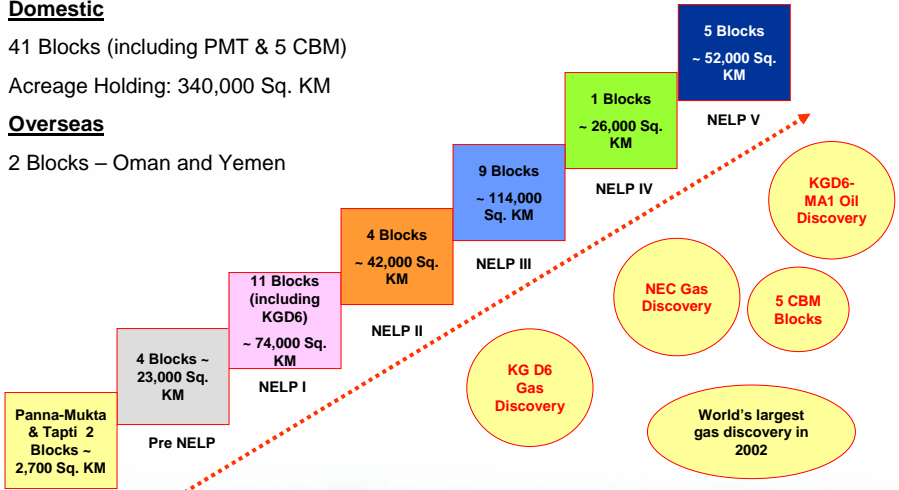
Domestic

41 Blocks (including PMT & 5 CBM)

Acreage Holding: 340,000 Sq. KM

Overseas

2 Blocks – Oman and Yemen

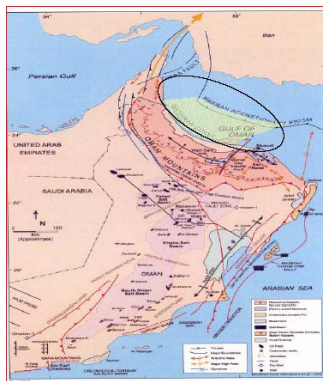


RIL is the India's largest private sector E&P player

International Business



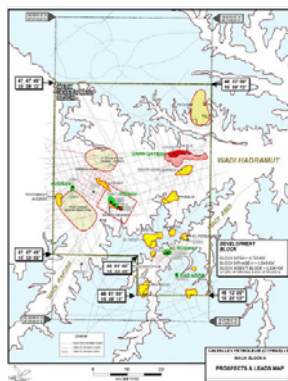
OMAN



21,140 square km, 100% PI

Work Program on schedule
First well to be spudded next year

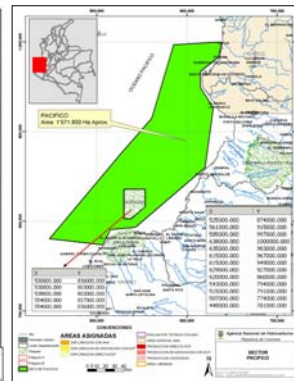
YEMEN



2,464 square km, 25% PI

Producing around 10,000 bpd
Efforts to increase production

COLOMBIA



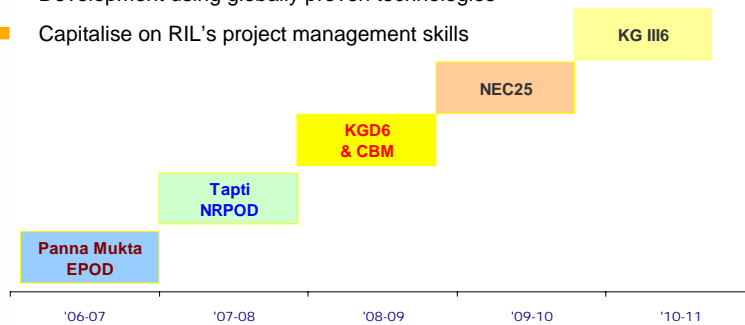
15,718 square km

TEA signed with Eco-petrol
Technical evaluation under progress

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 cash-flow on project completion

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Reserves



- World largest gas discovery in 2002 - Krishna-Godavari basin (14 TCF OGIP) – with further potential upside under exploration
- Discovery in NEC-25- puts Mahanadi offshore to petroliferous map of India (2.3 TCF OGIP)
- CBM Gas – puts Coal Bed Methane in the map of India (3.65 TCF OGIP)
- Crude oil discovery notification was made for the MA1 well in KGD6
 - Signifies a large geological play that could result in future discoveries
 - Testing done in 2 zones located 3 kms below sea level

FY09 will be a watershed change with E&P contributions to overall revenue increasing significantly

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KG D6 – Highlights



- Successful exploration efforts reduce finding costs
- 17 exploratory wells drilled, notified 14 discoveries to the DGH
- Aker Kvaerner appointed as the engineering consultant
- Bechtel is the PMC
- Development Plan for discovery of D1 & D3 fields, currently the most prolific fields in block D6, has been approved
- Capex at US\$ 2.4 billion for production profile of 40 MMSCMD
- High EBITDA potential

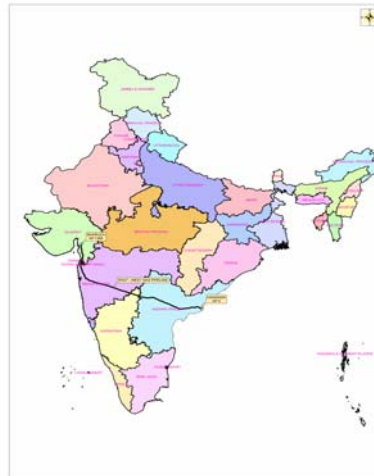
Development of KG-D6 project progressing as planned

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Gas Transportation



- 48 inch – 1,400 KM East West Pipeline across Andhra, Karnataka, Maharashtra and Gujarat
- EWP to provide access to potential gas markets in its corridor
- Leverage deficit gas market in India – current shortfall >100 MMSCMD
- EWPL commissioning synchronized with KGD6 development
- Project implemented by Reliance Gas Transportation Infrastructure Limited



Work on schedule to ensure first gas delivery in FY09

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E&P - Summary



- Diversified and high-potential exploration portfolio
 - Successful exploration efforts reduce finding costs
 - Development of KG-D6 project progressing as planned
 - NEC25: Six discoveries declared as Commercial – development plan under preparation
 - CBM: Commenced drilling in Rajasthan Blocks
 - Environmental Clearance obtained for Sonhat Block
 - Opportunistic expansion of international portfolio
- E&P likely to contribute 15-20% of revenue by 2010

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Refining & Marketing (R&M)

Key Industry Trends



■ Rapid economic growth : “Fueling” energy demand

■ Structural changes in demand composition

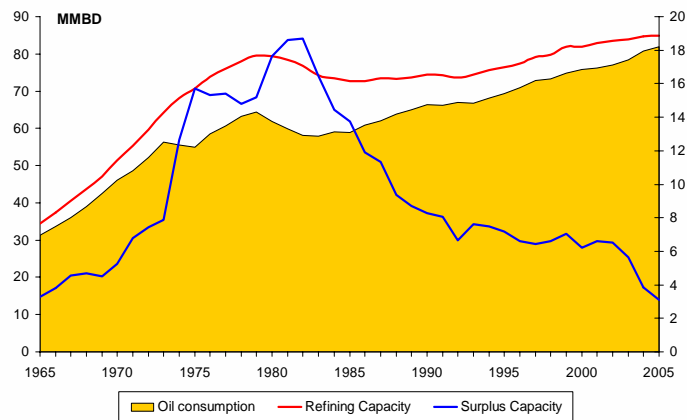
■ Shortage of complex refining capacity

■ Increase in light-heavy spread

■ Stricter environmental regulations

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Stretched Global Refining System

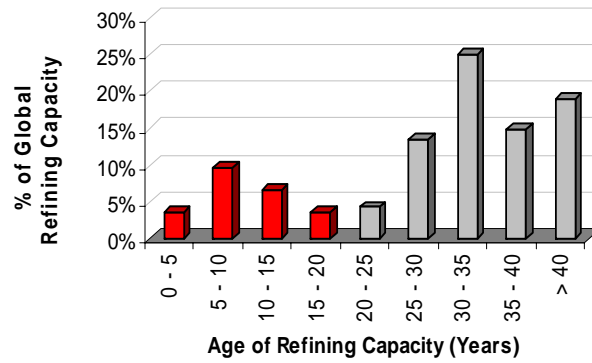


Source: BP Statistical Review of World Energy, June 2005
HART'S World Refining and Fuel Services, Dec'05

Global utilisation rates at its highest in the last 2 decades

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Insignificant Capacity Additions in recent past

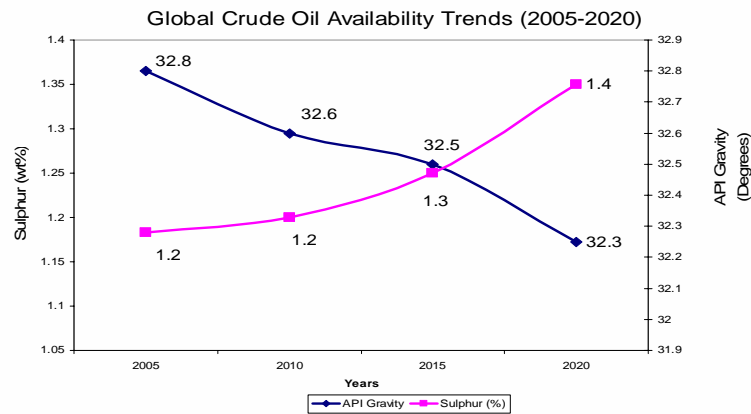


Source: Based on data from BP Statistical Review of World Energy, June 2005

72% of global weighted average refining capacity is aging

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Global Crude Oil Availability Trends

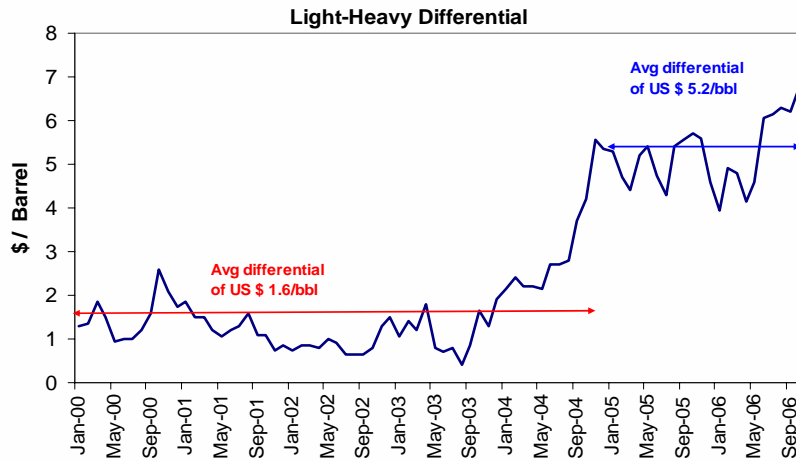


Source: HART'S World Refining and Fuel Services, Dec'05

Global crude oil basket likely to become heavier and sourer, thus favoring higher complexity refineries

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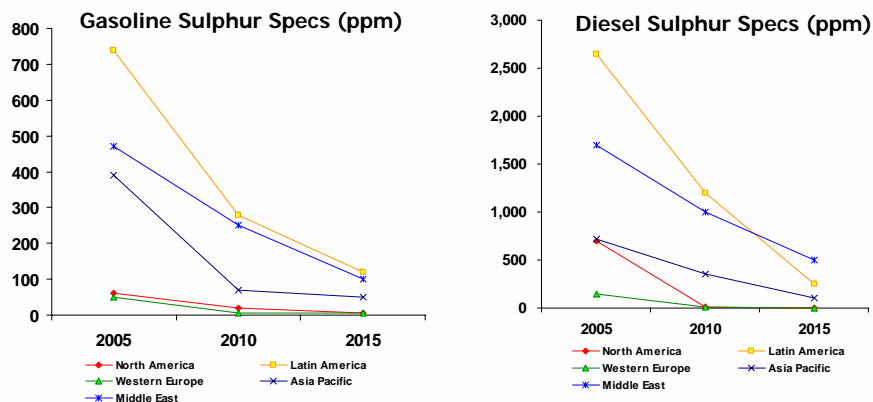
Arab Light and Heavy Differential



Significant differential in Light and heavy over last 5-6 quarters

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Product Specifications Getting Tighter

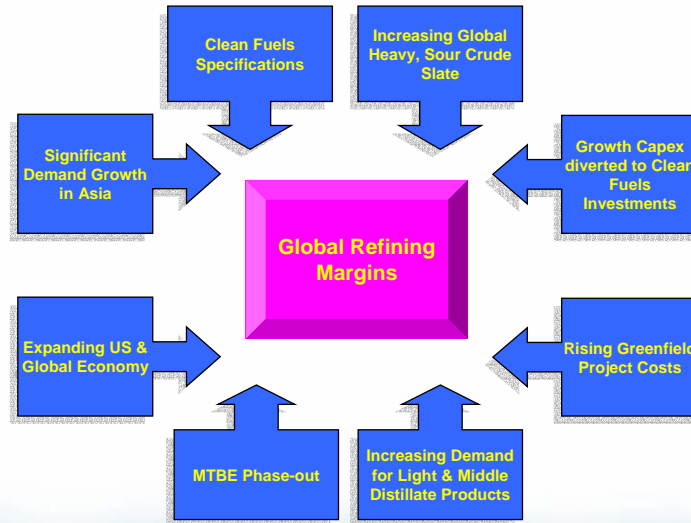


Source: Hart's Downstream Energy Services, World Fuels and Refining Analysis (2002)

Tighter product specs force higher desulphurization requirements

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Structural Strengthening of GRMs



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RIL Jamnagar - World-Class Refinery

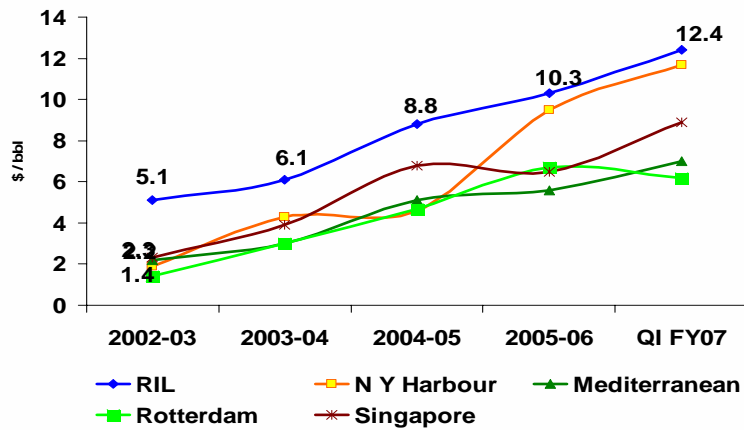


- World's 3rd largest refinery with capacity of 33 million tonnes per annum
- A complex refinery integrated with petrochemicals, captive power & port – Nelson Complexity Index of 11.3
- Proximate to crude supply sources and markets
- Consistently earning \$2 - \$3 / bbl GRMs above the Singapore Complex Margin
- Exporting products to the most quality conscious markets such as the US, Europe and Japan – 51% of refinery volume exported in Q1 FY07

Top quartile performer in productivity, efficiency and technical complexity

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Consistently High GRMs



Source: Reuters / Company Data

Record GRM with RIL outperforming global benchmarks

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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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Reliance Petroleum: A snapshot



- A refinery for the world, located in India
- Investments of US\$ 6bn; Being set up in an SEZ at Jamnagar
- Refining capacity of 580,000 BPSD – to be 6th largest at a single location
- Nelson Complexity of 14.0
- Sustainable competitive advantages; shall allow major margin upside under favorable global industry dynamics
- On fast track implementation, to be fully operational by Dec'08

A Reliance value creation initiative

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Superior Configuration and Product Slate



- Sustainable twin benefits:
 - To process heavier/sourer crude with avg. API of 24
 - To meet superior product specs for European and US markets (Euro IV)

Product	Base Range (MMTPA)
Diesel	12.0 - 13.0
Gasoline	8.0 - 10.0
Jet	1.0 - 2.0
Petcoke	2.0 - 3.0
Alkylates*	2.0 - 3.0
Polypropylene	0.50 - 0.90
Sulphur	0.50 - 0.60

* High Octane gasoline used in the developed markets, trades at a significant premium

RPL's to produce superior spec products to make it a truly global refinery

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Feedstock Flexibility



- RPL expected to be among the top 5% of refineries with extra heavy crudes (below 26 API) processing capabilities
- A high light-heavy crude price delta scenario may lead to significant margin advantage

Feedstock	No. of Refineries	% of Total
Extra heavy crude	31	4.7%
Heavy crude	114	17.2%
Medium crude	260	39.3%
Light crude	135	20.4%
Extra light crude	121	18.3%
Total	661	100.0%

Source: Based on data from Oil & Gas Journal

High level of flexibility to enable RPL to process opportunistic crudes

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Summary of progress in recent months



- Engineering completion on schedule
 - Basic engineering nearly done
 - 25% of detailed engineering completed
 - Over 5000 engineers / managers working across locations globally
- Major purchase commitments made
- Critical and long lead equipments ordered
- Steel and piping bulks committed; Deliveries being effected already
- Infrastructure and construction activities progressing rapidly
- Staffing at Bechtel and others contractor offices saturated
- Project expected to be completed on time and within budget

Project on fast track completion : Positive for margins

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Project cost and timeline risks mitigated



- Early commitment of high value and long lead equipments
 - Benefits of 'repeat' approach maximised
- Booked shop capacities ahead of the competition
 - Competitive prices and delivery schedules
 - De-risking from price volatility of various commodities
- Current procurement status highly conducive
 - Purchase commitments made for over 3/4th of project equipment
 - All long-lead items of equipment & packages committed
- Engineering design work at advanced stage, further minimises the risk

High confidence level for capex & project schedule

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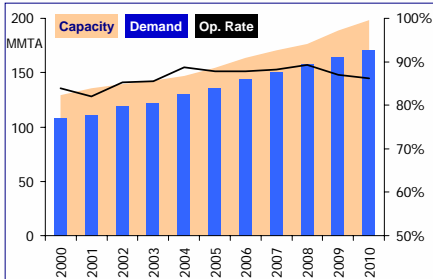


Petrochemicals - Polymers

Polymer : Demand Supply

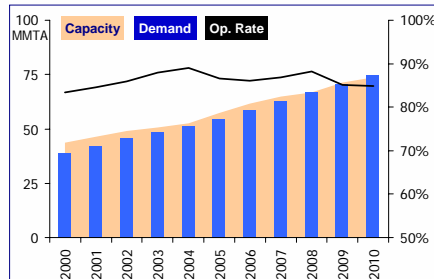


Polymer Demand Supply : Global



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%

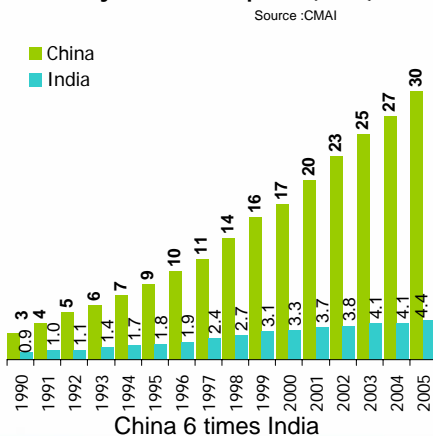
Source: CMAI

Asian demand growth outpacing capacity addition

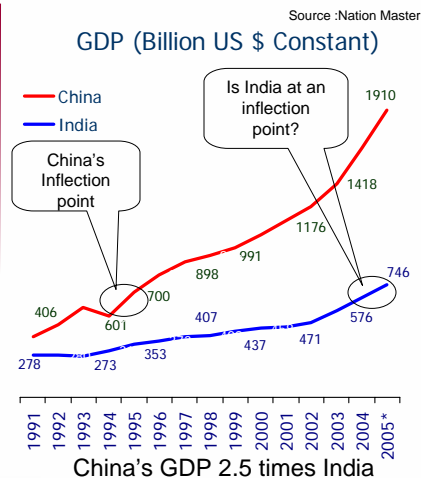
India on a Inflection Point



Polymer Consumption (MMT)



GDP (Billion US \$ Constant)



India has potential to replicate China but with a time lag

India's Leading Petrochemical Player



Diverse Product Range

- Polymers, Polyester, Polyester Intermediaries
- Cracker Products (Ethylene and Propylene)
- Chemicals (Linear Alkyl Benzene, Normal Paraffin)

Market Dominance

- 67% of domestic polymers market
- 56% of domestic polyester market

Unrivalled Performance

- Capacity utilisation rates 100% plus
- Record production of nearly 13.5 million tonnes in FY06
- Recently added capacity of 1.56 million tonnes

Strategic Acquisition of IPCL

- IPCL - India's 2nd largest petrochemicals company
- Enhanced competitive advantages - feedstock integration; infrastructure sharing

Reliance's global scale, competitiveness and emphasis on specialty products allow for leadership in the industry

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Polymer Portfolio: Market Trends



Growth Opportunities

- Indian per capita consumption 4.5kg 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

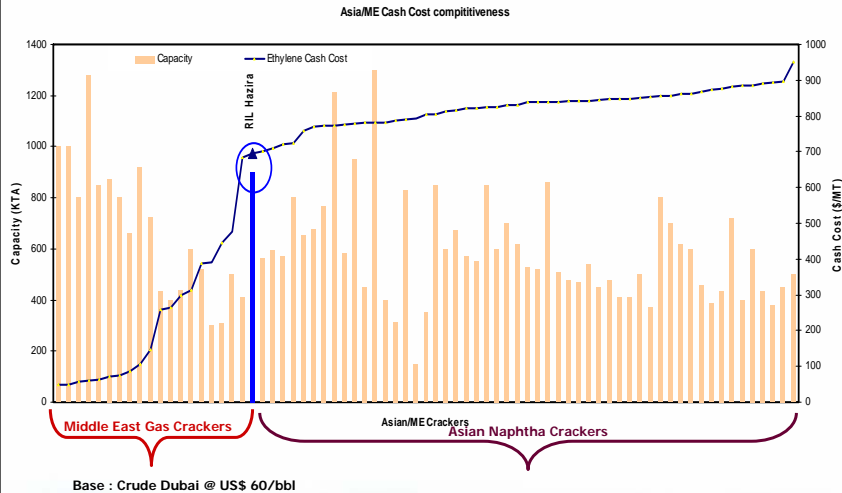
- 75% of Global Ethylene expansion is in Asia and Mid East
- India's participation in export of converted product to West will increase

Emergence of Global markets

- Reliance has locational, structural and cost advantages

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Cash Cost Competitiveness Asia / ME



Reliance : Ethylene Cash cost among the lowest in Asian Naphtha crackers

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Polymers - 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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Petrochemicals - Polyester



Polyester Production: Changing Trends



1980> 2000> 2005

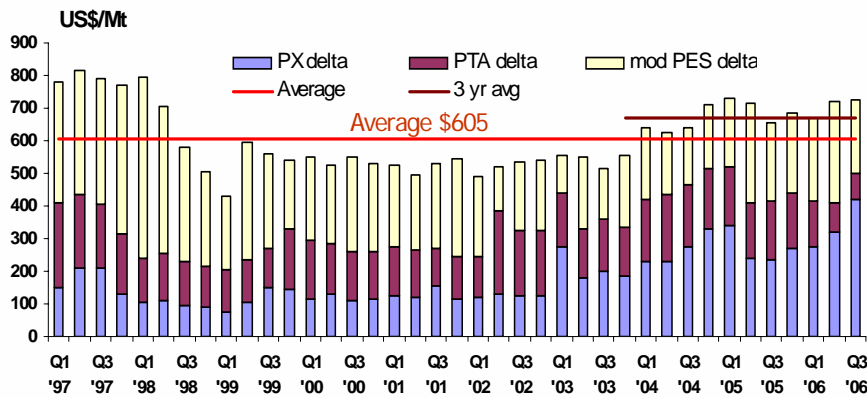
Producer	KTA	Producer	KTA	Producer	KTA
DuPont	841	Nan Ya	1035	Reliance	1700
Celanese	605	Reliance	779	Nan Ya	1080
Hoechst	395	KoSa	700	Sanfangxiang	1050
AKZO	316	Teijin	698	Yizheng	945
Eastman	302	Sam Yang/SS (Huvis)	658	Yuandong	900
Rhone Poulenc	248	Hualon	575	Tuntex	885
Teijin	219	Far Eastern	604	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

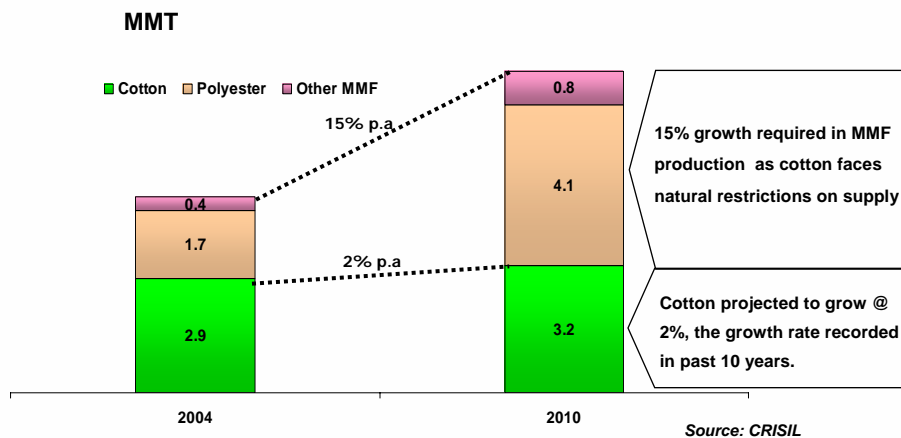
Chain Delta: More Stable



Lower volatility improves investment framework

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India: Textile Vision 2010



Polyester to drive future growth of textile industry in India

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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

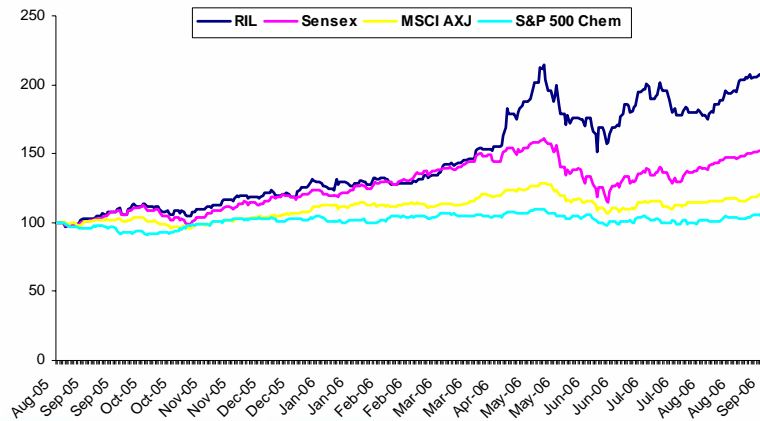


Summary

Reliance: Superior Stock Performance



Relative Stock Performance



Outperforming most benchmarks in last one year

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Summary



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

Strong growth momentum in all major businesses

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Thank You

