Reliance Industries Limited

Growth is Life

Annual Results - FY 2008-09

April 23, 2009

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.

FY09 Accomplishments

- KG D6 commissioned
  - Oil production started in September 2008
  - India's first FPSO commissioned
  - Production of gas commenced in April 2009
  - At 550,000 BOEPD, project set to contribute 40% of India's current indigenous hydrocarbon production
- KG D6 – fastest discovery-to-commissioning among all deepwater projects in the world
- Gas Sale and Purchase Agreements signed
- Development plans for KG-D6 satellite discoveries and 2 Coal Bed Methane blocks filed

RIL joins elite league of global deepwater E&P operators

FY09 Accomplishments

- RPL SEZ refinery commissioned on schedule – sets a new benchmark for project implementation in the refining sector globally
- Merger of RPL with RIL announced – India's largest merger – deal to be value accretive for shareholders – scheme approved by shareholders – awaiting High Court approval
- RIL set to be among 10 largest non-state refining companies globally
- Proactive pricing and operating rate strategies enabled downstream petchem and polyester business to address ensuing business challenges
- Strong balance sheet with high liquidity
  - Cash and cash equivalent of nearly $ 5 billion
  - Networth of over $ 24 billion
- Ratings reaffirmed: S&P: BBB; Moodys: Baa2 and CRISIL: AAA/Stable/P1+

Significant growth momentum supported by conservative financials – RIL on a high growth trajectory

FY09 Key Indicators

	Rs. Crore		% Chg.
Revenues	150,771	↑	8.3
Net Profit (Excl. exceptional items)	15,607	↑	2.3
EPS (Rs.) (Excl. exceptional items)	103.2	↓	(1.7)
Capex (Incl. Interest Capitalized)	24,907	↑	22.2
ROCE (%)	20.7%		

EPS without exceptional items is lower owing to allotment of 12 crore equity shares of Rs. 10/- each, upon exercise of the rights attached to warrants issued to the Promoter Group

Financial Results

Financial Results – FY09

(in Rs. Crore)	FY09	FY08	% Change
Turnover	**150,771**	139,269	8.3%
PBDIT	**25,428**	24,201	5.1%
Net Profit without exceptional items	**15,607**	15,261	2.3%
EPS (Rs.) (without exceptional items)	**103.2**	105.0	

Revenue and Earnings growth in challenging business and economic environment

Financial Results – 4Q FY09

3Q FY09	(in Rs. Crore)	4Q FY09	4Q FY08	% Change
32,535	Turnover	**29,073**	38,697	-24.9%
6,026	PBDIT	**6,430**	6,308	1.9%
3,501	Net Profit without exceptional items	**3,874**	3,912	-1.0%
25.6	EPS (Rs.) (without exceptional items)	**24.5**	26.9	

Operating performance improved in 4Q FY 09 over trailing quarter

Segment Results – FY09

(in Rs. Crore)	FY09	FY08	% change
Refining			
Revenues	**112,351**	100,743	11.5%
EBIT	**9,648**	10,332	-6.6%
EBIT (%)	**8.6%**	10.3%	
Petrochemicals			
Revenues	**52,767**	53,000	-0.4%
EBIT	**6,855**	7,113	-3.6%
EBIT (%)	**13.0%**	13.4%	
Oil and Gas			
Revenues	**3,489**	2,702	29.1%
EBIT	**2,226**	1,503	48.1%
EBIT (%)	**63.8%**	55.6%	

Refinery performance impacted by lower GRM

Petrochemicals is marginally down primarily due to lower margins in 2H FY09

E&P gained from higher crude prices

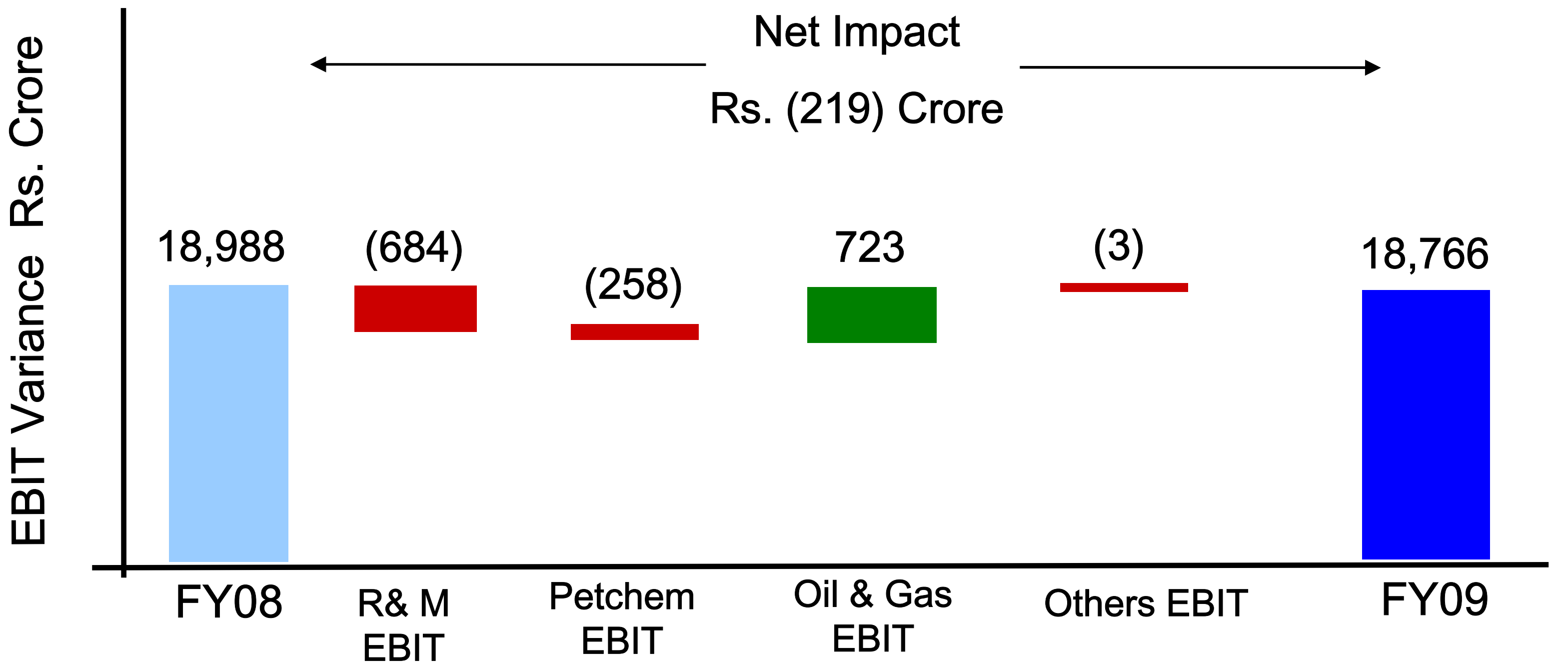
Segment Results - 4Q FY09

3Q FY09	(in Rs. Crore)	4Q FY09	4Q FY08	% change
	Refining			
21,740	Revenues	**21,631**	28,686	-24.6%
1,881	EBIT	**1,953**	2,839	-31.2%
8.7%	EBIT (%)	**9.0%**	9.9%	
	Petrochemicals			
12,623	Revenues	**9,724**	14,119	-31.1%
1,657	EBIT	**1,722**	1,466	17.5%
13.1%	EBIT (%)	**17.7%**	10.4%	
	Oil and Gas			
1,031	Revenues	**736**	828	-11.1%
605	EBIT	**473**	447	5.8%
58.7%	EBIT (%)	**64.3%**	54.0%	

Revenues are lower due to significant decline in prices

EBIT margins improved due to base effect

Segment EBIT Bridge –FY09 Vs FY08



Lower GRM performance impacted the R&M business

Petchem impacted by higher feedstock cost and lower deltas

E&P gained from higher crude prices

Net Profit (excl. Exceptional items) Bridge – FY09 Vs FY08

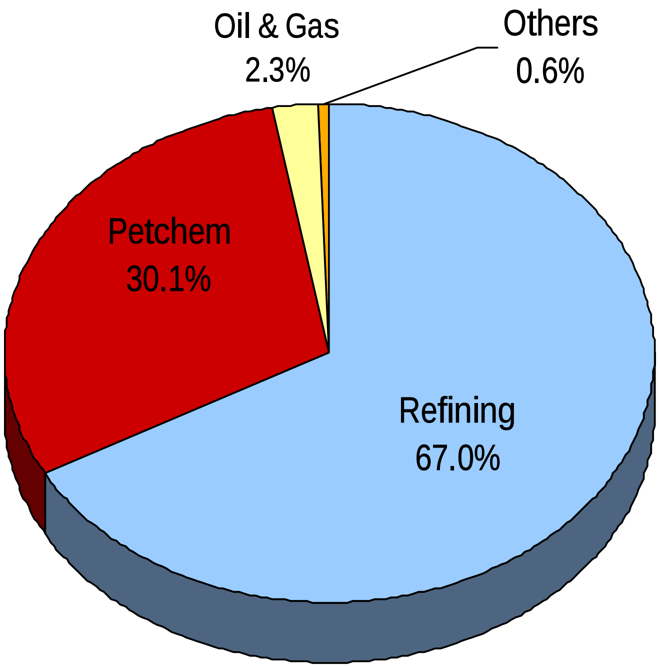
Net Profit up by Rs 346 crore compared to previous year

(Excl. Exceptional)	(Rs crore)
Net Profit FY08	**15,261**
Operating Profit	89
Other Income	1,138
Interest	(615)
Depreciation	(212)
Tax	(54)
Net Profit FY09	**15,607**

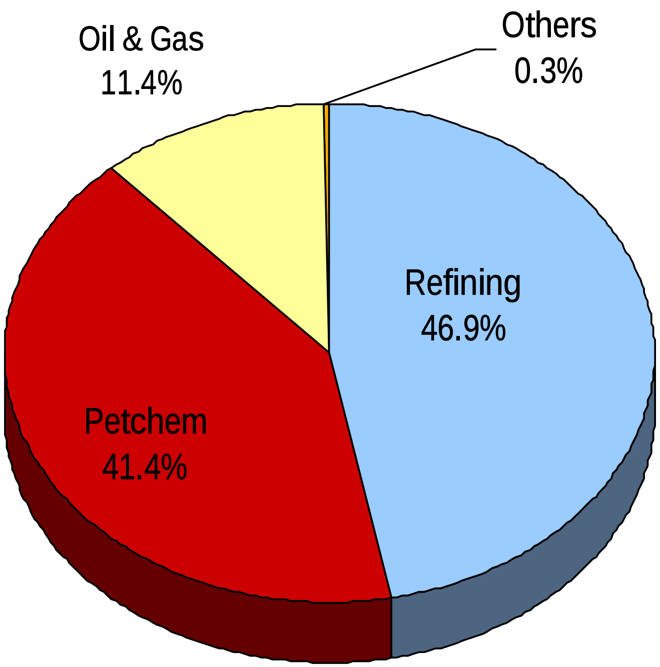
Growth driven higher other income and marginal increase in operating profit from businesses. Increased borrowing and weaker rupee impact interest costs.

Business Mix - 4Q FY09

Revenues



EBIT



Refining and petrochemicals contributed 97% of revenues and over 88% of EBIT

Financial Ratios

Ratios	Mar'09	Mar'08
Net Debt : Equity	0.24	0.35
Net Gearing	19%	22%
ROCE (%)	20.7	20.1
ROE (%) (Adjusted)	21.0	23.0

Strong financials with a conservative balance sheet

Working Capital reduces significantly due to lower price environment

Oil and Gas – Exploration and Production

E&P Business Highlights

- KG-D6 first oil and gas project completed - production commenced
- Cumulative oil production of 42 API from KG D6 at 117,000 MT in FY09 – pricing linked to Brent crude
- Gas Sale and Purchase Agreements signed with consumers
- Acquired 19,000 LKM of 2D seismic data and 19,000 Sq. Kms of 3D data
- Natural decline in production profile led to lower output in PMT

E&P is poised to be a significant growth contributor

FY09 Production Update – RIL Share

4Q09	4Q08		FY09	FY08	% Chg.
		Panna-Mukta			
141	144	Oil ('000 MT)	**485**	573	**-15.5%**
140	158	Gas (MMSCM)	**500**	608	**-17.8%**
		Tapti			
16	24	Condensate ('000 MT)	**81**	69	**17.3%**
256	320	Gas (MMSCM)	**1,260**	1,009	**24.9%**
		KG-D6			
26		Oil ('000 MT)	**117**		
		Gas (MMSCM)			

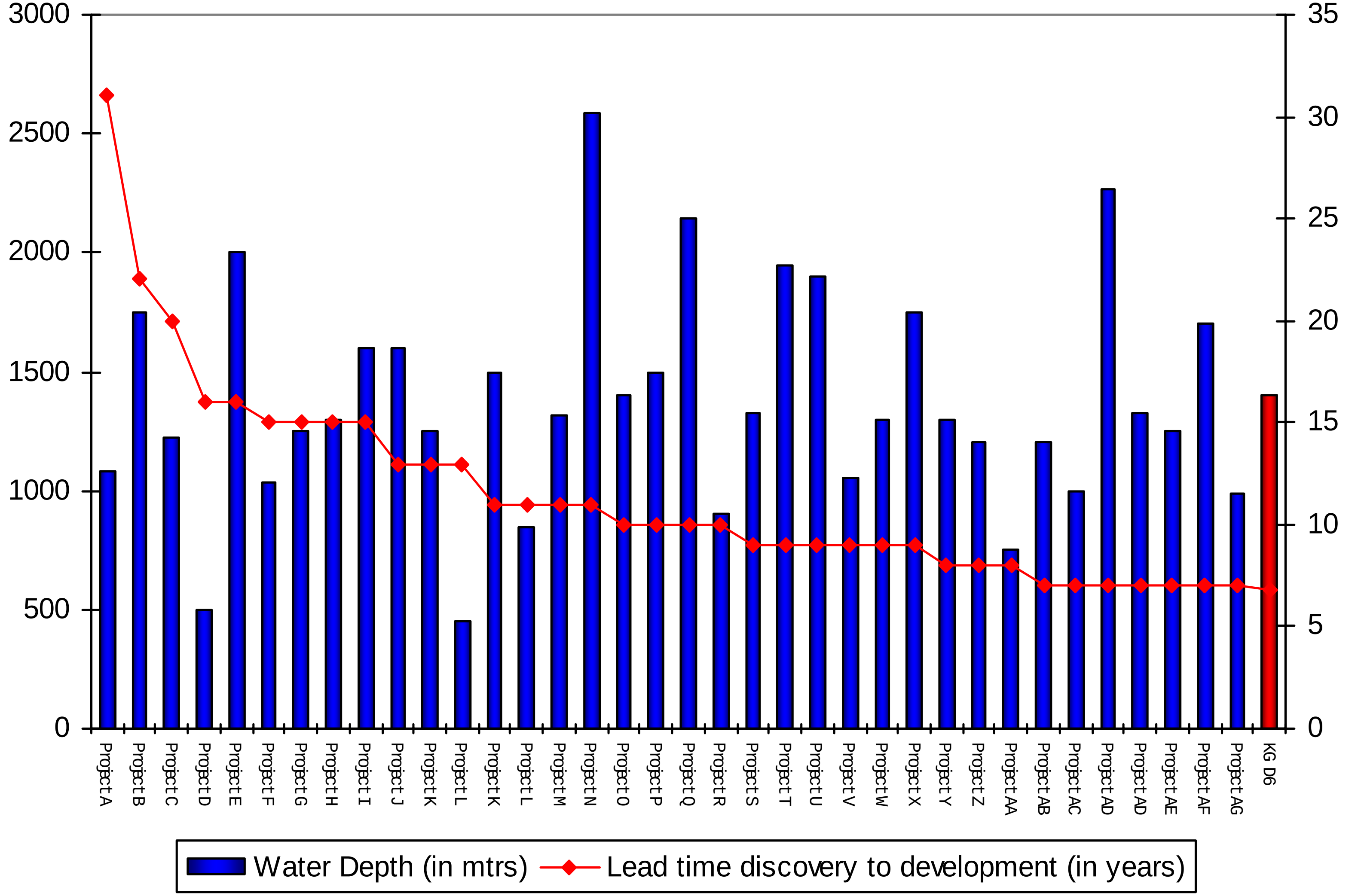
- Lower volumes in Panna-Mukta due to full shut down in June 2008 and partial shutdown from July 2008 till August 2008 and natural decline in the production profile
- Impact of New Revised Plan of Development (NRPOD) leading to improvement in production from Tapti block

KG D6 Production Commences

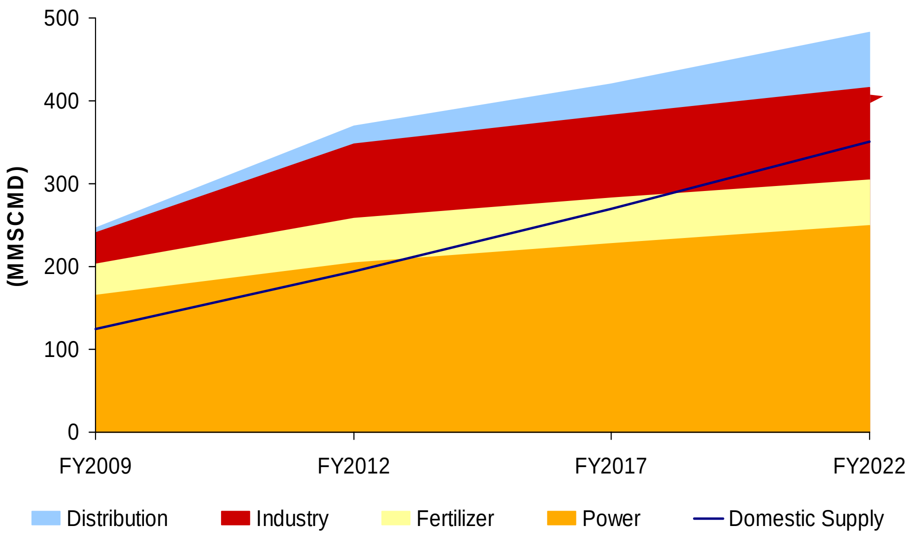
Gas production commenced on 1 April 2009

Oil production started in September 2008

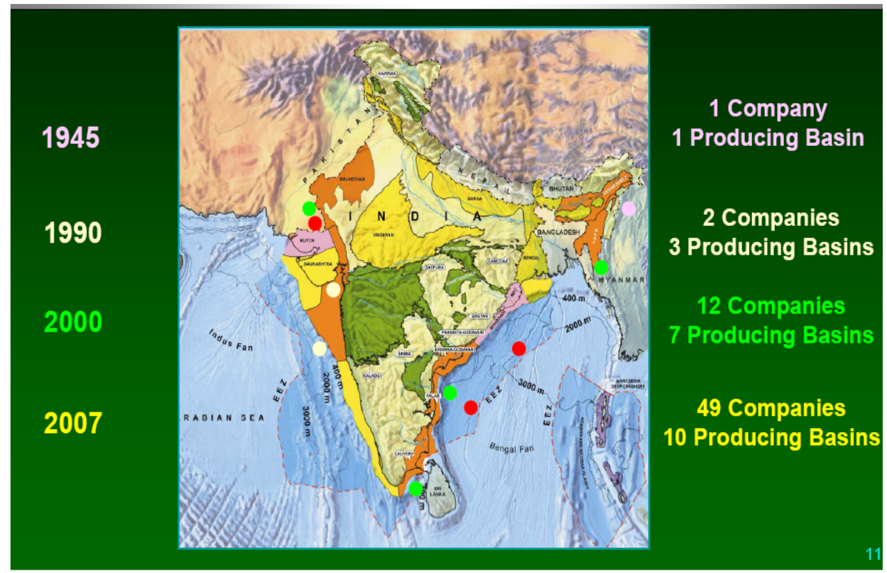
KG D6 is the fastest deepwater project



Sustainable Gas Demand / Supply Gap



Source: CRISIL and RIL projections for KG-D6



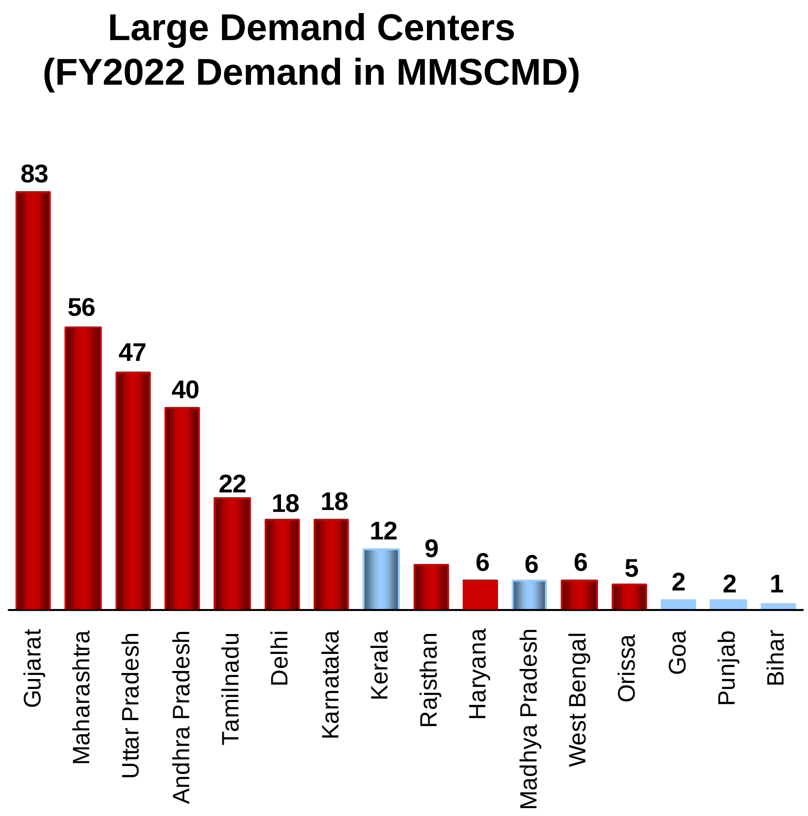
- Demand for Gas in India to mirror GDP growth
- Core sectors like power, fertilizers and industries to drive future demand
- Increased supply to fulfill latent demand and drive growth
- Discoveries are opening up avenues for supply

Gas Supply Agreements (GSPA)

- RIL has signed GSPA with the fertilizer companies for 15 MMSCMD
- Salient features of the GSPA are as follows:
  - Tenure – 5 years
  - Price – $ 4.2 / mmbtu based on gas price formula approved by GOI
  - Payment terms – 15 days billing cycle
  - Payment security – LC equivalent 30 days of gas supply
  - Gas supply expected has commenced

Achieved a milestone towards production and sale of gas

Major Consumption Centers in India

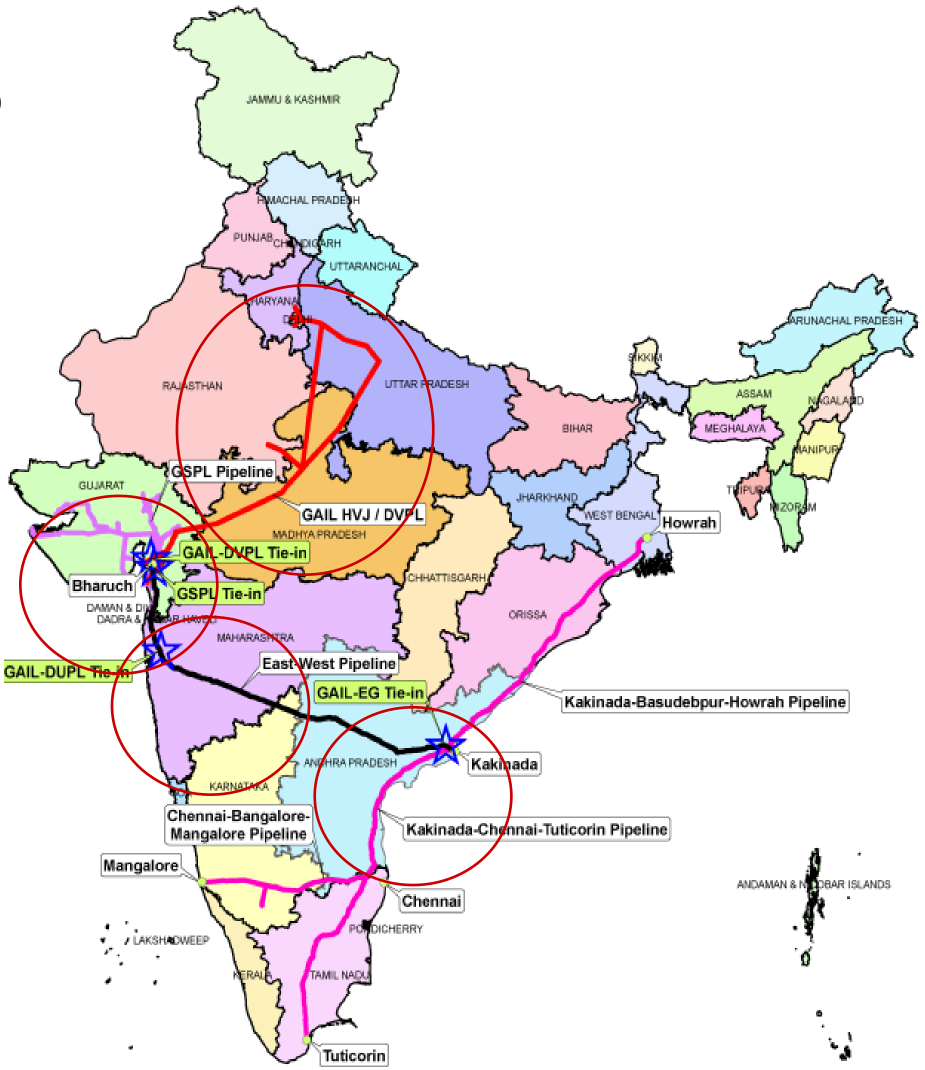


KG-D6 target regions

Source: CRISIL

KG-D6 – Connectivity to demand centers

- D6 gas would be transported using East West pipeline which connects to major pipeline networks in India as follows :
  - Ankot, Gujarat – with GAIL DVPL/HVJ
  - Oduru, A.P. – with GAIL EG at Oduru
  - Mhaskal, Maharashtra – with GAIL DUPL
  - Bhadbhut, Gujarat – with GSPL
  - Atakpardi, Gujarat – with GSPL



KG-D6 Gas connected to all major gas markets in India

E&P Domestic Portfolio Synopsis

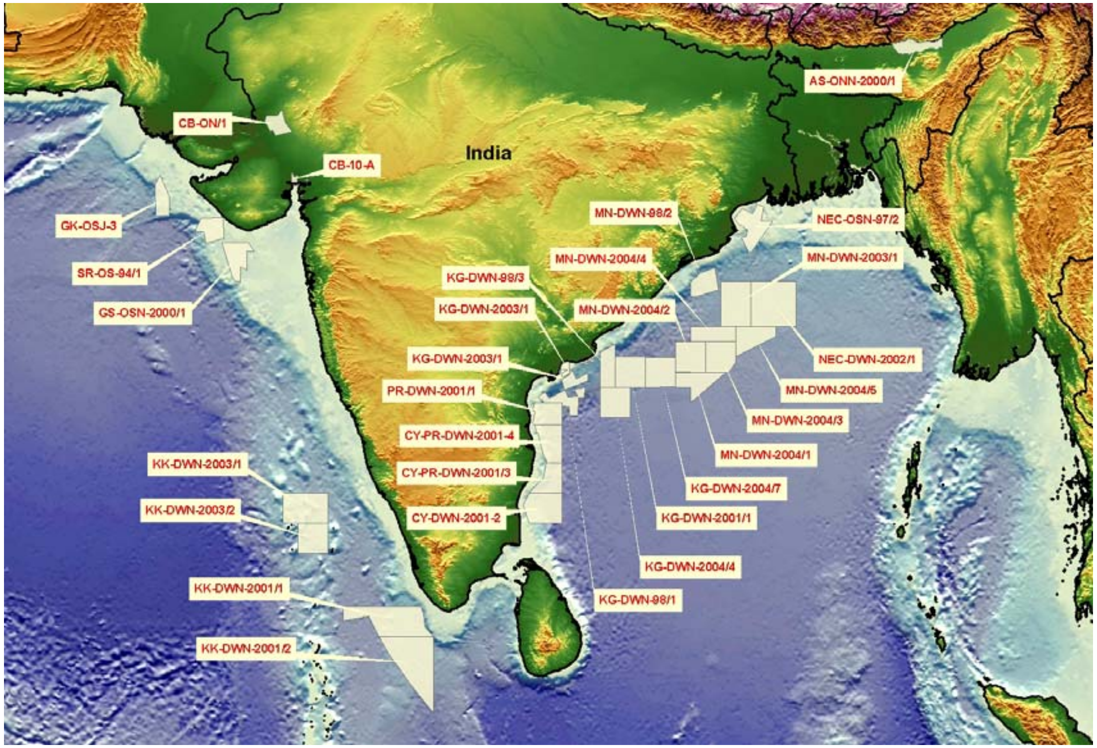
- 3 oil / gas producing blocks – Panna Mukta, Tapti and KG D6
- 31 blocks comprising of 325,000 Sq. Kms. - largest held by any non-state company
- 86% of RIL's assets are in deepwater zones
- 38 discoveries with overall success ratio of 54%
  - High deepwater success rate of 74%
- 5 Coal Bed Methane blocks covering 3,900 Sq. Kms.

Creating a pipeline of project inventory for future growth in E&P

E&P International Portfolio Synopsis

- 14 blocks in 7 countries, including one producing block in Yemen. Additionally, one block in Peru for which license agreement is yet to be signed
  - International exploration acreage of over 108,000 Sq. Kms.
  - Total production of 1.64 MMBOE in FY09
- 61 wells drilled, including 9 wells drilled during the year
- Acquired 7,651 LKM of 2D and 3,417 Sq. Kms. of 3D seismic data – In FY09, acquired 4,518 LKM of 2D and 1,306 Sq. Kms. of 3D
- Plan to acquire additional 1,800 LKM of 2D and 1,000 Sq. Kms of 3D seismic data in FY10

FY10 Exploration Outlook



Particulars	2D *LKM*	3D *Sq. KM*	Wells *Nos*
Domestic Oil & Gas	1,555	26,021	23
CBM			69
International	1,812	1,000	3

- Seismic campaigns plans
  - Cauvery
  - Mahanadi (NELP - VI)
  - Kerala Konkan
- Drilling plans
  - KG basin
  - Mahanadi basin
  - Cauvery Palar

E&P Priorities for FY10

- Enhanced gas production from D1- D3 Fields
  - Commissioning of all 18 production wells
  - Stabilize and achieve production at 80 MMSCMD by 2H FY10
- Sign-up customers for incremental production volume
- Satellite discoveries field development
  - Development plan submitted to the Regulator
  - Front-end Engineering and Design to commence on approvals
- Mobilize resources for ongoing exploration, appraisal and development in other blocks

Growth market and competitive pricing signifies potential for value accretion

Refining & Marketing

R & M Business Highlights

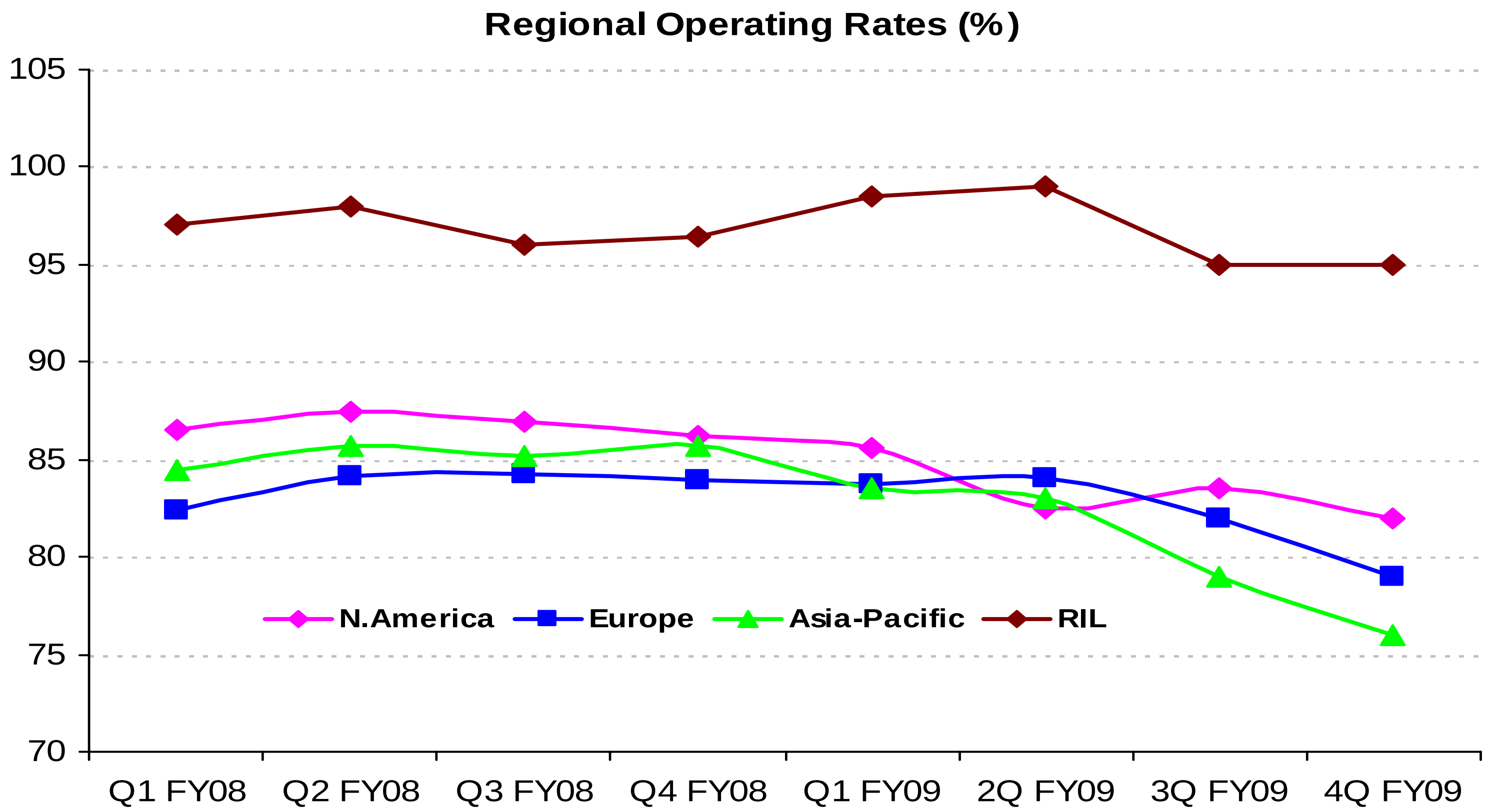
- Global demand declined by 3.2 MBD in 4QFY09 – compares with a drop of 1.9 MBD in the trailing quarter and 0.3 MBD in 2008
- Demand for middle distillates suffered the most with sluggish economic activity, reduced global freight movement and air traffic
- Drop in product prices lagged fall in crude prices supporting higher GRM in the trailing quarter only - though margins are lower on a Y-o-Y basis
- Global utilization rates declined to a decade low and is at 83.0% in North America, 81.9% in Europe and 80.5% in Asia
- Following OPEC cuts and HSFO dynamics, Light - Heavy differentials contracted from a peak of $10/bbl in July 08 to $ 2.2 /bbl in Mar 09

Challenging business environment with heightened volatility

RIL R&M Operating Highlights

- GRM of $9.9 /bbl for the quarter and $12.2 /bbl in FY09, reflecting strong out performance against global benchmarks
- Processed 32.0 Mn Tons of crude in FY09 vis-à-vis 31.8 Mn Tons in FY08
- Refinery utilization at 97% in FY09, significantly higher than regional averages
- New SEZ refinery operational
- Export volumes at 21.0 Mn tons in FY09

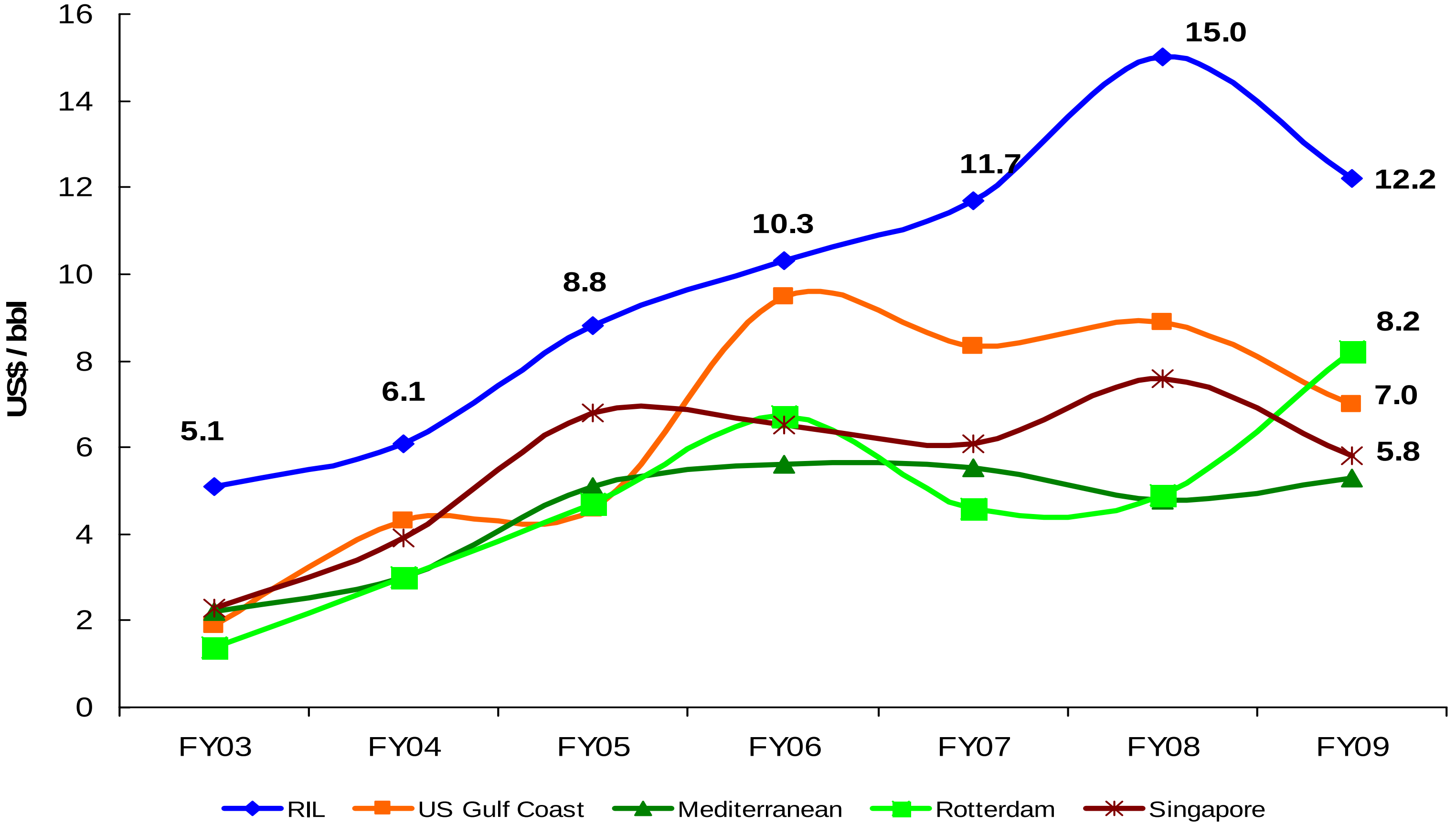
RIL Refinery Utilisation



Source : ESAI

Global operating rates at a decade low - RIL continues to operate at significantly higher levels - with average utilization of 97% in FY09

Margin Benchmarking



Source: Reuters / Company Data

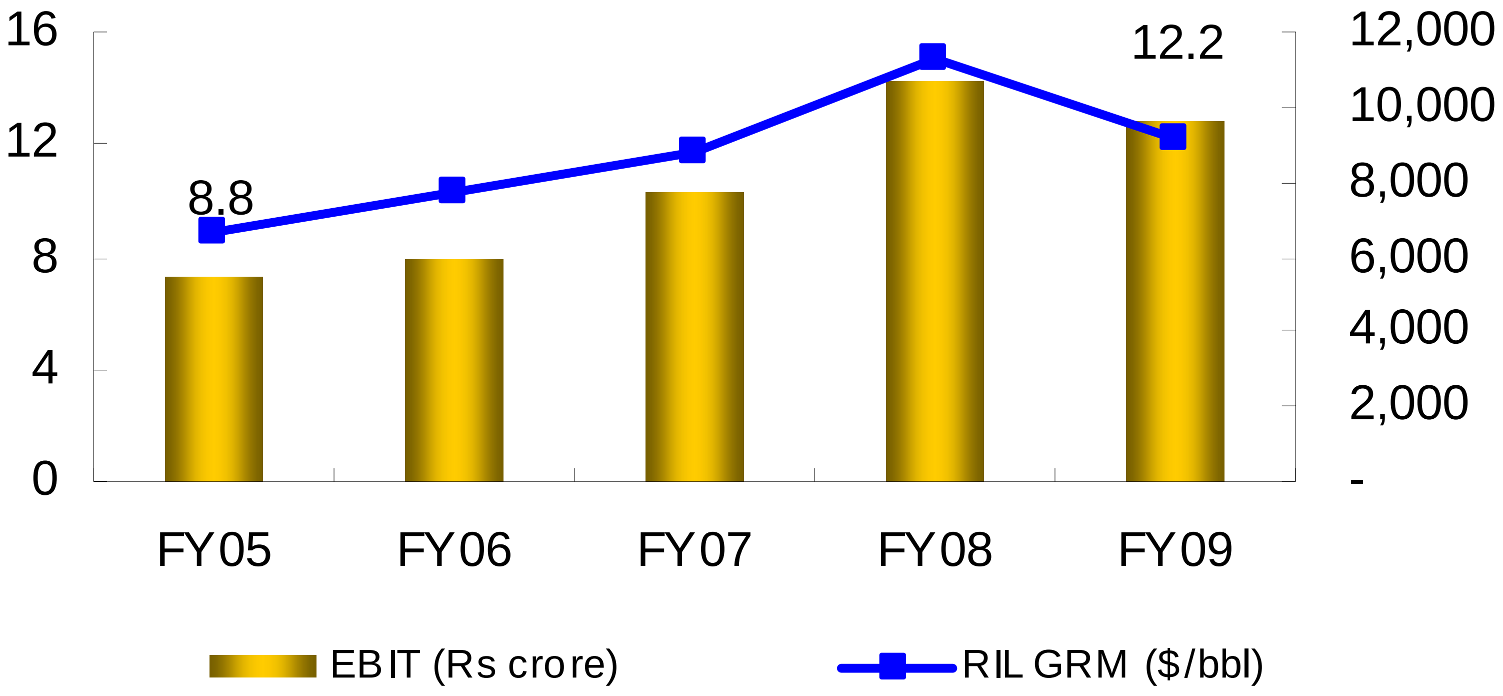
Significant out-performance even in a challenging business environment

RIL Margin Premium: Key Drivers

- Design advantage – complexity benefits, yield and superior product slate
- Flexibility to process “difficult” crude oils
- Efficiency in sourcing crude oil in terms of geography and quality
- Advantage Jamnagar – both in terms of connectivity for sourcing and product placement and high level of infrastructure integration
- Flexibility in product slate – strong leverage in volatile market conditions
- Benchmarked efficiencies and low operating costs – below $2/bbl against industry average costs of $5/bbl
- Resilient light – heavy differential for most part of the year

Sustainable structural advantages, supporting higher margins

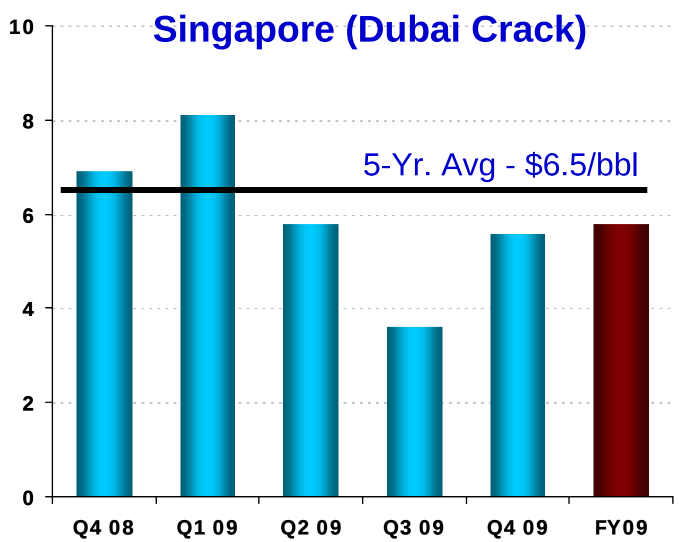
R&M EBIT Trends

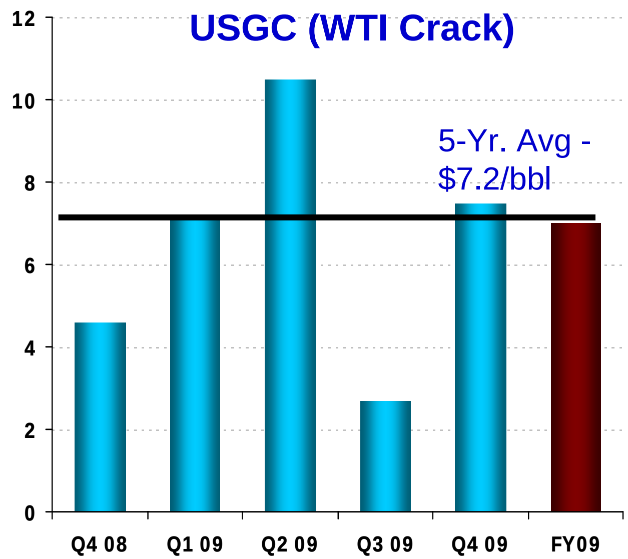


Segment EBIT CAGR of 22% over the last 5 years

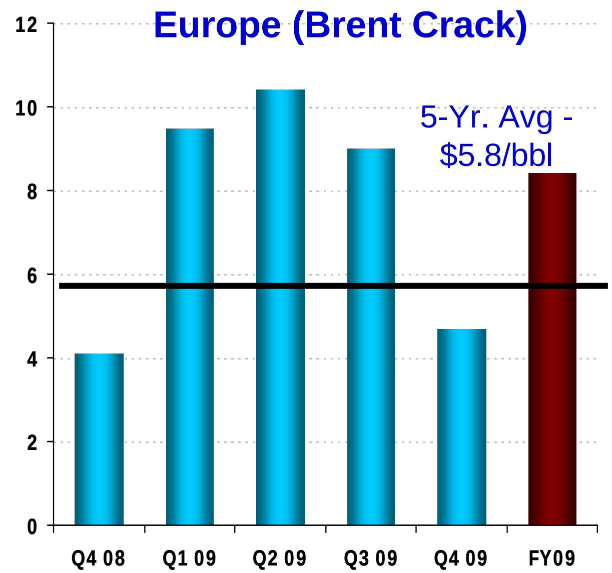
Refining Margin Scenario

US $ / bbl





- Asian and US refiners rebound with renewed gasoline demand and FO cracks
- European refiners suffered due to weak middle distillates in 4Q09



Source: Reuters

Refining Capacity Scenario

- About 25 refineries in North America with capacity of 1.5 MBD is vulnerable due to high operating cost concerns
- Additional capacity of 1.3 MBD (10-12 refineries) are vulnerable, should product cracks deteriorate further
- European refiners with collective capacity of 1.7 MBD is generating negative returns. A decline in cracks will make these refineries unviable

Private refineries running on low margins

Region	No. of Refineries	Capacity (MBD)
Africa	9	0.53
Asia Pacific	31	3.85
Europe	28	2.85
FSU	7	0.26
Latin America	10	0.47
Middle East	5	0.53
North America	25	1.50
Total	116	9.87

Source: PIRA

Complex refineries are set to gain with the potential closure of inefficient refineries

R&M Portfolio Synopsis

- Complex refining capacity of 1.24 MBD – transforming Jamnagar as the global refining hub
- World class refineries with high Nelson complexity index of 11.4 (Domestic) and 14 (SEZ)
- Following the merger of RPL, RIL will
  - be a top 10 non-state refiner globally
  - own 25% of World's most complex refining capacity
  - operate 2 of the world's 3 largest complex refineries
  - be among the world's largest producers of ultra-clean fuels at a single location

Geared to addressing ensuing challenges in the global refining business

R&M Priorities for FY10

- Achieve full capacity utilization at the new SEZ refinery
- Leverage benefits of combined operations in order to improve efficiency and realize synergies from crude sourcing and product placement
- Optimize netbacks by balancing product placement in growth-oriented domestic markets and large, global consuming markets
- Leverage relationships with crude suppliers to maintain light – heavy differential
- Set global benchmarks in Health, Safety and Environment (HSE) for complex refineries

Aim to deliver Best-in-class performance in a difficult environment

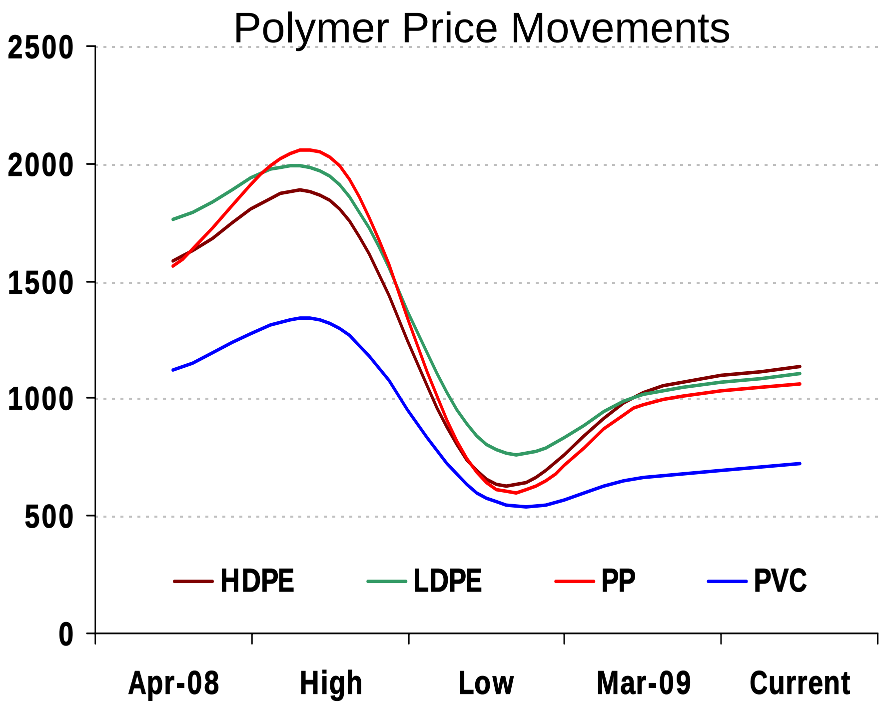
Petrochemicals

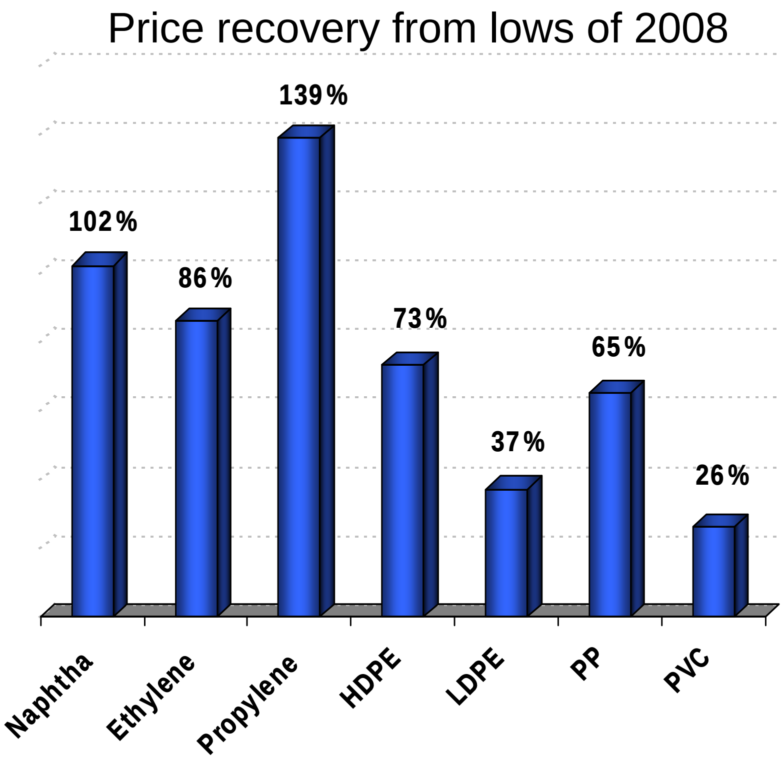
Petrochemicals (Polymers and Chemicals) Business Highlights

- 2/3QFY09 was impacted by a sharp fall in feedstock prices and demand destruction caused by global economic slowdown
  - Destocking in the downstream / user segments
  - Operating rates dropped to a decade low levels of 80% in US/Europe
  - High cost naphtha based producers became unprofitable
- Producers responded by adopting
  - a demand-oriented operating rate – ensuring low inventory levels
  - adopting a customer-centric pricing strategy
- Demand rebound in 4QFY09 with stability in feedstock prices resulting in restocking at the downstream level
- Deltas remained volatile on a Q-on-Q basis but stable on a full-year basis

Challenging business environment with high price volatility

Price Scenario - Feedstock and Polymers Products





Source: Platts

Smart and rapid recovery in feedstock and product prices from their lows in September – October 2008

RIL's Polymers Operating Highlights

- Reduced inventory overhang through temporary capacity curtailment
- Operating rates for key polymers declined sharply in the last quarter

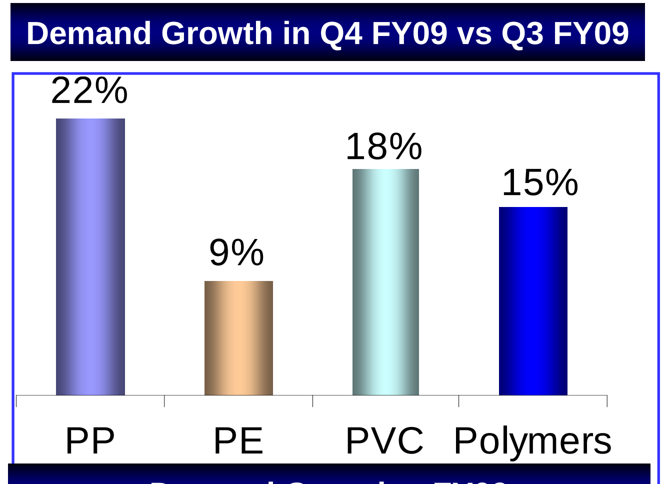
	4Q FY09	FY09
PE	91%	96%
PP	76%	85%
PVC	97%	98%

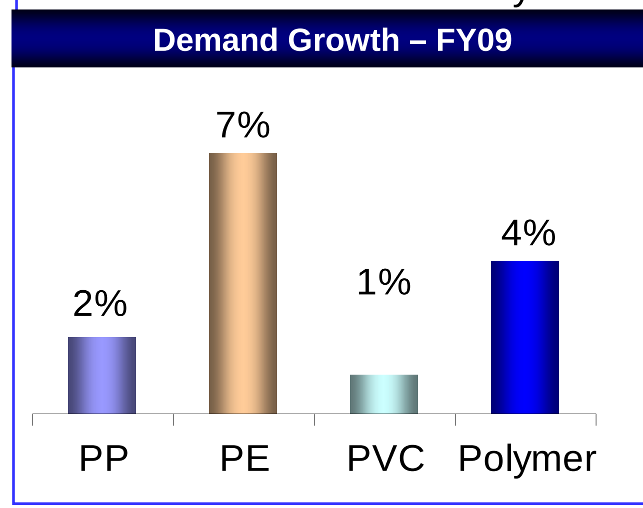
- Adopted a customer-centric pricing strategy
- Passed on the benefits of excise duty reduction to customers
- Concerted efforts towards developing new applications – aimed at developing bulk food grains packaging materials industry

RIL's pro-active strategy and domestic-orientation helped to stay ahead of competition

Polymers Domestic Demand

- Polymer demand grew by 4% in FY09
- Demand recovery in 4Q09 - 15% Q-o-Q growth driven by lower prices
- Demand for PP grew by 22% in Q4 with revival in auto and consumer durables
- Improved demand for packaging resulted in 9% higher sequential demand for PE
- Growth in construction and infrastructure led to 18% higher demand in Q4 for PVC
- New demand drivers: Food / Sugar packaging and the launch of new vehicle models

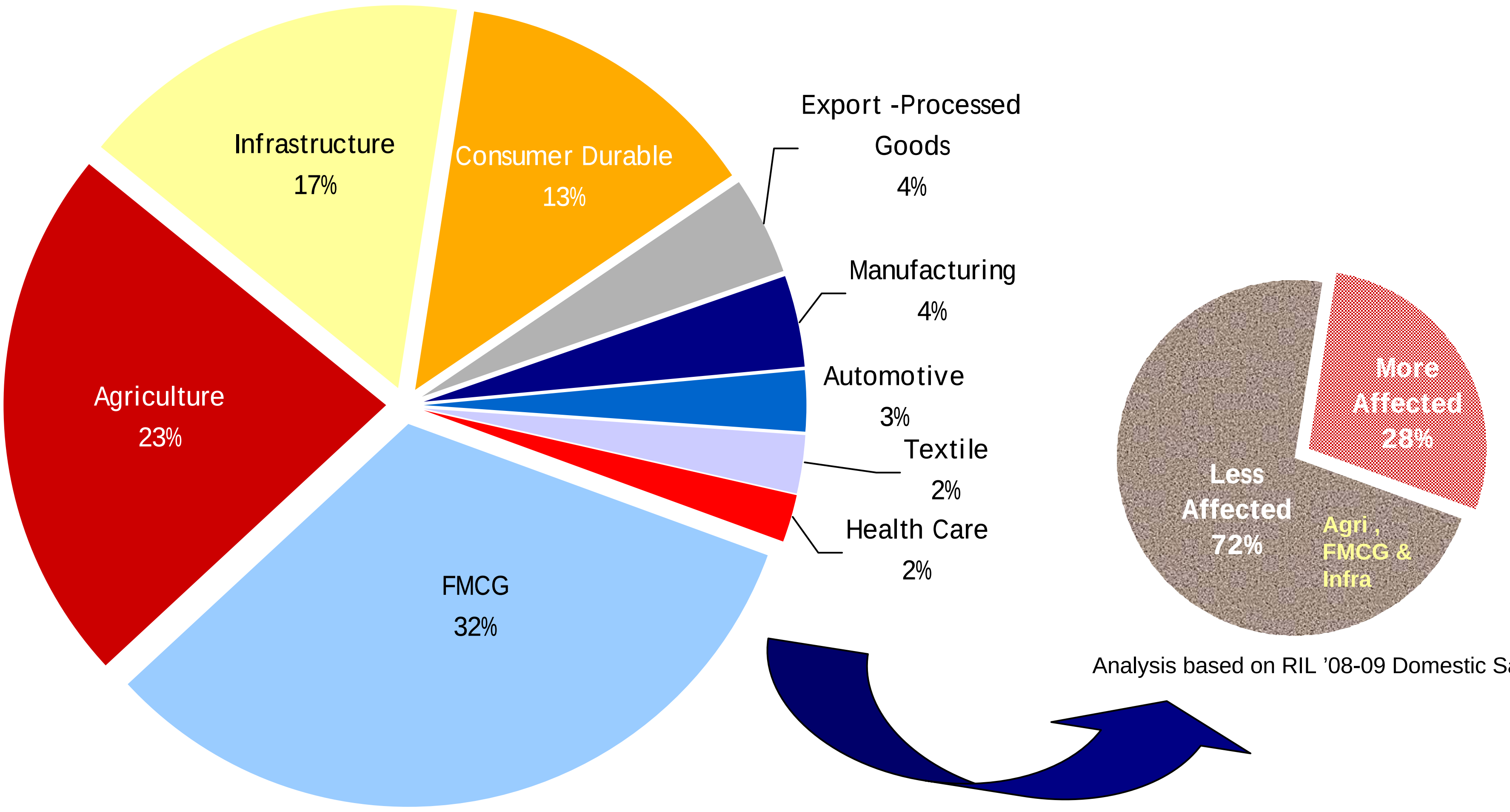




Aggregate demand grew by 4% for FY09 – India remains a growth market

RIL derives over 90% of volume in the domestic market

RIL's Unique Market Positioning

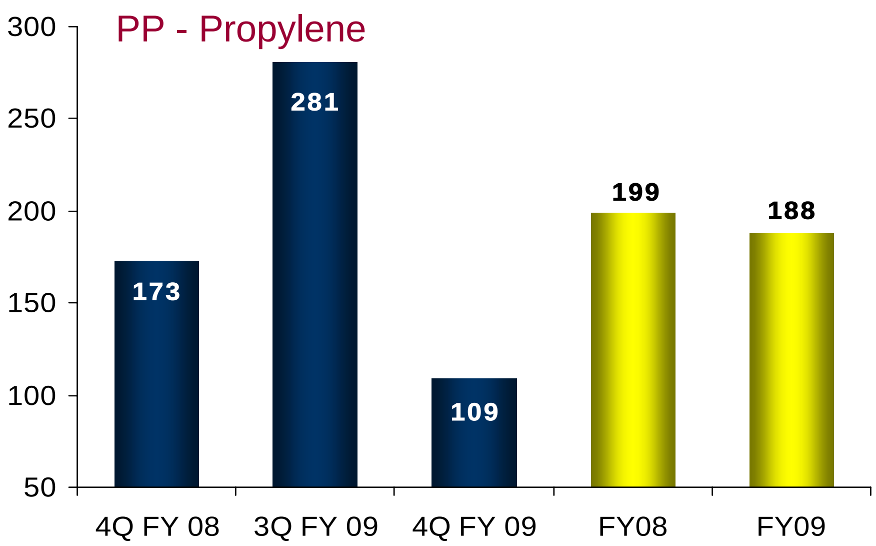


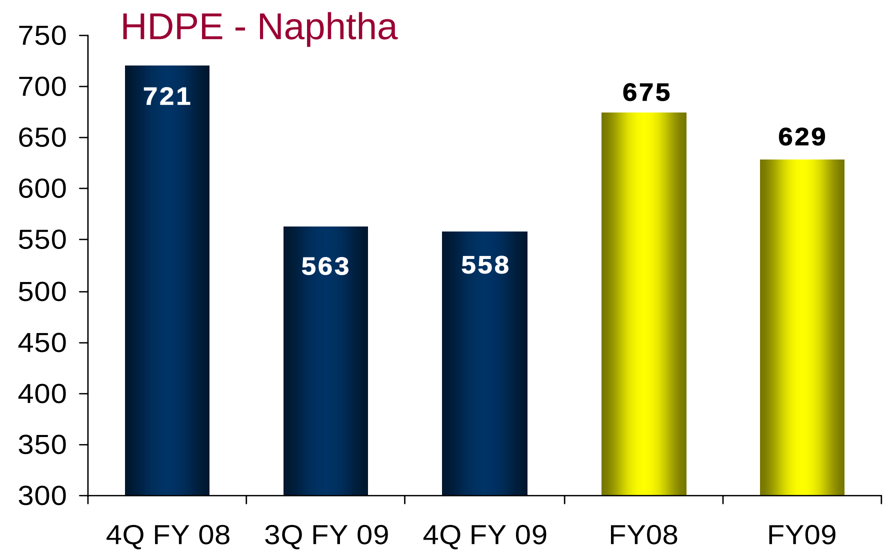
Analysis based on RIL '08-09 Domestic Sales

Significant part of the business targeted at less cyclical sectors

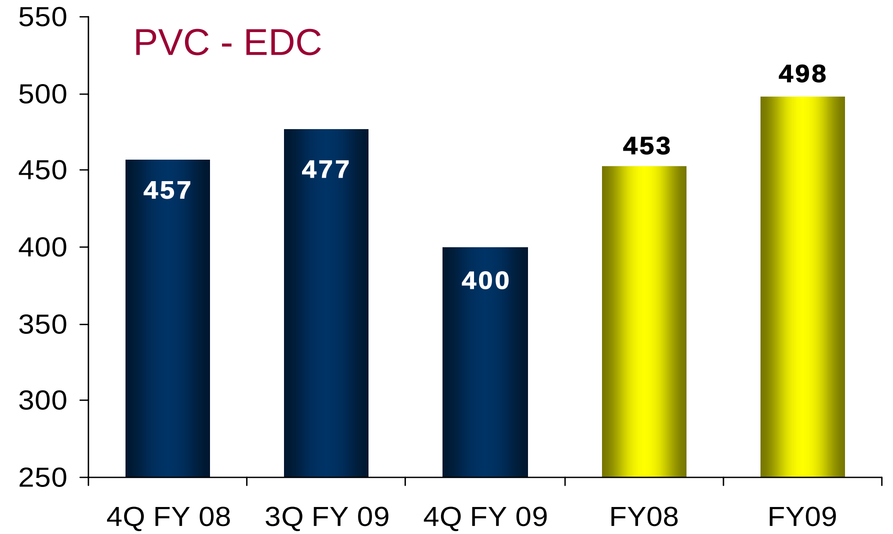
Polymer Deltas

US$ / MT



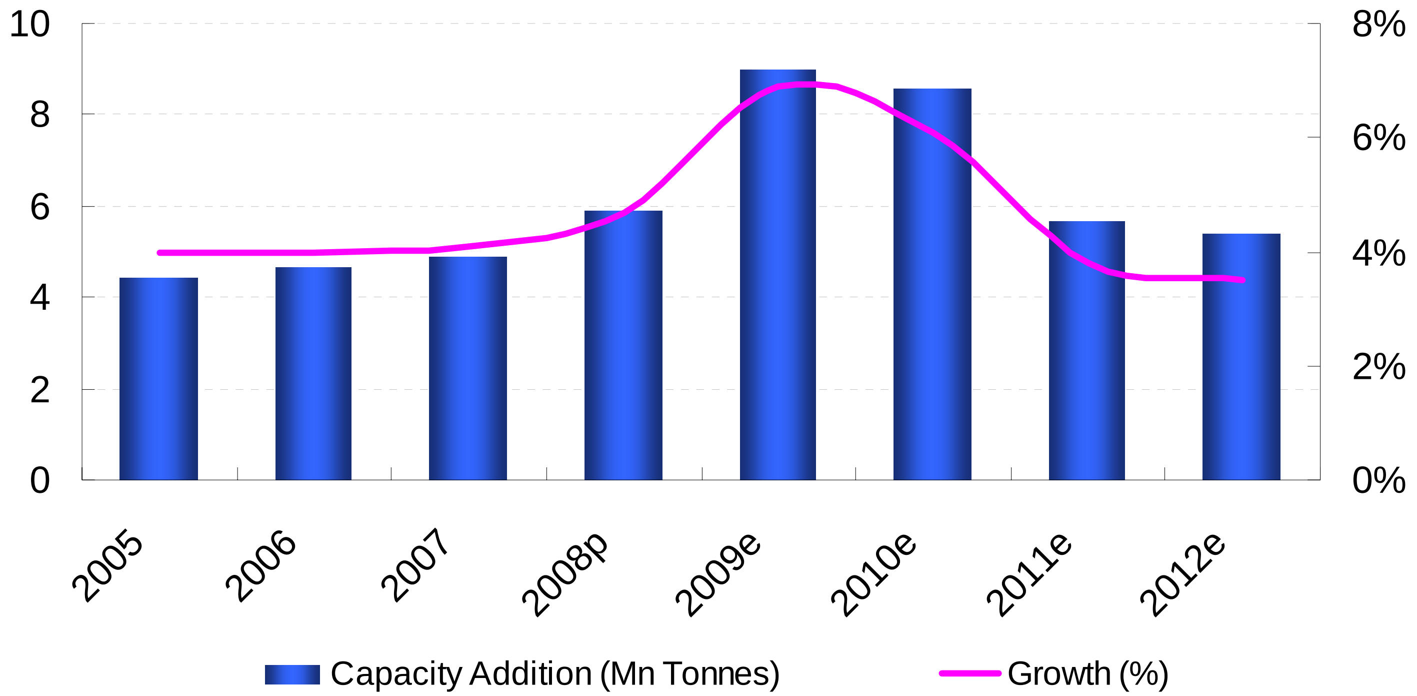


Source : Platts



On a Y-o-Y basis, deltas remained strong despite the impact of Q4

Ethylene Capacity Additions



23% in global capacity in next 3 years – fastest ever increase

Set to impact operating rates, margins – compounded by demand slowdown

Polymers & Chemicals Business Priorities FY10

- Challenging global environment with volatile prices and demand slowdown
- Capacity additions in Middle East and China to impact operating rates – margins likely to remain under pressure
- Leverage high domestic growth and sustain high operating rates
- Follow a proactive pricing and operating strategy to ensure low inventories and protect deltas
- Stabilise operations at the new SEZ Polypropylene facility and ensure full product placement

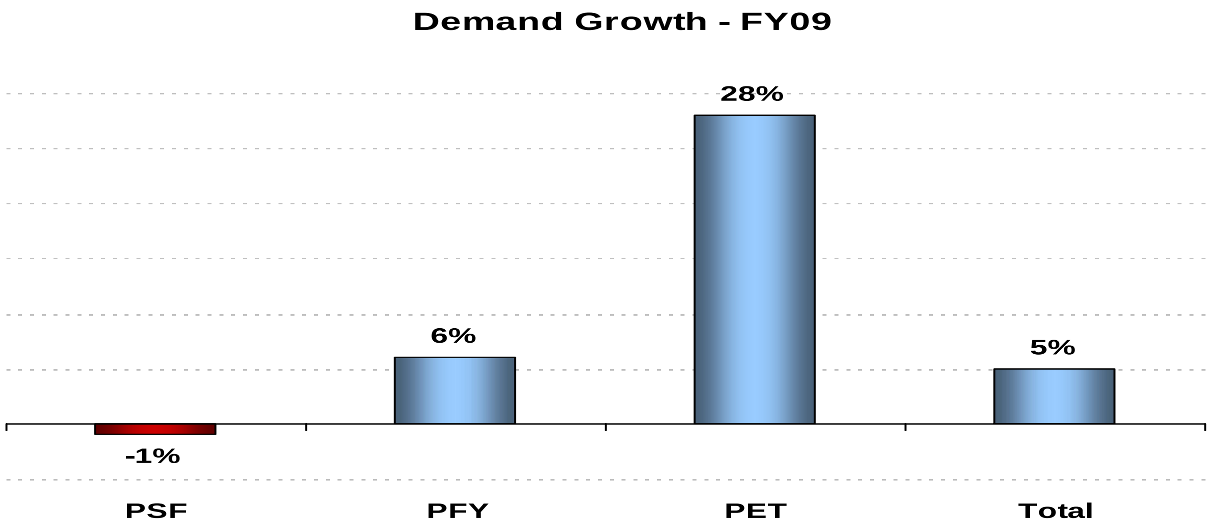
Petrochemicals (Polyester) Business Highlights

- Industry consolidation driven by global slowdown - delayed expansions, change in ownership in USA, Europe, China
- Increased volatility in prices & margins
- Curtailed operations across the synthetic fiber chain - polyester retains dominance
- Cotton impacted by slowdown - higher support prices and large scale procurement by Govt agencies in India / China helped mitigate the issue
- Increasing trade protectionism globally with advent of anti-dumping duty in large markets

RIL's Polyester Operating Highlights

- Maintained high operating rate of around 90% despite the dip in 3QFY09
- Record high PFY volumes with commencement of re-stocking in 4Q FY09
  - sharp correction in prices resulted in de-stocking in 3QFY09
- Entry into new user segments like personal care and agro in order to continue the growth momentum
- Focused on product differentiation and competitive pricing and operating strategy
- Increase focus on specialty and high-value products

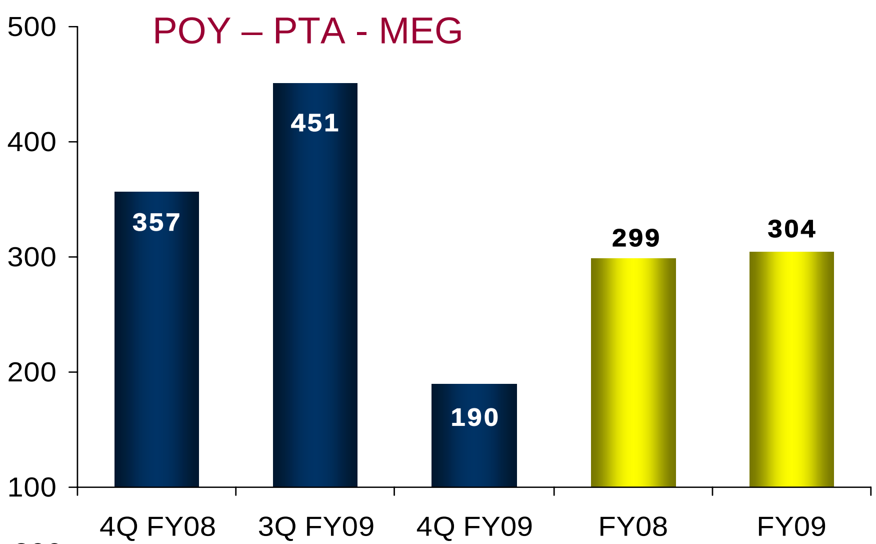
India: Polyester Demand

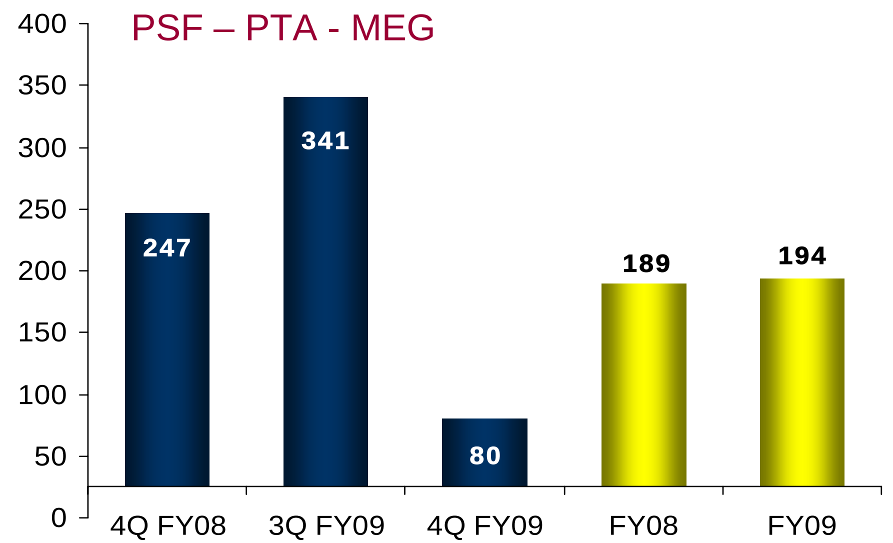


- Secondary polyester yarn manufacturers increasing capacity, texturisers integrating backwards
- New applications increasing PET demand
- Slow down in spun yarn exports, Southern India spinners plagued by power shortages

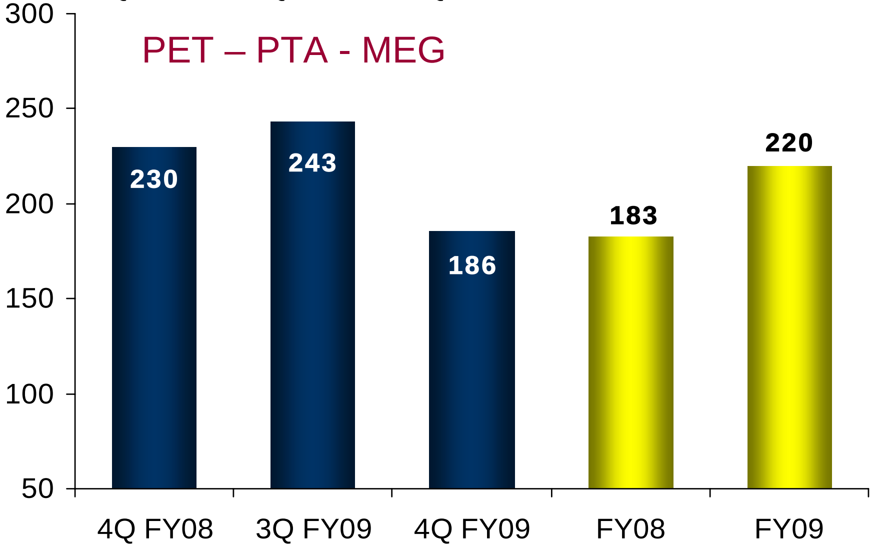
Polyester Margin Environment

US$/MT





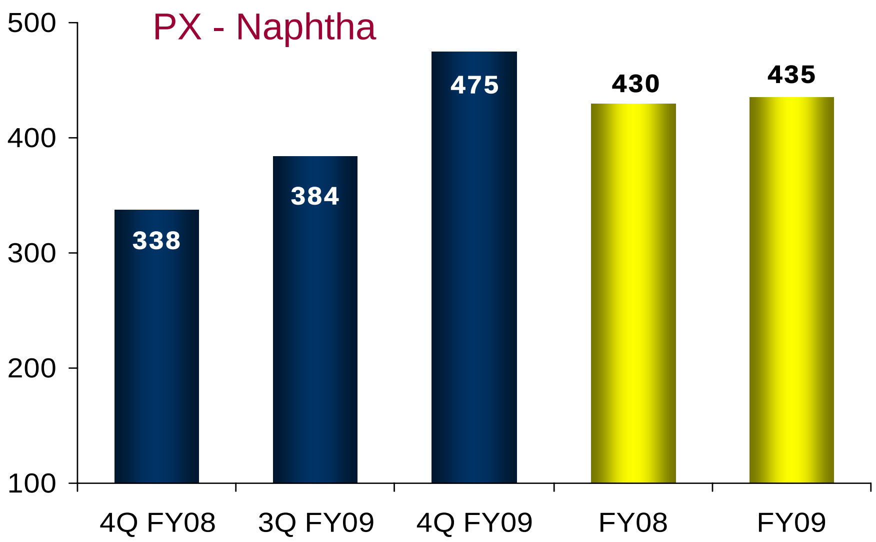
Source: Platts, ICIS-Lor

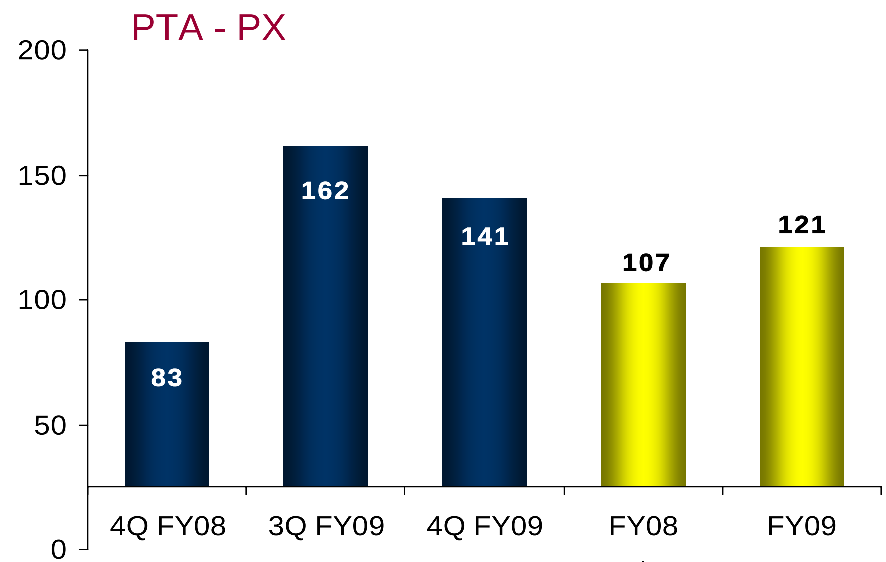


Collapse of demand in EU/US led to sharp fall in polyester prices

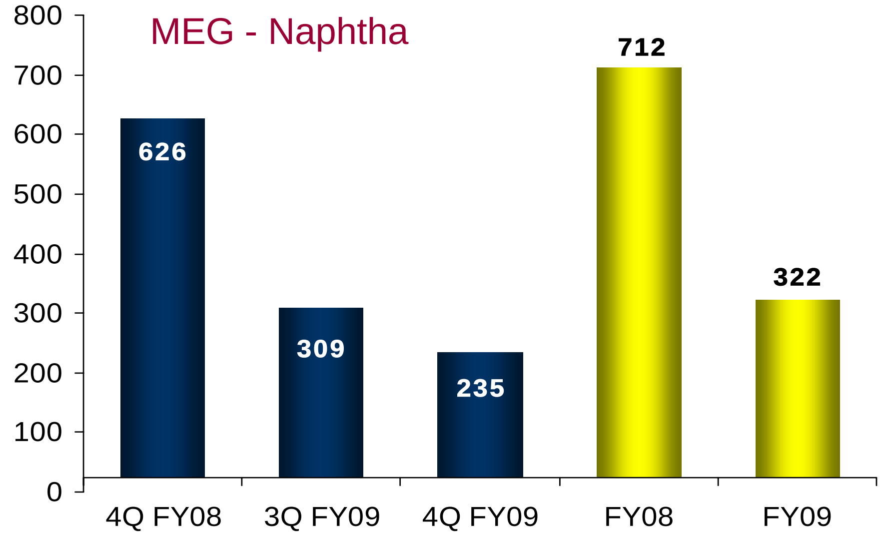
Fiber Intermediates Margin Environment

US$/MT





Source: Platts, ICIS-Lor



Resilient delta - PX deltas higher on the back of new PTA capacity

MEG deltas were abnormally high in 4Q FY08 due to an unplanned shutdown of a large ME capacity

Polyester Business Priorities FY10

- Focus on value added products – self colored, antimicrobial, moisture mgmt yarns
- Focus on new market segments – medical textiles, comfort textiles, defense & transport textiles, New generation structural fiber for infrastructure sector
- Strengthen positioning to benefit from presence in growth markets – India growing by 6.7% and China at 5.7%
- Lower energy cost – operations sustainable at lower deltas
- Slowdown capacity addition, soft raw material and firm cotton prices

Summary

Summary

- World-class refinery and complex, deepwater gas project commissioned
- Focus on stabilization, safe operations and production ramp-up
- Thrust on sustaining high operating rates and maximizing margins
- Earnings growth to come from higher volumes of refined products and commencement of oil and gas sales
- Top quartile refining and petrochemical assets to provide industry leading returns

Thank You