

Financial Presentation Annual Results FY 2004-05



**Reliance
Industries Limited**

April 27, 2005

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.

Forward-looking statements are based on certain assumptions and expectations of future events. The companies referred to in this presentation cannot guarantee that these assumptions and expectations are accurate or will be realised. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements. These companies assume no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events, or otherwise.

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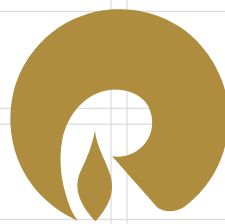


Economic Outlook

Financial Performance

Business Review

Summary



Economic Outlook

Global Economic Trends - GDP



	2003	2004	2005 E	2006 E
Global	2.9	4.3	3.6	3.7
US	3.1	4.4	3.9	3.7
Japan	2.7	2.7	1.4	1.4
Euro Area	0.4	1.8	1.6	2.2
China	9.1	9.5	8.5	8
India	8.1	6.9	7.5	7.4

Source: Citibank Estimates

Strong rebound in global growth despite high energy prices
Consumption demand in US underpins growth in Asian Economies

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Global Economic Backdrop

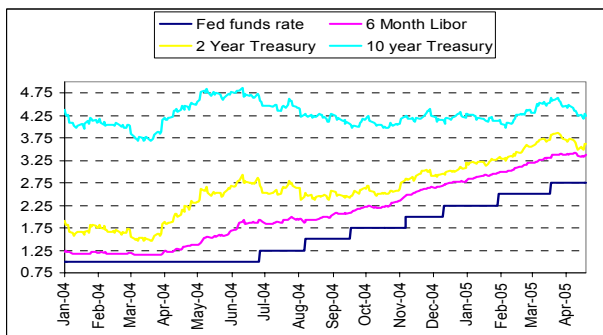


- US economy grew above the trend line growth of about 3%
- Growth in the Japan and Euro Area regions has remained sluggish
- China has grown at the fastest rate among the major economies
- Indian economy is growing at a rate that is significantly higher than the growth rate of the last decade

Global economic backdrop remains positive for business

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Trends in US Interest Rates



Date	29-Jun-04	22-Apr-05	Change
Fed funds rate	1.00	2.75	1.75
6 Month Libor	1.94	3.38	1.44
2 Year Treasury	2.82	3.62	0.81
10 year Treasury	4.69	4.25	-0.44

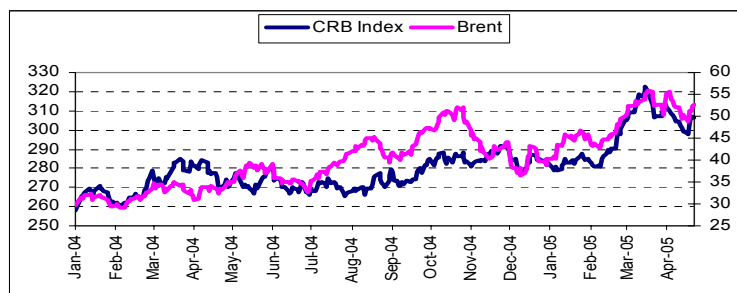
Source: Bloomberg

US short rates have risen by 144 bps on back of a 175 bps increase in overnight rates.

Long rates have remained relatively subdued on expectations that inflation will be contained

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Trend in Commodity Prices



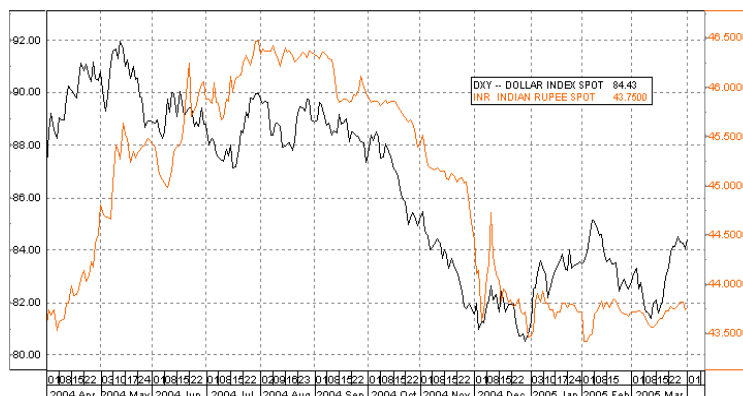
	Change
CRB Index	11%
Commodity Group:	
Energy	84%
Industrials	22%
Softs	19%
Livestock	16%
Precious Metals	-7%
Grains	-21%

CRB Index rose 11% FY YOY. Energy sector increased more than 80% - among the highest in past 10 years

Source: Bloomberg

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Trend in Rupee vis-à-vis Dollar Index



Rupee movement influenced by USD Index in 1H 2004/05
 Relative to USD index, Rupee gets overvalued by 3.5% in FY04/05

Source: Bloomberg

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Accretion of Reserves with Asian Central Banks



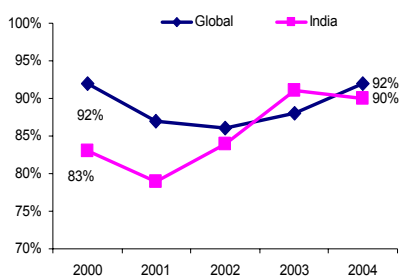
Reserves of Asian Central Banks (in USD Billion)				
	31-Mar-04	31-Mar-05	Increase	% Change
Japan	827	838	11	1%
China	440	659	219	50%
Taiwan	227	251	25	11%
South Korea	164	205	42	26%
India	110	141	31	28%
Hong Kong	124	122	-1	-1%
Singapore	103	113	10	10%

Source: Reuters

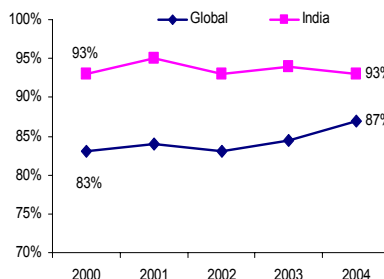
Strong accretion of FX reserves in Asian economies
 India now has the 5th largest FX reserves globally

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Operating Rates Environment



Ethylene cracker



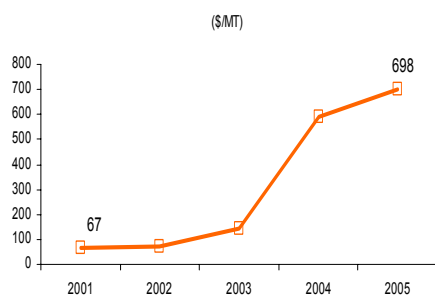
Refining

Source: PEL, Dewitt

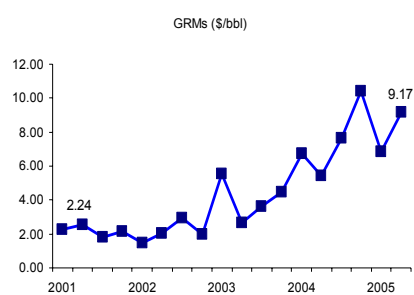
Operating rates go up globally
India continues to operate at high levels

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Margins Environment



Ethylene cash margins (SE Asia)



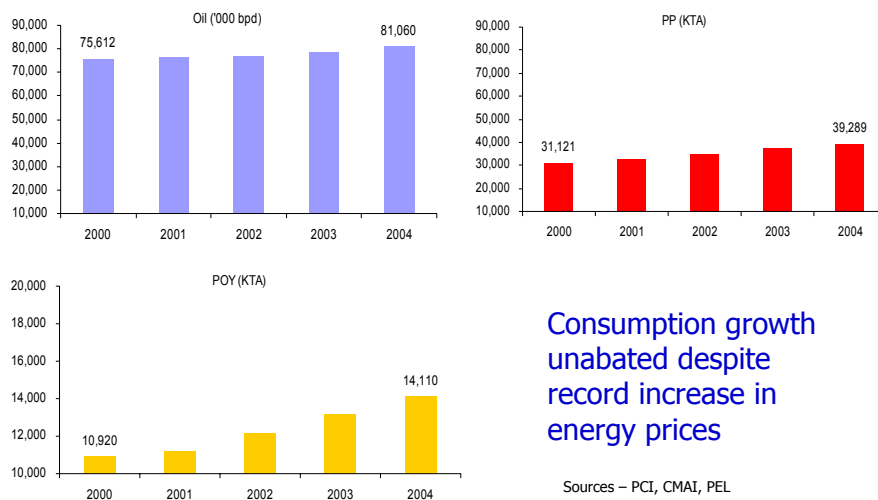
Singapore complex refining margins

Source: CMAI, Research Reports

Improvement in the ethylene cash and refining margins

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Global Demand Scenario



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International Majors



(Net Profit in Bn. US\$)	2003	2004	% change
BP	12.90	16.22	26.00
Dow Chemicals	1.70	2.80	62.00
Exxon Mobil	21.50	25.30	18.00
Lyondell Chemicals	(0.30)	0.54	
Shell	12.50	18.50	48.00
Formosa Plastics	0.53	1.15	119.00
L G Chem	0.36	0.53	48.00

Sources – Company Annual Reports

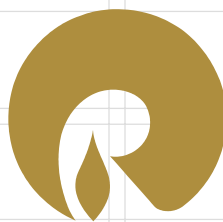
Strong earnings growth among energy and chemicals majors

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Summary



- Global economic growth rate accelerated despite high energy prices
- Interest rate environment remains benign
- Higher operating rates result in high margins
- Demand growth continues despite high price environment
- Record performance globally in energy and chemical sectors



Financial Performance

Strong Results for FY05



(in Rs crore)	4Q 05	4Q 04	%	FY05	FY04	%
Revenues	19,840	15,314	29.6%	73,164	56,247	30.1%
Net Profit	2,292	1,419	61.5%	7,572	5,160	46.7%
Cash Profit	3,465	2,647	30.9%	12,087	9,197	31.4%
EPS (Rs)	16.4	10.0	64.0%	54.2	36.8	47.3%
CEPS (Rs)	24.8	18.9	31.2%	86.6	65.7	31.8%

Year on Year Revenue up 30%, Net Profit up 47%

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Key Revenue Drivers

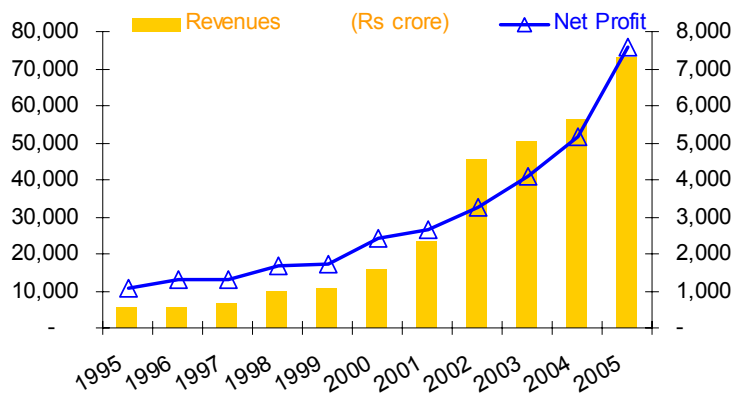


- Volume growth of 6%
- Impact of increase in product selling prices 24 %

Growth during FY-05 driven primarily by higher selling prices

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Consistently Accelerating Growth



CAGR over the last 10 years : Revenues 30% and Net Profit 22%

India and Reliance



- Revenues equivalent to 2.6 % of India's GDP
- Contributing 7.9 % of India's indirect taxes
- 7.7 % of the country's exports
- 4.6 % of the total market capitalisation
- 11.13 % weightage in the benchmark Sensex

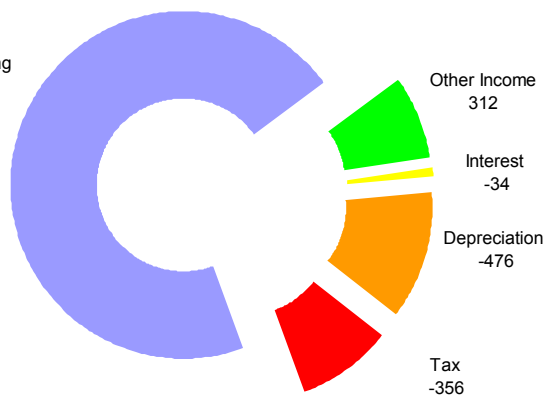
Reliance continues to mirror India's growth

Growth in Net Profit



Net Profit for the year up by Rs 2,412 crore

Operating Profit
2966



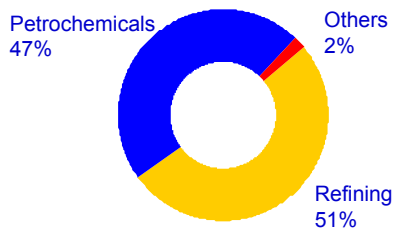
Net profit increase primarily due to operating profit increase

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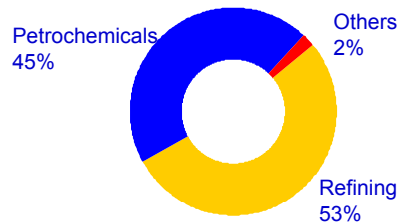
Business Mix for FY05



FY04



FY05



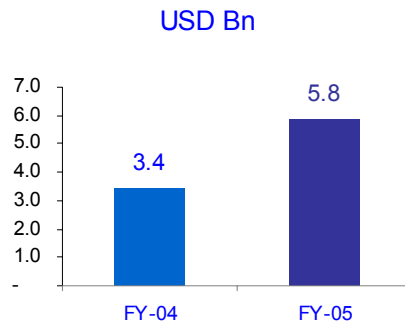
Refining & Petrochemicals contribute 98% of revenues

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Exports



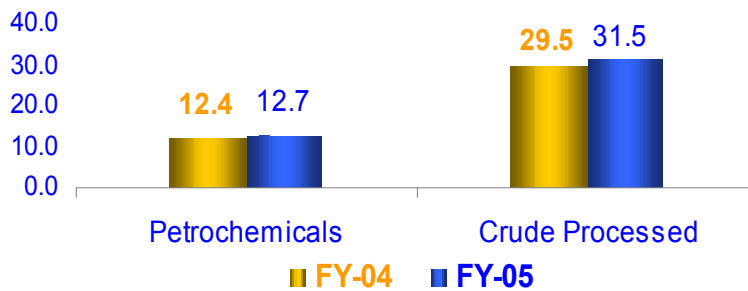
Refining
contributes 69%
Petrochem at
31%



Exports up 70% and now at 35% of total revenues

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Record Production



Petrochemicals up 3%, Crude Processed up 7%

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Capex

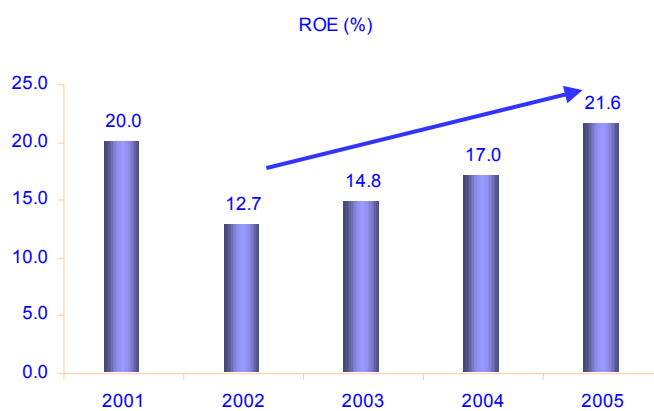


(in Rs crore)	FY05
E & P	1307
Refining	969
Retail Marketing	1210
Petrochemicals	1275
Common	331
Total	5092

Capex fueling future earning growth initiatives

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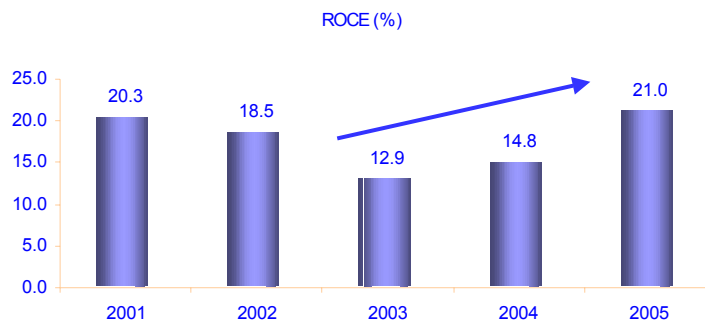
ROE Trend



Returns above targeted hurdle rate

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ROCE Trend



Business has earned 700 bps in excess of WACC

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Segment Results



(in Rs crore)	4Q 04	4Q 05	%		FY04	FY05	%
Refining							
Revenues	12,017	13,206	9.9%		41,606	51,700	24.3%
EBIT	1,089	1,579	45.0%		3,500	5,521	57.7%
EBIT (%)	9.1%	12.0%			8.4%	10.7%	
Petrochemicals							
Revenues	6,522	9,074	39.1%		23,424	29,745	27.0%
EBIT	896	984	9.8%		3,368	3,762	11.7%
EBIT (%)	13.7%	10.8%			14.4%	12.6%	

Refining EBIT margin improvement drives earnings growth

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Liquidity Ratios



Ratios	FY04	FY05
Gross Debt : Equity	0.61	0.45
Net Debt : Equity	0.54	0.26
Net Gearing	35%	20%
Interest Cover	5.0	6.0

RIL's leverage is conservative from historic perspective and in comparison with global peers

Conservative Debt Profile



	31-Mar-05
Weighted Avg. Cost of Debt (%)	7.96
Avg. Maturity of Debt (years)	6.22
Forex Debt (%)	54

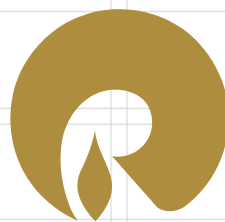
Consistent rating at 'AAA'

FY 2004-05 - Financing

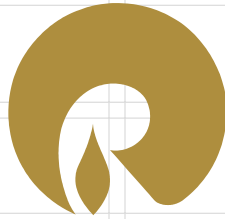


- USD 350 Million Syndicated Term Loan –
 - Most successful loan syndication ex- India with support from 35 international banks
 - Finest pricing achieved by RIL for a medium term loan
- USD 687.5 Million Refinancing
 - Largest restructuring exercise of its type concluded in the region
 - Participation from 26 international banks
- EUR 116 Million ECA facility
 - First ECA backed financing in over two decades
 - Backed by Euler Hermes and SACE S.p.A.
 - Longest tenor financing raised by RIL in recent times

Landmark financial transactions results in lower cost of capital



Business Review



Exploration & Production (E&P)

Panna - Mukta and Tapti



- Crude oil production increased by 8% YOY with production now at 30,000 BOPD
- Gas production increased by 15% YOY and production is at 400 MMSCFD
- Significant increase in margins
- Capex in FY05-06 at Rs 500-600 crore
- Production of gas likely to increase by 35% in FY2006-07

Improvement in both volume and margin

Status – Panna-Mukta and Tapti



- JV increased gas price ceilings and commenced Direct marketing of Natural Gas from April 2005
- JV consumers include IPCL, RIL, Gujarat Gas, GSPC and GAIL
- Average realisation expected to increase from USD 3.11 per MMBTU to nearly USD 4.0 per MMBTU

Direct marketing will result in improved price realisation in 2005-06

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Status – KG D6 Development



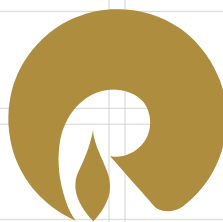
- Development plan for Dhirubhai 1 & 3 fields approved by DGH
- Initial Production profile at 40 MMSCMD
- Environmental Clearance obtained. Forest clearance awaited
- Mining Lease with validity of 20 years from March 05 received
- Resolution of “cash vs. kind” issue still pending
- Contract for development scheduled to be awarded later this year
- Commercial production expected in 2008 subject to various statutory approvals

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Overseas Assets



- 6 exploration wells completed in Yemen. Results have been encouraging.
- Plan to deploy an early production system aimed at commencing production in 12-18 months
- Reliance has been awarded the 21140 sq.km. deepwater block 18 in Oman and PSC has been signed

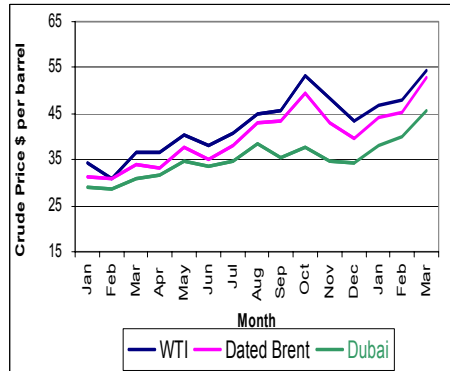


Refining & Marketing (R&M)

Global Crude Oil Prices



- Prices dropped US\$10/bbl in Dec'04 from the Oct'04 peak of US\$55/bbl but recovered fully in Mar'05
- OPEC announced production cuts in mid-Dec'04 but was forced to increase production in Mar'05 due to steep hike in crude prices
- 5-year forward curve shows average WTI price at USD 51 per barrel



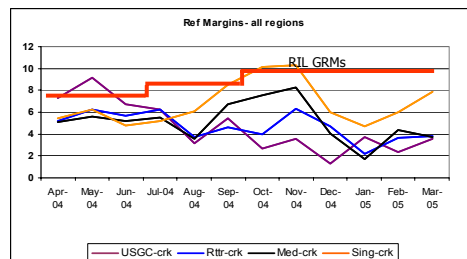
High oil price likely to continue

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Global Refining Margins



- Strong refining margins in FY 2004-05 due to global refining shortages and strong products demand growth particularly in China
- Margins softened in Dec-Jan but recovered in March due to
 - Cold weather
 - Tighter Product Specs



Source: Reuters

RIL outperforms Singapore margins by 3.8 \$/bbl in Q4 on account of superior product mix and refinery configuration

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Highlights : Refinery Performance



- Crude processed
 - 31.5 million tons
 - 96% capacity utilisation
- 9 new opportunity crudes processed
- Capacity utilisation for the secondary processing units continues to be high
- 3.5% reduction in fuel and loss on YOY basis
- Refinery completed five years of successful operation – crossing 1 billion barrels of cumulative crude processing

High capacity utilisation and strong GRMs led to superior financial performance

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Refinery Product Sales

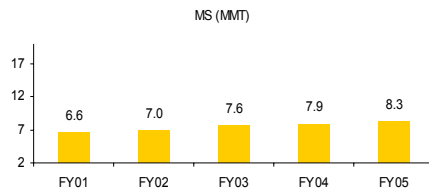
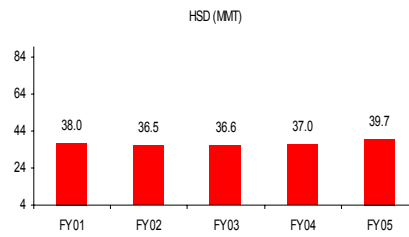
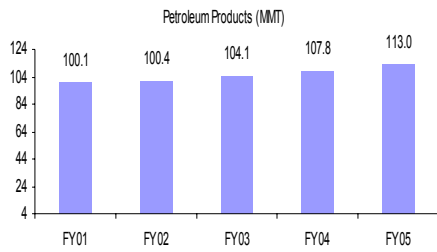


(in million tonnes)	FY04	FY05	Change
PSU	11.8	8.5	-3.3
Captive	7	7.1	0.1
Retail	-	0.8	0.8
Others	4.5	4.7	0.2
Exports	7.5	10.2	2.7
Total	30.8	31.3	0.5

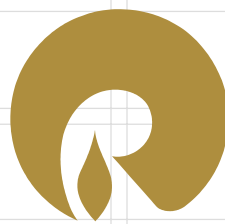
Domestic sales contribute 67% of overall volumes during FY05

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Demand Growth - Petroleum Products

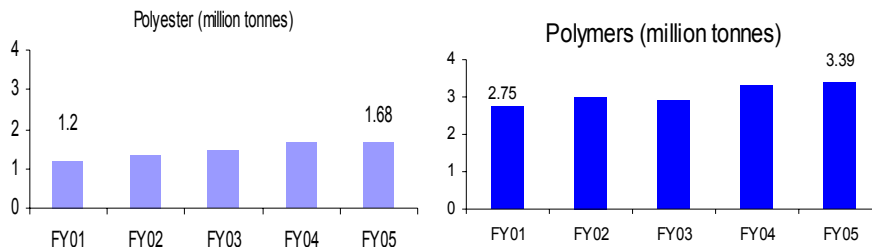


Demand growth in India driven by economic growth



Petrochemicals

Demand Growth – Polyester & Polymers



5 year CAGR in domestic consumption :

Polyester	9%
Polymer	5%

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Polyester : Business Environment

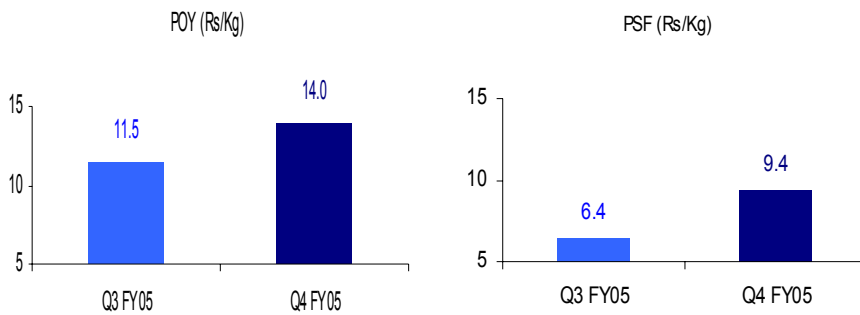


- Polyester margins improve with recovery of cotton prices
- Textile quotas to major markets removed from Jan '05
- 1 MMT Polyester fibers and yarns new capacities came on-stream in China
- 3% growth in domestic consumption of polyester in FY-05
- Customs duty on polyester and raw materials reduced to 15% from 20%
- Excise duty on filament yarn reduced to 16% from 24%

Improvement in margins and healthy operating environment

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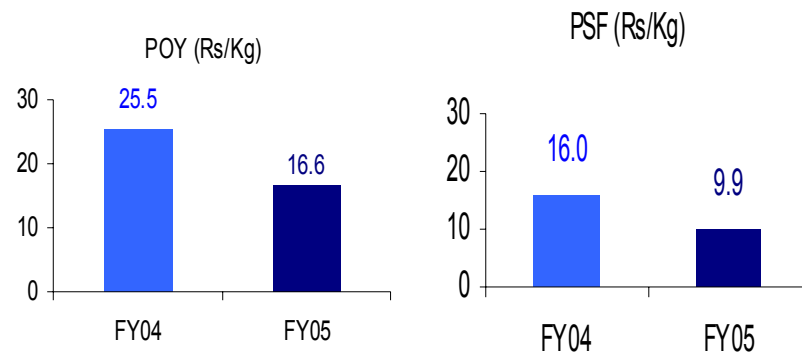
Polyester Deltas – Comparison Over Trailing Quarter



POY/PSF deltas significantly improved in Q4 FY05

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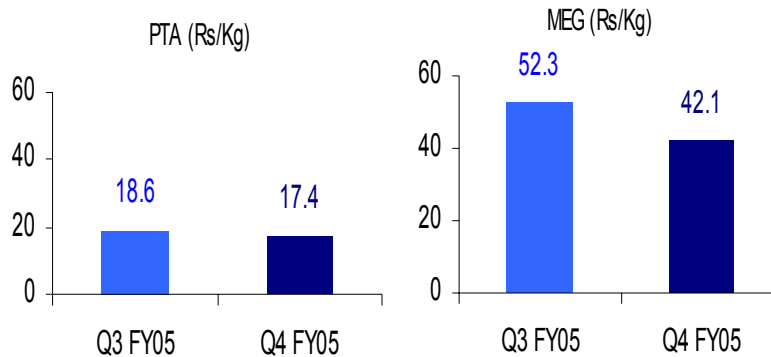
Polyester Deltas – Comparison Over Previous Year



POY/PSF deltas in FY05 significantly lower compared to FY04 due to strong raw material and intermediate prices

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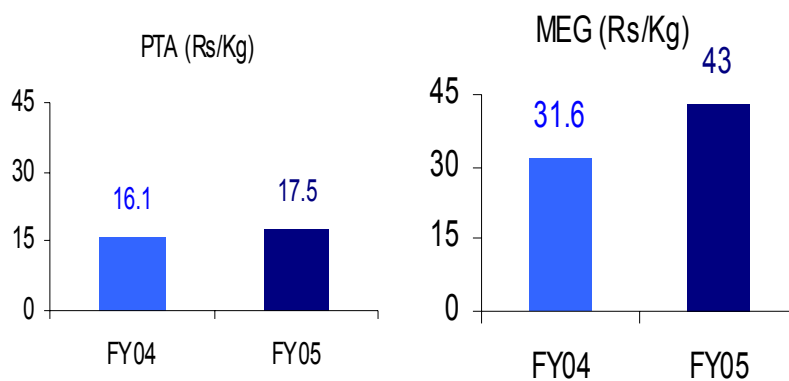
Polyester Intermediates Deltas – Comparison over Trailing Quarter



Polyester intermediates deltas weaken in Q4 as prices declined

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Polyester Intermediates Deltas – Comparison over Previous year



Higher prices of PTA/MEG in FY05 resulting in higher deltas

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Polymer : Business Environment

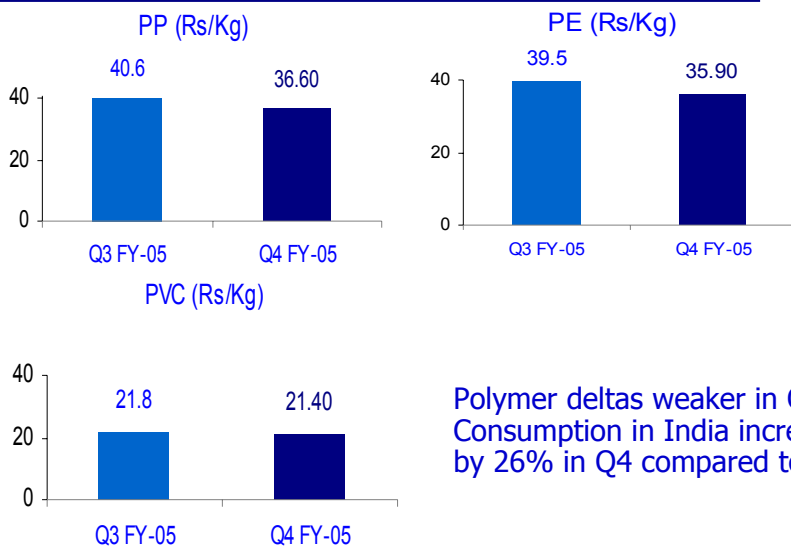


- Global demand for Polymers grew at 5% in 2004 against capacity growth of less than 3%
- Cracker operating rates over 92% leading to healthy margins for integrated producers
- China and Middle east continue to have major influence in the industry – China as the largest importer and ME as the major exporter
- 3% growth in domestic consumption of polymers in FY-05
- Customs duty on polymers reduced to 10% from 15%

Supply tightness in polymers to continue leading to strong margins

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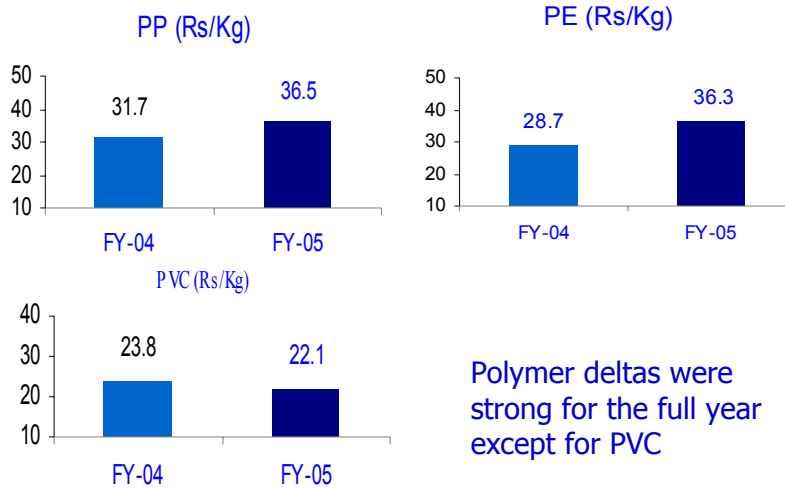
Polymer Deltas – Comparison Over Trailing Quarter



Polymer deltas weaker in Q4
Consumption in India increases
by 26% in Q4 compared to Q3

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Polymer Deltas – Comparison Over Previous Year



53

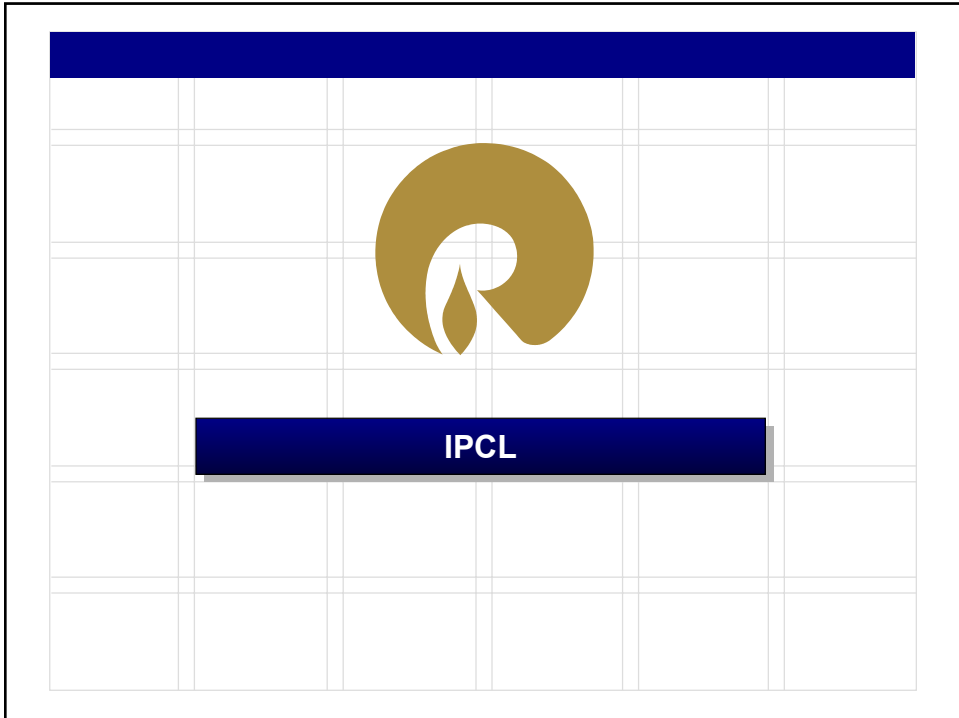
Capacity Expansion Plans



(in KTA)	FY06	FY07	FY08
PP	280		
Styrene			750
POY	330		
PSF	220		
PX		310	
PTA		532	
Butadiene	140		
TOTAL	970	842	750

Plan for Styrene capacity increased from 550 KTA to 750 KTA

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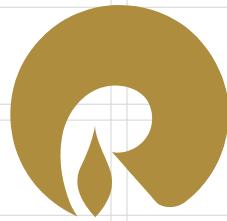


IPCL – Impressive Performance

(in Rs crore)	FY04	FY05	%
Revenues	9,019	9,386	4
Net Profit	273	786	188
Cash Profit	801	1,426	78
Exports	644	1,638	154
Production (mmt)	4.6	5.2	13

Improvement in financials led by petrochemical up-cycle
 Interest cost reduced by 61%

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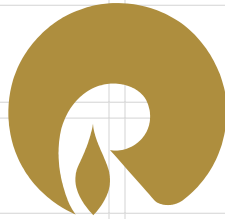
Reliance Energy

REL - Strong Performance



(in Rs crore)	FY04	FY05	%
Revenues	3,583	4,593	28
Net Profit	367	520	42
Cash Profit	686	970	41

- Strong improvement in revenue and earnings
- Net worth at Rs 6,339 crore – ranks third among the Indian private sector companies
- Significant improvement in Delhi DISCOMS – PBT of Rs 179 crore



Reliance Infocomm

RIC - Q4 Highlights



- Avg. monthly acquisitions at 0.43 mn (excluding one time churn), highest in the last four quarters
- One time company initiated churn of 0.98 mn Subs due to issues related to credit worthiness and error in subscriber data
- Service revenues at Rs. 1,659 crore, up 66% yoy
- Operational EBITDA at Rs 400 crore, up 317% yoy
- Turned net profit positive in Q4 at Rs 215 cr, against loss of Rs 118 cr in Q4 FY04

RIC – Income Statement for FY05



(Rs. Crores)

Particulars	FY 2004	FY 2005	Y-o-Y growth
Revenue from Operations	2,707	5,387	99%
EBITDA before Other income*	160	912	470%
Add: Other income/ Exceptional items	-	216	
EBITDA	160	1,129	
Interest	-	129	
Depreciation	548	945	72%
Tax	-	4	
PAT	(390)	51	
Cash Profit	160	996	522%

* Without considering one time interest income (net of revenue share) of Rs170 cr and exceptional items of Rs.46cr

- World record of 10 Mn. Customers within 19 months of launch
- Amongst the few Telecom companies in the World to report Net Profit within two years of operation

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RIC – Income Statement Q4 Vs Q3 FY05



(Rs. Crores)

Particulars	Q3 FY05	Q4 FY05	Q-o-Q growth
Revenue from Operations	1,415	1,659	17%
EBITDA before Other income*	219	400	83%
Add: Other income/ Exceptional items	-	216	
EBITDA	219	616	
Interest	-	129	
Depreciation	225	269	20%
Tax	-	4	
PAT	(6)	215	
Cash Profit	219	484	121%

* Without considering one time interest income (net of revenue share) of Rs170 cr and exceptional items of Rs.46cr

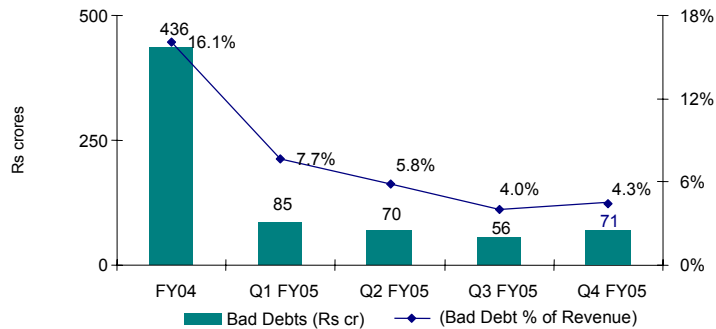
- Operating profit growth of 83% QoQ

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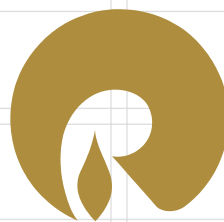
Migration leads to lower Bad Debts



Trend in Bad Debt Provisioning



- Lower bad debts due to improved systems to check delinquency and sustained efforts to improve cash collection
- Migration of marginal subscribers from post-paid to prepaid has also helped in containing bad debts
- Incrementally, about 80% of the additions are prepaid

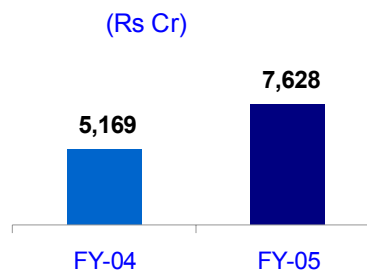


Summary

Consolidated Profit



(in Rs crore)	FY04	FY05
RIL standalone	5,160	7,572
Share of		
REL	118	188
IPCL	63	181
Infocomm	(134)	15
Others	93	58
Elimination of premium on Preference Shares	(131)	(386)
Consolidated Profit	5,169	7,628



Benefits of consolidation reflecting in earnings growth

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Share Buyback

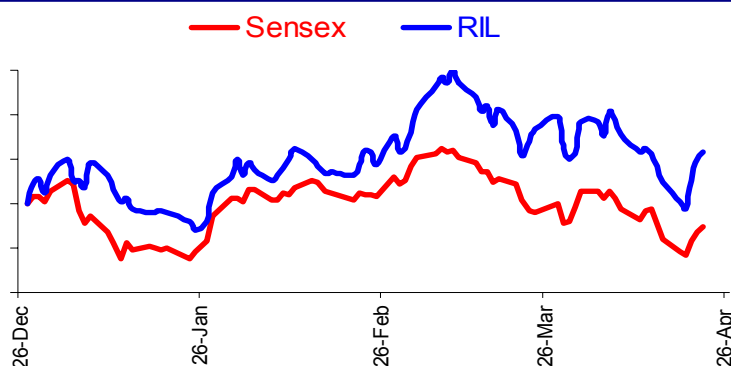


- Buyback opened on 10-Jan-2005
- Price not exceeding Rs 570 per share
- Aggregate amount not exceeding Rs 2,999 crore
- Shares bought back till date:
 - No. of shares 2,869,495
 - % of equity capital 0.20
 - Avg. price (Rs) 521.42
 - Total Amount (Rs crore) 149.62

Buyback to lead to increase in EPS, and improvement in RONW

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RIL Relative to Sensex



RIL outperforms Sensex by 8% since buyback announcement
Beta declines from 1.2 before the announcement to 0.92 after buyback announcement

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Valuations - RIL v/s Global Peers



Median	PE	P/BV	EV/EBITDA
Global Chemical Majors	7.3	1.8	4.3
Global Energy Majors	9.9	2.0	5.1
BSE Sensex	14.5	3.0	8.8
Reliance	9.2	2.0	6.0

Source: Research Reports

RIL is trading at par with global peers on current earnings basis but at a discount to Indian market multiples

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FY 2004-05 – Key Milestones



- Strategic acquisitions – Trevira, SM Dyechem
- Launch of Retail initiative for petroleum products
- Exports touch record levels of USD 5.8 billion
- Full year of operation of expanded refinery capacity
- Polyester capacity enhancement program commenced – 0.5 Million tonnes capacity to position RIL as leading producer globally

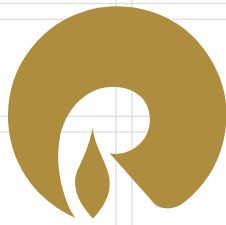
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FY 2004-05 – Key Milestones



- Significant improvement in financial position with net debt reducing by over USD 2 Billion.
- India's largest share buy-back program
- Foreign currency rating improves to BB+
- Recognition
 - International Refiner of the Year
 - Asia's Best Chemical Company
 - Petrochemicals Company of the year
 - India's Greenest Company

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Growth is Life

Thank You