

## Reliance Industries Limited

Investor Presentation

September 2003

### 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.

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# Contents



**Background**

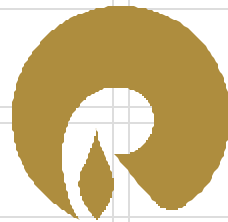
**Upstream & Downstream - Petroleum**

**Petrochemicals**

**Power**

**Infocomm**

**Summary**



**Background**

## Reliance - India's No. 1 Group



	US\$ bn	Rank
Sales	16.8	1
Exports	2.5	1
Cash Flow	2.1	1
Net Profit	1.0	1
Net Worth	7.9	1
Assets	17.1	1
Market Cap	15.5	1

- *Reliance ranks potentially amongst the world's top 200 companies in terms of net profits*
- *India's only fully integrated energy company - Exploration & Production (E&P), Refining & Marketing (R&M), petrochemicals, and textiles - together with interests in Power and Infocomm*

5

## Key Contribution to Indian Economy



	India (US\$ billion)	Reliance (US\$ billion)	%
GDP /Gross Turnover	471.0	13.7	3%
Indirect Taxes	30.0	2.8	9%
Exports	51.0	2.4	5%
BSE Market Cap	149.0	9.8	7%
Weightage in BSE Sensex			15%
Weightage in MSCI India			15%

*Reliance makes the largest contribution to the Indian economy, as a single business house*

6

## Consistent Track Record of Long Term Growth



	CAGR %		
	Since 1977	10 Years	5 years
Turnover	30%	32%	37%
Net Profit	32%	29%	20%
Cash profit	33%	29%	26%
Total Assets	34%	26%	21%
Market Cap	37%	24%	19%
EPS	19%	16%	11%

*RIL has recorded 14 consecutive years of consistent profit growth, through business cycles*

7

## Global Ranking in Major Businesses

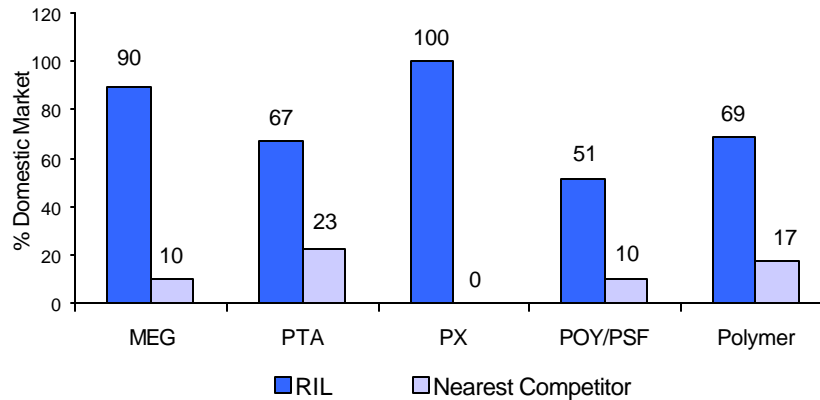


	Global Rank
Polyester (fibre and yarn)	2
Paraxylene	3
PTA	5
PP	7
Refining	4 <sup>th</sup> largest at a single location

*Reliance – amongst top 10 global players in all its businesses*

8

## Leading Market Shares in India



*RIL enjoys leading market shares in the country, in all its major businesses*

9

## Capacities and Technologies



Product	Technology	Capacity (000 MT)
Refinery	UOP / ABB / Foxboro / Rosemount	31,000
Polyester	DuPont, USA	804
Paraxylene	UOP, USA	1,646
PTA	ICI, UK	1,286
LAB	UOP, USA	100
Polyethylene	Novacor Chemicals, Canada	435
PVC	Geon Company, USA	300
MEG	ABB Lummus Crest, Netherlands	360
Ethylene Cracker	Stone & Webster, USA	750
Polypropylene	John Brown, UK (Unipol process)	1,050
PET	DuPont, USA	300

*Reliance's manufacturing facilities are all based on contemporary leading technologies, with world-scale capacities*

10

## Corporate Philosophy



- World scale, and world class
- State-of-the-art technologies
- Integration
- Global competitiveness
- Leadership in chosen areas of business
- Superior Project Execution
- Financial Conservatism
- Highest standards for Health, Safety and Environment
- Consistent overall shareholder value enhancement

*Reliance benchmarks itself with global best practices in all aspects of its operations*

11

## Reliance - India's Largest Exporter



- Reliance is by far the largest exporter in India with exports of US\$ 2.4 billion
- RIL exports its petroleum and petrochemicals products to over 100 countries
- Exports still account for only 18% of Reliance's turnover
- New export offices opened in 18 countries

	India	Reliance	%
Total Exports (US\$ billion)	51	2.4	5%

*Reliance's record exports demonstrate the international quality of its products, and its ability to compete with global leaders*

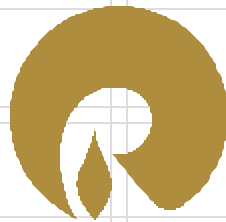
12

## Reliance's Financial Strength



- Reliance's total assets have grown from US\$ 1.9 billion to US\$ 13.42 billion over the last 10 years
- This has been achieved with the debt:equity ratio being brought down down from 0.84 to 0.6 in the same period, indicating financial conservatism of a high degree
- Reliance has consistently maintained its 'AAA' credit ratings, indicating the company's financial strength and flexibility
- Reliance's cash flows at current levels for less than 2 years are adequate to extinguish its entire net debt

*The scale of Reliance's operations enable the company to take up multi-billion dollar projects on the strength of its own cash flows*



**Petroleum Business**



## Exploration & Production

Gas Marketing & Transmission

Refining & Marketing

# E & P – Opportunities in India



- Petroleum Demand Supply Scenario in India:
  - Deficit of 83 million tonnes of crude oil per year
  - Deficit of 30 billion cubic metres of gas per annum
- Gas Demand Projection:
  - Current domestic demand is 151 MMSCMD
  - Demand expected to touch 231 MMSCMD in next 5 years
- Reliance's investments in E&P will:
  - Contribute to higher energy security for the country
  - Enhance integration levels for Reliance

Oil imports the single largest import item – US\$ 17 billion, in 2002-03

Current gas supply is just 65 MMSCMD

Window of opportunity for Reliance

*Reliance's E&P initiatives will add significantly to profitability, while enhancing economic and energy security for the country*

## Reliance's Upstream Assets

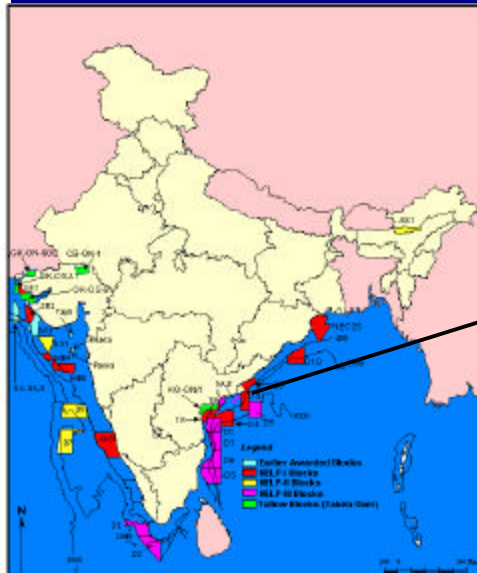


- Reliance holds 30% interest in the producing Panna, Mukta and Tapti oil and gas fields – current revenues are US\$ 170 million per year
- Reliance has acquired 32 blocks in India in the last few years – 90% interest in 25 blocks, and 40% - 100% interest in remaining blocks
  - 2 blocks in pre-NELP round of bidding
  - 12 blocks in NELP-1
  - 4 blocks in NELP-2
  - 9 blocks in recent NELP-3
  - 5 acquired blocks
- Reliance also has two Coal Bed Methane blocks with an area of about 1000 sq.km. – preparatory work for drilling is on
- 17% interest in 1 onshore block in Yemen – oil already struck

*RIL is the largest private sector E&P operator in India, with total acreage of over 288,000 square kilometers*

17

## Reliance's Exploration Portfolio



Exploration Portfolio (>288000 Sq.km.)	
Pre-NELP Blocks	2
NELP I Blocks	12
NELP II Blocks	4
NELP III Blocks	9
Acquired Blocks	5
<b>Total</b>	<b>32</b>

**Gas Discovery -  
KG DWN 98/3 (D6)**

18

## World Scale Gas Discovery – KG-D6



- The largest gas discovery in the world in 2002 - India's biggest gas discovery in nearly three decades
- Gas in-place : 14 Trillion Cubic Feet - Capable of producing 60 MMSCMD - The current supply of natural gas to consumers in India is only 65 MMSCMD
- Further exploration has the potential to significantly increase the gas in-place in KG-D6 Block - about 80% of the block still to be explored
- Exploration and delineation programme being firmed up - drilling campaign to commence in December 2003
- First gas planned in 24-30 months from Zero Date, based on timely receipt of various government and other approvals

*Reliance will alter the oil and gas industry landscape in India*

19

## Significant Contribution to Reliance's Future Revenue Stream



- This gas discovery will lead to an incremental revenues of nearly US\$ 2 billion for Reliance
- EBITDA margins in this business are generally in the range of 40%-50%
- Estimated pay-back period of 3-4 years conservatively
- Revenues from Oil & Gas business will enhance, and provide stability to, RIL's existing earnings stream from refining and petrochemicals businesses

*The contribution of the Oil & Gas business to RIL's revenues and profits will grow significantly in the future*

20

## Attractive Policy Framework



- No customs duty on equipment imported for the project - resulting in lower capital costs
- Complete marketing rights - enabling Reliance to optimise realisations from the domestic markets
- US\$ denominated prices for oil and gas
- 100% tax write-offs on expenditure/depreciation - providing a tax shield on income from existing operations
- Complete 7 year corporate tax exemption

*Significant fiscal and other incentives will enhance RIL's overall returns from the E&P business*

21

## E&P – Key Associates & Human Resources



- Development concept being finalized in collaboration with the internationally reputed consultants, Aker Kvaerner
- Reservoir development plan under preparation with assistance from DeGolyer & MacNaughton of the US
- Environmental Impact Assessment studies initiated for offshore & onshore portions through NIO & NEERI
- Reliance's Oil & Gas division has a committed world class Human Resource pool
- This division is keeping pace with the growing needs – organization has grown by more than 10 times to about 300 over last three years
- Each person has access to world class technology and processes

*A combined experience of about 2000 man-years working in top drive to realize the shared dream*

22

# Gas Marketing & Transmission

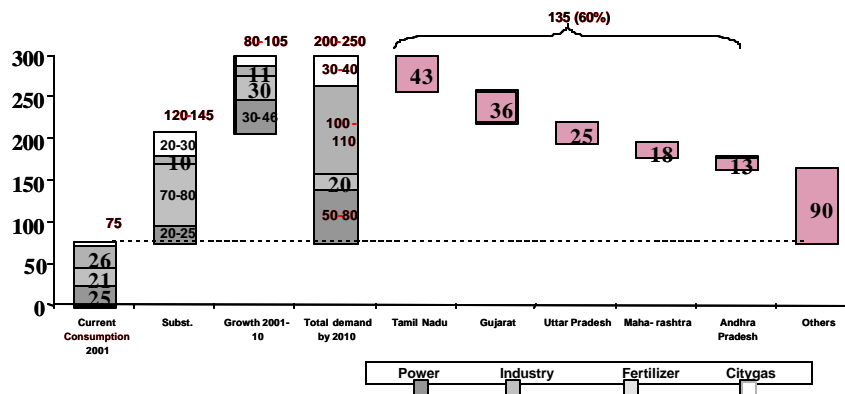


## Market & Transmission

# KG-D6 - Projected Gas Demand



Gas demand projection by segment and by key states



(1) Gas currently being used as feedstock as petrochemicals also catered  
 (2) Includes 4 MMSCMD of replacement and 15 MMSCMD of additional demand growth  
 (3) Based on Cris Infc estimates 27 and 17.3 MMSCMD

*India is a hugely gas deficit country*

## Superior Economics of Domestic Gas over LNG

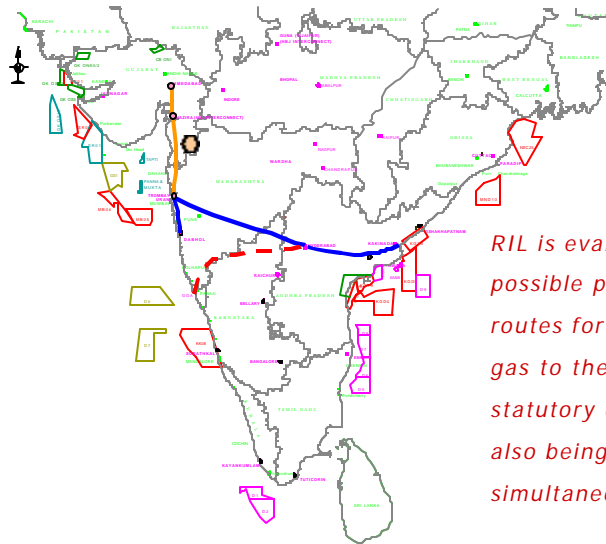


- Fate of LNG projects under development in India now uncertain
- No country imports LNG if the market can be served by domestic gas - major LNG importers are only countries like Japan, South Korea & France
- Private producers in India are presently charging gas prices capped at \$3.11/mmbtu for gas from old gas fields, and \$4.75/mmbtu for some of the new gas fields
- With deregulation in coming years, gas prices are likely to reach an equilibrium based on the supply-demand economics

*Gas from Reliance's finds in India will be far more competitive than imported LNG*

25

## Gas Pipeline – Options



*RIL is evaluating possible pipeline routes for bringing gas to the customers - statutory clearances also being pursued simultaneously*

26

## Petroleum Business



Exploration & Production

Gas Marketing & Transmission

Refining & Marketing

27

## Petroleum Products - Strong Demand Growth



Compounded Annual Rate of Growth - Petroleum Products in India

	LPG	MS	NAPHTHA	ATF	SKO	HSD	All Products
1990-2000	10.3%	5.2%	12.2%	2.8%	3.5%	6.4%	5.8%
1980-2000	14.8%	7.0%	8.0%	3.4%	5.3%	6.9%	5.9%
1970-2000	12.7%	4.8%	8.7%	3.9%	4.4%	8.1%	5.8%

*India has consistently witnessed a healthy CARG of nearly 6% in demand growth for petroleum products*

28

## High Complexity World Class Refinery



- Reliance operates the world's largest grassroots refinery, processing 31 million tonnes per annum of crude – increasing to 33 million tpa by 2004
- 30%+ capital cost per tonne advantage over its global peers
- One of the most complex refineries - Nelson complexity index of 13.7 (including petrochemicals) – contributing to higher gross refining margins
- Processing heavy/ light crude in 70:30 mix leading to optimisation of crude cost by \$ 1–2 /bbl - capability to produce higher value products from lower cost, heavier grade crude

*Reliance's refinery is India's only private sector refinery with a domestic market share of 25%*

29

## Lowest Capital Cost Refinery in Asia



Company	Commissioning year	Capacity (Mbpsd)	Capital Cost (\$ million)	Cost per Unit capacity (\$ per bpd)	Nelson Index
MRPL, India	1996	60	670	11.2	6.5
Shell, Malaysia	1996	125	1,978	15.8	4.14
Star Petro, Malaysia	1996	150	1,820	12.1	-
IOC, Panipat, India	1998	120	986	8.2	6.31
RIL - only Refinery	1999	540	3,209	5.9	9.93
- with petrochemicals	1999				13.77

*Significant savings arising from completion of Asia's most complex refinery at 30-50% lower per tonne capital cost*

30

## Comprehensive Logistics Infrastructure



- Refinery site in close proximity to crude oil supply sources in Middle-East
- Dedicated all weather port capable of handling VLCCs – resulting in optimisation of crude delivery cost
- Integrated product evacuation infrastructure through rail, road, sea, and pipelines enables cost effective and timely evacuation
- Integrated captive power facilities

*Reliance has dedicated access to India's largest port, comprehensive logistics infrastructure and captive power facilities*

31

## Reliance – Superior Refining Margins

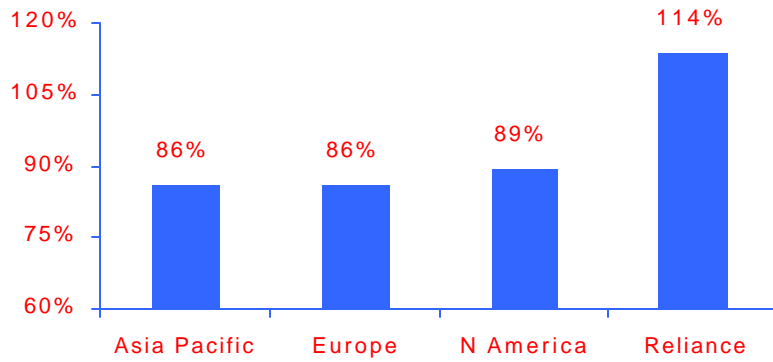


(US\$/bbl)	Last 3 years Average
Reliance	5.2
Singapore	2.4
<i>Delta</i>	<i>2.8</i>
Rotterdam	1.1
<i>Delta</i>	<i>4.1</i>
NY Harbor	1.8
<i>Delta</i>	<i>3.4</i>

*High complexity, superior product slate, ability to optimise crude mix ensure superior GRMs for RIL under all scenarios*

32

## Industry-wide Capacity Utilisation



*Reliance's refinery is consistently operating at around 115% capacity utilisation levels*

## Marketing



Retail Marketing

## Future Growth Opportunities



- Reliance will capture marketing margins through its entry into retail marketing of transportation fuels
- RIL has approvals for setting up over 5,800 retail outlets – work underway to set up 1,500 retail outlets in Phase 1 by April 2004
- State-of-the-art retail network with higher throughput per outlet compared to existing industry averages
- Marketing agreement with government oil companies IOC, HPCL, and BPCL for offtake upto March 2004 – separate agreement with IOC till 2008

*Reliance's entry into marketing will enable it to achieve downstream integration, and enhance overall return on capital*

35

## Retail Business Environment



	Industry Position Today	Reliance Plans*	Industry Position
No. of ROs	18,500	2,300	20,800
Market Size (mmtpa)	29	6.4	30
Average Sales (mt/RO)	130	230	120

- Reliance targets: 22% market share with 11% of total ROs selling nearly double the industry average
- At double the Industry average, we have a compelling value proposition

\* GOI approvals for 5,849 ROs

36

## R & M – Key Business Strategy



- Outstanding experience to the customer thro' use of internationally proven technologies from Flying J, Leading HSD retailer in US
- Unique value proposition for each customer segment
- Thrust on cost-effective retail network of high quality
- Minimum logistics cost to gain competitive edge
- Leveraging of IT/Infocomm infrastructure as a key differentiator in RO operations

*Highest customer value at lowest total cost*

37

## R & M – Supply Chain Management



- A state of the art system now under implementation to facilitate an efficient management of supply chain from crude to retail outlet
- This system will ensure
  - Prevention of dry out at any retail outlet
  - Optimal cost of primary & secondary distribution
  - Optimal inventory levels at refinery, terminals & retail outlets
  - Efficient management & control of distribution fleet

*Leading edge Supply Chain Management System to back up retail sales*

38

## R & M – IT Integrated RO Operation



- Stock information available realtime at terminal / HO
- Online price changes from central command centre
- Online performance evaluation for each RO
- Multiple options for payments at RO- bank credit / debit cards, Reliance fleet / loyalty cards etc.
- High band width communication network offers sub-second response for identification/payment authorization
- Connectivity for bank ATMs even in remote ROs
- State of the art communication facilities for enhanced fleet efficiency including vehicle tracking

*Reliance will transform the total customer experience with the launch of its retail outlets for marketing transportation fuels*



**Petrochemicals**

The slide features a large grid background. In the center, the Reliance logo is displayed. Below the logo, a dark blue rectangular box contains the word "Petrochemicals" in white, bold, sans-serif font.

## Low Per Capita Consumption in India



- India - amongst the largest and fastest growing petrochemicals markets in the world – consumption expected to treble every decade

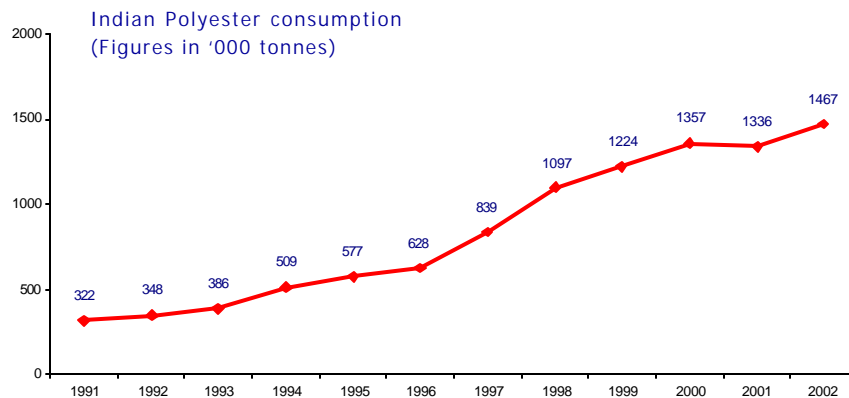
	India	China	World
<b>Polyester</b>			
Per Capita Consumption (kg)	1.5	6.8	3.3
Absolute Consumption (million tonnes)	1.5	7.2	19.4
<b>Polymers</b>			
Per Capita Consumption (kg)	3.8	18	20
Absolute Consumption (million tonnes)	3.8	20	120

- Strong double digit demand growth - India to be the 3rd largest polymer market in the world by 2010

*Strong growth potential and prospects for petrochemicals in the Indian market – characterised by low per capita consumption*

41

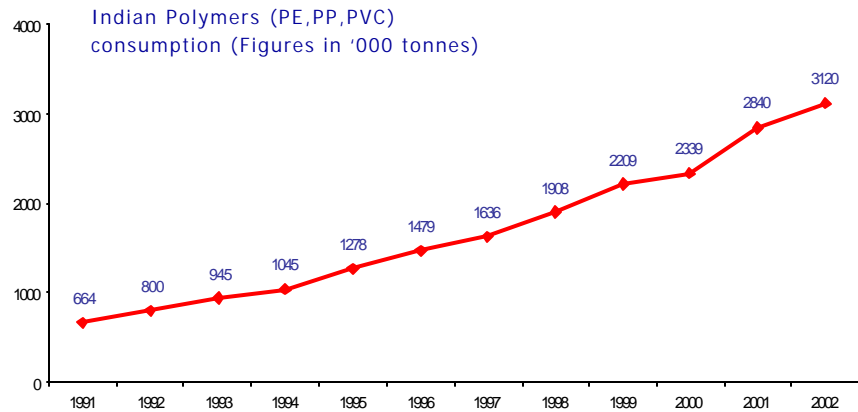
## Polyester – Consistent Growth in Demand



*Indian polyester consumption - grown at CARG of 15% over the last decade*

42

## Polymers - Sustained Demand Growth



*India's polymers consumption has grown at CARG of 14% over the last 10 years*

43

## Slowdown in Global Ethylene Capacity Addition



Growth in Ethylene capacity saw significant slowdown in 2002

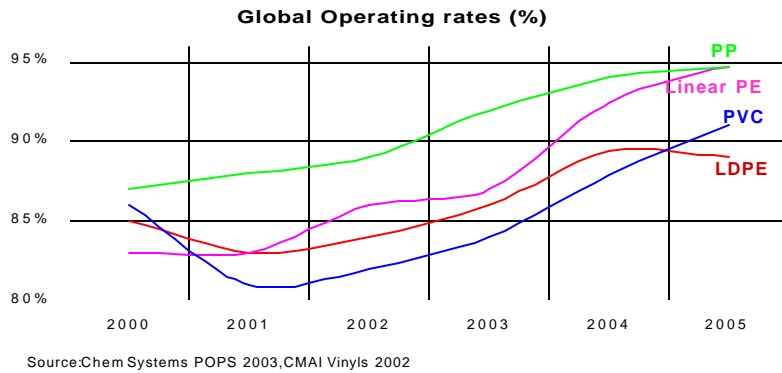
	Ethylene capacity (MTPA)		Change	
	Jan-03	Jan-02	MTPA	%
Asia Pacific	28.3	27.1	1.2	4.4
Eastern Europe /FSU	7.4	7.5	-0.1	-1.3
Middle East / Africa	10.0	9.4	0.6	6.2
North America	35.8	35.4	0.4	1.2
South America	4.3	4.3	0.0	0.0
Western Europe	23.5	23.2	0.3	1.4
Total Capacity	109.4	107.0	2.4	2.2

Source: Oil & Gas Journal, March 31, 2003

*Only 2.4 mn tonnes of net additions compared to 6.2 mn tonnes in 2001..... lowest net addition of capacity since 1993...*

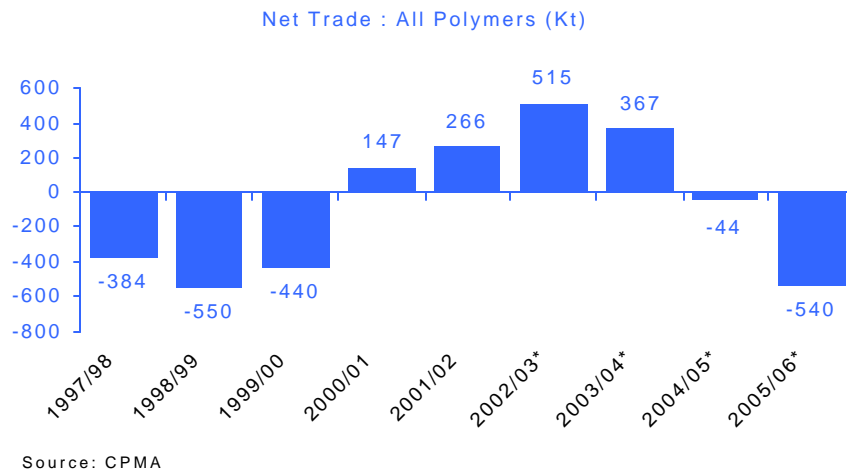
44

Operating rates expected to show steady improvement from current trough



.....which are likely to lead to significant improvement in margins

Deficits in Polymers will begin to emerge by 2004-05



Reliance to benefit from these opportunities.....

## Reliance – India's Leading Petrochemicals Player



- Hazira Cracker – @ 750,000 tonnes per annum is one of the largest multi-feed crackers in Asia
- Capacity
  - Polyesters (PFY/PSF/PET) 0.9 MMTPA
  - Fibre intermediates (PX/PTA/MEG) 3.0 MMTPA
  - Polymers (PE/PP/PVC) 2.6 MMTPA
- Capacity utilisation rates 100% plus – achieved record production of nearly 12 million tonnes in FY 2002-03
- Reliance leads in industry consolidation – acquired polyester capacities of over 250,000 tonnes in the last three years

*RIL's global scale and competitiveness have contributed to its leadership in the petrochemicals industry*

47

## Emphasis on Higher Margin Speciality Grades



	Speciality as % of Total Volume FY-03	Premium over Commodity (US\$/MT)	(%)
POY	32%	65 - 450	3% - 28%
PSF	60%	20 - 700	1% - 50%
PE	14%	10 - 45	3% - 16%
PP	22%	15 - 100	1% - 7%
PVC	14%	40	5%

*Reliance is consistently increasing its emphasis on premium speciality grades to further enhance margins*

48

## RIL – New Investment in Petrochemicals



- Reliance has planned over 2 million tonnes per annum of additional capacities over the next three to five years

	(capacity in million tonnes)		Increase
	Current	Future	(%)
PX / OX	1.65	2.25	36%
PP	1.00	1.40	40%
MEG	0.36	0.50	39%
PTA	1.28	1.78	39%
PSF	0.30	0.34	13%
PET	0.08	0.30	275%
Styrene	-	0.55	-

*Reliance's investment plans in petrochemicals are aimed at capturing the benefits of rapidly growing domestic markets*

49

## Improving Profitability in a scenario of Declining Import Tariffs



- Reliance anticipated the sharp reduction in import tariffs, and implemented appropriate strategies to counter the same:

	1993	1994	1995	1996	2001	2002	2003
Peak Tariff (%)	110	85	65	50	40	35	30
Peak Tariff (%) Reliance Products	110	85	65	45	30	30	25
Net Profit (US\$ Mn)	102	184	338	380	567	665	864

*Reliance has consistently generated increased profits despite the sharp reduction in import tariffs over the past decade*

50

## No Significant Impact of Tariff Reduction in Future



	2002	2003	2004	2005	2006
Peak Tariff (%)	35	30	25	20	20
Peak Tariff (%) (Reliance Products)	30	25	20	20	20

- Import duties on all petrochemicals already at WTO bound rates, except for polymers
- Polymer tariffs will decrease by only 5% in the next fiscal – no significant impact on profitability

*Future reduction in import tariffs will be minimal and will have no impact on Reliance's earnings*

51

## Acquisition of IPCL



- Reliance has acquired IPCL, India's 19th largest company in terms of sales and 2nd largest petrochemicals company
- Management control acquired effective June 2002
- Reliance's petrochemicals production of 11.8 million tpa has increased by over 4.4 million tpa with this acquisition
- Acquisition in line with global trends of industry consolidation to achieve enhanced size, scale, integration and financial flexibility

*Reliance's acquisition of IPCL is viewed as being among the most successful examples of privatisation in the Indian context*

52

## Unique Competitive Advantage



- Two naphtha crackers at Hazira & Baroda and two gas crackers at Gandhar & Nagothane - feedstock and product mix flexibility
- Potential for greater feedstock integration in future - Gas from Reliance's E&P venture can be utilised as feedstock at IPCL
- Sharing of infrastructure and manufacturing facilities to provide significant logistics and distribution advantages
- Six separate manufacturing sites in Western India - an area accounting for over 60% of downstream user industry
- Shared R&D efforts to significantly improve product development and processing

*RIL+IPCL : A leading player for the full range of petrochemicals*

53

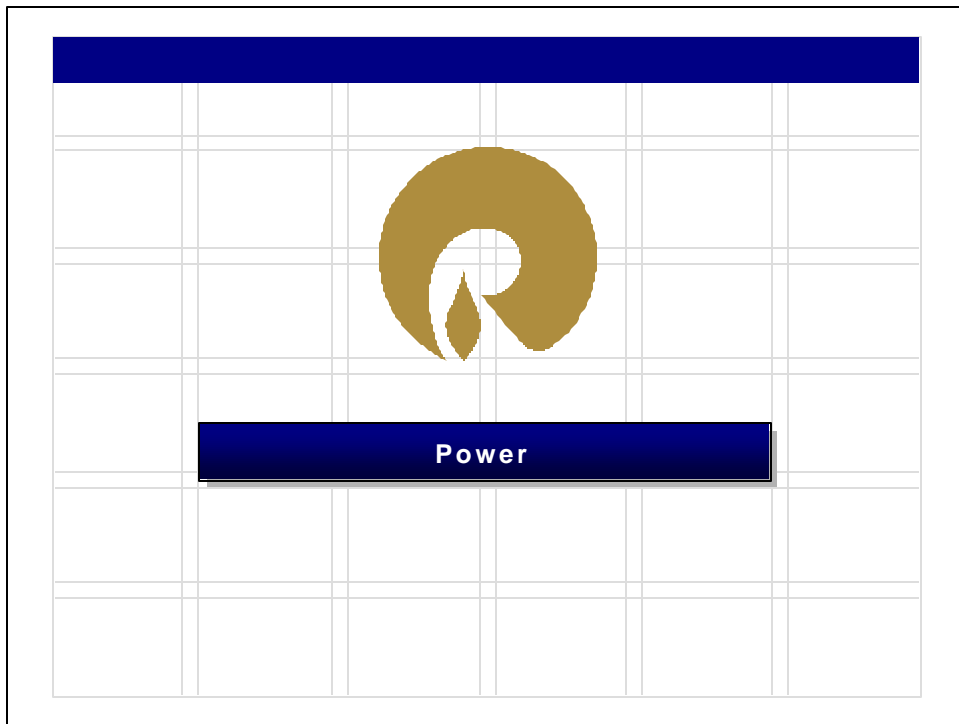
## Benefits in IPCL – Post Acquisition



- Feedstock integration – Replacement of IOC and imported naphtha by Reliance naphtha - EDC from IPCL to Reliance
- Financing costs reduced 22% by refinancing and prepayment of high cost loans
- Significant overall increase of 18% in production at IPCL post acquisition – all complexes operated at more than 100%
- Optimisation of manufacturing operations using a comprehensive linear programming model has resulted in significant savings
- Further integration of IPCL operations with Reliance is continuing

*Integration process aimed at maximising synergies between Reliance and IPCL has shown great success*

54



## Electricity Act – A Major Milestone



- The Electricity Act is the single most important piece of legislation for the power sector, repealing 3 Acts, one of which was nearly 100 years old
- Consumers will have freedom of choice of suppliers, leading to competitive tariffs
- Improvement in quality and reliability of power supply
- Electricity to soon be a service like any other, traded on benchmarks of customer satisfaction
- Increased competition to raise customer care to international standards
- Greater role for automation and technology

*Indian consumers will witness benefits of free competition for the first time in the power sector*

## Unique Growth Opportunity – Lowest Levels of Per Capita Power Consumption in India



- Installed power generation capacity in India is 105,000 MW
- By comparison, China has 320,000 MW – more than 3 times
- Annual addition to generation capacity in India 4,000 MW
- China has added 20,000 MW per year over past 5 years
- India's per capita power consumption is 400 Kwh - less than 1/6<sup>th</sup> of global level, and below even half the Asian average
- 100,000 MW of additional power generation capacity needed to bridge existing deficit, and cater to future demand over next decade

*There is a unique growth opportunity for BSES, benefitting from power sector reforms*

57

## Electricity Act – Salient Features



- Unbundling of SEBs (State Electricity Boards) into functional entities of generation, transmission and distribution has been made mandatory
- Power generation is delicensed
  - Removal of cumbersome approval process
  - A generating company may supply electricity to any licensee
- Increase in competition in the transmission sector by way of private sector participation – to improve country's woefully inadequate transmission capacity

58

## Electricity Act – Salient Features



- Distribution sector freed up by allowing:
  - open access on existing infrastructure
  - creation of new networks
  - privatisation of SEBs
- Approval for distribution licenses based on new network would be automatic – however, the new licensee shall be subject to Universal Service Obligation (USO)
- The Regulatory Commission to ensure that there is no distortion of competition and predatory pricing
- Stringent anti-theft provisions to act as deterrent against theft and pilferage – to help in curbing losses in the sector

59

## BSES – Acquisition by Reliance Group



- Pursuant to the second open offer, BSES became part of the Reliance Group on January 18, 2003
- Reliance Group now has 58.2% equity stake in BSES – valued at over US\$ 600 million at current market price
- On mark-to-market basis, Reliance's investments in BSES have appreciated by US \$ 170 million
- After acquisition by Reliance, BSES stock price has appreciated by nearly 50% in just under six months – 26% outperformance compared to BSE Sensex
- The only utility company in Sensex – has a weightage of 2%

*The new name 'Reliance Energy' will directly communicate association with Reliance Group, and the larger dimension of BSES' future plans*

60

## BSES – Key Background Information



- BSES' total customer base is over 5 million covering substantial areas of Mumbai, Delhi and Orissa
- Distribution area spans about 1.24 lakh sq.kms covering an estimated population of 45 million
- 15,600 million units of electricity billed to industrial, commercial and residential consumers
- BSES' total distribution capacity is nearly 5,000 MW
- BSES' aggregate power generation capacity is 885 MW

*BSES is the leading private sector power utility company in the country*

61

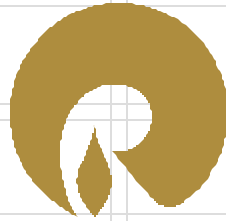
## Future Growth Opportunities



- Development of a comprehensive blue print for pursuing future growth in deregulated environment:
  - Expansion of customer base into new areas
  - Evaluation of plans for gas based power generation plant
  - Development of business plans and capabilities in Transmission and Power Trading businesses
- Transforming the organisation – people and culture

*BSES' growth strategy for the future is focused on integration – "FROM WELL HEAD – TO WALL SOCKET"*

62



Reliance Infocomm

## Reliance Infocomm – Achievements



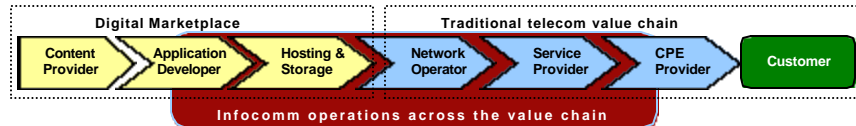
- 3.8 mn subscribers nationwide
- Third largest wireless operator in India within 4 months of launch
- Highest number of Postpaid subscribers
- 50% of net adds in Jul and 35% in Aug
- At 0.8 cents a minute, broke the Long Distance price barrier
- 600 MoUs/Month – twice GSM average
- Launched India's first ever Wireless Internet Portal, R-World, averaging over 25 million hits a day
- 75,000 subs accessing the internet @ 60-70 kbps through PCs using Reliance mobile phones



## Creating competitive and superior customer value



- Pan-India coverage for mobile and broadband services
- Next generation technology
  - CDMA 2000 1X, DWDM, Gigabit Metro Ethernet
- Large scale and scope - enhanced capital productivity
- Responsive delivery of service
  - Comprehensive and integrated OSS, BSS, DSS
- Networked multi-channel Pan-India touch points for customer care and service experience
- Integrated strategy across an extended infocomm value chain



65

## Marketing Strategy



Multi-channel pan-India distribution and customer-care network

- 230 Webworlds (Retail broadband centres)
- 7,100 Point of Sales Outlets
- 1,000 Direct Sales Agents
- 4,800 Independent Sales Agents
- 195 Distributors covering 50,000 merchants
- Enterprise Sales Team (300 + 1,000 FoS)
- 4,800 Customer Care executives

Innovative pricing to drive penetration



*Reliance has broken the tariff barrier, and made telecom services affordable for the masses*

66

## 'Reliance Everywhere' – 'R' Vision For Data Services



Partner with a range of apps. / content providers to develop a suite of data services . .

### Mobile Consumer and Enterprise

- Games, News, Music, Videos, MMS, Web access, Location-based services, Mobile payments, Mobile Office, Workforce management

### Enterprise Broadband

- Wireless POS, Video Conferencing, Web Conferencing, Multimedia messaging, Sales Force Automation, Fleet management

### Consumer Broadband

- Digital TV channels, Broadband Internet, Video-on-Request channels, 64 Kbps IP Telephony with Photo ID, Video Phone/Conferencing

. . that can be accessed through any device...



- Over 200 Content partners and over 10,000 content items
- Over 9,200 individual and corporate registered application developers
- 47 applications & 35 games live on 'R World' – to scale to 150 applications shortly

67

## The third largest operator in the mobile market within four months of launch



Figures in Millions

Operator	Aug 03				Additions for August	
	GSM	WLL (M)	Total	Market share	Total	Mkt share
Bharti	4.39		4.39	20%	0.35	19%
BSNL	3.69	0.5	4.19	19%	0.31	17%
<b>Reliance</b>	<b>0.59</b>	<b>3.55</b>	<b>4.14</b>	<b>19%</b>	<b>0.65</b>	<b>35%</b>
Hutch	3.2		3.20	14%	0.25	13%
Tata	1.81	0.29	2.10	10%	0.16	9%
BPL	1.26		1.26	6%	0.04	2%
Others	2.80		2.80	13%	0.10	5%
<b>Total</b>	<b>17.74</b>	<b>4.34</b>	<b>22.08</b>	<b>100%</b>	<b>1.86</b>	<b>100%</b>

Source: COAI and ABTO

*And expect to become the market leader by the end of the year*

68

## Reliance Infocomm – Road Map



- New Products/Services:
  - Prepaid plans
  - More Handset Models (B/W, Colour, PDA, Camera)
  - Fixed wireless phones and terminals
  - Mobile applications
- Further expansion of distribution network
  - Target 800 WebWorlds and 1,500 WebPoints nationwide
- Enterprise voice and data products targeting 300,000 customers by March '04
  - POTS, PBX, video conferencing, Toll-free, Centrex, Universal number, High speed Internet, L2/L3 VPNs
- ILD PoPs in Hong Kong and London

*New products & services will sustain the momentum of rapid subscriber acquisition*

69

## Reliance Telecom – GSM Business



- Reliance's GSM cellular subscriber base has touched nearly 600,000 by the end of August 2003
- Services operational in 7 telecom circles comprising 118 cities in 15 states
- Reliance's GSM cellular operations span 1/3rd of India's geographical area and cover an area of nearly 400 million people
- Pre-paid services account for 95% of cellular revenues – low risk strategy

*Reliance has successfully established an extensive GSM network in the central and eastern part of the country*

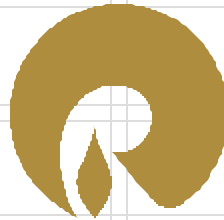
70

## Capex



- RIL's current exposure to Infocomm is US\$ 1,043 million, comprised of US\$ 508 million in equity and US\$ 535 million in debt
- Additional exposure currently estimated at US\$ 500 million in debt this year
- Reliance Infocomm targets to achieve 5-6 million subscribers by March 2004, becoming the largest operator in India
- Expected to break-even, and even report marginal profit in very first year
- No external debt in Reliance Infocomm
- Reliance Infocomm to have adequate flexibility to raise equity and debt financing from 2004, on the strength of its own Balance Sheet
- Reliance Infocomm may even have sufficient positive cash flows in the medium term to prepay RIL debt ahead of maturity

*Reliance Infocomm is less than a year away from attaining profits at the net level, and being in a position to raise external financing*

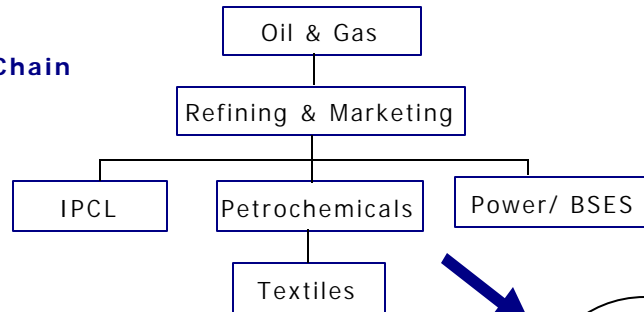


## Summary

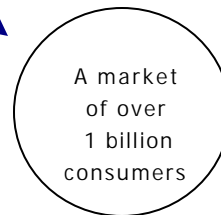
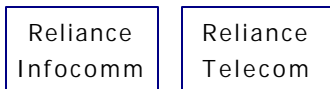
## An Integrated Energy company, with interests in services businesses



### Energy Chain



### Infocom / Telecom



*A diversified portfolio of manufacturing and services businesses*

73

## India's leading Private Sector Co.



- Reliance is India's leading private sector company – ideally positioned to participate in the growth of the Indian economy
- Reliance will leverage its market leadership position and demonstrated strengths to realise the benefit of the growing energy and petrochemicals markets
- Future earnings growth to be driven by investments in oil & gas, retail marketing of petroleum products, and potential improvement in the petrochemicals business cycle
- Investments in the Infocomm business will start yielding returns from next year

*Reliance has significant investments in key growth sectors of the Indian economy*

74

## Reliance Growth Model

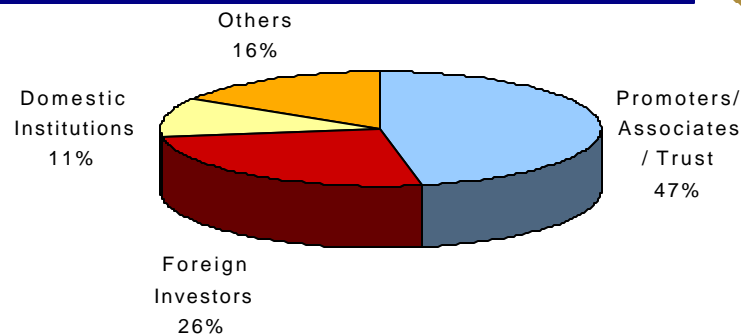


- In 1995, when Reliance took up the US\$ 2.5 billion Hazira project, its total cash flows were US\$ 412 million per year
- In 1997, when the US\$ 6 billion Jamnagar complex was taken up for implementation, Reliance's cash flows were US\$ 500 million per year
- In 2000, when the US\$ 4 - 5 billion infocomm project was announced, Reliance cash flows were US\$ 850 million per year
- Today, with cash flows of US\$ 1.5 billion per year, Reliance is in a far stronger financial position to comfortably implement its various projects

*Reliance's increasing annual cash flows enable the company to pursue major growth opportunities*

75

## Reliance's Shareholding Pattern



- *Foreign shareholding has increased by nearly 5% since 1<sup>st</sup> January 2003 – inflow of over US\$ 500 million in RIL's stock*
- *Reliance shares are widely held by 3.5 million investors - amongst the largest shareholder families in the world*

76

## Stock Price Performance

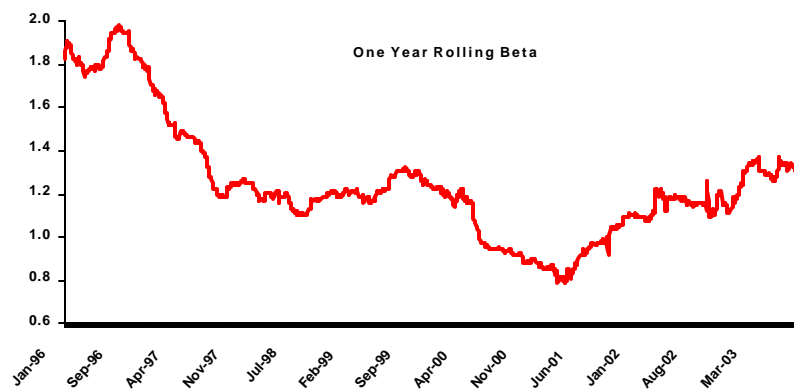


	% change		
	RIL	Sensex	Nifty
YTD	36%	25%	21%
1 Year	57%	39%	35%
3 Years	19%	-1%	0%
5 Years	239%	36%	47%
10 Years	199%	53%	--

*RIL shares have consistently outperformed the broad market over all time frames*

77

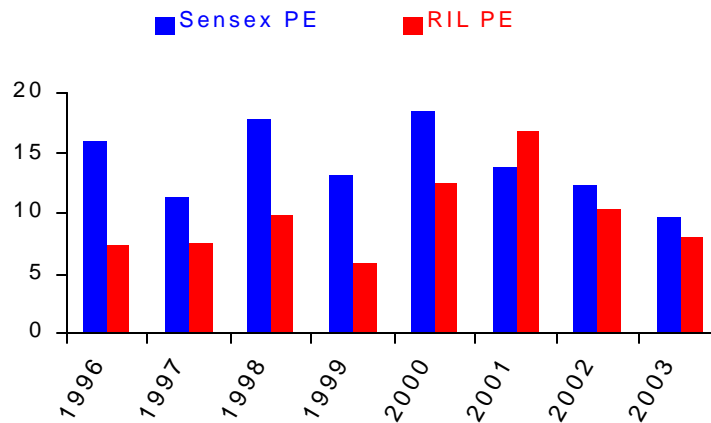
## Reliance – One Year Beta



*Reliance's beta has declined significantly over the years, reflecting reduced volatility, and bringing down cost of capital*

78

## Valuation - PE Multiple Trend



*RIL's discount to the Sensex PE has virtually been eliminated in recent years, reflecting perceptions of improved fundamentals*

79

## Summary



- Reliance is a convergent play between the manufacturing and services businesses
- A combination of the energy chain and the information and communication businesses
- A company at the crossroads of the old and new economy
- Reliance's superior operational and financial performance reflects its global competitiveness, prudent business strategies, and ability to maintain profitability through business cycles
- Reliance is committed to a conservative financial framework, and a consistent endeavor to maximise overall shareholder value

*Reliance is the leading corporate in a market of a billion people*

80

## Awards and Recognition



- Reliance has recently been included in the Forbes List of World's 400 Best Big Companies, April 2003
- No. 4 in 'India's Biggest Wealth Creators' - BT – Stern Stewart study, April 2003
- No. 1 in India's 'Best Financial Management' - FinanceAsia poll, March 2003
- Best Annual Report in India and among the best 25 in Asia - CFO Asia's Best Annual Reports Survey, March 2003
- No.3 in 'India's Most Respected Companies' - Businessworld, January 2003
- No.1 in 'Most respected Indian companies' - PricewaterhouseCoopers survey in Financial Times, January 2003

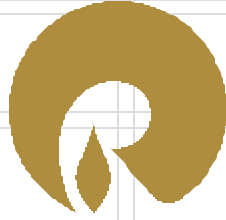
81

## Awards and Recognition



- Among the world's 10 most respected energy and chemical companies - PricewaterhouseCoopers survey in Financial Times, January 2003
- Among the World's Most Respected Companies - PricewaterhouseCoopers survey in Financial Times, January 2003
- No.5 in 'Overall Best Managed Company' of India - Asiamoney, December 2002 – January 2003
- No.1 in 'Long Term Vision', No.1 in 'Financial Soundness', No.2 in 'Overall Leadership' - Far Eastern Economic Review (FEER) survey, Review 200: Asia's Leading Companies, December 2002
- 'Most Admired Business House' 'Business Barons – TN Sofres Mode Opinion Poll', July 2002
- Reliance is among Asia's 10 most creditworthy companies - Asset Annual Benchmark Survey, Asia's Best Credits, July 2002

82



Growth is Life

**Thank You**