



Reliance Industries Limited

Financial Presentation April - December 2003

January 29, 2004

Forward Looking Statements



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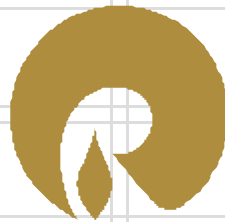
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Financial Performance Q3 FY 2003-04

RIL – Highlights of Q3 FY 2003-04



- Gross Sales of Rs 18,864 crore (US\$ 4.1 billion), up 21 %
- Operating Profit Margins stable at 13.7 %
- Cash profit of Rs 2,335 crore (US\$ 512 million), up 20%
- Net profit at Rs 1,374 crore (US\$ 301 million), up 27%
- Consolidated Profit Rs 1,540 crore (US\$ 338 million), up 40 %

Record operational and financial performance in the Oct-Dec 2003 quarter of the current financial year

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RIL – Q3 Operational Highlights



- Petrochemicals operated at 102% capacity utilisation - production at 3.2 million tonnes, up 8.3%
- Refinery operated at 98% despite planned shutdown - Crude processed 6.6 million tonnes
- Oil & Gas production remained stable during the quarter at 282,000 tonnes
- Exports at US\$ 640 million (RS 2,918 crore), up 28 %

Capacity utilisation levels at over 100%

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Segment Information for Q3 FY 2003-04

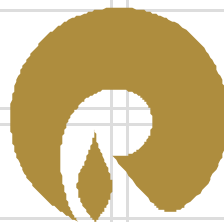


	Petrochemicals		Refining	
	Rs crore	%Change	Rs crore	%Change
Segment Revenue	8,404	+13%	9,983	+27%
Segment Results (EBIT)	1,005	+13%	815	+42%
EBIT Margin (%)	12%	—	8.2%	+1%
Capital Employed	11,954	-12%	21,882	-2%
Return on Capital Employed (ROCE)	33.6%	+8%	14.9%	+5%

Refining EBIT margin has improved, while petrochemical margins have remained stable

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Financial Performance 9 Months FY 2003-04



RIL – Highlights of 9 Months FY 2003-04



- Gross Sales of Rs 54,066 crore (US\$ 11.9 billion), up 14 %
- Operating Profit Margins 13.6 %, against 13.4% last year
- Cash profit of Rs 6,550 crore (US\$ 1,436 million), up 17%
- Net profit at Rs 3,741 crore (US\$ 820 million), up 25%
- Consolidated Profit Rs 3,944 crore (US\$ 865 million), up 31 %

Record operational and financial performance in the first nine months of the current financial year

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RIL – 9 Months Operational Highlights



- Petrochemicals operated at 102% capacity utilisation - production at 9.2 million tonnes, up 3.8%
- Refinery operated at 107%, despite planned shutdown - Crude processed 21.8 million tonnes
- Oil & Gas production stable at 820,000 tonnes.
- Exports at US\$ 2,359 million (Rs 10,755 crore), up 42 %

RIL's refinery at Jamnagar consistently operates at over 100% capacity utilisation levels

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Segment Information for 9M FY 2003-04



	Petrochemicals		Refining	
	Rs crore	%Change	Rs crore	%Change
Segment Revenue	22,841	+8%	29,589	+17%
Segment Results (EBIT)	2,471	-3%	2,411	+53%
EBIT Margin (%)	10.8%	-1%	8.1%	+2%
Capital Employed	11,954	-12%	21,882	-2%
Return on Capital Employed (ROCE)	27.6%	-	14.7%	+3%

Significant improvement in ROCE of the refining business

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Key Drivers of Strong Performance



- Volume growth of 5 %
- 9% impact of increase in product selling prices
- Reduction in interest costs by 11 %
- Improvement in operating margins, 13.6 %
- Continuing focus on specialities
- Productivity and efficiency gains

Reliance's operational and financial strengths have enabled it to maintain performance through varied industry conditions

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RIL – US GAAP Reconciliation



	Indian GAAP US\$ mn	US GAAP US\$ mn
Consolidated Net Profit	865	854
Difference		(11)

With the appreciation of INR against USD, there is virtually no difference between Indian and US GAAP numbers

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Reliance India's Largest Exporter



- Reliance is by far the largest exporter in India with exports of Rs 10,755 crore (US\$ 2,359 million) for 9 months – nearly 6% of India's total exports during Apr-Dec 2003 period
- RIL exports products to over 100 countries – yet exports account for only 20% of turnover
- Now offices in China, UAE, Vietnam, Turkey and Indonesia
- Despite a 4% appreciation in INR, exports increased 42% in the first nine months, reflecting Reliance's enhanced global competitiveness

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

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RIL Profitability Ratios



	9M FY 2003-04	9M FY 2002-03
Operating margin (%)	13.6%	13.4%
Net profit margin (%)	6.9%	6.3%
EPS - Rs (\$)	35.7(0.78)	28.5(0.60)
Cash EPS - Rs (\$)	62.5(1.37)	53.4(1.11)
ROCE (%)	13.0%	12.1%

- *The RIL stock price is trading at 15 times net earnings, which is also the Sensex PE*
- *Historically, RIL stock has been trading at nearly 50% discount to the Sensex PE – the gap is now eliminated*

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RIL Liquidity Ratios



	9M FY 2003-04	9M FY 2002-03
Net Debt:Equity	0.60:1	0.49:1
Net Gearing (%)	37.3%	32.9%
Net Interest Cover	17.3	12.2

RIL's debt has an average maturity of 5 years, and the weighted average cost of debt is 6%

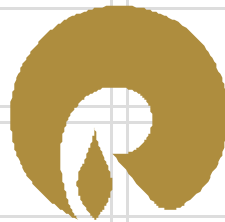
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Oil & Gas - Update



- Second exploratory campaign started in KG-D6 block with the 9th exploratory well
- Seismic acquisition in progress in a phased manner in 16 blocks – about 6800 Line Km of 2D seismic data and about 2500 Sq.Km. of 3D seismic data have been acquired covering 8 blocks during Q3
- Interactive interpretation of seismic data is in progress – will result in identification of drillable prospects in 4 priority blocks
- FEED (Front End Engineering Design) studies near completion for the development of KG-D6 block
- Evaluation for commerciality is in progress in the Yemen Block

Reliance expects the share of oil & gas revenues to increase significantly in the next 3 –4 years



Refining & Marketing (R&M)

Refining & Marketing



- Debottlenecking of refinery capacity carried out during the planned shutdown of the refinery in Oct-Dec 2003 quarter
- Final phase of Yield and Quality improvement programme completed - Crude throughput capacity increased to 33 MTPA
- 25% capacity addition from 27 MTPA to 33 MTPA, at a per tonne capital cost which is less than 25% of grassroot cost
- GRMs during the quarter increased to US\$ 6.5 per barrel, compared to US\$ 3.5 per barrel for Asia Pacific region

Significant improvement in refining profitability with increase in capacity and improvement in GRMs

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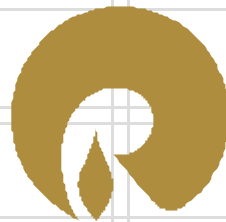
R & M – Domestic Demand Scenario



- After 2 quarters of negative growth, the demand for Diesel registered a positive 3.4% growth during this quarter
- This reversal of trend in Diesel consumption has been attributed mainly to increased consumption in the agriculture sector after good monsoon and buoyant industrial activity
- LPG demand continued to grow in double digits, MS demand increased by 3.2%
- Overall demand for petroleum products increased by 3.3% during the quarter

With the expected higher GDP growth rates, the demand for petroleum products is expected to register the secular growth rate of 5%-6% per annum

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Petrochemicals

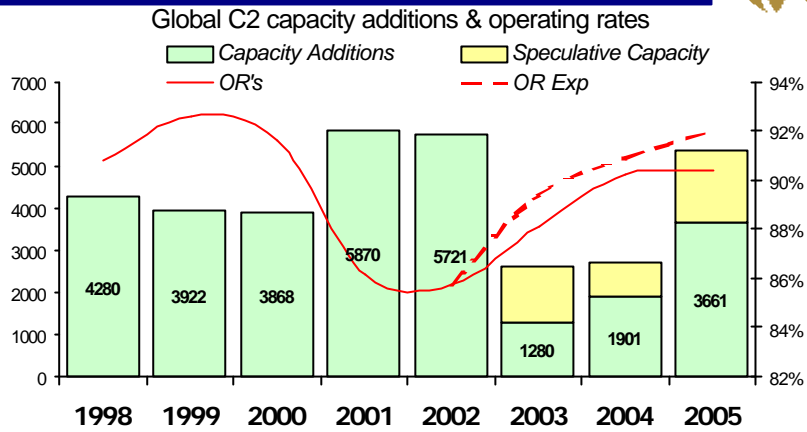
Petrochemicals – Short Term Outlook



- Responsible capacity additions by world majors to prevent bunching of new startups
 - Previous bunching was in 1998-2002 period (~17 mmtpa C2" capacity added)
 - Globally margins were low during this period
 - Current capacity additions are few and spread out
- Investment (or lack of it) in major petchem complexes is also another reason why petchem upcycle is around the corner
 - All new capacities which have come on-stream in early parts of the millennium have been sold out and are operating at near full capacity
 - Middle East, the future cradle of gas based petrochemicals will NOT start any new complexes during 2004

Petrochemicals business is in the initial stages of an upcycle

Petrochemicals – Recovery underway with minimal capacity build-up



Source: CMAI Light Olefins 2002

With operating rates touching 90%, limited new capacity additions and positive demand growth, the petrochemicals margins are expected to further improve

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Trend in Petrochemicals Margins



	Change over previous quarter	Current \$/MT	Q3 FY'04 \$/MT
PE	3%	405	395
PP	0%	434	434
PVC	2%	393	386
POY	6%	387	364
PSF	-4%	279	291

Petrochemical margins are showing improvement over the previous year..... indicating strength in the petrochemicals up cycle

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Current Petrochemical Margins Compared to Previous Upcycle



	Current Margins \$/MT	Peak Margins \$/MT	% gap from Peak
PE	405	837	52%
PP	434	983	56%
PVC	393	736	46%
POY	387	892	56%
PSF	279	1,062	73%

Current Petrochemical margins are still at half way mark from the last upcycle of 1995-96

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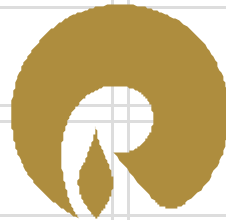
Petrochemicals – Operating Highlights



- Domestic demand for Polymers increased by 9% during the nine months to 2.4 million tonnes
- Demand for Polyester increased by 6% for the period under review at 1.2 million tonnes
- Fibre intermediates demand tracked the Polyester demand
- Reliance maintained its market leadership position and market share during the quarter
 - Polyester 51%
 - Fibre Intermediates 79%
 - Polymers 72%

Speciality grades contributed 19% of sales, generating a premium of 5% - 15% over commodity prices

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Group Companies

IPCL - Income Statement for 9M FY'04



(Rs crore)	9M FY04	9M FY03	%Change
Total Income	9,647	7,209	33
EBITDA	920	798	12
Interest/ Finance Charges	249	296	(16)
Depreciation	351	338	3
Tax incl. Deferred Tax	2	50	(96)
Profit After Tax	174	114	53
Cash Profit	525	490	7

IPCL has reported sixth consecutive quarter of strong financial performance post acquisition by Reliance

BSES - Income Statement for 9M FY'04



(Rs crore)	9MFY04	9MFY03	%Change
Total Income	2,706	2,130	27
EBITDA	598	398	50
Interest	50	52	(4)
Depreciation	245	195	25
Tax incl. Deferred Tax	33	13	156
Profit After Tax	270	137	97
Cash Profit	515	333	55

BSES has reported 97% growth in net profit during the period under review, after provisions of Rs 126 crore

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Reliance Infocomm - India's No.1 Mobile Operator



- Reliance is India's largest mobile service provider with 6.6 million subscribers (CDMA+GSM) nationwide as on date
- Subscriber base to increase to 7 – 8 million by 31st March 2004
- Prepaid wireless services to be launched shortly – expected to substantially ramp up subscriber growth
- Fixed Wireline services to be launched during 2004
- RIL's investment in Reliance Infocomm is Rs 8,500 crore (US\$ 1.86 billion) as on date

Reliance Infocomm will further consolidate its market leadership position with the launch of pre-paid services

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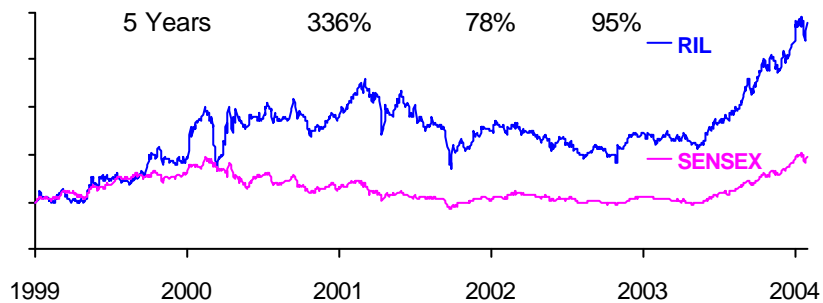


Summary

Superior Share Price Performance



	% change		
	RIL	Sensex	Nifty
YTD	1%	1%	-1%
1 Year	107%	80%	78%
2 Years	84%	77%	74%
3 Years	52%	36%	36%
5 Years	336%	78%	95%



Reliance has consistently outperformed Sensex over the last 5 years

Reliance's Shareholding Pattern



	Dec-03	Dec-02	Change %
Promoters/Treasury stock	46.7%	45.8%	0.9%
Foreign Investors			
FIIs, etc.	23.0%	15.5%	7.5%
GDRs	6.1%	5.6%	0.5%
Banks / MFs / FIs	9.0%	13.3%	-4.3%
35 lakh retail investors	15.2%	19.8%	-4.6%

- Inflow of nearly US\$ 900 million in RIL's stock by FIIs representing 13% of total FII inflow into equity during the year
- UTI's holding in RIL has reduced from peak of 13% to under 3%

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Summary



- Reliance Group on track to generate estimated cash flows of over Rs 30,000 crore (US\$ 6.5 billion) in the next three years
- Expected upturn in the petrochemicals cycle over the next 2-3 year to provide further upside
- Future cash flows to be deployed in attractive growth opportunities in upstream oil and gas, marketing of petroleum products, petrochemicals, power and infocomm business
- Planned investments to enable RIL to maintain its track record of consistent growth and sales and profits

Reliance is the only private sector group whose market cap touched Rs 100,000 crore (US\$ 22 billion) during the year, reflecting confidence in its superior growth prospects

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Growth is Life

Thank You