

## Reliance Industries Limited

Annual Results Presentation  
April 23, 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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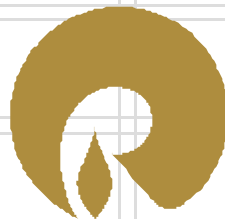
**Macro-Economic Outlook**

**Performance Highlights**

**Financial Performance**

**Business Review**

**Summary**



**Macro-Economic Outlook**

## A Turbulent Global Environment



- Year begins in the aftermath of the 9/11 catastrophe
- Geo-political tensions globally further dampen business sentiment
- Quick cessation of hostilities in Iraq fails to enthuse industry and markets alike the world over
- Deadly SARS epidemic adds to uncertainties, denting hopes of economic recovery, especially in China and Asia Pacific region
- Historically low interest rates fail to trigger investment revival
- Business and consumer confidence touch new lows

*The dismal state of the global economy is reflected in the 1-2% GDP growth estimates for 2003 for most countries, excluding China and India*

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## India – An Oasis of Calm



	FY-01	FY-02	FY-03
Real GDP Growth (%)	4.4	5.6	4.8
Inflation Rate - CPI (%)	3.8	3.0	4.3
Short-term Interest Rate (%)	7.5	6.2	5.6
5 year Interest Rate (%)	9.4	6.6	5.9
10 year Interest Rate (%)	10.3	7.4	6.1

- *India has remained largely insulated from the global economic slowdown, given the large size of its domestic economy*
- *The steep decline in domestic interest rates has continued unabated, triggered by huge inflows of liquidity*

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## Indian Economy – Forecasts for 2003-04

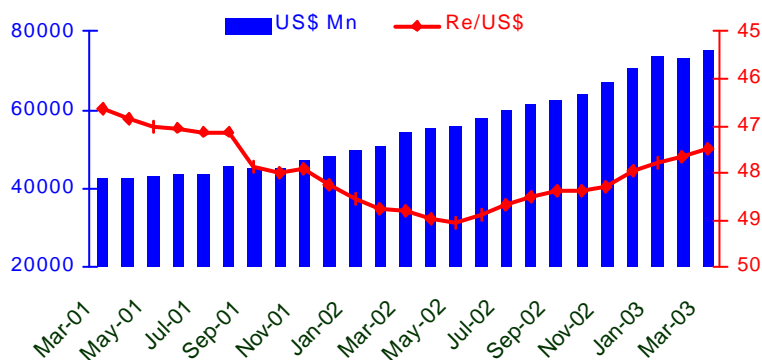


	FY-04E
GDP Growth (%)	5.3
Inflation Rate - CPI (%)	4.3
Short-term Interest Rate (%)	5.2
5 year Interest Rate (%)	5.6
10 year Interest Rate (%)	6.1

*Historically low interest rates, increasing forex reserves, a mild inflation rate, and increasing exports provide a stable platform for economic growth in the country*

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## A New Trend – Rupee Appreciation!



- The 6th largest foreign exchange reserves in the world – expected to further increase to US\$ 87 billion this year
- Rupee appreciates for the first time since independence

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## Performance Highlights

## Reliance - India's No. 1 Group



	Rs. Crore	US\$ bn	Rank
Sales	78,500	16.5	1
Exports	12,000	2.5	1
Cash Flow	9,100	1.9	1
Net Profit	4,700	1.0	1
Net Worth	37,500	7.9	1
Assets	81,000	17.1	1
Market Cap	45,000	9.5	1

- *Reliance Industries is India's largest private sector company*
- *India's only fully integrated energy company - Exploration & Production (E&P), Refining & Marketing (R&M), petrochemicals, power and textiles - together with interests in Infocomm*

## India's No. 1 Private Sector Fortune Global 500 Company



	US \$ bn	Fortune Global 500 Rank*
Net Profit	0.9	Amongst top 175
Net Worth	6.4	Amongst top 275
Assets	13.4	Amongst top 400
Sales	13.7	Amongst top 400

\* Rankings based on the latest available Fortune 2002 listing

*RIL also ranks amongst the world's top 30 energy/petrochemicals companies by profits and amongst the top 50 by sales - majority of the peer group are government owned oil companies*

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## No. 1 in Contribution to the Indian Economy



	India (Rs. Crore)	RIL (Rs. Crore)	%
GDP / Turnover	2,236,000	65,000	3%
Indirect Tax	142,500	13,200	9%
Exports	248,000	11,500	5%
BSE Market Cap	548,000	38,800	7%

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

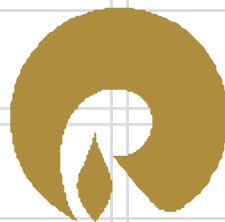
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## Landmark Events in FY 2002-03



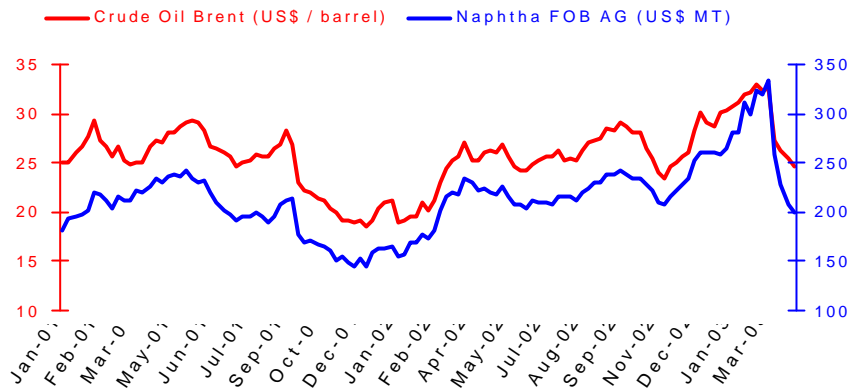
- Completion of merger of RPL with RIL – largest merger in Indian corporate history
- Reliance acquired IPCL with management control – India's largest disinvestment transaction
- Reliance discovered natural gas in the Krishna Godavri basin – World's largest gas discovery in 2002
- Reliance Infocomm's launch - largest infocom infrastructure and services launch by any new entrant anywhere in the world
- Reliance acquired management control of BSES with 58% equity stake – largest acquisition in the Indian power sector

*Reliance has consolidated its position in 2002-03 as the largest Indian business house, moving into a new orbit of growth*



## Financial Performance 2002-03

## A Challenging Environment in 2002-03...



*Increased volatility in energy feedstock and product prices compounded prevailing economic uncertainties – creating new challenges in the preservation of operating margins*

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## ....RIL has reported record performance



- Net profit a record Rs. 4,104 crore (US\$ 864 million), up 45%
- Net profit for the 4th quarter Rs. 1,101 crore (US\$ 232 million), up 32%
- 28.6 million tonnes of crude processed at Jamnagar – refinery operated at record capacity utilisation of 106%
- Production of oil and gas and petrochemicals at record level of 11.8 million tonnes, up 3%
- Exports US\$ 2.4 billion (Rs. 11,510 crore), up 3% - 82% of revenues still generated through domestic sales

*Reliance has reported 14 consecutive years of growth in net profits – an achievement unmatched by any company of similar scale*

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## RIL Income Statement for FY 2002-03



	FY 2002-03		% Change
	Rs.crore	\$ mn	
Gross Turnover	65,061	13,701	14%
EBITDA	9,366	1,972	8%
Interest	1,555	328	-15%
Depreciation	2,837	597	1%
Tax	870	183	-36%
Net Profit	4,104	864	45%
Cash Profit	7,565	1,593	7%

*Interest down 15%, from Rs. 1,825 crores (US\$ 374 million) to Rs. 1,555 crore (US\$ 328 million)*

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## RIL – US GAAP Reconciliation



	Indian GAAP US\$ mn	US GAAP US\$ mn
Net Profit	843	741
Difference		(102)

*The difference between US and Indian GAAP is largely on account of additional charge of depreciation in respect of earlier years and premium paid on extinguishment of debt*

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## Segment Information for FY 2002-03



	Petrochemicals	Refining	Rs. crore Others
Segment Revenue	29,190	34,409	1,474
Segment Results (EBIT)	2,929	2,344	598
Capital Employed	12,445	23,666	3,445
Return on Capital Employed (ROCE)	23.5%	9.9%	17.4%

*Weighted average Return on Capital Employed is significantly higher than RIL's WACC, which is in the 13% range*

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## Elements of Sales Growth



	Composition of Sales Revenue Change
Impact of volume change	-4%
Impact of product price change	18%
Total impact on Sales Revenues	14%

*The 14% increase in sales was driven by a combination of volume and price factors*

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## RIL Profitability Ratios



	FY 2002-03	FY 2001-02
Operating margin (%)	13%	13.8%
Net profit margin (%)	6.3%	5.7%
EPS - Rs (\$)	29.3(\$0.60)	23.4(\$0.50)
Cash EPS - Rs (\$)	54.0(\$1.10)	51.0(\$1.04)

*The RIL stock price is trading at around 5 times cash earnings, reflecting an earnings yield of 20% per year*

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## RIL Liquidity Ratios



	FY 2002-03	FY 2001-02
Debt:Equity	0.60:1	0.64:1
Gearing (%)	36.2	36.4
Interest Cover	4.0	3.1

*RIL's debt has an average maturity of 7 years, and the weighted average cost of debt is 8%*

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## Strong Performance in Declining Tariffs



	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 (Rs.crs)	322	576	1065	1305	2646	3243	4104

*Reliance has consistently reported higher profits year on year, despite the sharp reduction in import tariffs, demonstrating the global competitiveness of its operations*

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## Reliance India's Largest Exporter

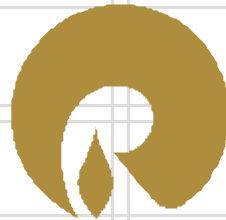


- Reliance is by far the largest exporter in India with exports of Rs. 11,510 crore (US\$ 2.4 billion)
- RIL exports products to over 100 countries – yet exports account for only 18% of turnover
- New export offices opened during the year in China, UAE, Vietnam, Turkey and Indonesia

	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 against global leaders*

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## Oil and Gas

### E&P - Background



- 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 - Rs.84000 cr. in 2002-03

Current gas supply is just 65 MMSCMD

Window of opportunity for Reliance

*Reliance's E&P initiatives will provide 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
- In addition to one block in Yemen, Reliance has acquired 32 blocks in India in last few years
  - 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

*RIL is the largest private sector E&P operator in India, with total acreage of nearly 290,000 square kilometers*

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## Producing Assets – Panna, Mukta & Tapti

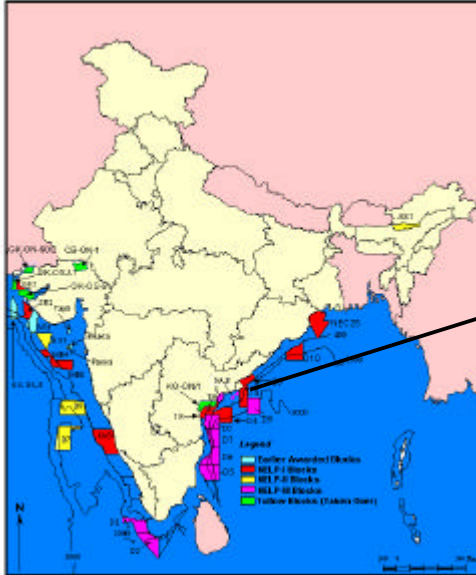


	Production	Reliance's Share	
		Rs. Crore	US\$Mn
Oil (MT)	372,100	353	73
Gas (MTOE)	716,700	438	90
Total	1,088,800	791	163

*Reliance's oil & gas revenues from PMT presently account for around 1% of total turnover – this situation will change significantly with the new E&P initiatives*

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# Reliance's Exploratory Thrust



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>

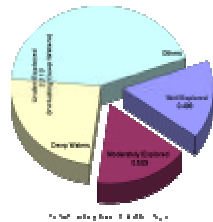
**Gas Discovery - KG DWN 98/3 (D6)**

# Reliance's Exploratory Thrust



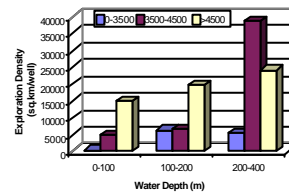
Prognosticated reserve in the range of 20 billion tonnes – deep water expected to contain half of that

## Exploration Coverage



Source: \*Petroleum Exploration & Production Activities-India, 199-2000, DGH

16% well explored,  
17% moderately explored  
Whereas.... 67% underexplored



Water Depth (m)	Area (000'sqkm)	Well (Nos)	Coverage (000'sqkm/well)	Drilled Depth (m)
1) 0-100m Isobath	306	533	0.6	0-3500
	272	54	5	3500-4500
	195	13	15	> 4500
2) 100-200m Isobath	58	9	6.4	0-3500
	54	8	6.7	3500-4500
	40	2	20	> 4500
3) 200-400m Isobath	42	8	5	0-3500
	39	1	39	3500-4500
	24	1	24	> 4500
3) 400-1000m Isobath	260	1	260	0-3500
	244	2	122	3500-4500
	181	1	181	> 4500

*Strong reason for deepwater focus of Reliance*

## Gas Discovery in KG-D6 : Huge Potential

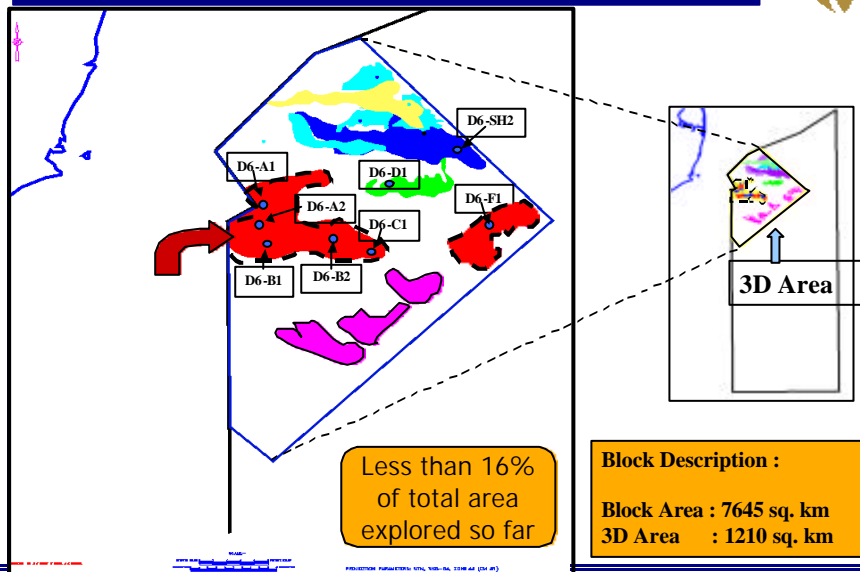


- Reliance discovered natural gas in the very first well drilled in Block-D6 in Krishna Godavari basin off Andhra Pradesh coast
- The largest gas discovery in the world in 2002 - India's biggest gas discovery in nearly three decades
- Initial estimate of gas in place reserves at 7 trillion cubic feet (TCF) in October 2002
- Based on first 6 wells, estimates of original gas in place reserves raised to 10.46 TCF
- 7 wells successfully and drilling on in 8th well - further upside expected - about 85% of the block still to be explored
- Capable of producing 40 MMSCMD - The current supply of natural gas to consumers in India is only 65 MMSCMD
- Reliance has drilled in water depths of over 6000 feet, the deepest so far in India – a feat accomplished by a handful of players worldwide

*This discovery is a major step towards reducing the wide deficit of the country's energy needs*

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## BLOCK : KG-DWN-98/3



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## KG-D6: Activities for Development



- Commerciality for Dhirubhai -1 discovery approved by DGH - GOI notified about the commerciality of this discovery
- 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
- Well completion design study done - options evaluated/ short-listed
- Possible pipeline routes for bringing gas to shore identified and route surveys completed - statutory clearances for pipeline route being pursued
- Environmental Impact Assessment studies initiated for offshore & onshore portions through NIO & NEERI

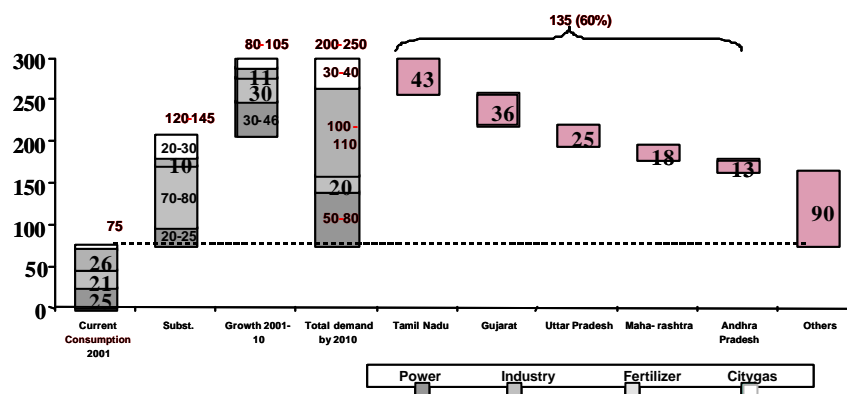
*First gas planned in 2006 based on timely receipt of various government clearances*

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## Gas Business Outlook- Projected Demand



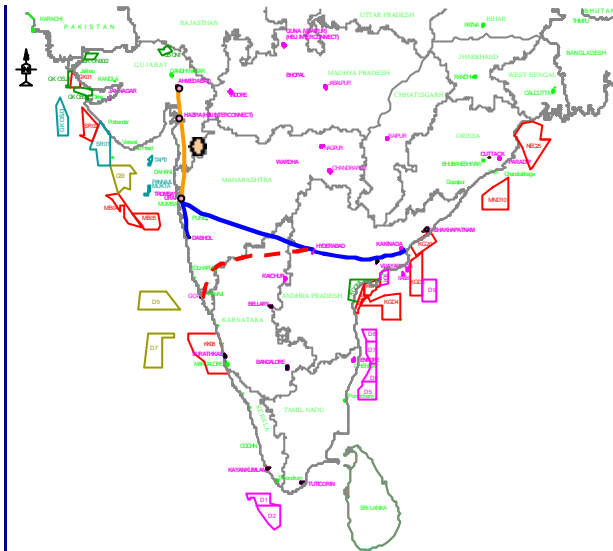
**Gas demand projection by segment and by key states**



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

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## Gas Pipeline – Options



*Various options for setting up of pipeline infrastructure are presently under consideration*

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## Competitiveness - Domestic Gas vs. LNG



- 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 \$3.00/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 be different, and will reach an equilibrium based on the supply-demand economics.

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

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## Capex Estimates for E&P Business



- Estimated capex of Rs. 500 crore (US\$ 100 million) per year on exploration activities in balance areas
- Estimated capex of Rs. 2,500 crore (US\$ 500 million) per year for the next 3-4 years on production from discovered fields and setting up of pipeline infrastructure
- Capex in initial year FY 2003-04 likely to be lower, as expenditure is more back-ended and to be incurred in subsequent years
- Adequate financial flexibility for meeting capex requirements from a mix of internal accruals, securitisation of reserves, etc.

*Reliance enjoys financial flexibility to meet capex requirements from internal accruals, securitisation of reserves, etc.*

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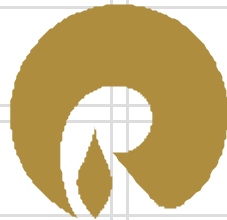
## E&P – Human Resources



- 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
- Our processes are benchmarked against world's best practices
- The institutional emphasis is on knowledge management across the functional domains

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

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## Refining & Marketing

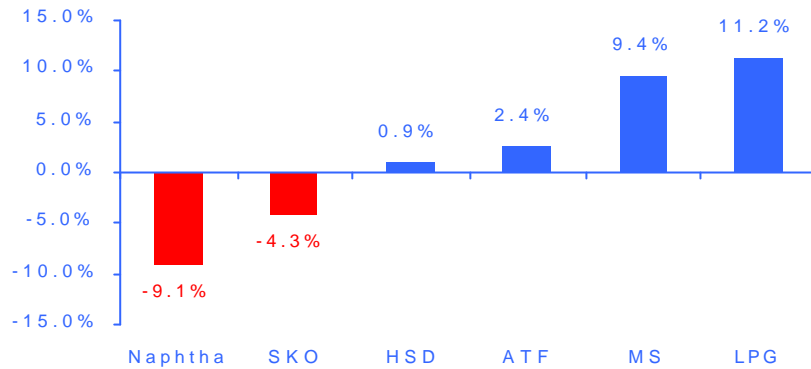
### India – Amongst the World's Largest Markets



		Annual Consumption MTPA	% of World Total
1	USA	898	25.6
2	Japan	254	7.2
3	China	227	6.4
4	Germany	130	3.7
5	Russian Fed.	124	3.5
<b>6</b>	<b>India</b>	<b>100</b>	<b>2.8</b>
7	France	95	2.7
8	Italy	93	2.7
9	Brazil	84	2.4
10	Mexico	84	2.4

*India's per capita consumption is 98 kg.p.a., amongst the lowest in the world - China 178 kg.p.a. and World average at 577 kg.p.a.*

## R & M – Domestic Demand Scenario



- MS and LPG continued strong growth rates - HSD also moved to positive zone
- Overall demand for petroleum products increased by 1.8% during the year

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## R & M – Operating Highlights

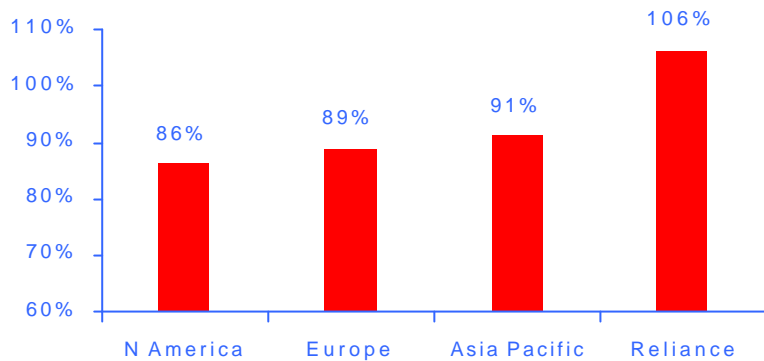


- Jamnagar Refinery undertook its first ever planned shutdown of certain units in 2002-03, with yield/ quality improvement programmes
- Debottlenecking of refinery capacity carried out during the planned shutdown of the refinery
- Yield and efficiency improvement will also enable refinery to operate at marginally higher capacity utilisation
- Crude throughput has increased from 27 MTPA to 30 MTPA – further scope of increasing to 33 MTPA – at marginal capital costs
- Increased throughput will enable the refinery to gain further flexibility in processing different varieties of crude

*The Jamnagar refinery is now the world's 5th largest refinery at a single location*

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## R & M – Record Capacity Utilisation



*Despite the planned shutdown, Reliance's refinery has consistently operated at much higher utilisation rates than its global peers – the operating rate touched 116% during Q4 FY2002-03*

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## R & M – 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 by April 2004 at an estimated capex of Rs. 3,000 crore
- 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
- Disinvestment of 34% stake in HPCL by government has commenced - Reliance has filed Expression of Interest

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

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## 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

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## 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*

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## 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*

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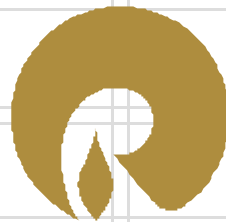
## R & M – IT Integrated RO Operation



- 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*

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## Petrochemicals

### Huge Potential for Demand Growth



- India - amongst the largest and fastest growing petrochemicals markets in the world
- Polyester – India's per capita consumption 1.4 kg compared to 6.6 kg for China and 3.3 kg for the world
- Polymers - per capita consumption at 4 kg is only 1/5th of China / World
- Strong double digit demand growth - India to be the 3rd largest polymer market in the world by 2010

*Petrochemicals business provides attractive growth opportunities*

## Reliance – India's Globally Ranked player



	Global Rank
Polyester (fibre and yarn)	2
Paraxylene	3
PTA	5
PP	7
PVC	10

*Reliance – amongst top 10 global players in major petrochemicals*

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## Reliance – India's Leading Petrochemicals Player



- Hazira Cracker - @ 750 Kta is one of the largest multi-feed crackers in Asia
- Capacity
  - Polyesters (PFY/PSF/PET) 0.9 MMTA
  - Fibre intermediates (PX/PTA/MEG) 3.0 MMTA
  - Polymers (PE/PP/PVC) 2.6 MMTA
- Capacity utilisation rates 100% +
- Reliance leads in industry consolidation

*Stable operating margins maintained despite sharp reduction in import tariffs and through business cycles*

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## Petrochemicals – Leading Market Shares in India

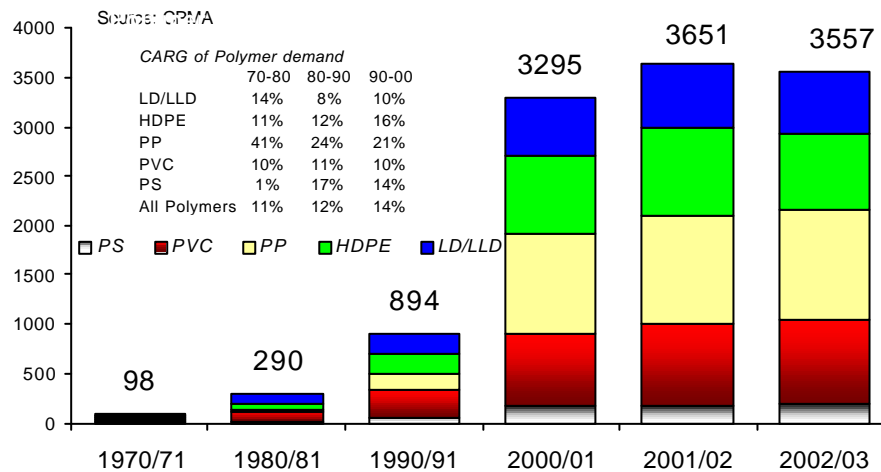


### Market share

Polyester (PFY, PSF, PET)	51%
Fibre Intermediates (PTA, MEG, PX)	83%
Plastics (PE, PP, PVC)	69%

*The IPCL acquisition has further enhanced RIL's market share*

## Polymers displaying consistently high double digit growth rates

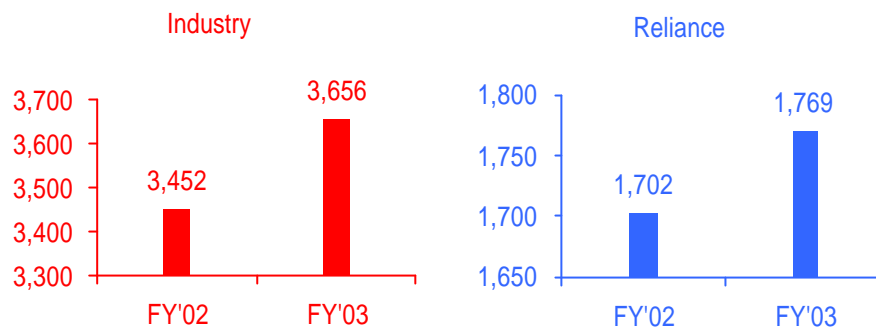


*... India continues to witness strong growth with consumption trebling every decade*

## Polymers – Production Growth in India in 2002-03



Production in '000 tonnes

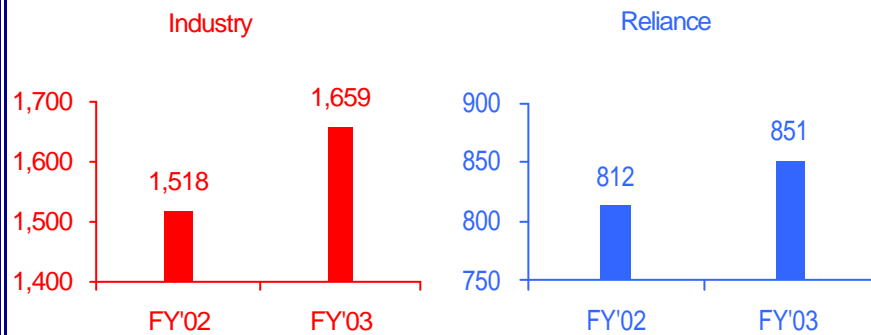


*RIL's polymer production increased 4% during the year, against the industry production growth rate of 6%*

## Polyester – Production Growth in India in 2002-03

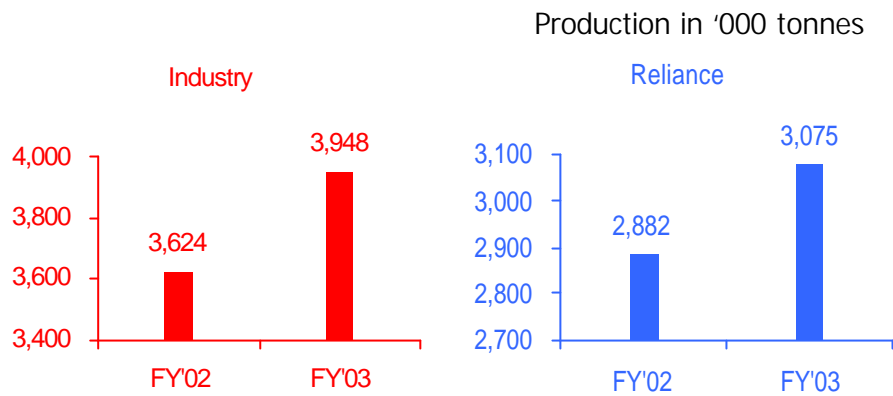


Production in '000 tonnes



*Polyester production for Reliance increased by 5% - industry production increased by 9%*

## Fibre Intermediates – Production Growth in India in 2002-03



*Reliance's fibre intermediates production increased at 7%, marginally lower than the industry production growth rate of 9%*

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## Emphasis on Higher Margin Speciality Grades



	Speciality as % of Total Volume FY-03	Premium over Commodity (Rs./MT)	(%)
POY	32%	3,000 - 21,000	3% - 28%
PSF	60%	1,000 - 33,000	1% - 50%
PE	14%	500 - 4,500	3% - 16%
PP	22%	800 - 5,000	1% - 7%
PVC	14%	2,000	5%

*Continued emphasis on premium grades to enhance margins*

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## Slowdown in Global Ethylene Capacity Addition



Growth in Ethylene capacity saw significant slowdown in 2002

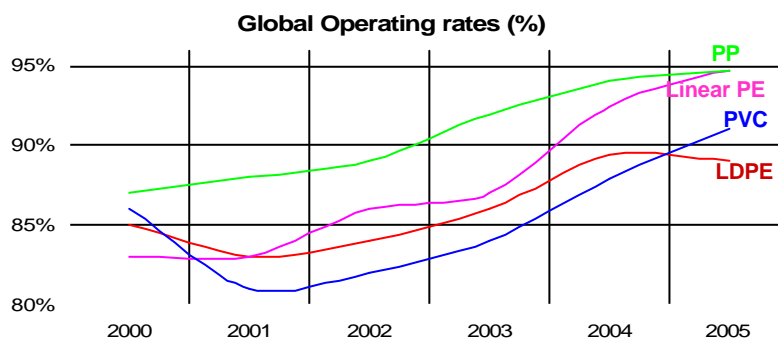
	Ethylene capacity (MTPA)		Change	
	Jan-03	Jan-02	MTPA	%
Asia Pacific	28.3	27.1	1.2	4.4
Eastern Europe /FSU	7.4	7.5	-0.1	-1.3
Middle East / Africa	10.0	9.4	0.6	6.2
North America	35.8	35.4	0.4	1.2
South America	4.3	4.3	0.0	0.0
Western Europe	23.5	23.2	0.3	1.4
Total Capacity	109.4	107.0	2.4	2.2

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...*

59

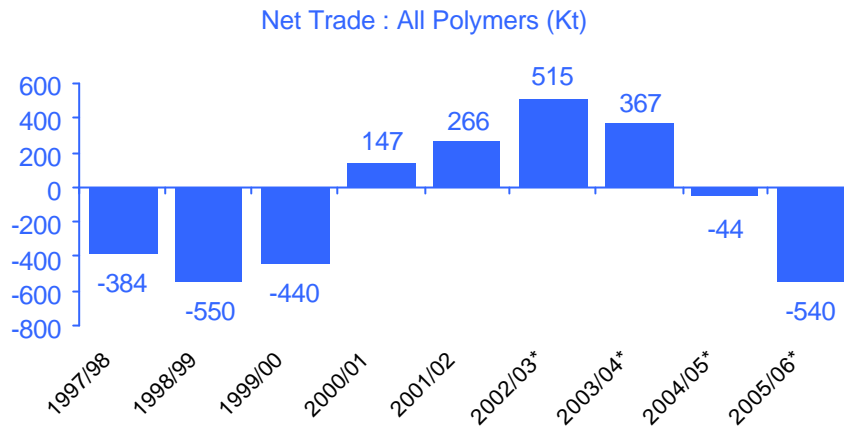
## Operating rates expected to show steady improvement from current trough



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

60

## Deficits in Polymers will begin to emerge by 2004-05



Source: CPMA

*Reliance to exploit these opportunities for further expansion*

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## Petrochemicals – Future Growth Strategy



- New world scale PET plant (220,000 tpa capacity), based on revolutionary resin technology, NG-3 from DuPont, being set up
- Additional PSF capacity of 40,000 TPA being commissioned
- Further debottlenecking / capacity expansion plans dependent on global petrochemicals industry scenario
- Emphasis on speciality grades providing superior margins, product differentiation, and relative insulation from commodity cycles

*Reliance will benefit significantly from any improvement in global petrochemicals industry fundamentals*

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## Petrochemicals – 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 - Board of Directors reconstituted
- Reliance's petrochemicals production of 11.8 million tpa has increased by over 3.3 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 total investment for the IPCL acquisition is just over Rs. 2,600 crore (US\$ 536 million)*

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## 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 one stop shop for a full range of petrochemicals*

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## Visible Improvements in IPCL – Post Acquisition



- Feedstock integration – Replacement of IOC and imported naphtha by Reliance naphtha - EDC from IPCL to Reliance
- Financing costs reduced 22% from Rs. 379 crore to Rs. 296 crore, by refinancing and prepayment of high cost loans
- Significant increase in production at IPCL post acquisition at all 3 sites

	Increase in Production
Vadodara	9 %
Gandhar	24 %
Nagothane	8 %
Overall	15 %

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

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## IPCL Income Statement for FY 2002-03



	FY 2002-03		% Change
	Rs.crore	\$ mn	
Gross Turnover	9,921	2,089	16%
EBITDA	1,143	241	31%
PBT (before past period adjustment)	319	83	359%
Net Profit	204	43	90%
Cash Profit	698	147	29%

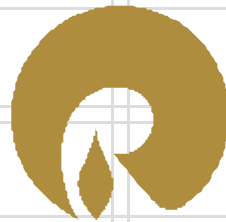
*Substantial improvement in IPCL's performance in the very first year of acquisition – CRISIL has upgraded rating from AA- to AA*

66

## Reliance Polyester – World-class R&D



- Strategic alliance with DuPont for the state-of-the-art new products
- Centre of excellence for Research and Development in polyester homo and co-polymer fibres, filaments and resins
- Innovative products in pipeline



Power

## BSES Acquisition



- BSES has now become part of the Reliance Group
- Reliance Group has an over 58% equity stake in BSES
- Reliance has 5 members on the Board of Directors, including Chairman & Managing Director, and Executive Vice-Chairman
- BSES will target a leadership role in the creation of world-class power infrastructure in the country, keeping pace with regulatory changes and reforms
- The proven management skills and established project execution capabilities of Reliance combined with the experience of BSES will create value for all stakeholders

*Reliance will pursue future opportunities in the power sector through BSES*

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## Background



- BSES Group ranks amongst the top 25 listed Indian private sector companies on all major financial parameters as on March 31, 2003:

	(Rs.Crore)	Rank
Fixed Assets	4,250	6
Sales	6,250	7
Net Profit	300	17
Market Capitalisation	3,000	24

*BSES ranks amongst the top 25 listed Indian private sector companies, even at its current scale of operations*

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## Comparison with Peers



- BSES has a leadership position amongst listed Indian private sector power utility companies, including Tata Power, AEC, SEC and CESC, on all major parameters

	BSES Rank
Assets	1
Sales	1
Net Profit	1
Market Capitalisation	1

*BSES is the largest private sector power utility in the country*

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## Details of Operations



- BSES has an exclusive licence for distribution of power in substantial areas of Mumbai, Delhi and Orissa
- The total customer base is over 5 million
- Distribution area spanning about 1.24 lakh sq.kms
- Covering an estimated population of 45 million
- Supplying 15,600 million units of electricity to industrial, commercial and residential consumers
- Existing cash flows and profits substantially derived from the supply of power to 2.2 million consumers in Mumbai

*BSES enjoys unprecedented penetration into over 5 million households in the country*

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## Details of Operations



- BSES' total distribution capacity is nearly 5,000 MW
- Aggregate power generation capacity is 885 MW, of which only the 500 MW plant at Dahanu caters to the company's own requirements of power in Mumbai
- The balance requirement of nearly 600 MW in Mumbai is sourced from Tata Power Co., as per the terms of license
- Distribution companies in Delhi and Orissa procure their present power requirements entirely from government owned units
- The 220 MW plant at Andhra Pradesh and the 165 MW plant in Kerala are IPPs, selling power to the SEBs

*BSES has adopted a conscious strategy of owning its customers*

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## BSES Income Statement for FY 2002-03



	FY 2002-03		Change
	Rs.crore	\$ mn	%
Gross Turnover	2,912	613	5
EBITDA	624	131	5
Net Profit	297	63	6
Prior Period Adjustments	135	28	-
Reported Net Profit	162	34	-
Cash Profit	557	117	10

*BSES has withdrawn past sales bills of Rs. 135 crore benefiting 270,000 consumers*

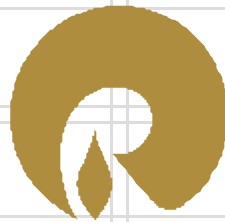
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## Electricity Bill passed by Parliament



- Delicensing of thermal generation including captive generation –cumbersome approval processes eliminated
- Opening up of distribution sector – open access and setting up of parallel networks allowed
- Redefining of regulator's role in tariff setting – to encourage uniformity in functioning and clear end-objectives
- Stringent anti-theft provisions – to help in curbing losses in the sector
- Redefining of roles of various institutions namely, LDCs, CEA and ERCs
- Market for trading in power to be created – to add depth and liquidity

*Reforms in the Power sector will create huge growth opportunities for BSES in the future, in generation, transmission and distribution*



**Reliance Infocomm**

## Reliance Infocomm



- Reliance Infocomm is rolling out the largest infocom infrastructure and services by any new entrant anywhere in the world
- Reliance Infocomm's nationwide terabit bandwidth, optic fiber broadband network is ready to address the entire voice and data telecom market in the country
- Mobile revolution in the form of Reliance India*Mobile* service through a nationwide wireless network in 673 towns/ cities covering 90% of India's population
- An enterprise netway revolution by providing 100 mbps Ethernet links to every desktop and device of 200,000 enterprise customers - further expanding to 194 cities and reaching upto 500,000 enterprise locations - this will commence in 2H 2003

*Reliance Infocomm is setting up the most advanced, fully integrated digital distribution network to cater to 1 billion people in India*

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## Competitive Advantages



- Superior Technology: CDMA 1X has been unquestionably accepted as the next generation wireless technology as evidenced by 42 million CDMA 1X subscribers worldwide vs. only 6.4 million for GPRS
- Integrated strategy capturing all aspects of the digital value chain, allowing Reliance to offer its customers the full suite of voice and data services
- Cost advantages resulting from superior technology, project management skills and economies of scale in procurement

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

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## Capex



- Reliance Infocomm's capex budget is Rs. 18,000 crore (US\$ 3.7 billion)
- Expenditure up to March 2003 at Rs. 9,000 crore (US\$ 1.8 billion)
- Balance capex of Rs. 9,000 crore (US\$ 1.8 billion) in next 2-3 years, to be financed from cash accruals, securitisation of receivables, etc.
- RIL is the lead investor with 45% equity stake
- RIL's investment in Reliance Infocomm is Rs. 4,850 crore (US\$ 1.0 billion) as on March 2003.
  - Equity: Rs. 2,362 crore (US\$ 492.0 million)
  - Debt: Rs. 2,488 crore (US\$518.0 million)

*Reliance Infocomm enjoys adequate financial flexibility to meet its future capex needs – current debt:equity below 1:1*

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## Reliance Infocomm – Market Share



GSM Monthly Net Adds	Feb-03	Mar-03
BSNL	304,360	684,393
Others	115,564	80,152
Total	592,906	931,590

GSM Post-Paid	Feb-03	Mar-03	Assumptions
BSNL	213,052	410,636	Post-Paid: 70% in Feb and 60% in March
Others	17,335	12,023	Post-Paid:15%
Total Post-Paid	230,387	422,659	

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## Reliance Infocomm – Market Share



### Reliance Infocomm's (RIC) Market Share of Incremental Post-Paid Net Adds

	Feb-03	Mar-03	Cumm.	Mkt.Share
GSM Post-Paid	230,387	422,659	653,045	40%
RIC	358,000	600,000	958,000	58%
WLL Others	20,000	21,000	41,000	2%
Total Wireless Post-Paid	588,387	1,022,659	1,652,045	100%

*RIC has captured nearly 60% of the incremental Post-Paid market since launch - Reliance's pre-paid products are all set to address the balance of the cellular market*

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## Progress Report - Wireless



- Customers activated in 97 cities
- The network is ready in 673 cities and Reliance will ramp up services and activate customers in the balance cities as soon as the interconnect issues are resolved
- DAPO Introductory offer has received overwhelming response: subscriber number stands at over 1 million
- Getting ready to launch Reliance Pre-Paid shortly
- Introductory on-net free calls offer extended to 30th April as a result of delays in implementation of inter-connect agreements
- Commercial launch now scheduled to start from 1st May

*Infocomm has achieved the 1 million subscriber mark in a record 10 weeks of launch – over 14,000 additions per day on average*

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## Progress Report - Wireless



- Mobile Applications:
  - Applications developed include news, gaming, directories, stock trading
  - 150+ application groups working on enterprise and consumer applications
  - Content agreements with leading content providers like 'Indiatimes'
- Interconnect:
  - Signed interconnect agreements with BSNL, MTNL, and all the leading GSM operators incl. Bharti, Hutch, IDEA, etc.
  - By end April, interconnect agreements will be in place with all operators

*Interconnect - the biggest challenge is being resolved*

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## Progress Report - Wireless



- Distribution & Customer Care:
  - 76 WebWorld stores operational in 25 cities with trained customer care staff
  - 254 WebWorld stores to be operational in 111 cities within the next few weeks
  - 100 phone stores opened
  - 700 phone stores to be opened shortly

*Swiftly moved from Catalogue to Retail "Feel & Touch"*

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## Reliance Infocomm – Road Map for 1H FY 04



- New Products/Services:
  - Prepaid service launch planned shortly
- Post Dhirubhai Ambani Pioneer Offer(DAPO), New Post-Paid Tariff plans to cater to various market segments
- New Handset Models will be made available in May 2003
- Distribution strategy reoriented towards the FMCG based distribution model in addition to company owned retail outlets
- Enterprise wireless applications (E.g, CUG, mobile office, SFA, fleet management) being developed to leverage Infocomm's high speed network

*New products & services will sustain the momentum of DAPO Scheme*

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## Reliance Telecom – GSM Business



- Operating in 7 telecom circles comprising 15 states, and a population of 400 million people
- 545,000 subscribers
- Market share: 49.5%
- 95% of subscribers are prepaid
- Key Financials for FY 2003
  - Service Revenues: Rs. 375 crore
  - APRUs\*: Blended: Rs. 475, Post-Paid: Rs. 1044, Pre-Paid: Rs. 445
  - Cash Profits: Rs. 122 crore
  - EBT: Rs. 88 crore
  - EBITDA Margin: 55%

*\* ARPUs do not include activation fees and pass through charges*

*GSM business with Reliance Mobile brand was built from scratch with a lean team of 400 employees*

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## Progress Report – Other Businesses



- Broadband Services:
  - Fiberization of 200,000 buildings commenced in 67 cities
  - Building acquisition completed for over 62,000 buildings across 45 cities
  - Gigabit Ethernet connectivity will provide full suite of voice, multimedia, video and enterprise applications
- Long Distance:
  - 60,000 route kms have been laid and lit
  - New York and Los Angeles PoP established for international traffic
  - National and International services launched
  - Agreements signed with over 50 international carriers

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## Progress Report – Other Businesses



- Data Centers:
  - 2 Data Centers operational totaling 55,000 sq feet in Mumbai and Bangalore
  - Additional 140,000 sq feet of IDC space to be operational in Mumbai and Bangalore by Mid 2003

*Reliance Infocomm has introduced India to a New Way of Life*

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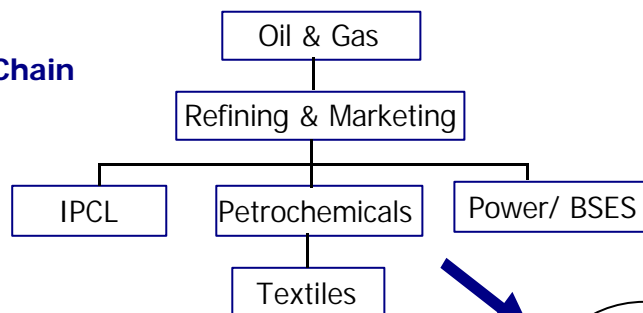


## Summary

An Integrated Energy company, with interests in services businesses



### Energy Chain



### Infocom / Telecom



A market of over 1 billion consumers

*A diversified portfolio of manufacturing and services businesses*

## With a Consistent Track Record of Long Term Growth...

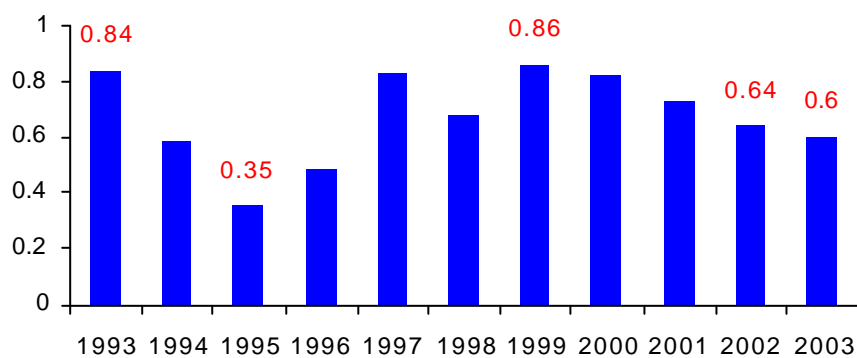


	CAGR %		
	3 year	5 year	10 year
Turnover	47%	37%	32%
Net Profit	20%	20%	29%
Cash profit	26%	26%	29%
Total Assets	29%	21%	26%
Exports	98%	105%	58%
Market Cap	5%	19%	24%
EPS	9%	11%	16%

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

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## ...Achieved With a Conservative Debt:Equity Profile...



*Reliance has created assets of over Rs. 50,000 crore (US\$ 10.5 billion) in the last decade, while consistently adopting a conservative financial framework, and retaining adequate financial flexibility*

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## Reliance's Financial Strength



- Reliance's total assets have grown from Rs. 6,083 crore (US\$ 1.9 billion) to Rs. 63,736 crore (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 standard
- 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*

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## Reliance Growth Model

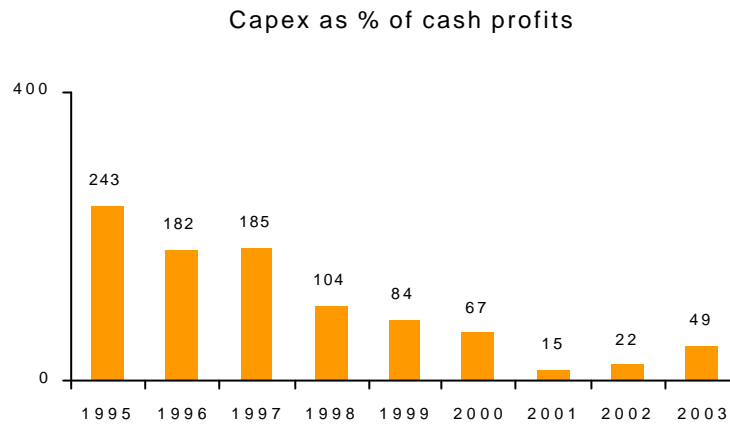


- In 1995, when Reliance took up the Rs. 10,000 crore Hazira project, its total cash flows were Rs. 1,300 crore per year
- In 1997, when the Rs. 25,000 crore Jamnagar complex was taken up for implementation, Reliance's cash flows were Rs. 1,800 crore per year
- In 2000, when the Rs. 25,000 crore infocomm project was announced, Reliance cash flows were Rs. 3,700 crore per year
- Today, with cash flows of Rs. 7,500 crore per year, Reliance is in an even stronger financial position to comfortably implement its various projects

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

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## Reliance's Changed Profile – Coverage of Capex by Cash Flow.....



*Reliance's capex has been a small proportion of cash profits in recent years*

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## Changed Fundamentals are Reflected in Stock Price Out-Performance



	RIL	% change Sensex	Nifty
YTD	-7%	-12%	-14%
1 Year	-3%	-12%	-15%
3 Years	-18%	-36%	-33%
5 Years	42%	-29%	-22%
10 Years	207%	38%	--

- Reliance completed 25 years of its special relationship with shareholders - dedicated 23rd January as 'Shareholder's Day'.*
- RIL shares have consistently outperformed the broad market over all time frames - Compounded return of 23% per annum over the last 25 years*

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## Valuations remain attractive – compared to petrochemicals companies....



	P/E	P/CF	EV/EBITDA
Far Eastern	13.9	10.2	16.4
Dow Chemical	23.1	11.1	9.1
Nan Ya Plastics	9.7	6.3	8.5
Formosa Plastics	7.6	6.3	8.3
Eastman Chemical	13.1	3.9	5.9
<b>Reliance</b>	<b>9.9</b>	<b>5.3</b>	<b>5.5</b>

*Reliance's valuations are still attractive compared to its global peer group*

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## ...and the integrated energy majors

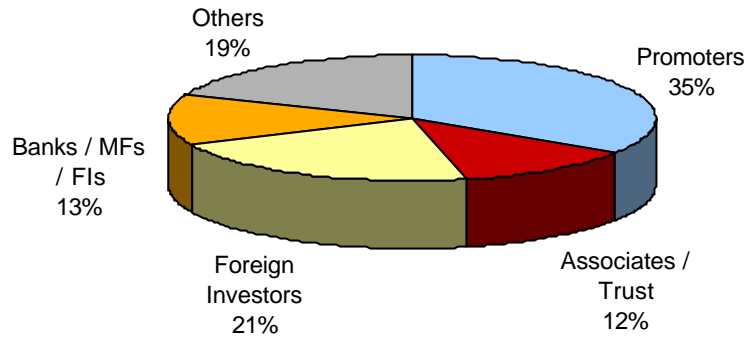


	P/E	P/CF	EV/EBITDA
Exxon-Mobil	16.3	9.6	6.9
Royal Dutch Shell	14.1	6.8	5.9
BP	13.0	7.7	8.0
ChevronTexaco	10.5	5.9	5.0
ConocoPhillips	10.1	10.1	5.5
<b>Reliance</b>	<b>9.9</b>	<b>5.3</b>	<b>5.5</b>

*As the upstream business becomes larger in RIL's portfolio, benchmarking with integrated global energy players will become more relevant*

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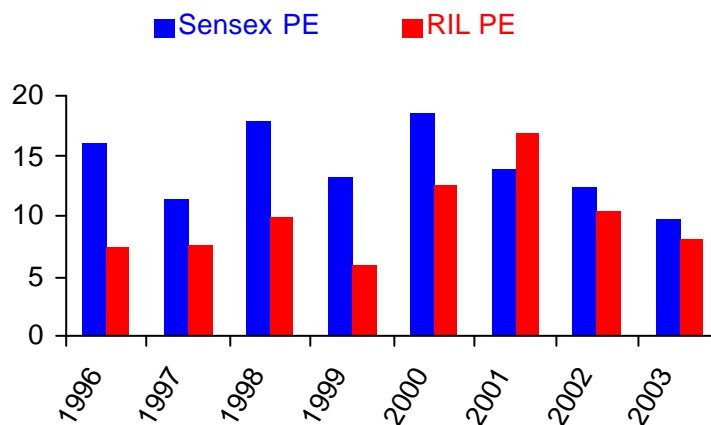
## Reliance's Shareholding Pattern



- Reliance shares are widely held by 3.5 million investors - amongst the largest shareholder families in the world
- UTI's stake in Reliance has reduced from 12% to 6%

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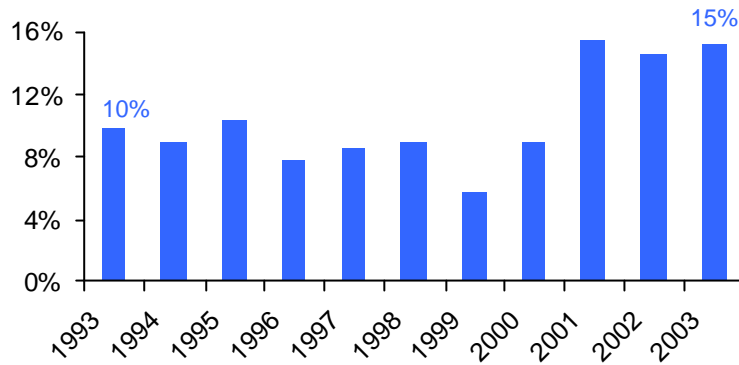
## Valuation - PE Multiple Trend



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

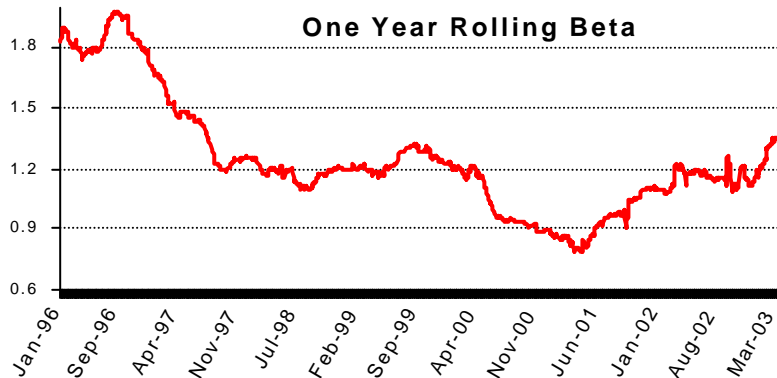
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## Reliance - Weight in Sensex



*Reliance's weightage in the Sensex has increased over the last 10 years, reflecting its pre-eminent position in Indian markets*

## Reliance – One Year Beta



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

## 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*

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## Awards and Recognition



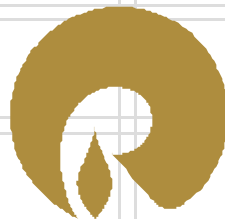
- Reliance has recently been included in the Forbes List of World's 400 Best Big Companies, April 2003
- No. 4 in 'India's Biggest Wealth Creators' - BT – Stern Stewart study, April 2003
- No. 1 in India's 'Best Financial Management' - FinanceAsia poll, March 2003
- Best Annual Report in India and among 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

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## 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



Growth is Life

Thank You