



Reliance Industries Limited

Investor Presentation

November 2005

Coverage

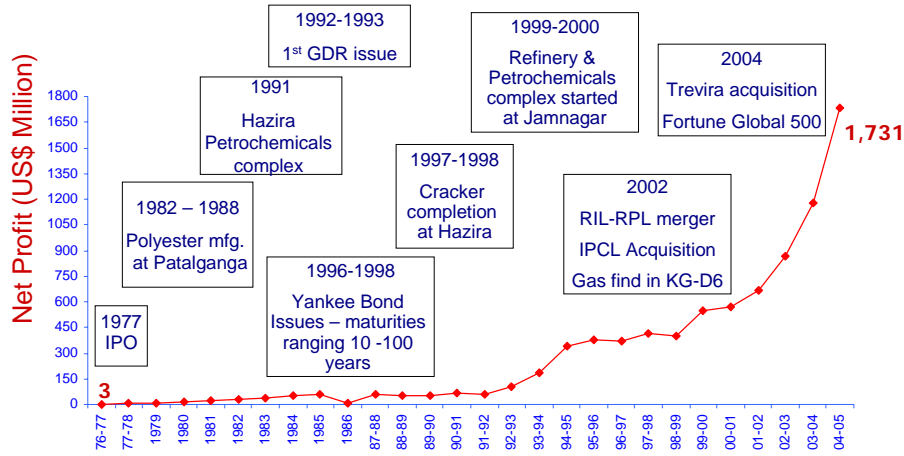


Reliance Industries - Overview

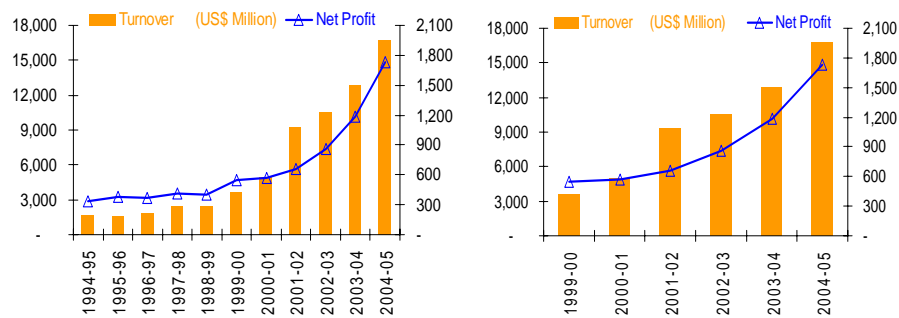
Business Review

Summary

Journey of Phenomenal Growth



Consistently Accelerating Growth



CAGR over the last 10 years : Revenues 26% and Net Profit 18% in USD term. Growth accelerates in the last 5 years

Reliance - Robust Growth



(in US\$ Million)	FY 2000	FY 2005	CARG % (5 Years)
Revenues	3,633	16,725	35.71
Net Profit	551	1,731	25.73
Cash Profit	857	2,763	26.38
Total Assets	6,733	18,422	22.30
Market Cap	7,644	24,055	25.77

India's first and only private sector company to feature in the Fortune Global 500 list
Q-on-Q growth for almost 60 quarters

Current Capacities



(in MT)	FY 2000	FY 2005	FY 2006-9 (P)
PP	360,000	1,430,000	1,710,000
PE	320,000	1,055,000	1,055,000
PVC	270,000	625,000	625,000
POY	270,000	550,000	870,000
PSF	315,000	570,000	800,000
PET	80,000	290,000	290,000
PTA	975,000	1,350,000	1,980,000
MEG	300,000	830,000	830,000
PX	246,000	1,646,000	1,956,000
Petrochemicals, incl others	8,900,000	12,500,000	15,000,000
Refining	-	33,000,000	60,000,000
E & P - Gas MMSCMD	8	11	51

Planned expansion across the value chain

Changes in Global Rankings



	FY 2000	FY 2005
POY / PSF	4	1
PP	6	7
PTA	6	6
MEG	-	5
PX	3	4

Global leadership in Polyester

Domestic Leadership & Global Rankings



Leading Market Shares in India

Polyester	55%
Fibre Intermediates	78%
Polymers	65%
Refining	28%

Dominant market share in India

Leading Global Position

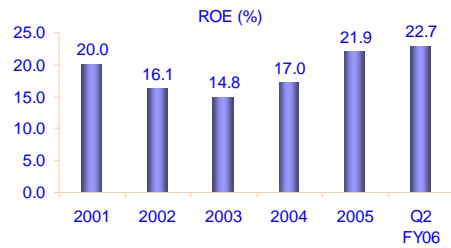
1 Polyester (Fibre & Yarn)	4 Paraxylene
3 Refining ⁽¹⁾	6 Purified Trepthalic Acid
7 MEG	7 Polypropylene

Amongst top 10 global players in all its core businesses

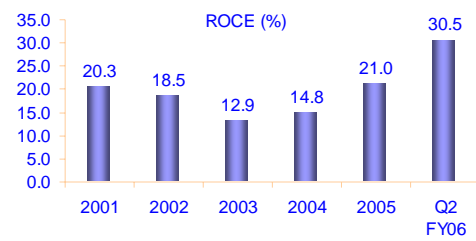
(1) At any single location

Significant position in the global petrochemical and energy business

ROE & ROCE Trend



Sustained improvement in
ROE and ROCE



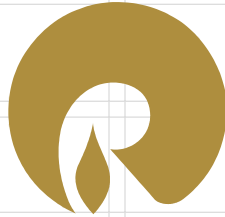
Coverage



Reliance Industries - Overview

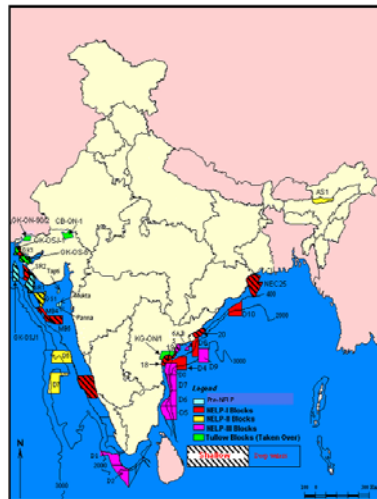
Business Review

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Exploration & Production (E&P)

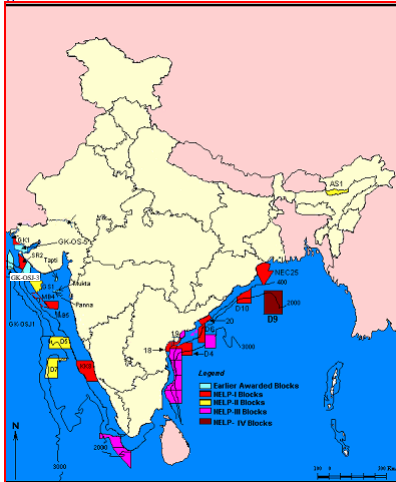
E&P Portfolio



- Producing Assets - Panna-
Mukta & Tapti
- Exploration Blocks - 34
blocks in India and one each
in Yemen and Oman
- Exploration Acreage - about
340,000 sq.km.
- Coal Bed Methane - 5 blocks
(4,000 sq.km.)

A diversified and balanced portfolio of offshore and onshore blocks

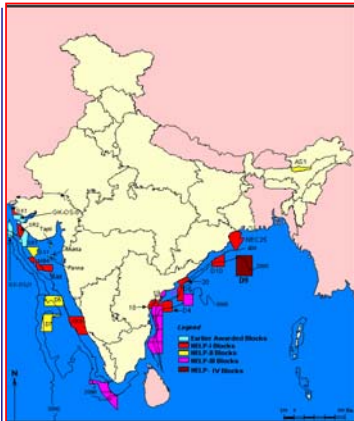
Exploration Acreage



■ NELP-I	
■ Shallow Water Blocks	: 8
■ Deep water Blocks	: 3
■ NELP-II	
■ Shallow Water Blocks	: 1
■ Deep Water Blocks	: 2
■ On-land Blocks	: 1
■ NELP-III	
■ Shallow Water Blocks	: 2
■ Deep Water Blocks	: 7
■ NELP-IV	
■ Deep Water Blocks	: 1
■ NELP-V (not shown in the Map)	
■ Deep Water Blocks	: 4
■ On-land Block	: 1
■ PRE-NELP	
■ Shallow Water Blocks	: 2
■ Tullow	: 2
■ Total	: 34*

Deep Water Acreage	: 245,000 sq km
Shallow Water Acreage	: 82,000 sq km
Onland Acreage	: 13,000 sq km
Total	: 340,000 sq km

Highlights



- Carried out exploration program with acquisition of 45,000 LKM of 2D & 35,000 sq km of 3D
- Drilled 32 wells within a time span of less than 4 years.
- Drilled 19 core holes and 10 test wells in the CBM Blocks additionally

RIL now invests US\$ 400-500 million annually towards exploration

Reserves



- World class gas discovery in Krishna-Godavari basin (14 TCF OGIP) – further potential upside under exploration
- Discovery in NEC-25- puts Mahanadi offshore to petroliferous map of India (1-1.2 TCF OGIP)
- Discovered CBM Gas – puts Coal Bed Methane in the map of India (3.65 TCF OGIP)

2008-09 will be a watershed change with E&P contributions to overall revenue increasing significantly

Future of Gas in India



- Natural Gas is going to be the fuel of the 21st Century
 - Environment friendly
 - Lower price volatility
 - More 'efficient' fuel
 - Efficient and eco friendly transportation through pipelines
- Unfortunately, natural gas consumption in India has been constrained by availability
- Recent developments in the natural gas sector could result in share of natural gas in Indian energy basket increasing from 8% towards the global average of > 25%

Status – KG D6 Development



- Peripheral Bund construction at onshore terminal nearing completion
- FEED optimization studies being carried out
- First Development well spudded with D534 rig and drilling in progress
- Contract for development to be awarded in calendar Q1-06
- Commercial production expected in 2008
- 100% of permission for ROU for East West Pipeline obtained

Further exploration is on to assess upside in this block

Status – Coal Bed Methane



- GIP estimates of 3.65 TCF concurred by DGH for Sohagpur East and West Blocks
- Work program and budget for Phase II activity at Sohagpur East and West Blocks approved by DGH
- Exploration activity is currently in progress for Sonhat and Rajasthan Blocks

Development Plan is being conceptualized for production in 2009-10

Status – NEC 25



- Met ocean Studies being carried out
- 600 sq. km. 3D seismic data acquired pre-monsoon 2005, another 1100 sq. km. data is being acquired currently
- Commerciality report for the discoveries in the block under preparation

Overseas Assets

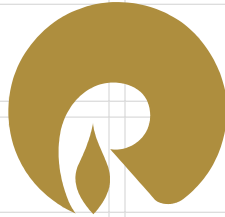


Yemen:

- Development Plan approved by Yemen Government
- Approval to produce up to 10,000 bbls of oil per day
- Approval to drill further exploratory wells - Hiswah 7,8,9 &10 received
- Installation of early production system in progress
- Plan to commence production by March 2006

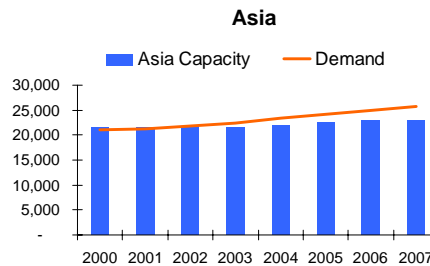
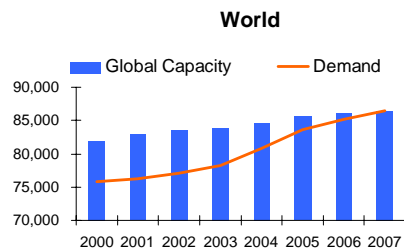
Oman:

- Contract for 2D data reprocessing and EIA study being awarded



Refining & Marketing (R&M)

Refining Capacity



Capacity in '000 bpd

Source: PEL, OPEC, BP statistical review, Research Reports

2004 – 2007 (CAGR)

Demand → 2.31 %

Capacity → 0.71 %

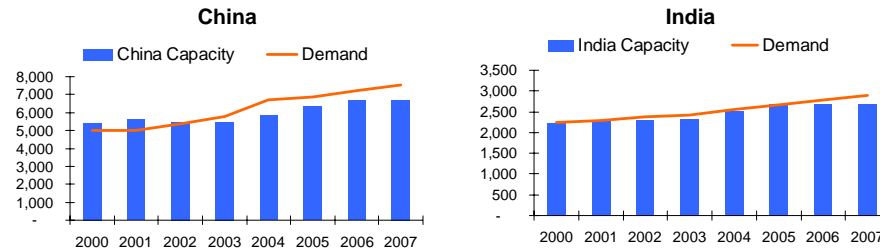
2004 – 2007 (CAGR)

Demand → 3.18 %

Capacity → 1.62 %

Demand (vs supply) and growth rates higher in Asia

Refining Capacity



Capacity in '000 bpd

Source: PEL, BP statistical review, Research Reports

2004 – 2007 (CAGR)

Demand → 4.10 %

Capacity → 4.92 %

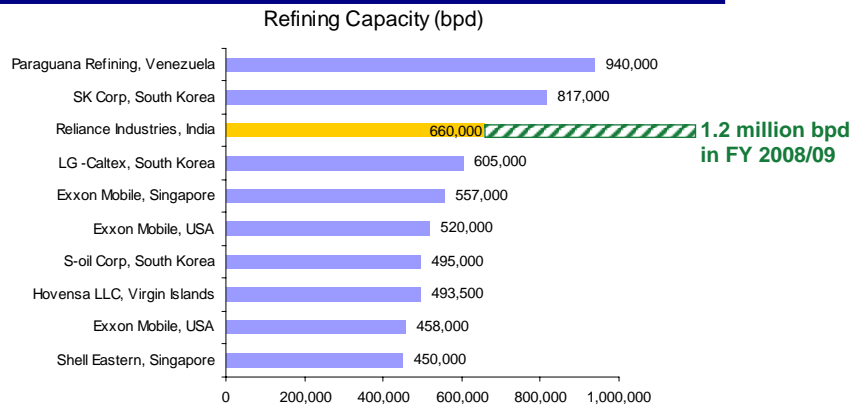
2004 – 2007 (CAGR)

Demand → 4.20 %

Capacity → 2.40 %

Demand in China and India is expected to grow twice the average of world demand growth

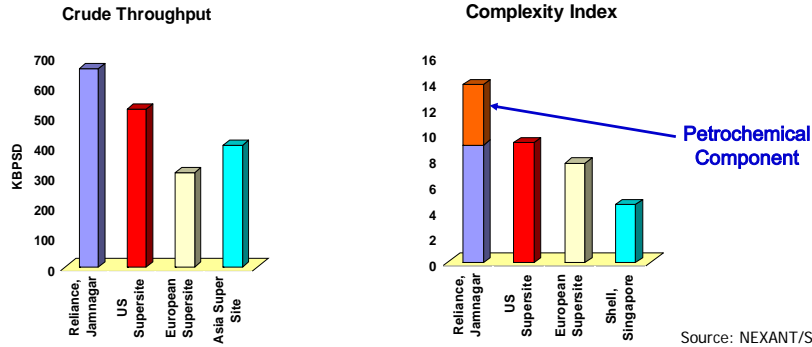
World's Largest Refineries



Source: Oil and Gas Journal

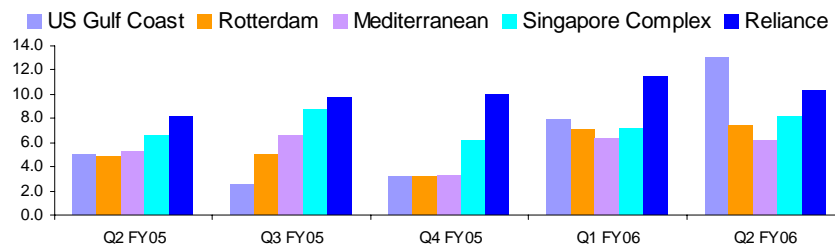
Reliance is world's 3rd largest refinery at any single location and at 1.2 million bpd, it will be the single largest refinery. Expansion aimed at benefiting from the global supply gap opportunity

Reliance Refinery



- Benchmarked, in the top quartile, in all performance parameters, by Solomon Associates, in 2003
- Adjudged to be the most energy efficient refinery by Shell Global Solutions in 2004
- Reliance becomes the first Asian company to be awarded the International Refiner of the Year-2005

Operational Excellence - GRMs



Source: Reuters

Consistently recording superior margins over Singapore complex margins – GRM of US\$ 10.4 / barrel in Q2 FY06

Refinery Expansion - Key Factors



- Under - investment in energy infrastructure since 1990
- Shortage in refining capacity exacerbated by strong demand growth
- Important structural changes
 - Widening light-heavy differential
 - Widening diesel-fuel oil differential
- New refining capacity unlikely to be created in the US / Europe due to stringent laws, regulation & public sentiments

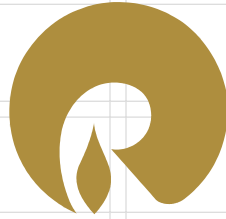
Global refinery system likely to witness demand supply mismatch on account of lack of capacity creation

Opportunity for Reliance Expansion



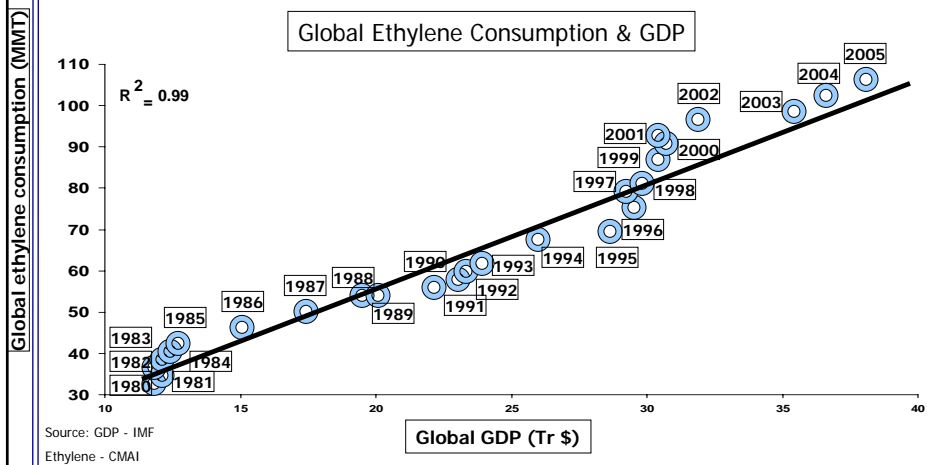
- Robust demand growth outpacing refining capacity addition globally
- Economic growth continues to fuel demand – 2% globally and at 4-5% in Asia
- Positive outlook for crack margins, particularly for transportation fuels
- Extensive synergies with existing assets

Reliance to increase its refinery capacity from 33 MT to 60 MT by 2008/09 with a capex of US\$ 5.7 billion



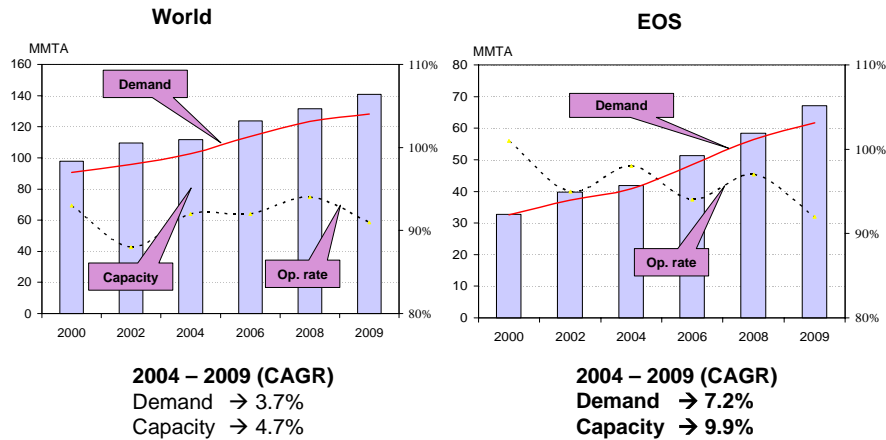
Petrochemicals

Petrochemical Industry & Economic Growth



Strong correlation over past 2 decades

Ethylene Demand Supply



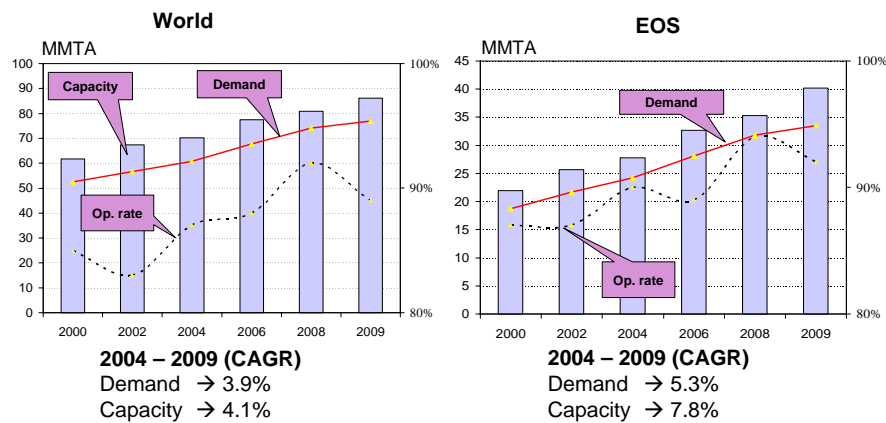
90% of new global ethylene capacity planned in East of Suez

Source : CMAI

www.ril.com

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PE Demand Supply



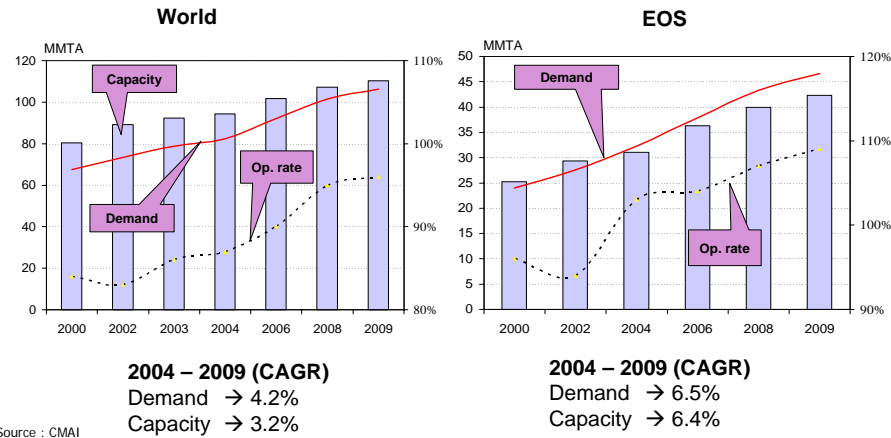
- Global PE op rates to gradually rise thru 2006 & 2007 to peak in 2008
- Capacity and demand growth to come from East of Suez

Source : CMAI

www.ril.com

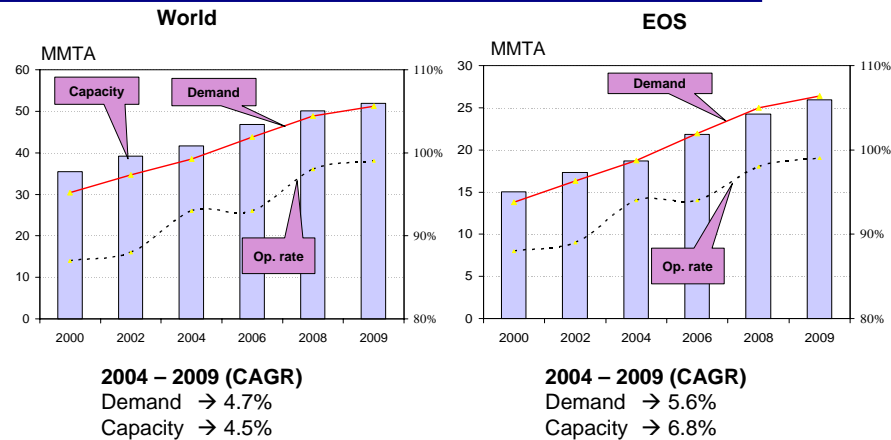
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Propylene Demand Supply



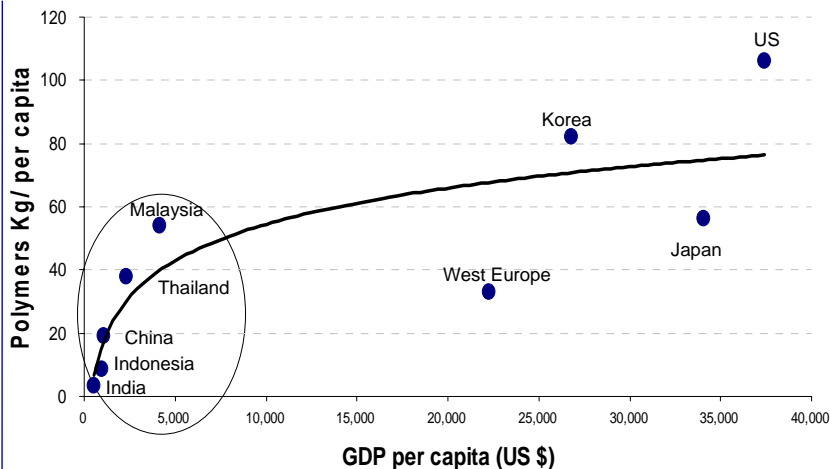
High operating rates and demand outstrips supply in EOS

PP Demand Supply



- 70% of new Global PP Capacity planned in East of Suez ...
- Global ORs to rise steadily beginning 2006 to peak in 2009

Asia becomes the Growth Driver



Reliance benefits from its geographical and low-cost advantages

No Large Additions in ME Capacity till 2008-09



Countries	2005	2006	2007	2008	2009	2010
(in '000 MT)						
Iran*	1,000	2,320		820	2,200	3,100
KSA				5,200	2,600	1,300
Qatar				1,300		
Kuwait				850		
Abu Dhabhi					1,400	
Oman					1,000	
Total	1,000	2,320		8,170	7,200	4,400

* Iranian capacity excludes 520 KTA Amir Kabir Complex which has gone on stream in July'05

Middle East ethylene capacities can create short-term demand-supply mismatch starting 2008 onwards but is likely to follow international pricing

Global Industry Outlook



Ethylene

- New investments in "feedstock-advantage" ME centers
- ME Cap share likely at <20% (2009)

PE

- Supply tightness to continue till 2007
- New ME capacity could soften markets beyond 2008
- Assets to come in demand heavy or low-cost centers (feedstock benefits)

PP

- PP consumption to touch 54 MMTA from 39 MMTA
- Growth forecast at 4.7%(CARG) -Capacity addition is 4.5%
- Prices likely to remain firm

Global Industry Outlook...con't

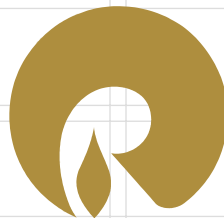


- Operating rates and margins expected to remain firm till 2008
- Middle East projected start ups to lead to softening of margins, however this will need to be monitored
- "Responsible" pricing regime by ME producers likely to provide a stable margin environment given that overall capacity, post expansion will still be < 20%
- Brazil's RioPol and Iran's Amir Kabir crackers are on stream – healthy margins continue
- Reliance's business development initiatives in the domestic markets will focus towards expanding the non-commodity based product usage

Asian Business Dynamics

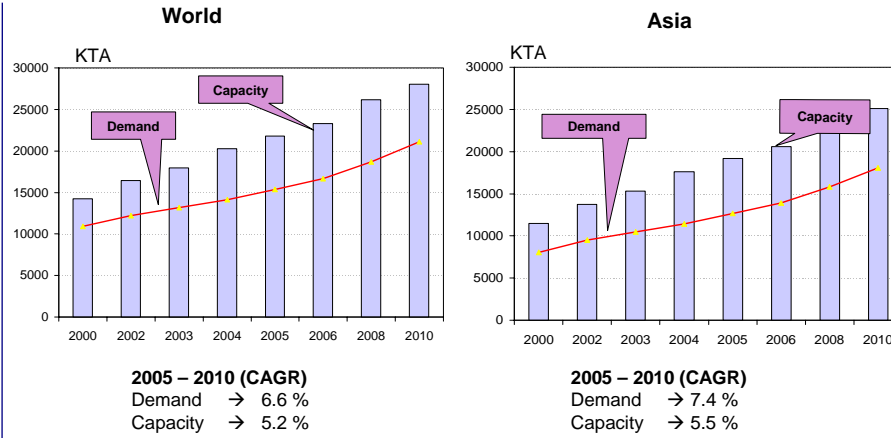


- Asian Demand supply situation has resulted in sustained up-cycle
- Rising Feedstock Prices have dampened margins partially
- North American Gas based Petrochemical producers are under pressure from high Gas prices (\$ 14 / MMBTU)
- Hurricanes have resulted in temporary outages which have helped sellers offset some of these costs by increase in product prices
- This reverse arbitrage has caused many chemicals and polymer cargoes have moved from Asia to North America
- Delay in Middle East projects is likely to result in petrochemical up-cycle sustaining for longer than originally envisaged



Polyester

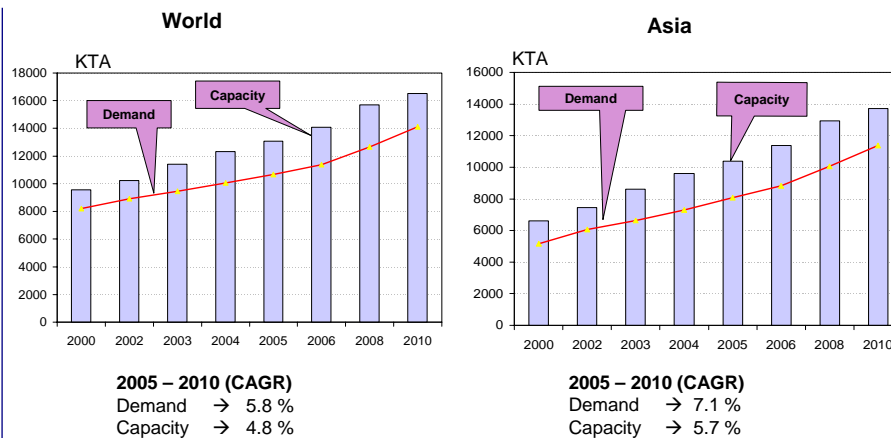
POY Growth outstrips Expansion Plans



Demand growth is expected to be faster than capacity addition in Asia

Source : PCI

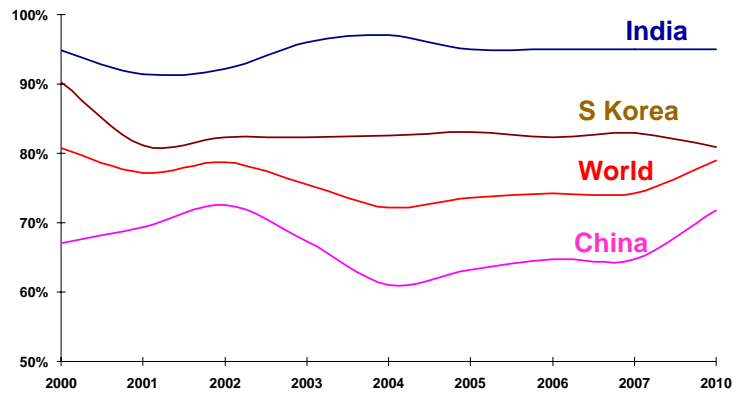
PSF Demand Supply



Asian demand growth will outpace supply by 2010

Source : PCI

Polyester: Capacity Utilisation



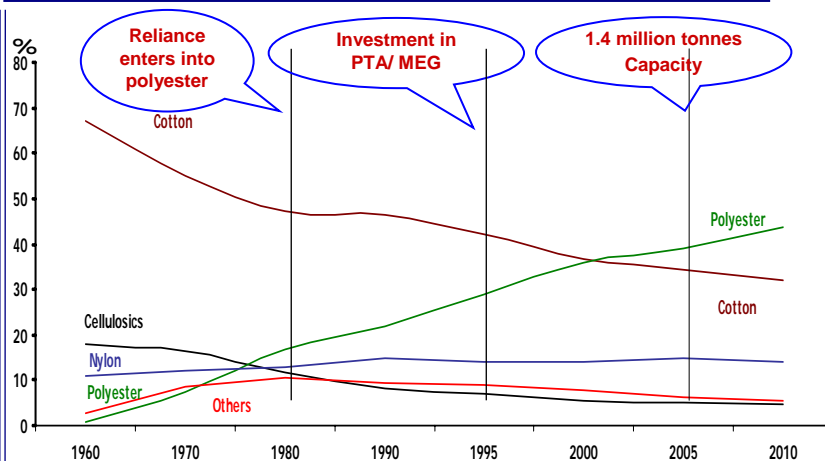
India: High utilisation rate to continue – Reliance is at 100% capacity utilisation

Source : PCI

www.ril.com

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Fibres: Polyester Dominance



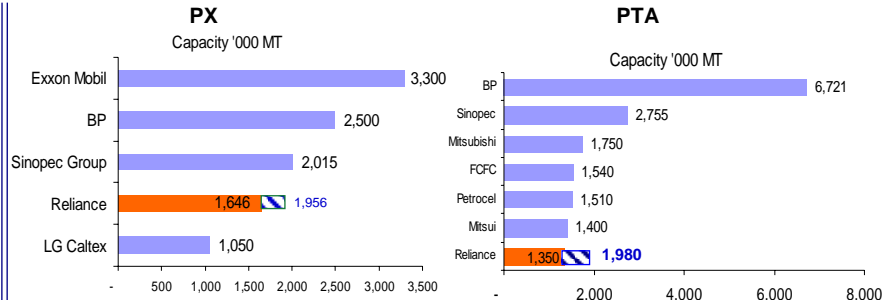
Reliance decision to enter into high-growth Polyester at the right time

Source: PCI

www.ril.com

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Advantage Reliance



Source: PCI and Company reports

- Reliance's strength lies in integration, low cost operations and value creation in entire chain - will mitigate risk in individual products
- Organic and acquisition of MEG – capacity now at 830,000 MT

Reliance - Polyester opportunities



- Current operating rate in China around 70%, Taiwan and Korea at 60% and India at over 90%
- India stands to benefit from growing consumption and removal of quotas – market expected to grow by 8-10%
- Opportunities in non-apparel applications to fuel growth – Reliance's acquisition of Trevira allows access to over 150 IPs
- Reliance among few fully integrated producers including PTA, MEG and PX – provides stable margins across the chain – post expansion in 2005-06, total capacity at 2 million tons

Reliance benefits from its integrated and low cost operations

Global Industry Outlook



- Polyester manufacturing is moving towards Asia and is aligned to the textile industry
- India and China are the future manufacturing bases with 80% of capacity presently located in Asia
- Indian textile exports to US has moved up by 30%, second only to China
- Low per capita consumption and low manufacturing cost will make India a polyester manufacturing hub in the days to come

Asia to dominate world supply of polyester

Coverage

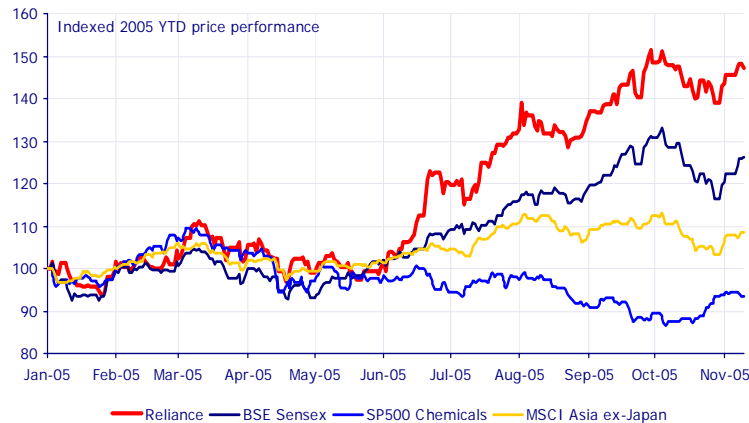


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Business Review

Summary

Reliance: Superior Stock Performance



Strong Fundamentals



- **Strong Cash flows**
 - Existing businesses generating cash flows of US\$ 2.8 billion per annum
- **Solid Balance Sheet**
 - Total Assets have grown from US\$ 3.6 billion to US\$ 18.4 billion over the last 10 years
- **Conservative Gearing**
 - Debt to Equity ratio of 0.37, Net Gearing at 16%
- **Top end Credit ratings**
 - Baa3+Stable Outlook by Moody's
 - BBB+Stable Outlook by S&P (above Sovereign Rating)
 - AAA by CRISIL (S&P-India) for the past 11 years

Demonstrated capability to execute multi-billion dollar projects on the strength of own cash flows with marginal recourse to external borrowings

Reliance: Capture Growth Opportunities



- Substantial investments in E & P (US\$ 4 billion)
- Creation of petroleum retail network (US\$ 1.5 billion)
- Expansion of petroleum refinery (US\$ 5.7 billion)
- Increase in petrochemicals capacities (US\$ 1.6 billion)

Investments of over US\$ 12 billion in next five years

Market Conditions going forward



- Petrochemicals operating rates and margins expected to remain firm till 2008
- Middle East projected start ups to lead to softening of margins, however this will need to be monitored
- Robust demand growth outpacing refining capacity addition globally
- Economic growth continues to fuel demand – 2% globally and at 4-5% in Asia
- Domestic gas market shortfall currently at 60 MMSCMD – gap to increase with economic development

Business prospects are very positive

Larger Strides Going Ahead



- Doubling Refining capacity to 60 million tonnes to maximise revenue opportunity
- Petrochemical capacity of over 15 million tonnes with stable margins
- Gas assets of over 18 TCF to capture local demand supply mismatch
- Allocation of capital to high potential, higher margin E & P business. E&P targeted to contribute 15-20% of revenues by 2010
- Conservative financial framework to deliver volume and sustained earning growth

What took us 30 years is being targeted to be replicated in the next 5 years

Demerger Update



- RIL board approves the scheme of demerger on 05 Aug 05
- Scheme details - on a 1:1 ratio, all shareholders of RIL to receive shares of
 - Reliance Communications Ventures Limited
 - Reliance Energy Ventures Limited
 - Reliance Capital Ventures Limited
 - Global Fuel Management Services Limited
- RIL Corporate Governance committee ensures protection of interest of minority shareholders. Scheme also unlocks value in a transparent manner
- Stock exchanges (BSE/NSE) approves scheme
- Positive outcome witnessed at the Court convened EGM held on 21 Oct 05 from equity shareholders and creditors alike



Growth is Life

Thank You