Results
Q2 FY 2006-07

Reliance Industries Limited

October 19, 2006

Forward Looking Statements

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Contents

Environment and Business Highlights Q2 FY07

- Petrochemicals production up 17% Y-o-Y and 12.5% Q-o-Q
- Significant expansion in petrochemical margins – record high at EBIT level
- New PTA facility of 730 KTA commissioned in July '06
- Soft GRMs globally while Light-Heavy differential remained high
- Refinery throughput back to normal levels post shutdown in Q1
- GRMs of US$ 9.1 per barrel
- Exports of petroleum products in a quarter touched all time high due to reduced domestic retail sales

Record petrochemical margins offset softer refining margins

Environment and Business Highlights (Con't)

- Performance to be viewed considering:
  - Unplanned partial shut-down at Hazira facility due to floods
  - Production loss of 63 kTA of petrochemicals in Q2 FY07
  - Significant volatility in Crude, product prices and margins during the quarter

Satisfactory performance achieved in a challenging environment

Financial Performance Q2 FY07

Financial Results

(in Rs crore)	Q2 FY06	Q1 FY07	Q2 FY07	% change wrt Q2 FY06	% change wrt Q1 FY07
Revenues	22,893	26,166	29,550	29.1%	12.9%
Net Profit	2,481	2,547	2,709	9.2%	6.4%
Cash Profit	3,462	3,659	3,932	13.6%	7.5%
EPS (Rs)	17.8	18.3	19.4	9.2%	6.4%

Net Profit growth of 9%, Cash Profit growth of over 13%

Higher depreciation on account of VMP and new capacity additions in polyesters and PTA

Financial Results

(in Rs crore)	H1 FY06	H1 FY07	% change H1 FY06
Revenues	42,777	55,716	30.2%
Net Profit	4,791	5,256	9.7%
Cash Profit	6,739	7,591	12.6%
EPS (Rs)	34.4	37.7	9.7%

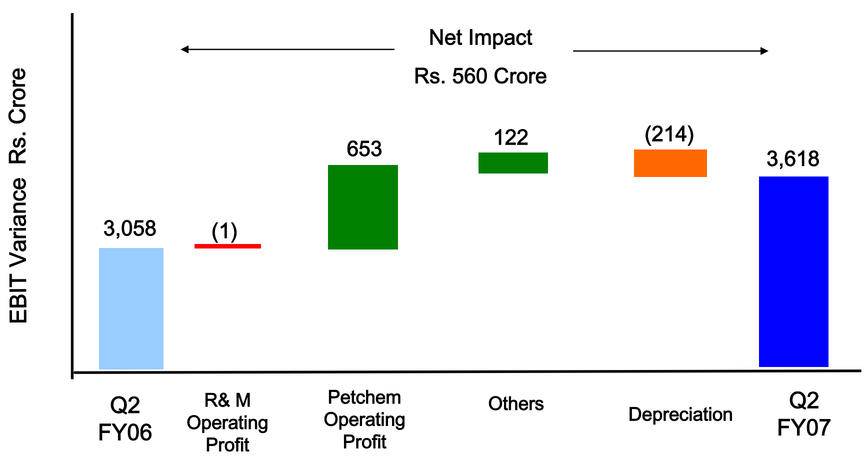
Net Profit growth of 10%, Cash Profit growth of over 12%

Segment Results

(in Rs crore)	Q2 FY06	Q1 FY07	Q2 FY07	% Change wrt Q2 FY06	% Change wrt Q1 FY07
Refining					
Revenues	18,595	20,862	23,208	24.8%	11.2%
EBIT	1,532	2,035	1,489	-2.8%	-26.8%
EBIT (%)	8.2%	9.8%	6.4%		
GRM (US$ / bbl)	10.4	12.4	9.1		
Petrochemicals					
Revenues	8,171	9,787	10,874	33.1%	11.1%
EBIT	1,279	1,087	1,764	37.9%	62.3%
EBIT (%)	15.7%	11.1%	16.2%		

Refining EBIT is lower primarily on account of lower GRM and higher depreciation. Petrochemicals EBIT higher on account of robust polymer and fibre intermediates margins and capacities addition.

EBIT Bridge – Q2 FY07 Vs Q2 FY06



EBIT higher primarily on account of higher operating profit from petrochemicals partially offset by higher depreciation

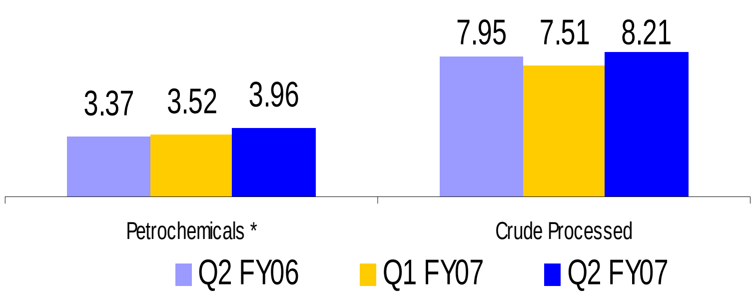
Net Profit – Q2 FY07 Vs Q2 FY06

Net Profit for the quarter up by Rs 228 Crore compared to previous quarter

		(Rs crore)
Net Profit Q2 FY06		2,481
Operating Profit		853
Other Income	(200)	
Interest	(56)	
Depreciation	(214)	
Tax	(155)	
Net Profit Q2 FY07		2,709

Net Profit increase primarily due to increase in operating profit partially offset by lower other income, higher interest, depreciation and tax

Production

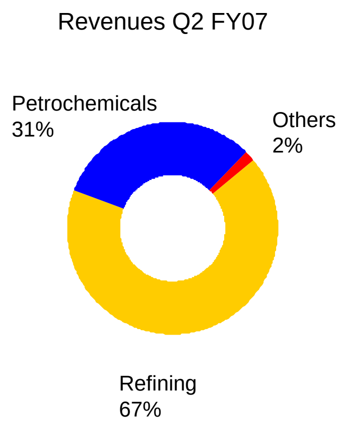


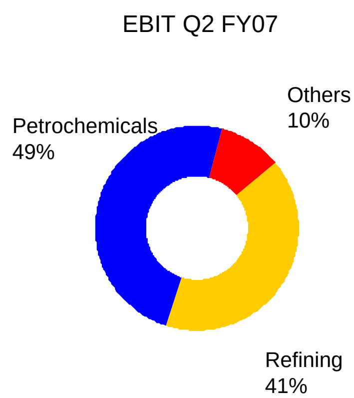
Production / Crude processed in Million Tonnes

** Production includes polyester units of IPCL*

Petrochemical production higher due to commissioning of new PTA capacity at Hazira and ramp up of new polyester capacities

Business Mix for Q2 FY07

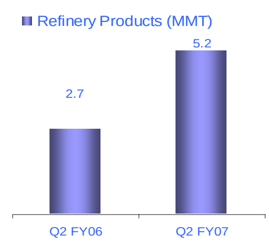


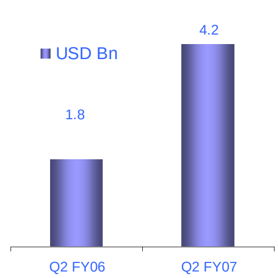


At an EBIT level, Petrochemicals shows significant improvement over trailing quarter as well as on a Y-o-Y basis

Exports

Refining contributes 77%





Exports in Q2 FY07 up 142% compared to Q2 FY06

Exports at 56% of total revenues

Financial Ratios

Ratios	Mar-06	Jun-06	Sep-06
Gross Debt : Equity	0.46	0.47	0.46
Net Debt : Equity	0.34	0.41	0.40
Net Gearing	25%	29%	29%
Interest Cover	7.7	8.1	8.8
Weighted Avg. Cost of Debt (%)	7.0	7.0	7.2
Avg. Maturity of Debt (years)	4.9	4.8	5.2
Forex Debt (%)	63.0	66.0	70.0
ROE (%)	20.6	20.8	20.5
ROCE (%)	20.5	20.5	19.4

Conservative balance sheet allows for 'AAA' rating by CRISIL, and
Investment Grade ratings of BBB and Baa2 by S&P and Moody's respectively

Capex

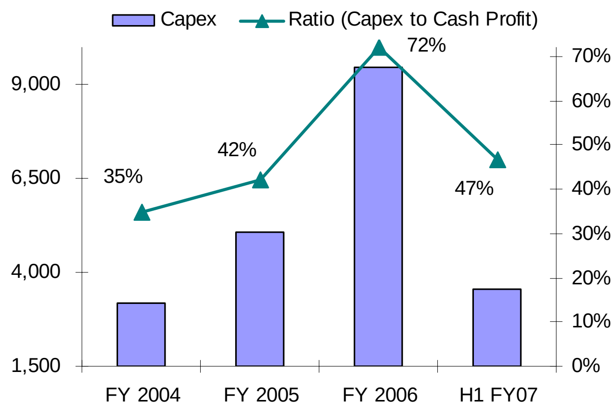
(in Rs crore)	Q2 FY07	H1 FY07
Oil & Gas	774	1,250
Refining & Marketing	462	984
Petrochemicals	21	106
Common	386	1,204
Total	1,643	3,543

Capex about 42% of Cash profit

Majority of petrochemicals and refinery capex in RIL is behind us

New capex largely for E & P

Capex – Cash Profit Trend

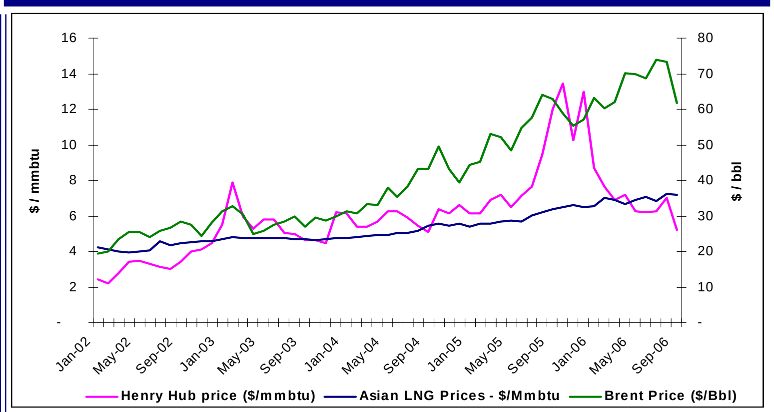


Last three year average Capex to Cash Profit ratio is 50%. Higher ratio anticipated going forward as RIL embarks upon a new growth phase

Business Review

Oil and Gas

Operating Environment - Prices



- Crude declines from a peak of US$ 78.7 /bbl to below US$ 60 /bbl during the quarter

PMT – Status Update

- Panna Mukta Oil production at 37,000 BOPD as compared to 33,000 BOPD in FY 2005-06
- Installation of 3rd compressor train completed and gas sales increased by 28% from 3.9 MMSCMD to 5 MMSCMD in Panna-Mukta
- Average realisation for Panna-Mukta gas was at US$ 4.16 /MMBTU, Tapti was at US$ 4.67 /MMBTU for H1 FY 2006-07 - average realisation for Panna-Mukta crude was at US$ 69 /bbl for the same period
- New platform at Tapti commissioned and has resulted in gas production ramp up from an average of 5.7 to 6.5 MMSCMD from July 2006
- Production in Q2 FY07 hampered due to flooding at ONGC processing facility at Hazira in August

PMT - New Projects

Panna Mukta Extended Plan Of Development (EPOD) Project Status:

Incremental recovery of 18 MMBO and 74 BCF

- Target to increase production to 6.2 MMSCMD gas and 52,000 BOPD oil
- Installation of EPOD Platforms, in-field pipeline & riser completed, remaining work to be completed by March 2007

Tapti New Revised Plan Of Development (NRPOD) Project Status:

Incremental recovery of 5.7 MMSCMD and 4500 BPD of condensate

- All Major Contracts for NRPOD have been awarded
- Completion of fabrication and installation scheduled in 2007

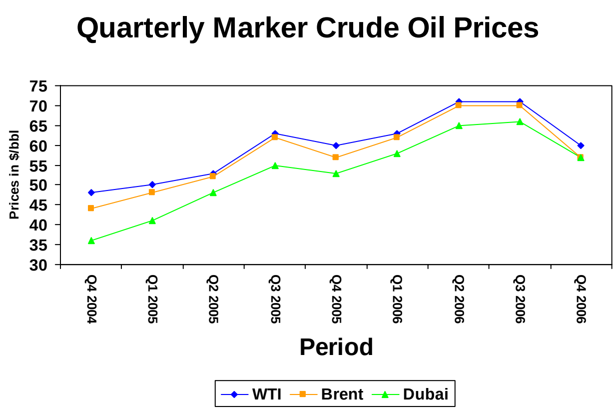
Status Update – KGD6 / Other Blocks

- KGD6
  - All major and long-lead items ordered
  - Ultra-deep water rig operational
  - Commerciality proposal for MA 1 (Dhirubhai - 26) oil discovery to be submitted shortly
- DGH notified of the gas discovery in KG III 5 (Dhirubhai – 28)
- NEC 25 - Development plan at an advanced stage of preparation
- Oman – seismic survey ordered and commenced

Significant momentum in ensuring gas monetization in stated timelines

Refining & Marketing (R&M)

Sharp correction in crude oil prices



Recent Fall in Oil Prices driven by

- Seasonal Factors
- Rising Inventory Levels
- Benign tropical storm season in the Gulf of Mexico
- Easing of geopolitical issues

Limited spare capacity and rising demand may support prices and margins

Gross refining margins expected to improve

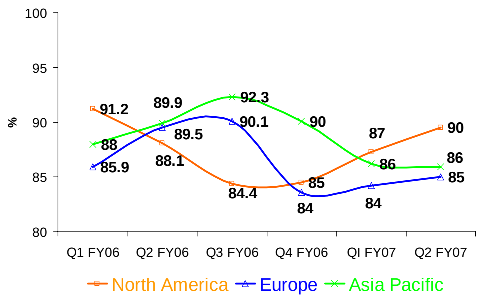
$/bbl	Annual Average			For the Quarter Ended		
	2004	2005	2006	Mar-06	Jun-06	Sep-06
Singapore Complex	6.7	6.9	6.7	4.6	8.9	4.8
US Gulf Coast	5.2	8.9	9.1	6.5	11.7	5.4
Rotterdam	4.8	6.2	5.6	5.0	6.2	5.2

Source: Reuters

- Q3 margins in FY 07 expected to improve as seasonal turnaround is expected
- Limited worldwide conversion capacity indicates that complex margins would remain strong over medium term

Refining margins expected to remain strong

Global Utilization Rates

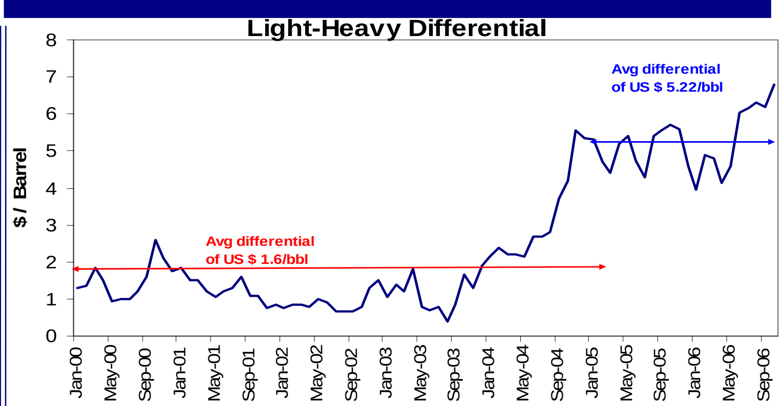


Source: ESAI

- IEA expects:
  - Demand to increase by 5 MMBD till 2009
  - Capacity additions to lag demand
- Utilization rates remained robust but may decline in Q3 FY07 due to seasonal maintenance

Utilization rate show improvement across regions

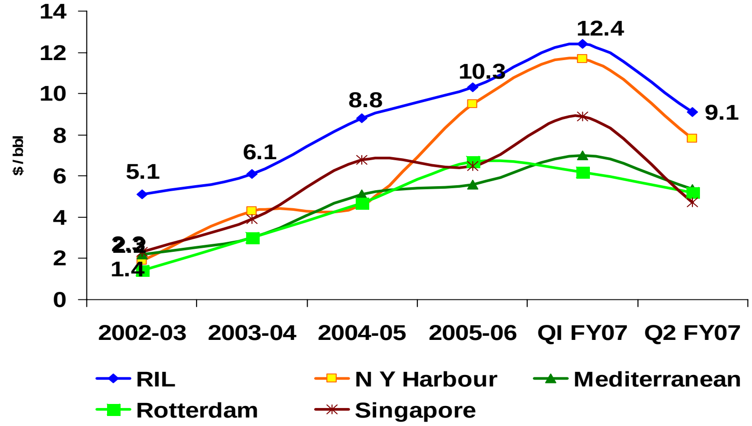
Light and Heavy Differential



Source:Actual AL -AH

- Between 2000 and 2004, light-heavy differential averaged $1.6 /bbl
- Differential has averaged $ 6.2/ bbl for Q2 FY 07
- Complex refineries processing heavier grades enjoy the advantage

Margin Benchmarking



Cracking margins Source: Reuters / Company Data

RIL's premium over Singapore expands to US$ 3-4 per barrel with increasing Light – Heavy differential

Operating Highlights

- RIL's capacity utilization in Q2 was 99% with 8.21 Million Tonnes of crude processed
- Increase in MS and HSD retail selling price above controlled price leads to significant drop in volumes
- Exports continue to grow - 5.2 Million Tonnes in Q2 FY07
- Decline in retail market share on account of negative margins – trend changing somewhat with crude softening
- Support scheme offered to dealers to tide over prevailing situation

Strong performance despite softening of global refining margins

Indian Petroleum Products Demand

('000 MT)	Q2 FY06	Q1 FY07	Q2 FY07	% change wrt Q2 FY06	% change wrt Q1 FY07
ATF	751	935	933	24.3%	-0.2%
HSD	9,070	11,016	9,604	5.9%	-12.8%
MS	2,111	2,345	2,236	5.9%	-4.7%
LPG	2,487	2,419	2,574	3.5%	6.4%
FO/LSHS	3,194	2,899	2,826	-11.5%	-2.5%
Naphtha	2,745	2,499	2,231	-18.7%	-10.7%
TOTAL	25,442	27,847	25,615	0.7%	-8.0%

- Demand for ATF, HSD, MS increased on a Y-o-Y basis but have dropped in comparison to Q1 2007
- Demand for Naphtha/ FO continues to reduce due to replacement by Natural Gas and higher hydel power generation

Demand steady in comparison to Q2 FY06

Refinery Product Sales

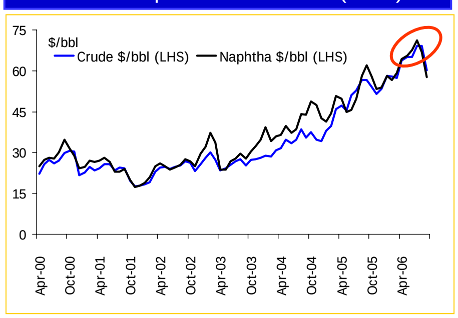
(in million tonnes)	Q2 FY06	Q1 FY07	Q2 FY07	% Change wrt Q1 FY07	% Change wrt Q2 FY06
PSU	1.7	0.7	0.7	-2%	-58%
Captive	1.7	1.7	1.7	-2%	1%
Retail	0.6	0.9	0.2	-82%	-75%
Others	1.3	1.1	1.0	-12%	-28%
Exports	2.7	3.5	5.2	49%	92%
Total	8.0	7.9	8.7	10%	9%

Retail sales reduced on a trailing quarter basis (Q2 '07 vs Q2 '06) due to better export margins

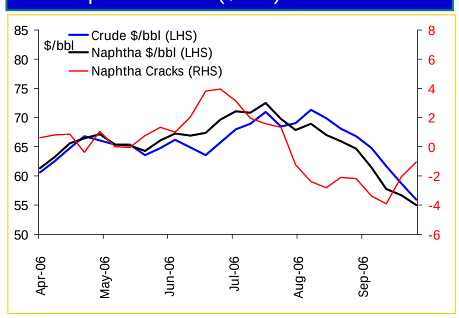
Petrochemicals

Operating Environment

Crude / Naphtha MOPS Prices ($/bbl)



Naphtha Cracks ($/bbl) 1H'FY06-07

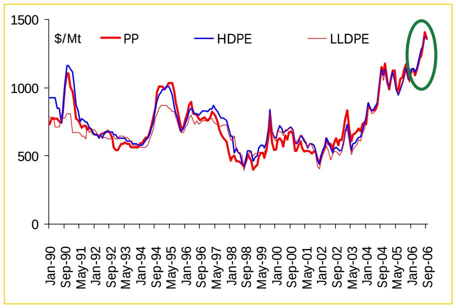


Crude : Dubai, Naphtha : MOPS

- Crude / Naphtha Prices retreating in September after reaching historical highs
- Naphtha cracks turned negative benefiting petrochemical margins.
- Current Naphtha cracks are significantly lower than 3 year average of US$ 4.2 /bbl
- Overall margins improved substantially

Operating Environment (con't)

Polymer Price Movement



Source : Avg. Monthly Price (CMAI from Jan 1990)

Polymer Price Peaks

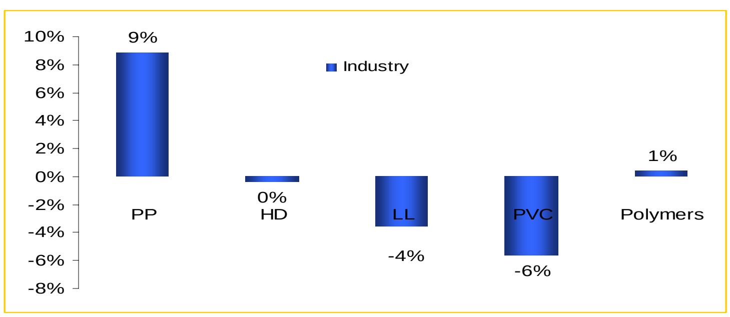
Item $/Mt	Previous Peak		YTD'06-07 Peak	
	Price	Date	Price	Date
PP	1,175	Nov-2004	1,407	Aug-06
HDPE	1,160	Oct-1990	1,374	Aug-06
LLDPE	1,120	Nov-2004	1,369	Sep-06
LDPE	1,420	Nov-2004	1,400	Not peaked
PVC	1,070	May-1995	978	Not peaked

Source : CMAI

- Geopolitical issues in Middle East, outages in Iran and Nigeria resulted in new product price peaks in July
- Margins sustained on higher prices and planned / un-planned shutdowns in Asia

Domestic Demand Growth - Polymers

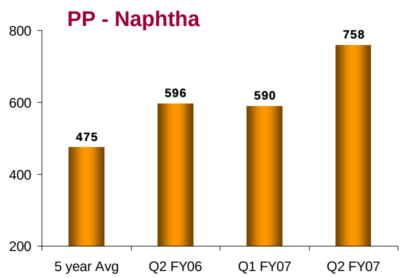
Y-O-Y Industry Growth

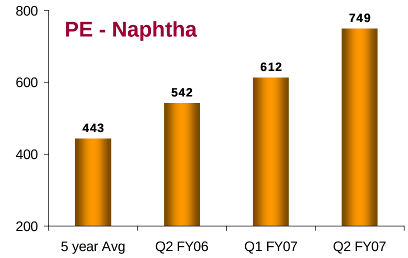


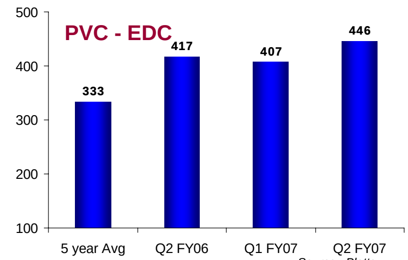
- High pricing scenario leading to modest demand growth
- Downstream consumers continue to stock / de-stock due to volatile pricing environment
- Demand for PVC lower on account of floods in various parts of the Country

Polymer Margins - Q2 FY07

$/Mt



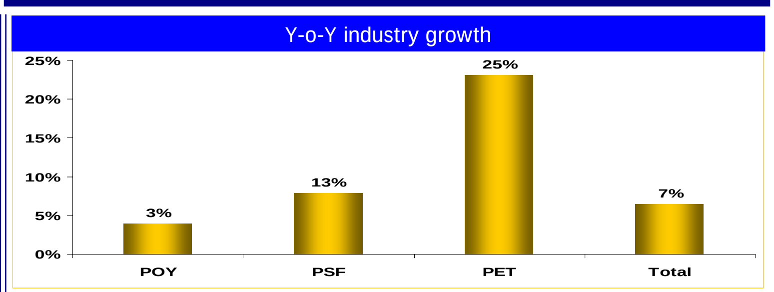




Source : Platts

Near record high polymer margins

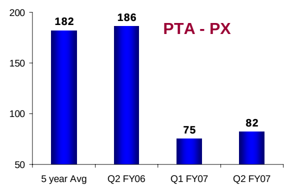
Domestic Demand Growth - Polyester

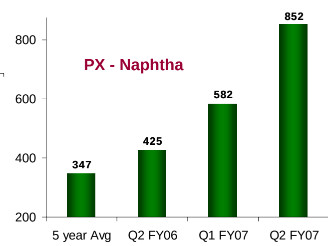


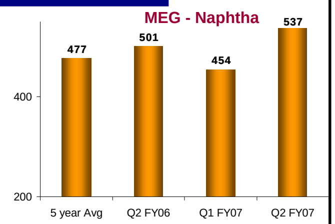
- Floods in major consumption centers affected demand in India
- Accelerated growth in textile exports to USA (up 15% in dollar terms)
- High raw material prices affecting polyester margins - PX prices reached a 10-year, quarterly high

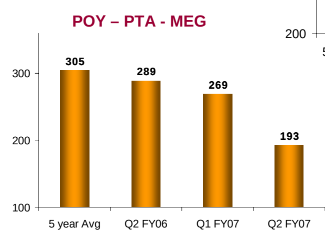
Polyester & Intermediates Margins - Q2 FY07

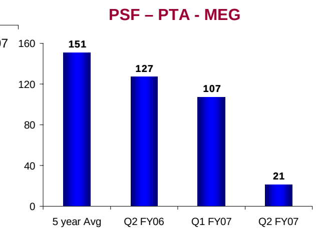
$/Mt









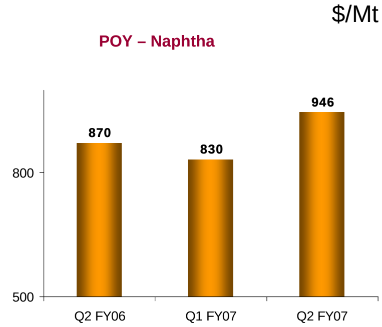


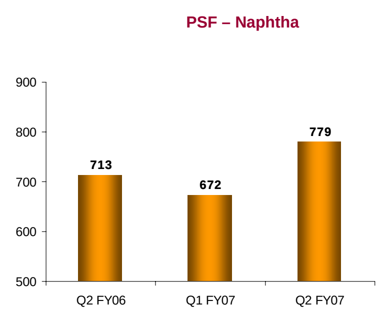
Source : Platts

Significant improvement in fibre intermediates margins

Polyester Chain Margins - Q2 FY07

$/Mt





Source : Platts

Polyester chain margins higher on trailing as well as Y-o-Y basis

Major Associates & Subsidiaries

IPCL

- Successful completion of merger and integration with 6 polyester companies
- Diversified portfolio with further value addition from MEG to Polyester
- De-risked business model to ensure sustainable cash flows for future opportunities
- Strong cash flows and under-leveraged balance sheet allow IPCL to aggressively pursue organic and inorganic growth

IPCL on a new growth trajectory – Adding Value and Creating Wealth

IPCL - Results for H1 FY07

(in Rs crore)	Q2 FY07	Q2 FY06	% Change	H1 FY07	H1 FY06	% Change
Revenues	3,477	2,946	18%	6,848	5,936	15%
PBDIT	755	495	53%	1,376	1,002	37%
Profit before Tax & Extraordinary Items	583	316	84%	1,021	643	59%
Net Profit	351	321	9%	609	554	10%
EPS (Rs)	12.2	11.2	9%	21.1	19.3	10%

Highest Ever Quarterly Operating Profit in a Challenging Environment

RPL - Summary of progress

- Entire 1700 Acres Land acquired
- Basic engineering complete - detailed engineering 50% complete
- Staffing at Bechtel and other contractors saturated
- Critical equipment deliveries on schedule
- Over 7500 engineers and managers working in a seamless manner
- Project expected to be completed on time and within budget

Project implementation as per schedule

RPL Project - Update

Milestone	Expected Completion Date	Months from Zero Date	Current Status
Start of the Project/Zero Date		01-Dec-05	Started
Technology Selection/Project Scope	Jan-06	1	Completed
Completion of Basic Engineering	May-06	6	Completed
Order placement for critical equipment	May-06	6	Completed
Completion of Detailed Engineering	Sep-07	22	Ongoing
Completion of Civil work	Nov-07	24	Progressing
Completion of Equipment Erection	Jan-08	26	
Mechanical Completion	Aug-08	33	
Ready for Start Up (RFSU) All areas	Sep-08	34	
Commencement of operations	Dec-08	36	

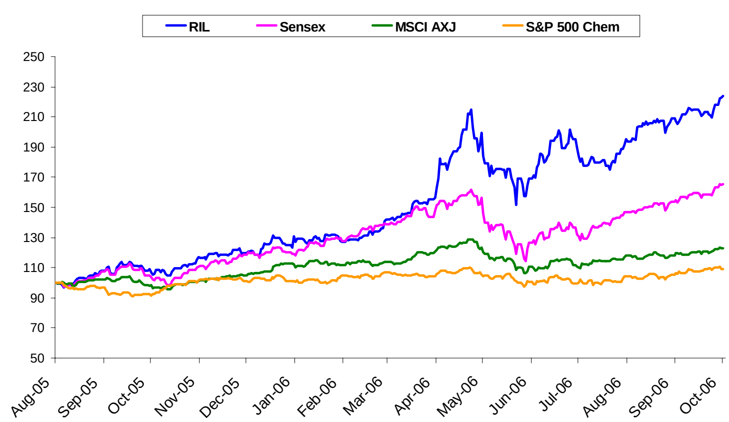
Refinery progressing full steam to commence production in 2008

Summary

Summary

- Volatility in refining margins likely to continue – positive outlook on light-heavy differential
- RIL's existing business to continue to benefit from integration
- Investment of cash flows in large growth opportunities to create significant value for shareholders

Reliance - Stock Performance



Outperforming key benchmarks in last one year

Growth is Life

Thank You