



9 Months FY 2010-11 Results

Analyst Presentation

January 21, 2011

# 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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# 9M FY11 Accomplishments



- Best ever quarter for petrochemicals segment with respect to production, revenue and EBIT
- Highest polyester chain deltas in over a decade – RIL benefitted from its global leadership position
- Petrochemicals production at 5.6 MMT for 3Q FY11 – record polymers production with 46% domestic market share
- Strong refining margin environment – GRM of \$ 9/bbl, at two-year high
- RIL processed 49.9 MMT of crude oil at Jamnagar and achieved an operating rate of 107% in its refining business, perhaps highest globally
- Steady gas production from KG-D6 – production averaged at 57.23 MMSCMD of natural gas and 25,644 BOPD of crude oil & condensate
- 6 discoveries notified to the DGH of which 5 were oil and 1 gas
- 2 shale JVs now operational – production commenced in Atlas and Pioneer

# 9M FY11 Accomplishments



- Highest ever nine months revenues, PBDIT and net profit
  - Turnover increased by 30.9% to ₹ 183,368 crore (\$ 41.0 billion)
  - PBDIT increased by 30.6% to ₹ 30,418 crore (\$ 6.8 billion)
  - Net profit increased by 29.4% to ₹ 14,910 crore (\$ 3.3 billion)
  - Cash profit increased by 31.8% to ₹ 25,731 crore (\$ 5.8 billion)
- Exports increased by 29.2% to ₹ 100,995 crore (\$ 22.6 billion)



## Financial Results

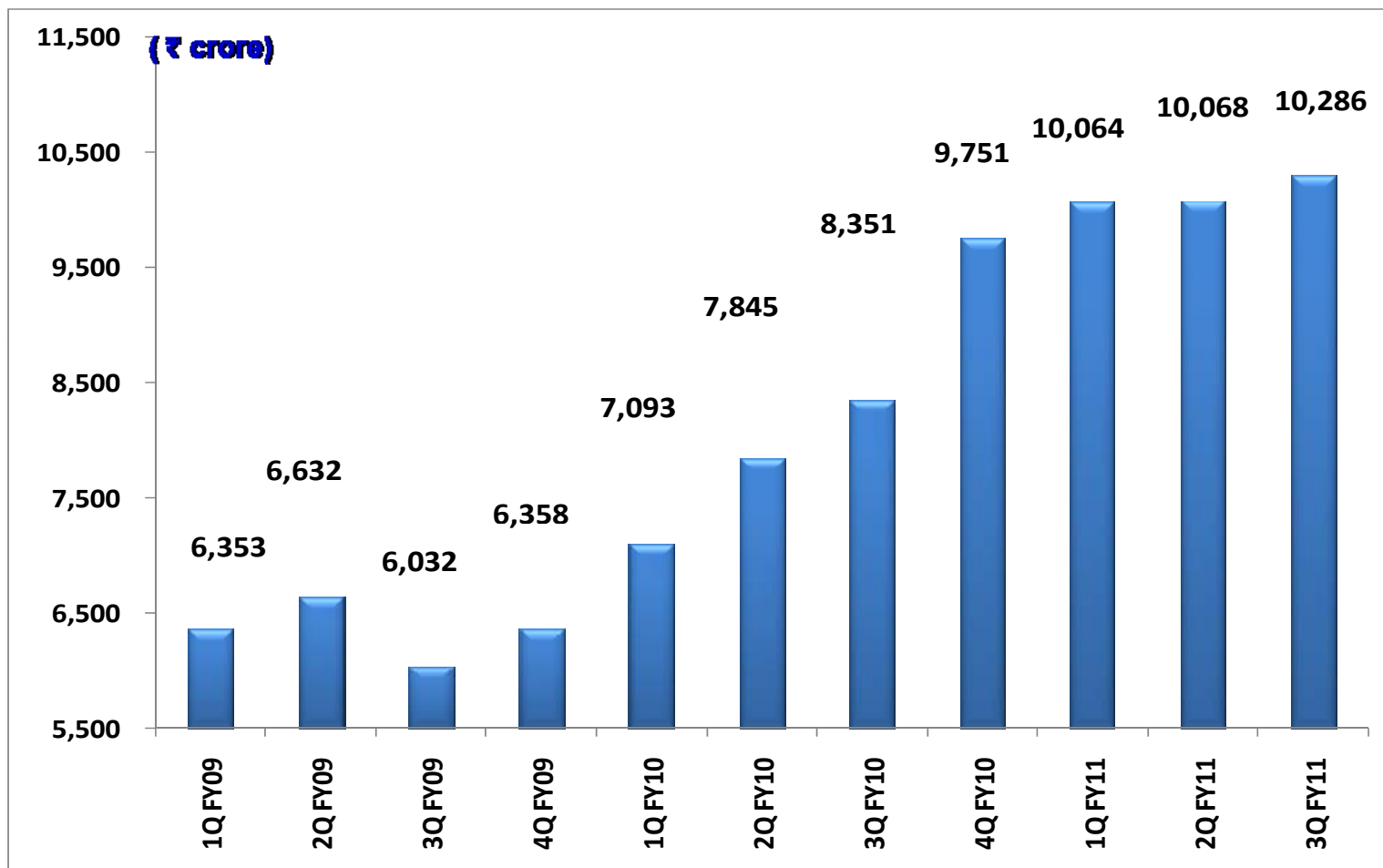
# Financial Results – 9M FY11



(in Rs. Crore)	9M FY11	9M FY10	% Change
Turnover	183,368	140,133	30.9%
PBDIT	30,418	23,290	30.6%
PBDIT Margin	16.6%	16.6%	
Net Profit	14,910	11,526	29.4%

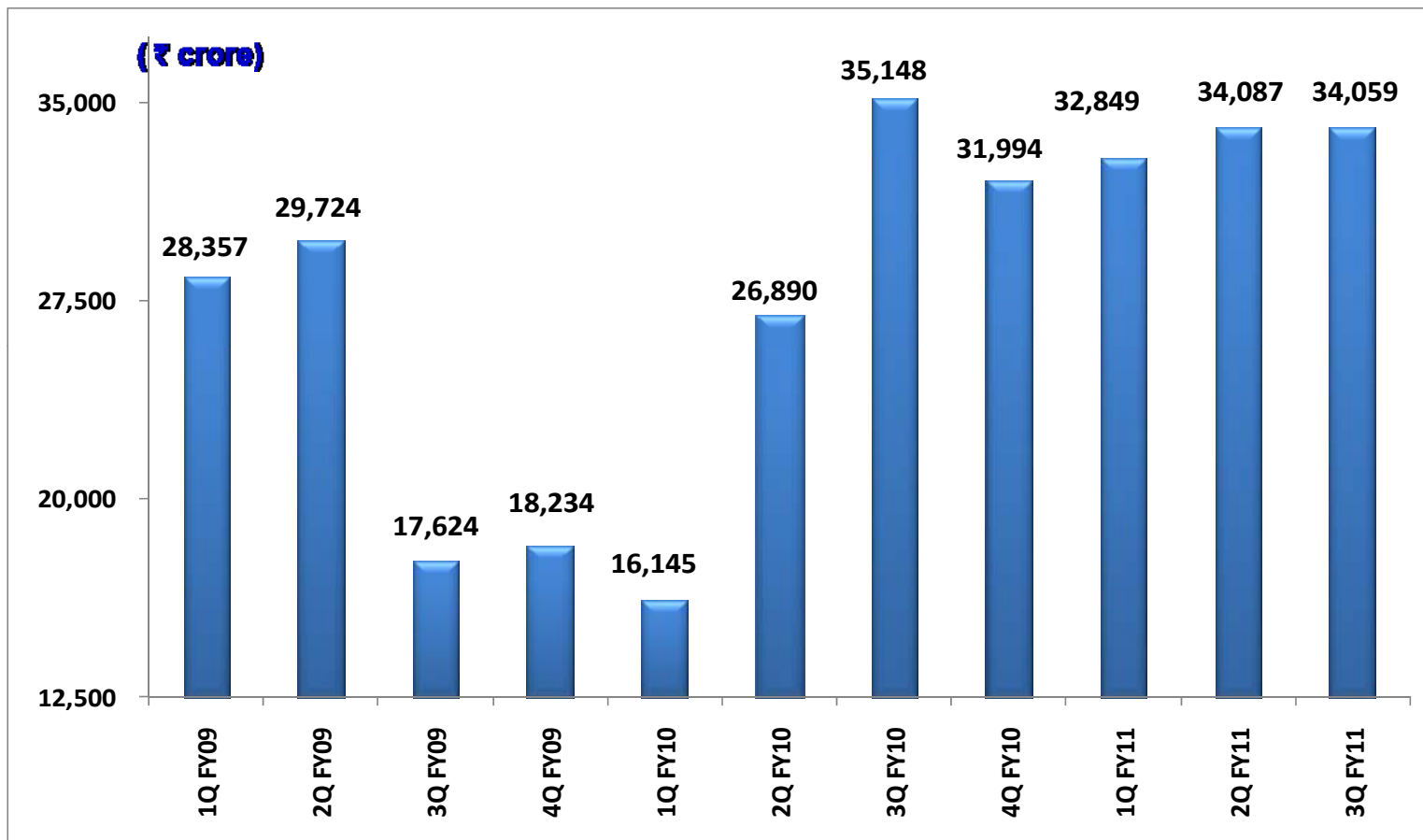
- Revenue growth due to 15.6% increase in prices and 15.3% increase in volumes
- PBDIT margin is stable largely due to improved refining margins

# EBITDA Trend



**Record quarterly EBITDA, up 23% on a Y-o-Y basis**

# Export Trend



**Exports form substantial part of revenues and are up 29% for 9M period**



# Segment Results – 3Q FY11



(in Rs. Crore)	3Q FY11	2Q FY11	3Q FY10	% change
<b>Refining</b>				
Revenues	52,524	49,672	48,000	9.4%
EBIT	2,436	2,192	1,379	76.6%
ROCE (%)	12.7%	11.5%	7.0%	
<b>Petrochemicals</b>				
Revenues	15,962	15,096	14,756	8.2%
EBIT	2,429	2,197	2,055	18.2%
ROCE (%)	27.6%	24.1%	19.6%	
<b>Oil and Gas</b>				
Revenues	4,178	4,303	3,530	18.4%
EBIT	1,504	1,706	1,477	1.8%
ROCE (%)	10.8%	12.7%	11.3%	

- Refining: Y-o-Y GRM increased from \$ 5.9/bbl to \$ 9.0/bbl (\$ 7.9/bbl for 2Q FY11)
- Petrochemicals: Y-o-Y higher margin due to high deltas for polyester chain which were above their 5 year averages
- O & G: Y-o-Y lower EBIT margin due to higher proportion of KG D6 as compared to PMT

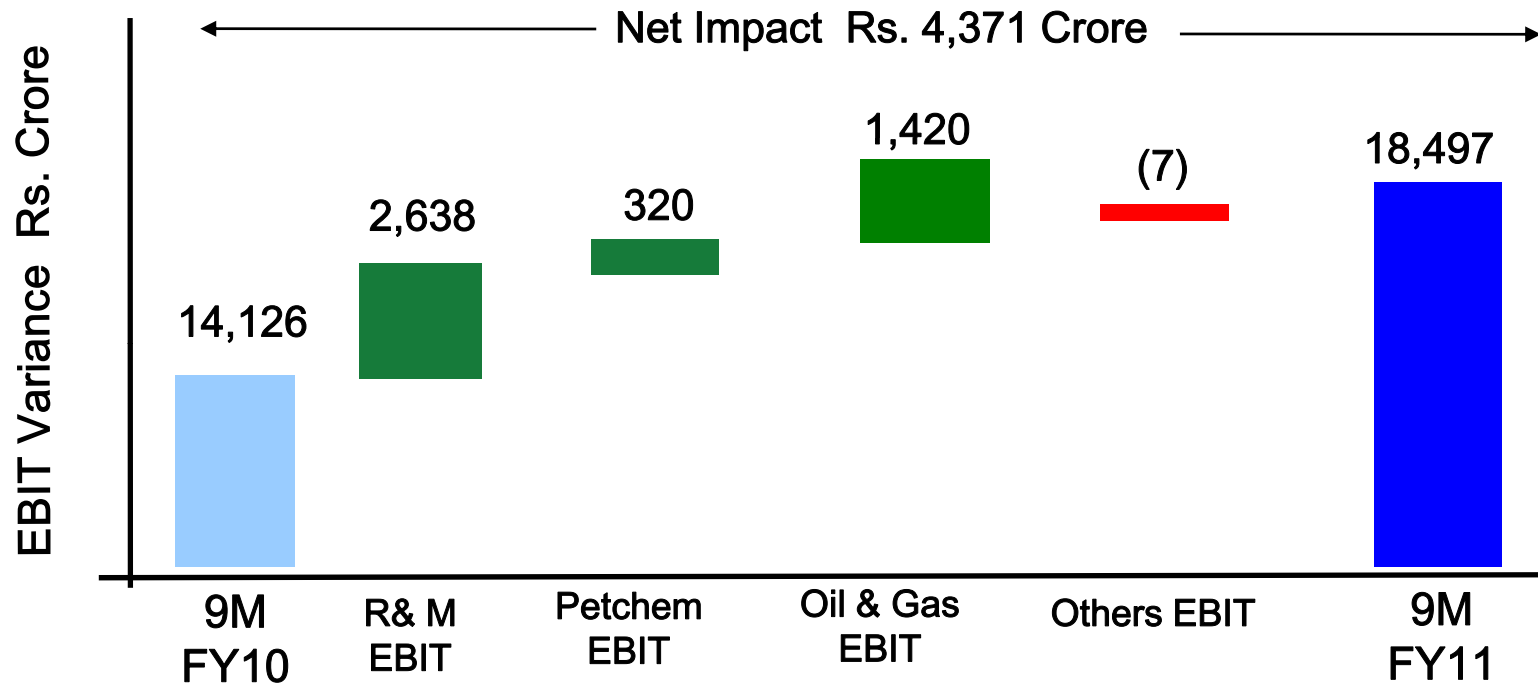
# Segment Results – 9M FY11



(in Rs. Crore)	9M FY11	9M FY10	% change
<b>Refining</b>			
Revenues	152,727	111,999	36.4%
EBIT	6,663	4,025	65.5%
ROCE (%)	11.6%	6.8%	
<b>Petrochemicals</b>			
Revenues	44,961	39,803	13.0%
EBIT	6,679	6,359	5.0%
ROCE (%)	25.3%	20.2%	
<b>Oil and Gas</b>			
Revenues	13,146	8,331	57.8%
EBIT	5,131	3,711	38.3%
ROCE (%)	12.2%	9.5%	

- Refining: Y-o-Y GRM increased from \$ 6.2/bbl to \$ 8.1/bbl (\$ 9/bbl for 3Q FY11)
- Petrochemicals: Y-o-Y lower margin due to base effect of higher revenues
- O & G: Y-o-Y higher EBIT due to higher production from KG-D6; lower margin due to higher share of KG D6

# Segment EBIT Bridge – 9M FY11 Vs 9M FY10



- EBIT growth validates integrated business model
- New capacity in refining and upstream leads growth in EBIT

# Net Profit Bridge – 9M FY11 Vs 9M FY10



**Net Profit up by  
Rs 3,384 crore  
compared to  
previous period**

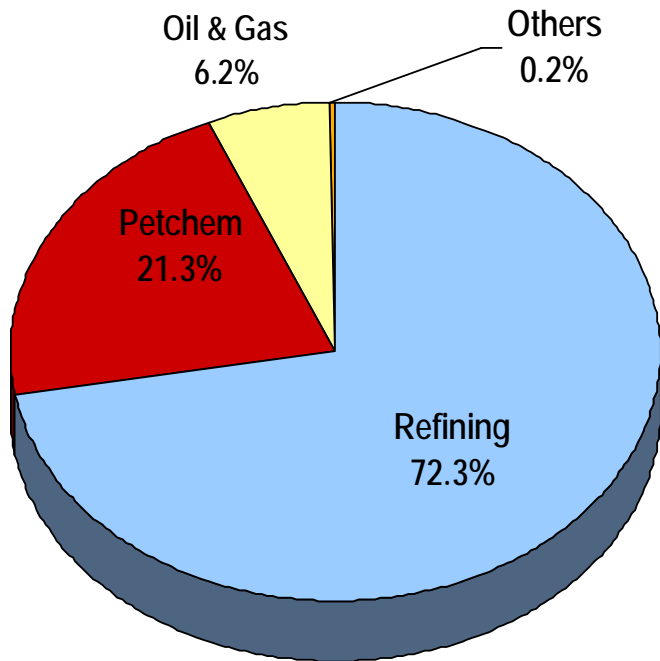
	(Rs crore)
<b>Net Profit 9M FY10</b>	<b>11,526</b>
Operating Profit	6,838
Other Income	290
Interest	(160)
Depreciation	(3,116)
Tax	(468)
<b>Net Profit 9M FY11</b>	<b>14,910</b>

- Net Profit higher entirely due to higher operating profit
- Higher depreciation (Oil & Gas and Refinery), interest (lower capitalization) and higher MAT provision partly offsets growth in operating profit

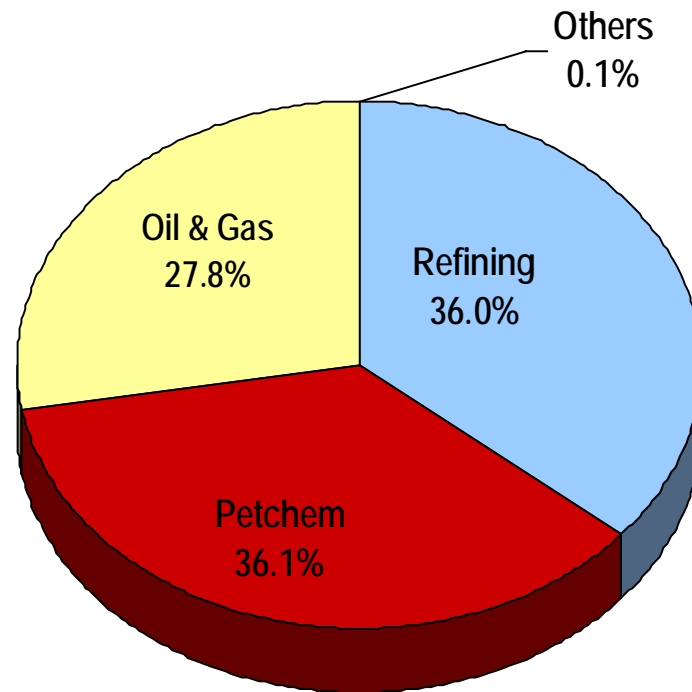
# Business Mix – 9M FY11



## Revenues



## EBIT



**Balanced earnings mix from all three segments**

# Financial Ratios



	Dec-10	Sep-10	Jun-10
Cash Balance (Rs Crore)	31,829	29,354	26,407
Net Debt : Equity	0.26	0.28	0.35
Net Gearing	19.6%	20.3%	24.2%
Gross Interest Cover	15.3	15.4	15.6
ROCE (%)	12.5	12.5	12.1
ROE (%) (Adjusted)	15.3	15.4	15.5

- Highest ever cash balance and lowest ever net gearing
- Strong financials with a conservative balance sheet
- Ratings reaffirmed S&P : BBB; Moodys : Baa2; FITCH : BBB and CRISIL / FITCH (India) : AAA



# Oil and Gas – Exploration and Production

# Oil and Gas Business Highlights



- Production from KG-D6 averaged at 57.23 MMSCMD of natural gas and 25,644 BOPD of crude oil & condensate during 9MFY11
  - During the quarter, total gas production was 178 BCF (JV Share) whereas the cumulative production for nine month was 559 BCF
  - Cumulative gas production of 1,058 BCF since commencement of production from KG-D6
  - During the quarter, crude oil production was 1.78 Million barrels (JV share) - whereas the cumulative production for nine month was 6.43 Million barrels
  - Production of condensate stood at 1 Million barrel for nine month period
- 6 discoveries notified to the DGH in 9M FY11
  - 5 oil discoveries in onshore block Cambay CB-10 (NELP - V)
  - 1 gas discovery in offshore block D52 – KG-V-D3 (NELP – V)
- Drilling update till 9M FY11
  - 5 on-land wells in CB-10
  - 3 exploratory wells, 1 each in CY-D5, NEC – D9 and KG-V-D3
  - 3 appraisal wells in KG-D6 and 1 appraisal well in NEC -25
- Appraisal program of all oil discoveries of CB-10 block submitted to DGH.



# 9M FY11 Production Update



3Q FY11	Block	9M FY10	9M FY11	% Change
	<b>Panna-Mukta</b>			
320	Oil	1,311	811	-38.1%
359	Gas	1,433	972	-32.2%
	<b>Tapti</b>			
36	Condensate	141	115	-18.4%
637	Gas	2,322	2,096	-9.7%
	<b>KG-D6</b>			
220	Oil	337	804	138.6%
5,018	Gas	8,986	15,717	74.9%
27	Condensate	-	62	-

Note: Full Production volumes; \* Production Less Re injected Gas and Flare Gas Units: Oil ('000 MT), Gas (MMSCM)

- Panna-Mukta impacted by shutdown during July-Oct 2010 – normal production since restored; Lower production from Tapti due to natural decline
- During 9MFY11, production from KG-D6 averaged at 57.23 MMSCMD of gas (54.5 for the quarter) and 25,644 BOPD of oil and condensate (19,400 for the quarter)
- Average crude oil price realization of \$ 80.6 /bbl in PMT and \$ 80.3 from KG-D6
- Gas price realization of \$ 5.73 /MMBTU from Panna-Mukta and \$ 5.57 from Tapti



## Refining & Marketing

# R & M Business Environment



- Strong recovery in demand – IEA further revised its 2010 demand estimate to 87.4 MBD, an annual increase of 2.5 MBD
- Resilience in demand helps reduce US inventories (particularly gasoline and middle distillates). Higher refinery runs result in higher FO inventories
- Improving economic scenario and strong winters provide boost to middle distillates; Jet/Kero supported with higher air traffic
- On a sequential quarter basis, there was a 14% increase in crude prices, which averaged at \$ 84/bbl. On a 9M Y-o-Y basis, crude prices were up 18% and averaged at \$ 79/bbl
- Significant improvement in US and Asian refinery margins even as Europe remained a laggard

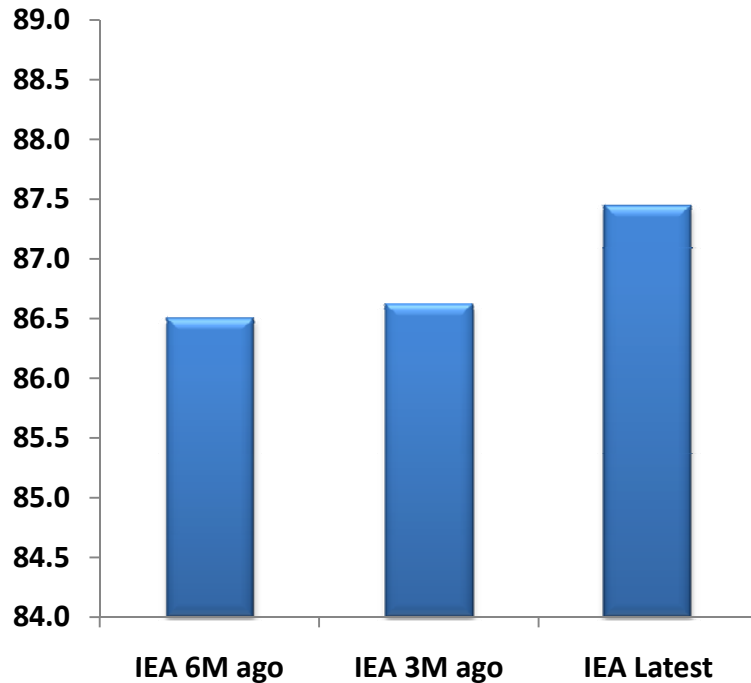
**Crack margins continue to improve with higher demand and increased economic activity**

# Global Oil Demand

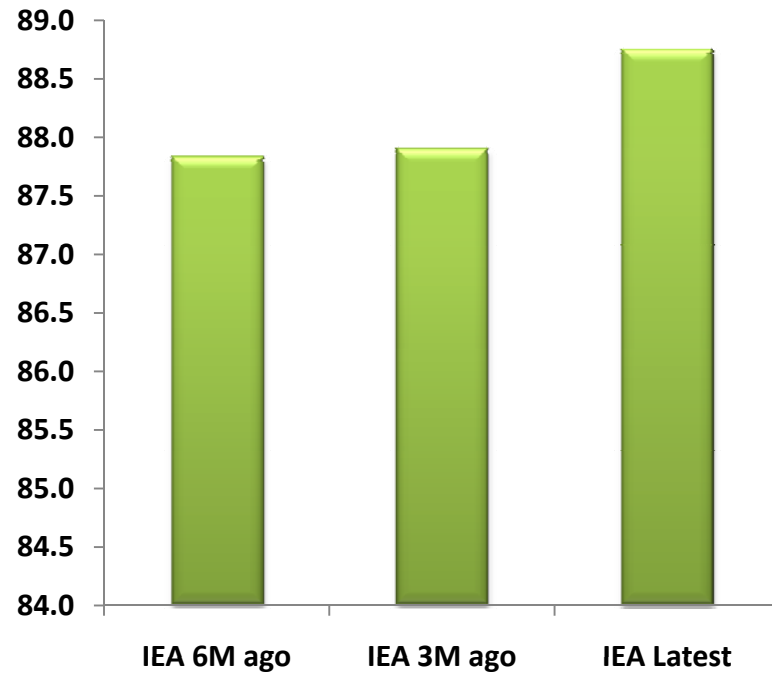
MMBD



**Global Oil Demand Estimates - 2010**



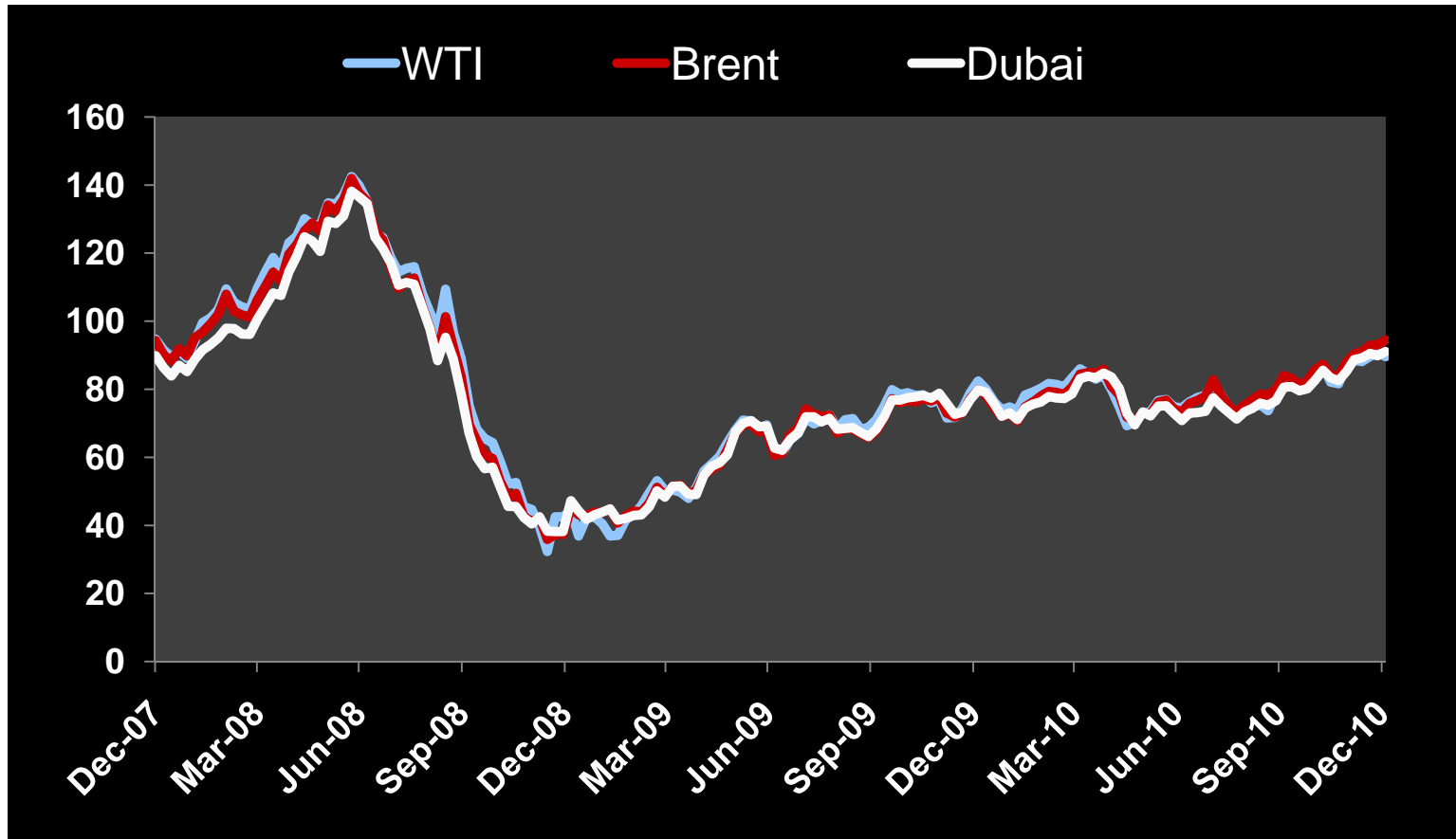
**Global Oil Demand Estimates - 2011**



**Demand estimates revised upwards by 1 MMBD for 2010 and 2011**

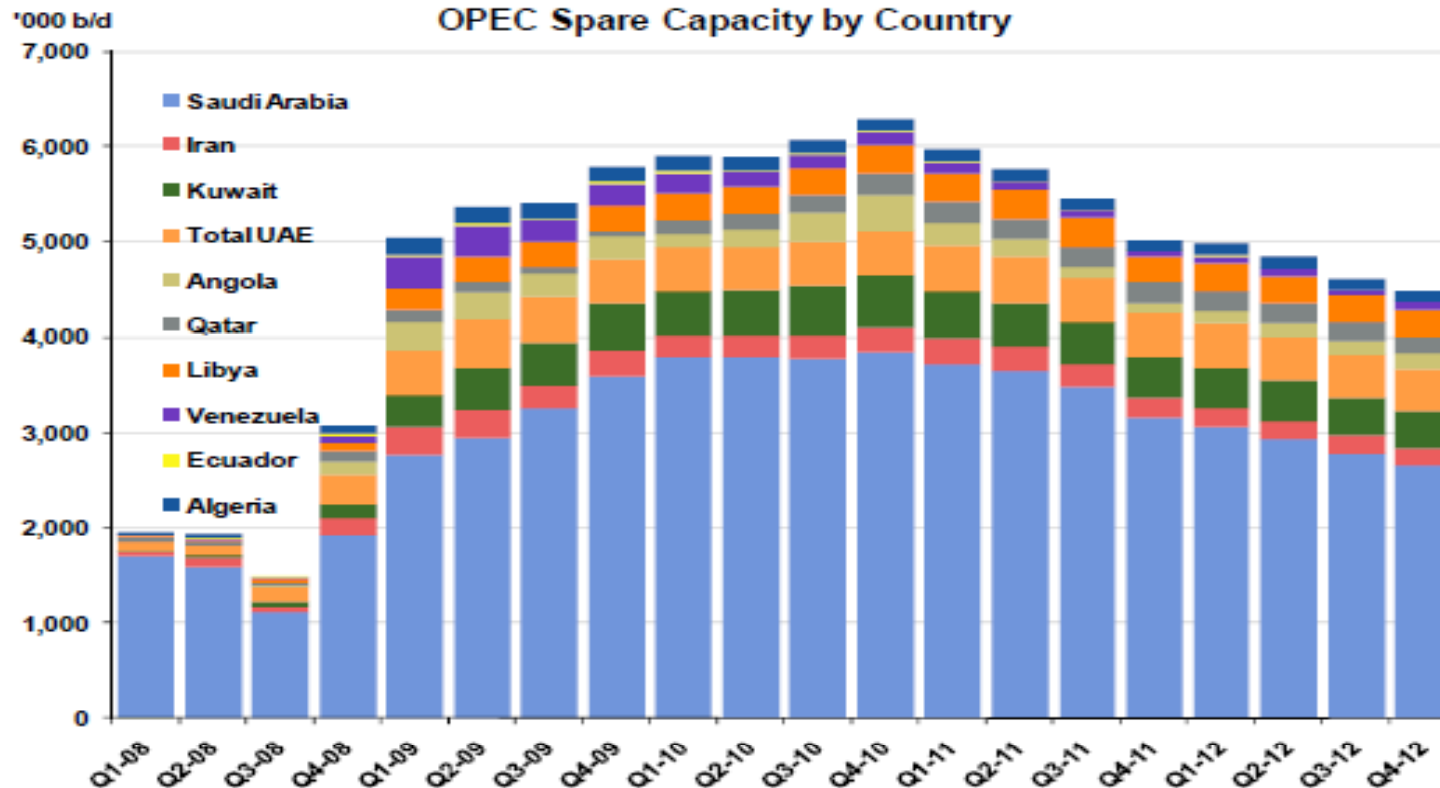
# Crude Prices

\$/bbl



**Spurt in oil demand, strong winter demand and investor sentiments push crude prices back to mid-2008 levels**

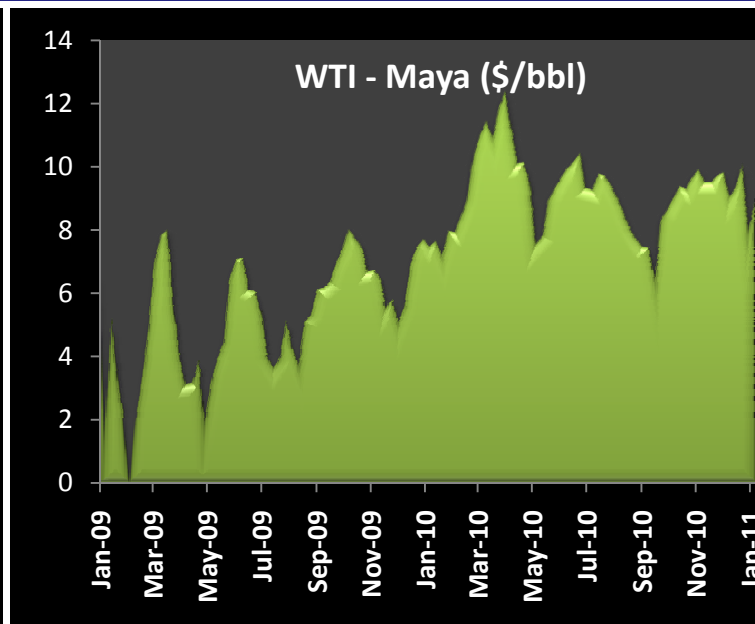
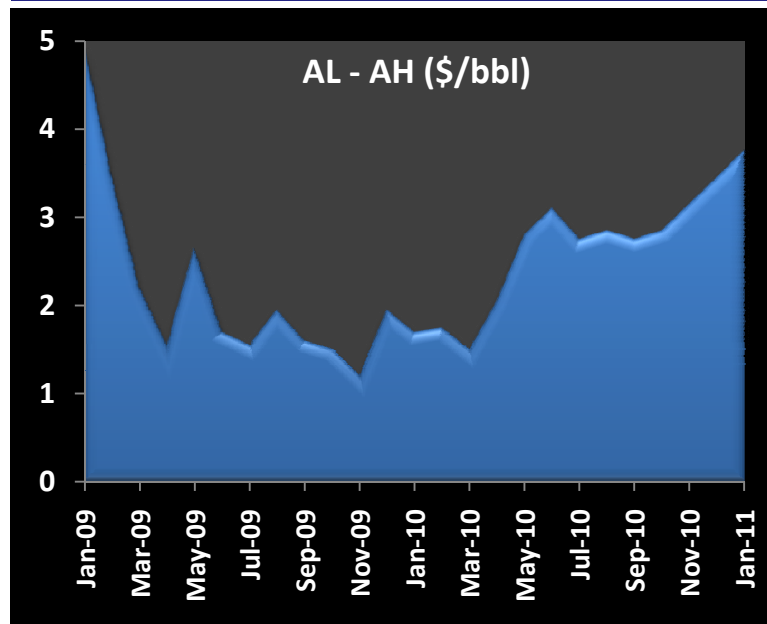
# Key Trends: OPEC Spare Capacity



Source: KBC

**Rising call on OPEC crude and stronger prices encourage reduction in spare capacity – spare capacity has dropped by 1.2 MBPD from its peak**

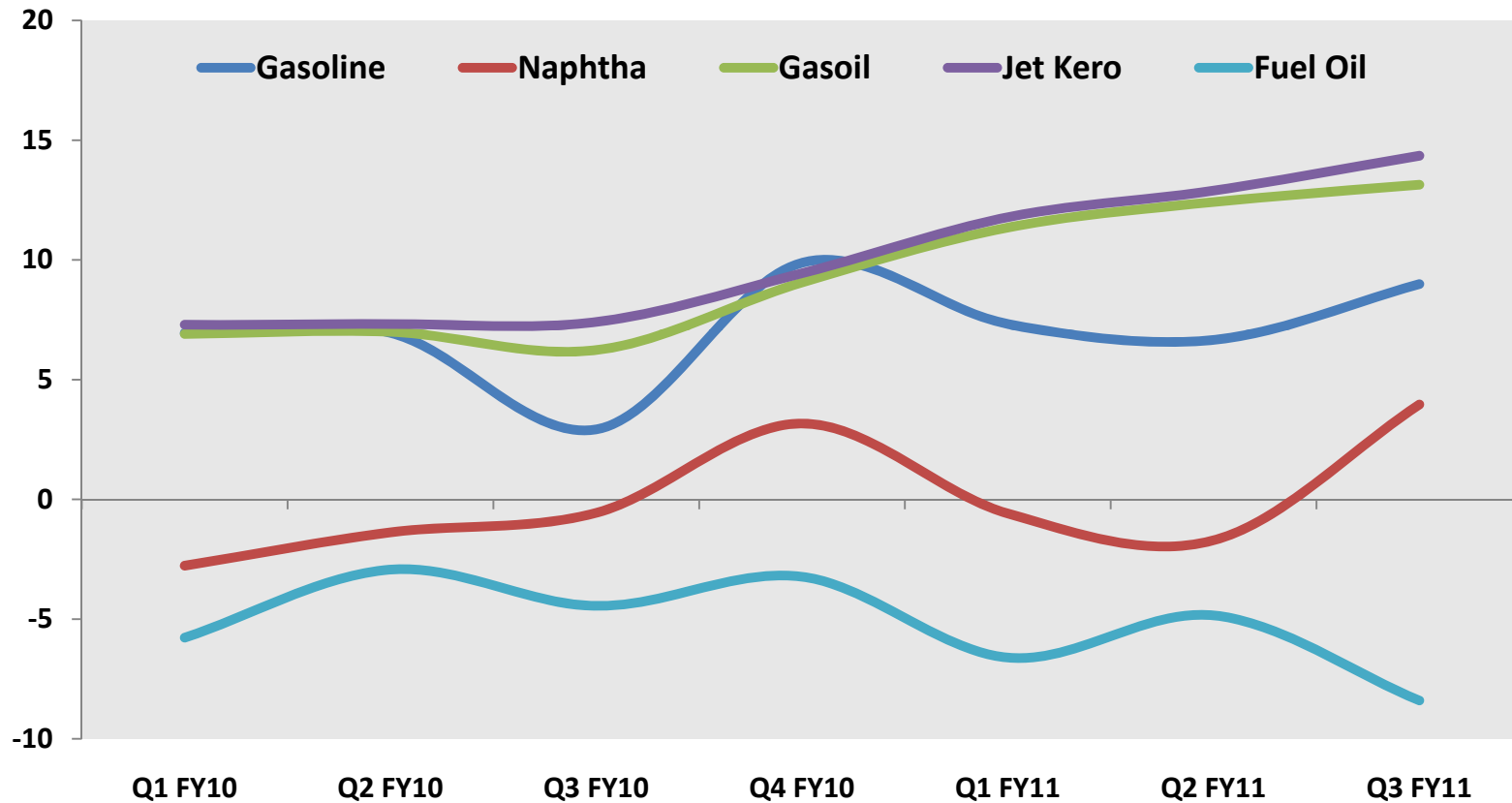
# Light – Heavy Differentials



- Lowering OPEC compliance result in further widening of L-H differentials.  
OPEC compliance now at the 50% level
- Stronger demand for lighter products and further weakening of FO cracks also contribute towards widening L-H differentials

**Complex refiners benefitting with widening L-H differentials**

# Key Product Cracks: Singapore Complex

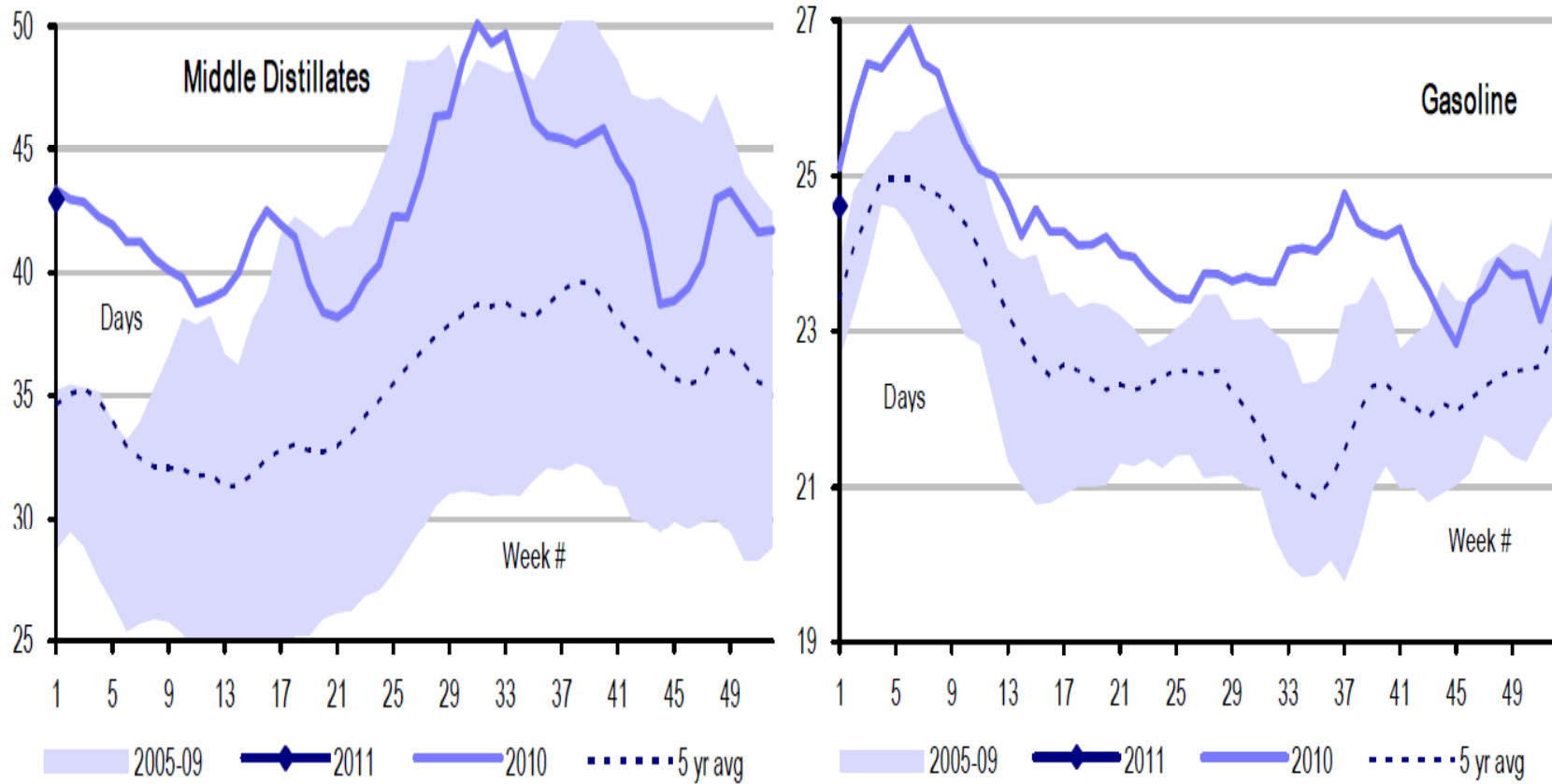


**Improving trend across key transportation fuels seen all through 2010**

**Weak FO cracks as refineries increase runs and causes excess supply**



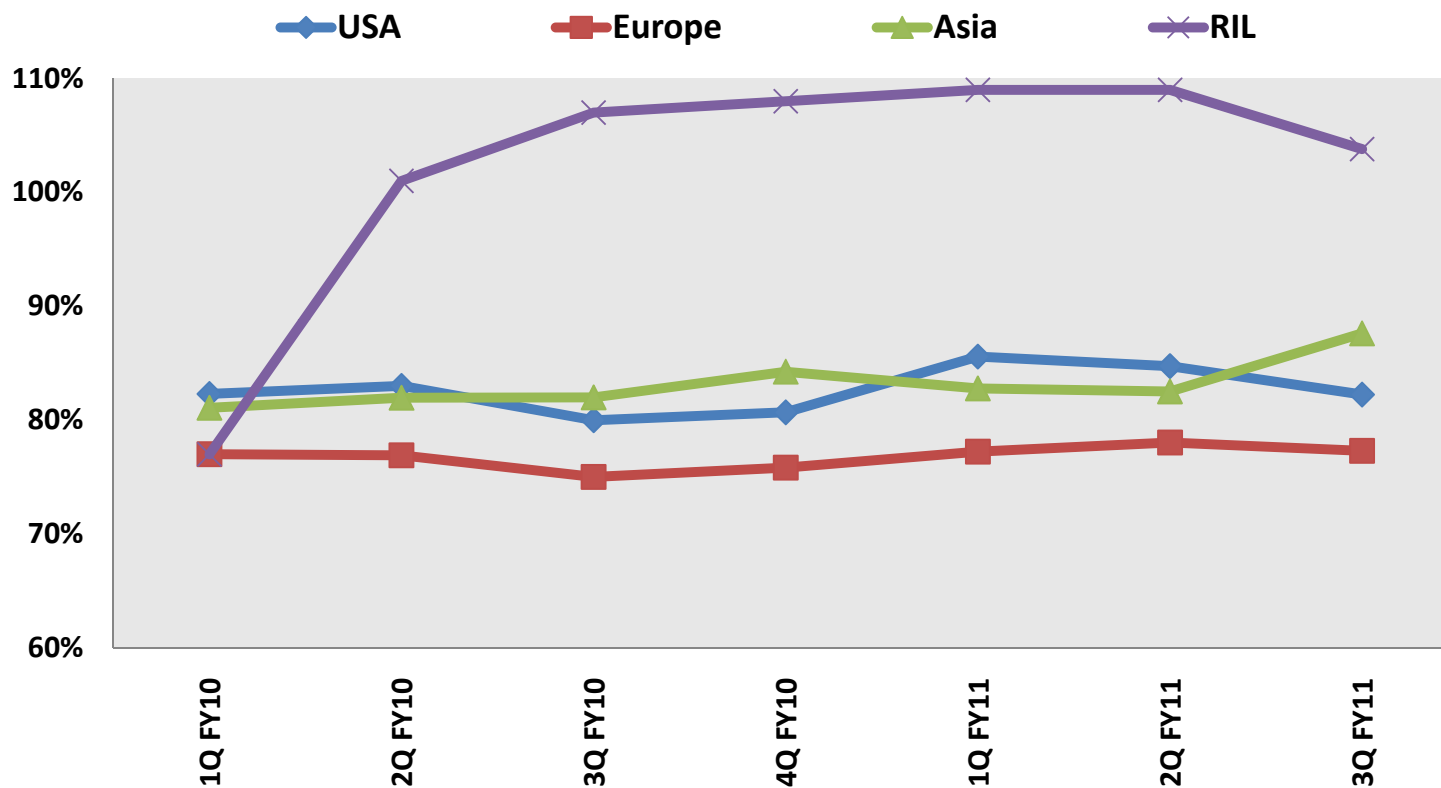
# Key Products Inventory - USA



Source: EIA

**Improved demand outpace higher refining runs resulting in higher inventory drawdown**

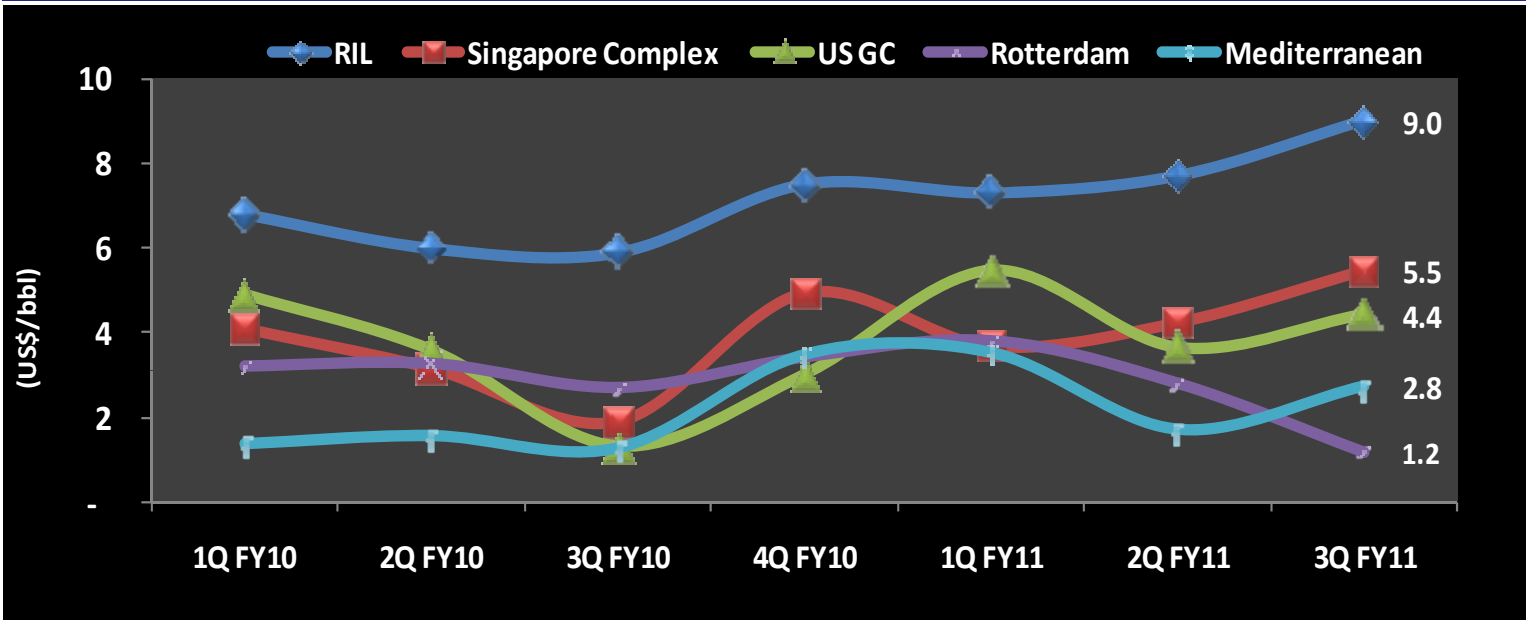
# Refinery Operating Rates



**Asian refiners improve runs even as China remains a net importer**

**RIL impacted marginally due to planned partial shutdown in one refinery**

# Margin Benchmarking



Source: Reuters

- Significant improvement in margins in Asia and US regions with resilient demand, improving economic conditions and higher product cracks
- RIL maintains premium to Singapore complex maintained with high light-heavy differentials and strong transportation fuels cracks
- Europe remains a laggard – Rotterdam margins further impacted due to higher dependence on Brent crude

# RIL - Refinery Product Sales



	3Q FY11	3Q FY10	% change	9M FY11	9M FY10	% change
PSU	2562	2353	9%	7752	6770	15%
Exports	8944	10377	-14%	28594	23620	21%
Captive	2537	2292	11%	7341	6665	10%
Domestic (Bulk)	1445	1653	-13%	4116	4296	-4%
Domestic (Retail)	280	150	87%	726	250	190%
Total	15768	16825	-6%	48529	41601	17%

Units: in KT

- Planned shutdown impact on volumes during 3Q FY11
- Y-o-Y (9 Months) improvement due to consistently high operating rates at both the refineries
- Growth in exports led by higher throughput from the SEZ refinery

# GAPCO: An Update



**Purity**  
you can trust



Segment	'000KL
Retail	167
Reseller	307
Industrial	191
Exports	62
High Seas	925
<b>TOTAL</b>	<b>1,651</b>

Product	Sales ('000KL)
Gasoline	700
Gasoil	440
Kerosene	341
Others	170
<b>TOTAL</b>	<b>1,651</b>

Performance Highlights (\$ Mn)	2010 (P)	2009 (A)
<b>Sales Volume (TKL)</b>	1650	1335
<b>Sales Revenue</b>	1205	833
<b>Gross Margin</b>	44.8	41.3
<b>EBITDA</b>	29.5	25.5
<b>PBT</b>	18.7	14.7

# R&M Business Summary



- Sustained improvement through the year even as growth in demand accelerates, refineries improve operating rates and product cracks widen
- Product inventories reduced from peak as global demand picks up in the last few quarters
- Reducing compliance resulting in higher flows of heavier crudes – complex refining fast approaching 5-year average GRM
- Strength in naphtha likely to continue on the back of strong petrochemical demand
- Demand outlook and improving stock situation to support middle distillates cracks



Petrochemicals

Polymers & Chemicals

# Diverse Portfolio of Products



## Polyolefins



- Polyethylene
- Polypropylene
- Polyvinylchloride
- EVA

### End Uses

- Bulk Packaging (Cement, Fertilizers)
- Flexible Packaging (FMCG)
- Medicare
- Automotive
- Appliances (White Goods)
- Infrastructure (Pipe & Profiles)
- House hold Articles
- Agriculture

## Chemicals



- Poly- Butadiene Rubber
- Linear Alkyls Benzene
- Butadiene
- Benzene, Toluene

### End Uses

- Tyres
- Detergents
- Paints, Adhesives
- Pesticides
- Pharmaceuticals
- Caprolactum
- Nylon

## Relpipe



- Large Diameter HDPE Pipes
- Small Diameter HDPE Pipes

### End Uses

- Irrigation
- Gas Distribution
- Sewage
- Ducts

**Diverse portfolio of polymer & chemical products caters to a variety of end markets**



# Business Highlights 9M FY11



- Capacity addition in 2010 ~11 MMT (8% of global capacity); mainly in Asia and Middle East region
- Asian demand growth continues
  - China's demand growth for PE at ~14%, PP ~5%, and PVC ~15%
  - India's polymer demand growth at 11% driven largely by strong growth in PP and PE which grew at 18% & 9% respectively
- Asian operating rate improved to 87%; higher than global operating rate of 85%
- High feedstock prices (oil/naphtha) resulted in cost push pressure – however high operating rates and firm demand supported product prices resulting in stable margin environment – gas based crackers continued to benefit from cheaper gas prices

**Polymer market in Asia remains firm on the back of healthy demand**

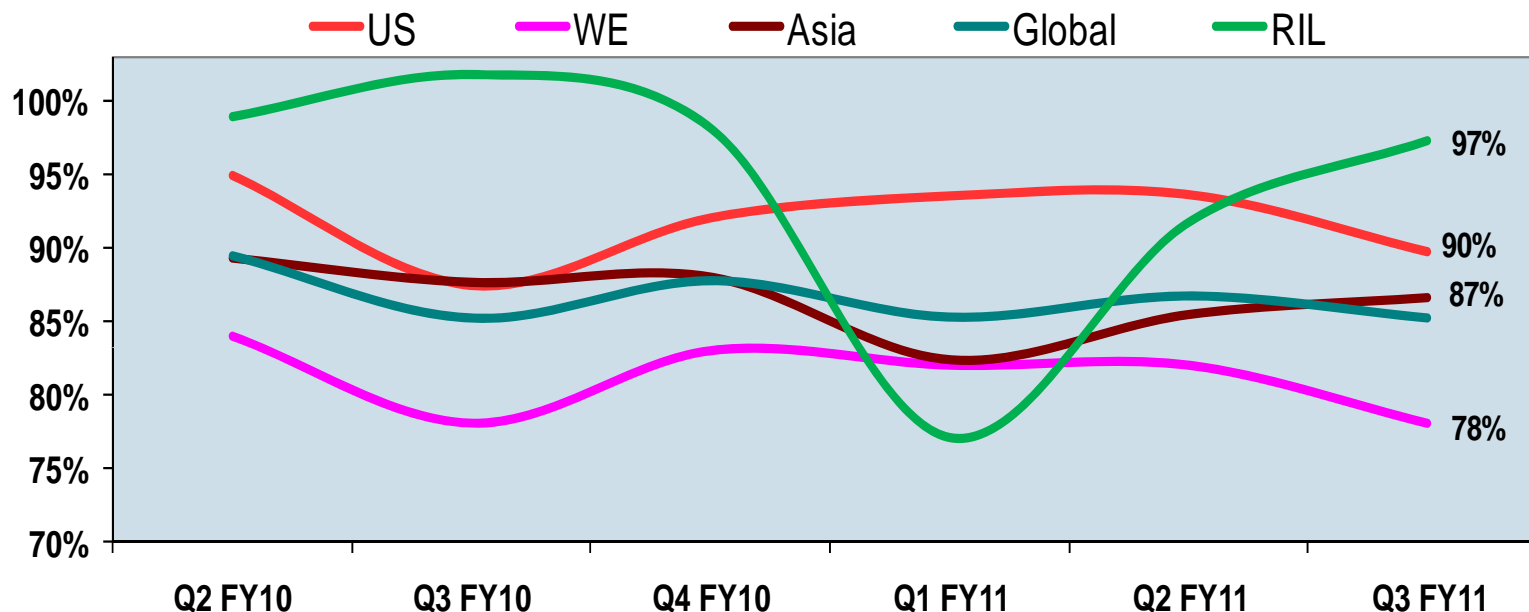
# RIL - Business Performance 9M FY11



- All facilities operated at near 100% of available capacity
- Overall polymer production for 9M FY11 was at 3.1 MMT, up by 3%; for the quarter total production was at 1.1 MMT
- RIL maintained its leadership position with a domestic market share of 46%
- Availability of ethylene and propylene was lower by 9% & 5% respectively due to planned turnarounds at Hazira, Gandhar and Nagothane in Apr-Jul 2010. Subsequently, production for ethylene and propylene were up 6% & 4% respectively during 3QFY11 vis-à-vis 2QFY11
- Despite the impact of higher feedstock cost, chemical margins improved on the back of strong demand across all consumption segments

**RIL benefited from strong demand growth and its wide product range**

# Global Operating Rates



- Asian operating rates continued to increase with 3QFY11 rate at 87%
- Global operating rates declined marginally to 85%; largely impacted by shutdowns in liquid-based/European crackers and the slow start-up in new ME crackers
- US operating rates remained close to 90% benefiting from low gas prices and higher exports, mainly to Asian markets

# Asian Prices Scenario – Y-o-Y



Asia						% Change
\$/MT	Apr-10	Dec-10	% Change	9M FY 10	9M FY 11	9M FY11 vs. 9M FY10
Crude Oil	78	90	15%	67	79	18%
Naphtha	696	852	22%	574	697	21%
Ethylene	1130	1095	-3%	948	1012	7%
Propylene	1260	1176	-7%	1012	1157	14%
EDC	515	485	-6%	406	494	22%
HDPE	1200	1270	6%	1172	1203	3%
PP	1300	1450	12%	1128	1301	15%
PVC	1050	1030	-2%	848	983	16%
Butadiene	2020	2035	1%	1211	1929	59%
Benzene	944	1027	9%	770	884	15%

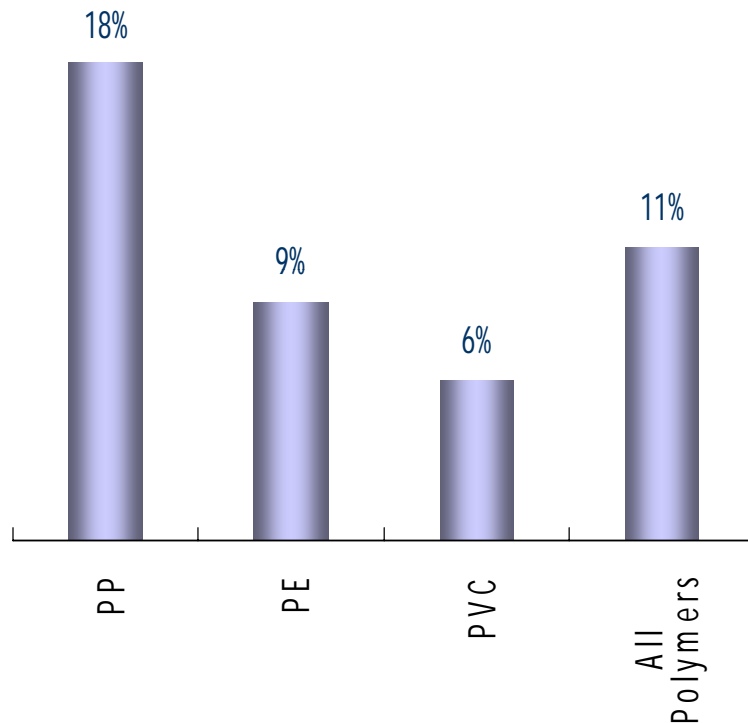
Source : Platts

**Polymers and olefins prices rallied with higher crude oil and naphtha prices - PE margins under pressure whereas PP margins strengthened**  
**Chemical margins expanded on the back of strong pricing power and short supply**

# Domestic Demand - Polymers



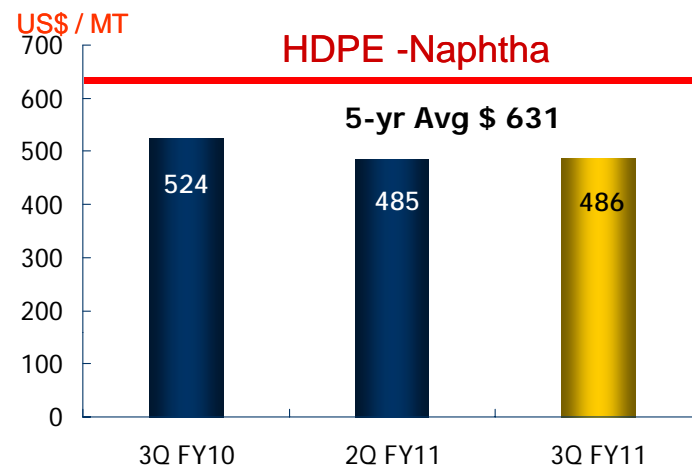
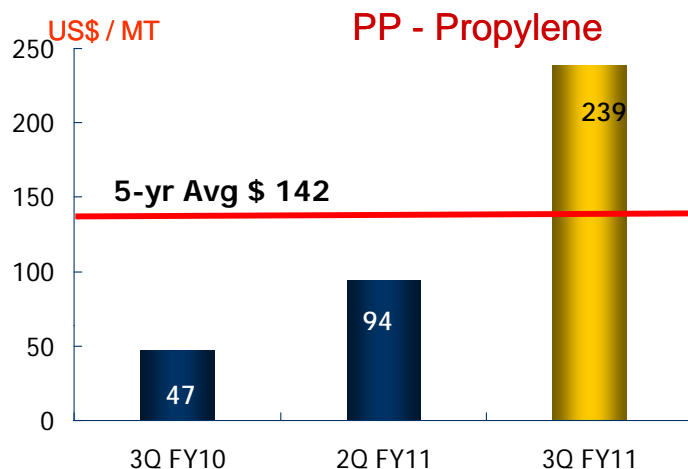
## Industry 9M FY11 vs -9M FY10 growth



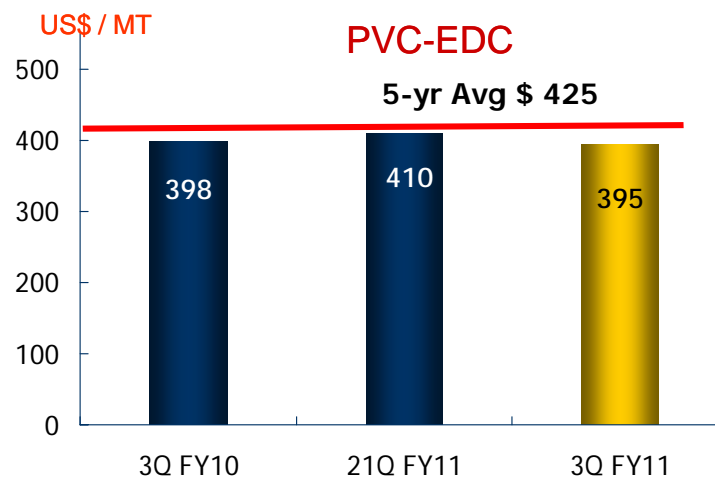
- PP Demand Drivers:
  - PP-Raffia Fertilizer and Cement bags
  - PP-IM ~ Automotive, Appliance (ICP) Growth
- PE Demand Drivers
  - HDPE BM/LLDPE ~ Growth in Rigid Flexible Packaging ;HDPE (Raffia) ~ Good demand in Fertilizer
  - LLDPE (Roto) ~ Good demand housing
- PVC Demand Drivers
  - Calendaring sector

**Strong growth in automobiles, consumer durables, agriculture, flexible packaging and infrastructure sector**

# Polymer Deltas



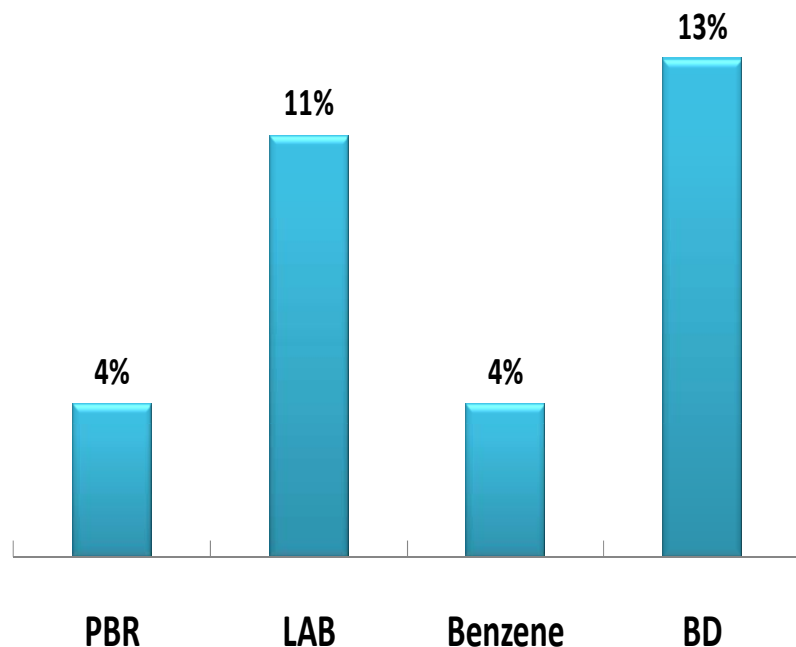
- PP delta improves significantly due to strong demand growth and stable propylene prices
- PVC delta remains stable as increase in EDC price tracked that of PVC
- New supply and high raw material prices keeps PE delta under pressure



# Domestic Demand – Chemicals



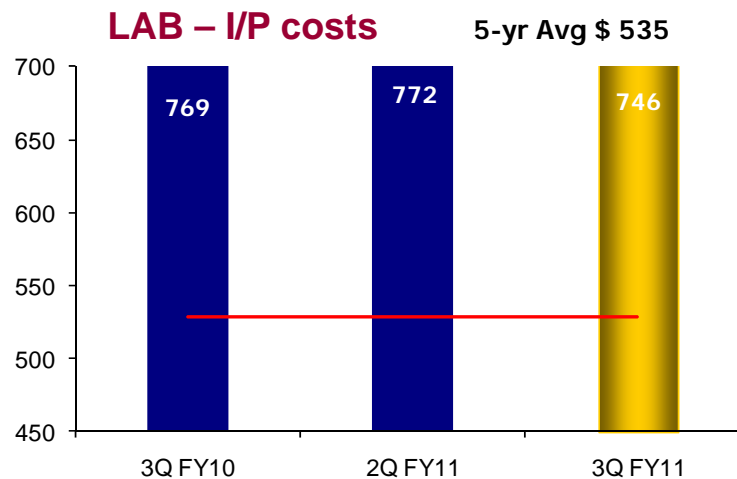
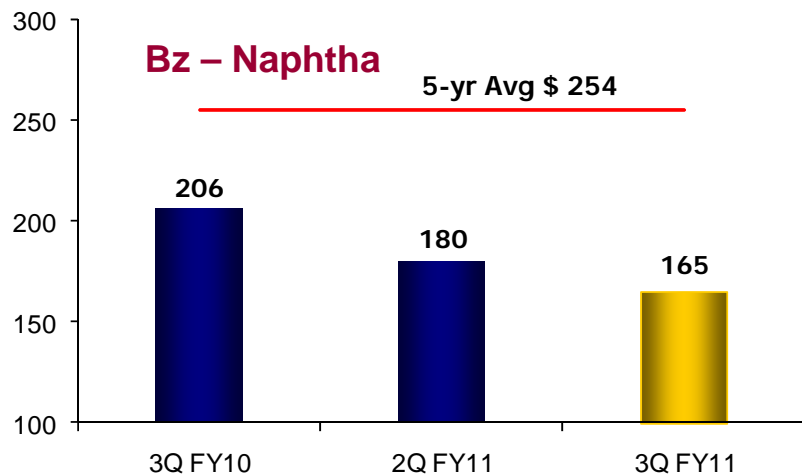
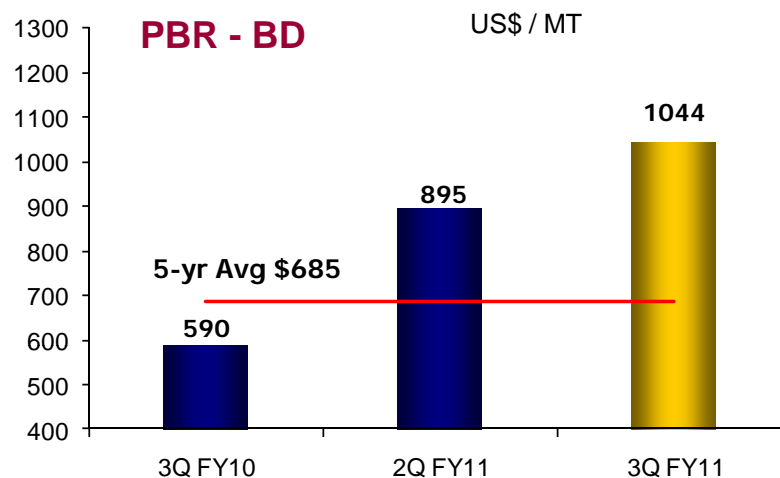
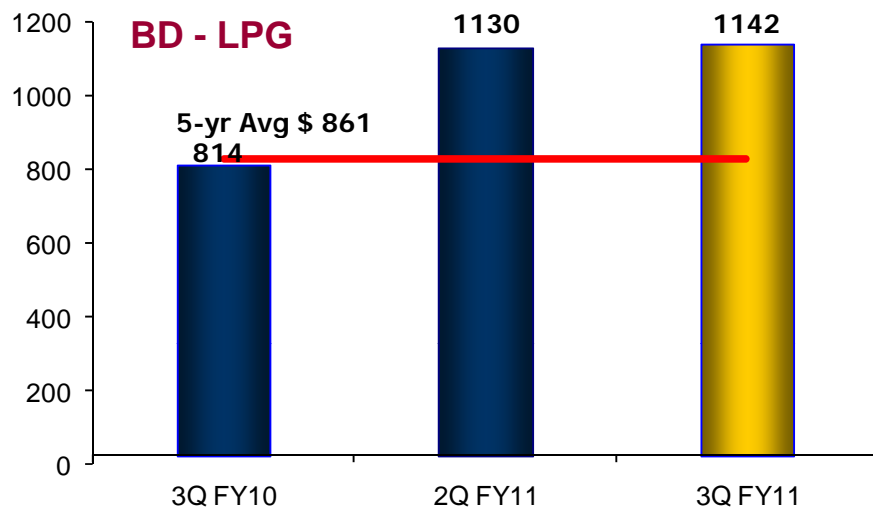
## Industry 9M FY11 growth (Y-o-Y)



- PBR – demand remains steady with prices of rubber touching record high
- LAB – healthy growth on the back of strong detergent demand and increase in pipeline stocks due to increasing prices
- Butadiene – increase in domestic demand for downstream products specifically for NBR & ABS

**Asian chemical demand strong on the back of buoyant downstream demand from various sectors like paints, pharma, tyres etc.**

# Chemical Deltas





# Petrochemical Business Summary



- Robust demand across major Asian markets support product margins
- Operating rates remained high in US and Asia
- Ethylene prices spikes due to supply snag (planned and unplanned turnarounds) and cost-push
- Product prices in Asia were strong on the back of high feedstock prices and strong demand
- PP demand in Asia was strong and prices were supported by tight supply
- RIL to maintain high operating rates and domestic orientation

**New supply from Asia and ME region absorbed much faster than expectation – incremental supply likely to be lower than demand growth**



Petrochemicals

Polyester and Fibre Intermediates

# Business Environment: 9M FY11



- Domestic demand for polyester grew at an impressive 15% Y-o-Y led by PET (up 26%) and POY (up 16%)
- Unprecedented rise in cotton prices even as supply comes off – 3QFY11 exit Cotlook A price at \$ 3790/MT, up 120% Y-o-Y
- Steep increase in recent product prices – polyesters up by 30-50% & fibre intermediates up by 25%; significant improvement in chain deltas
- India restricts exports of raw cotton and cotton yarns
- Improving demand from domestic textile industry helps sustain polyester margins
- RIL benefitted from its domestic orientation and peak operating rate – total polyester production up 3% on a Y-o-Y basis

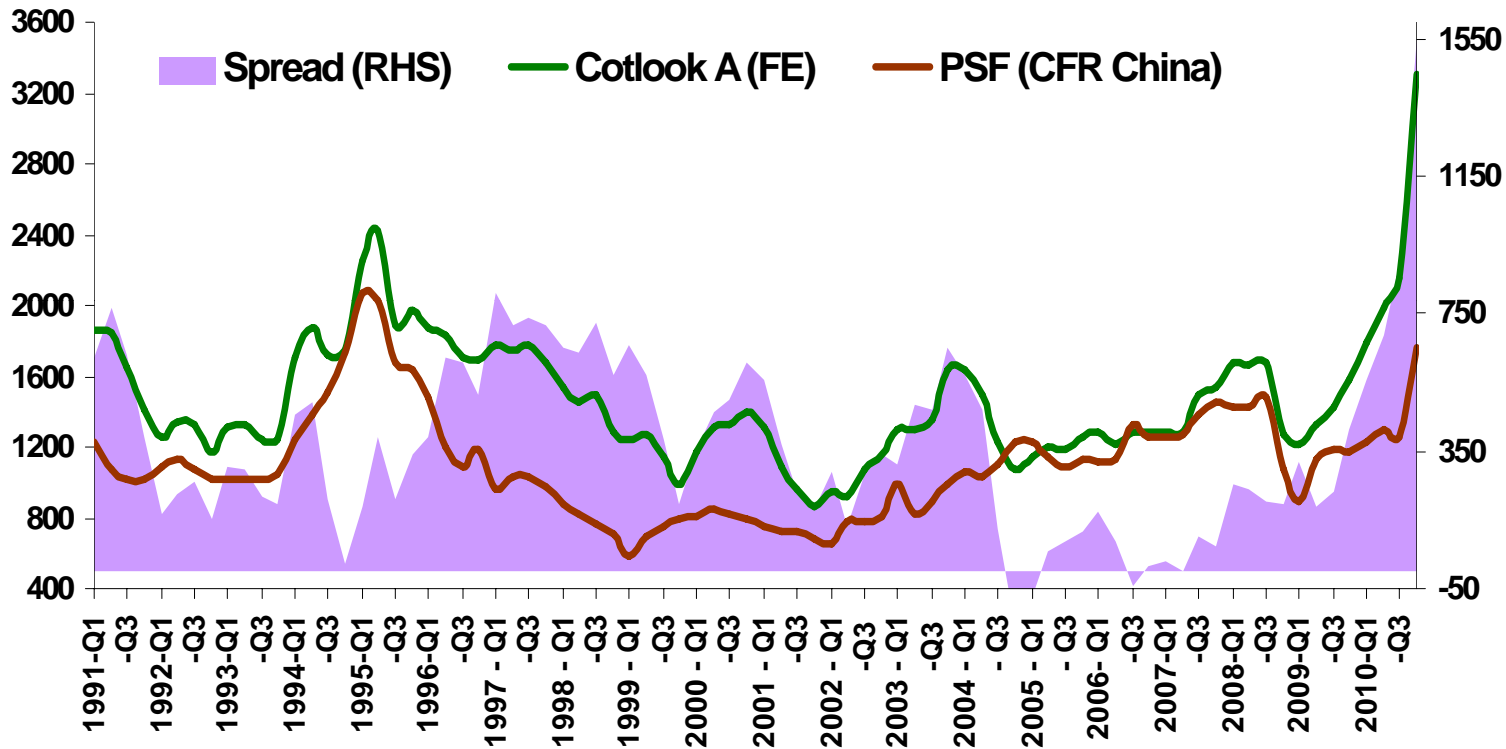
# Asian Price Scenario – Y-o-Y



				9M FY 10	9M FY 11	% Change
\$/MT	Apr-10	Dec-10	% Change	(Avg.)	(Avg.)	9M FY11 vs. 9M FY10
Crude Oil	79	90	14%	67	79	18%
Naphtha	696	852	22%	574	697	21%
PX	1021	1388	36%	974	1031	6%
PTA	960	1196	25%	871	963	11%
MEG	937	1081	15%	681	856	26%
POY	1330	1985	49%	1273	1556	22%
PSF	1220	1875	54%	1163	1446	24%
PET	1275	1480	16%	1095	1293	18%

**Increase in polyester prices outpace the rise in key raw materials (Fibre intermediates) – standalone polyester producer benefited**

# Global Cotton and PSF Prices



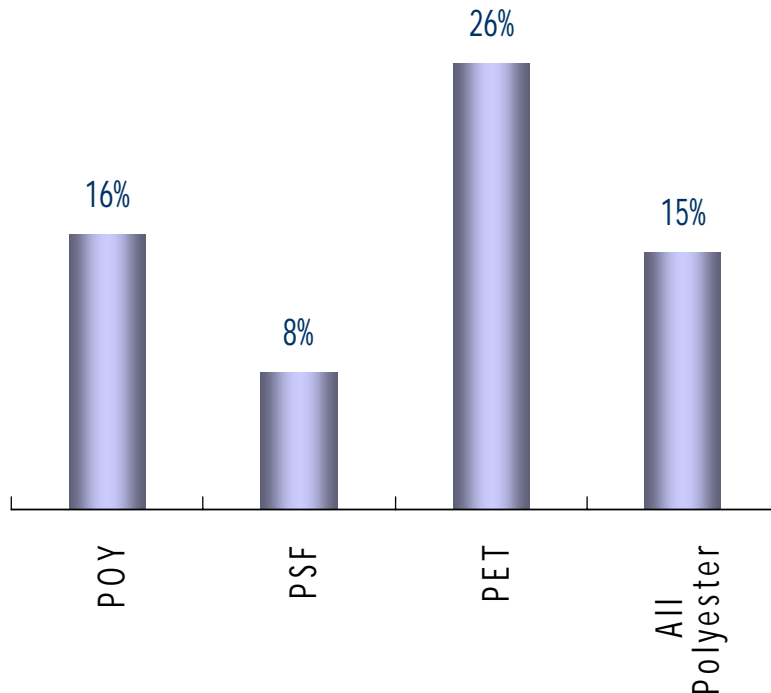
Source: Cotlook and ICIS

**Record delta between cotton and polyester – supporting polyester prices and substitution**

# Domestic Polyester Growth 9M FY11



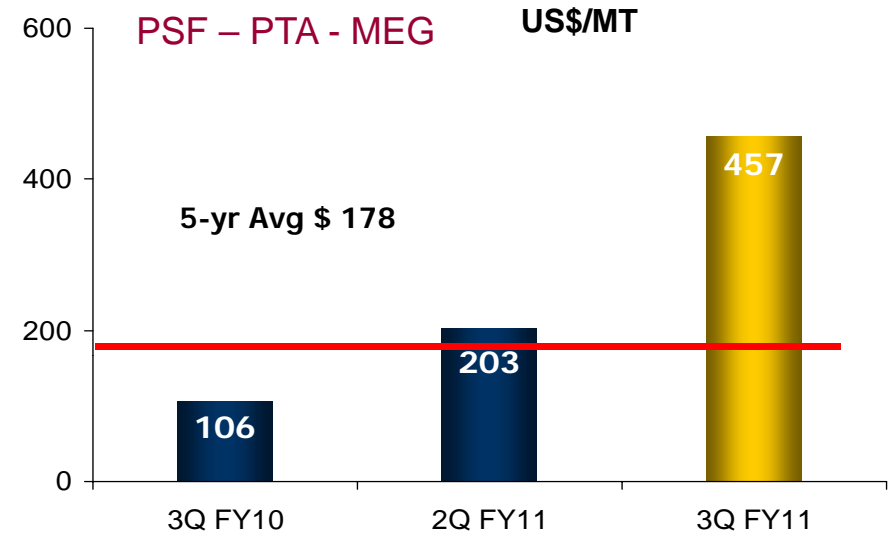
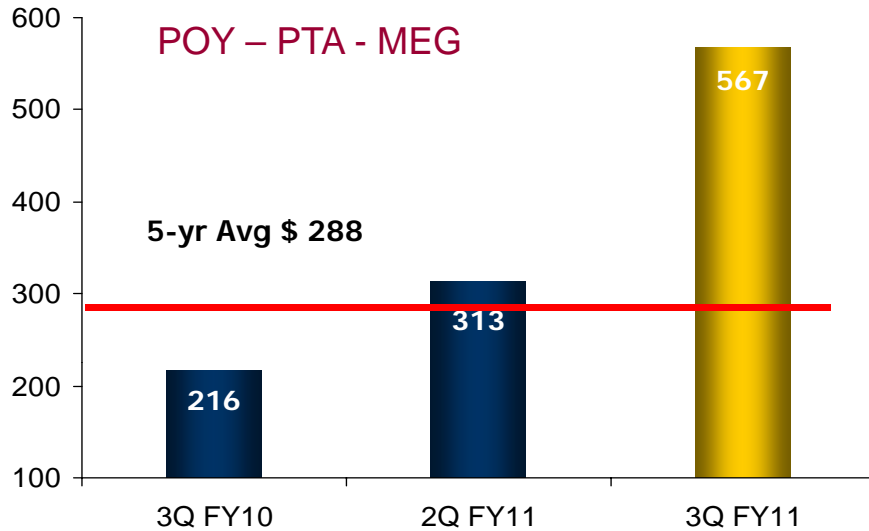
## Industry 9M FY11 vs 9M FY10 growth



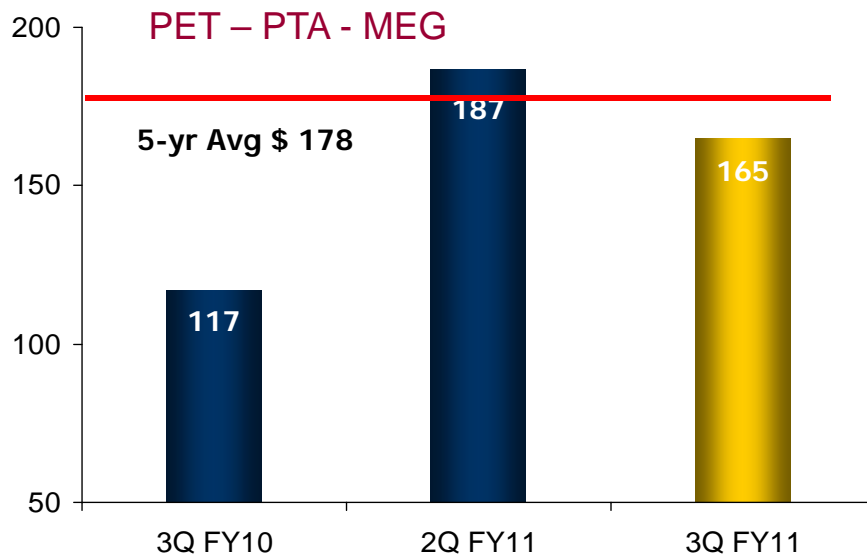
- Domestic demand grew at 15% y-o-y despite significantly higher prices
- Strong growth in PET with higher consumerism and beverage demand
- Continued investment in downstream textile industry

**India continues to remain one of the key growth markets globally**

# Polyester Margin Environment

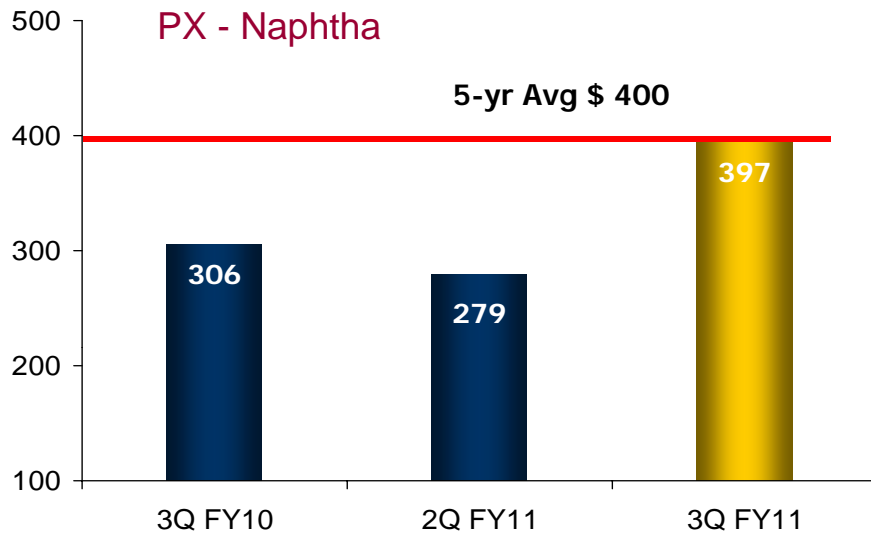


Source: Platts, ICIS-Lor

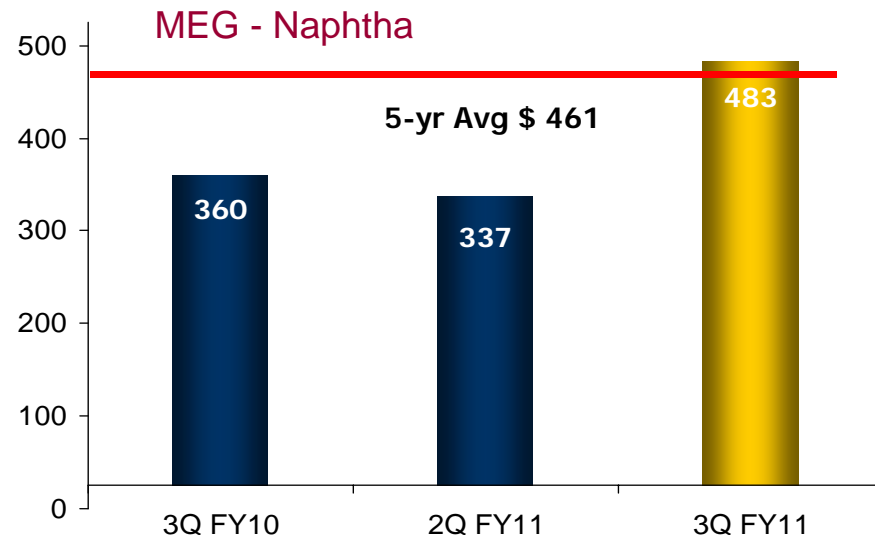
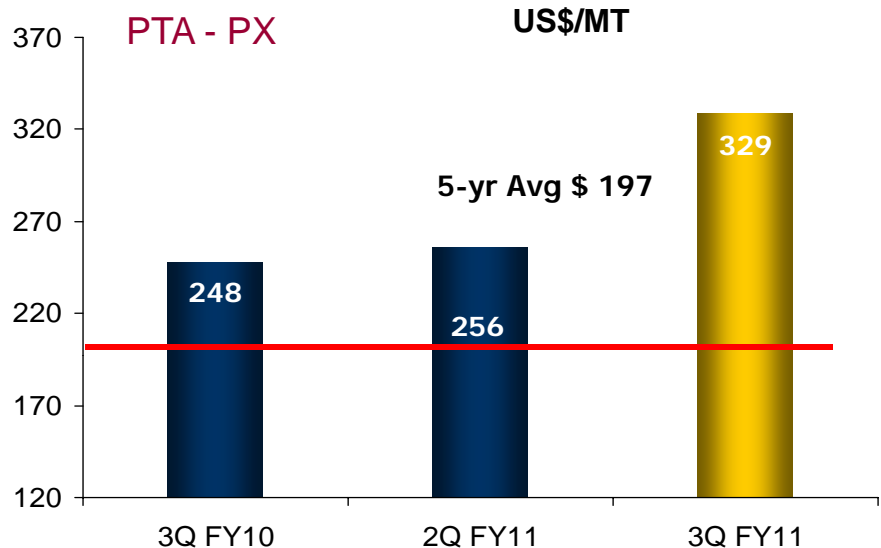


- High cotton price allow for high POY/PSF prices despite the impact of PTA/MEG prices
- However, PET unable to absorb the full impact of increase in intermediate prices

# Fiber Intermediates Margin Environment



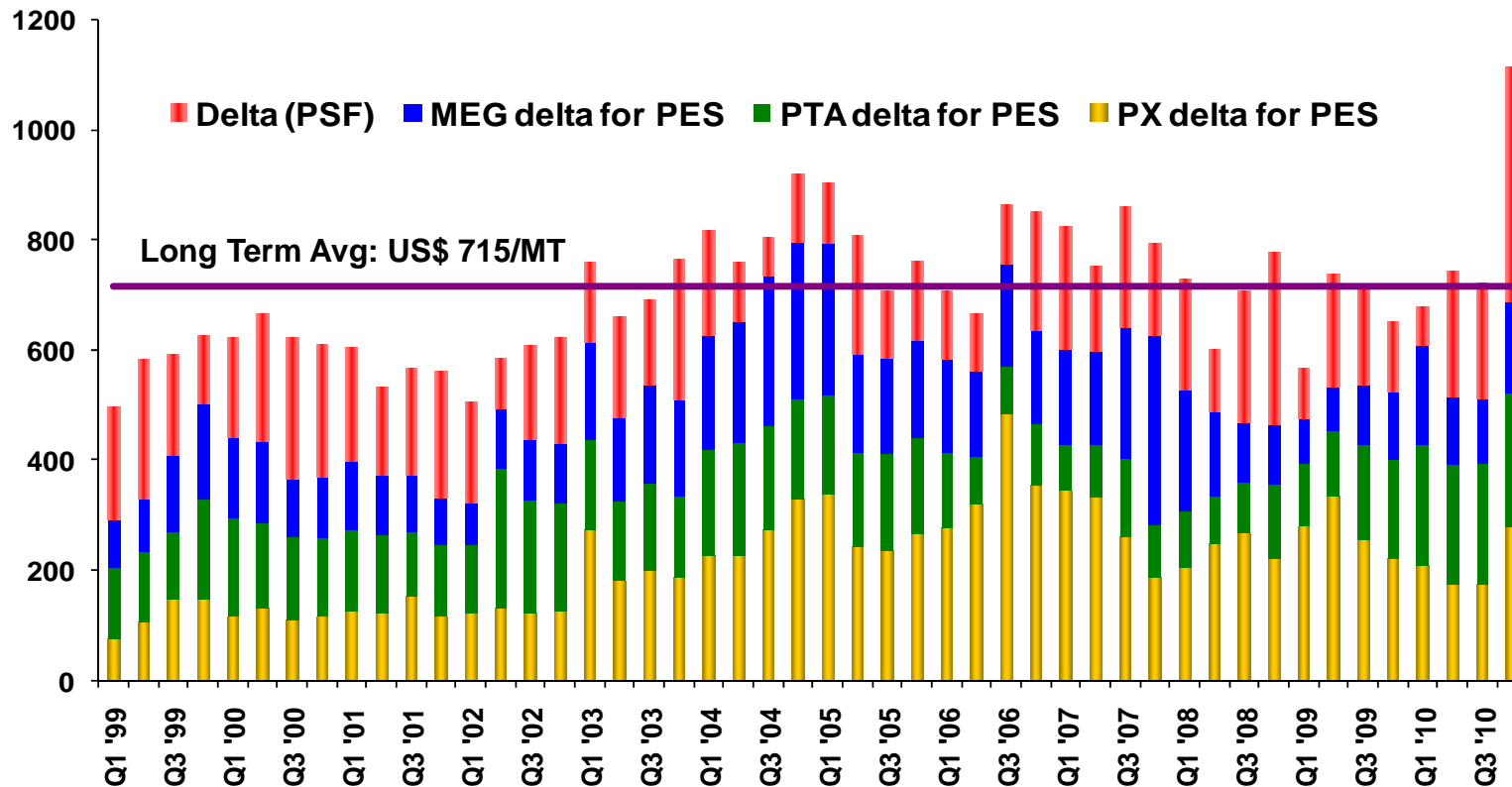
Source: Platts, ICIS-Lor



- Fibre Intermediates margins improved strongly on polyester strength during the last quarter
- Going forward limited capacity additions for PTA/MEG in 2011 likely to keep margins firm



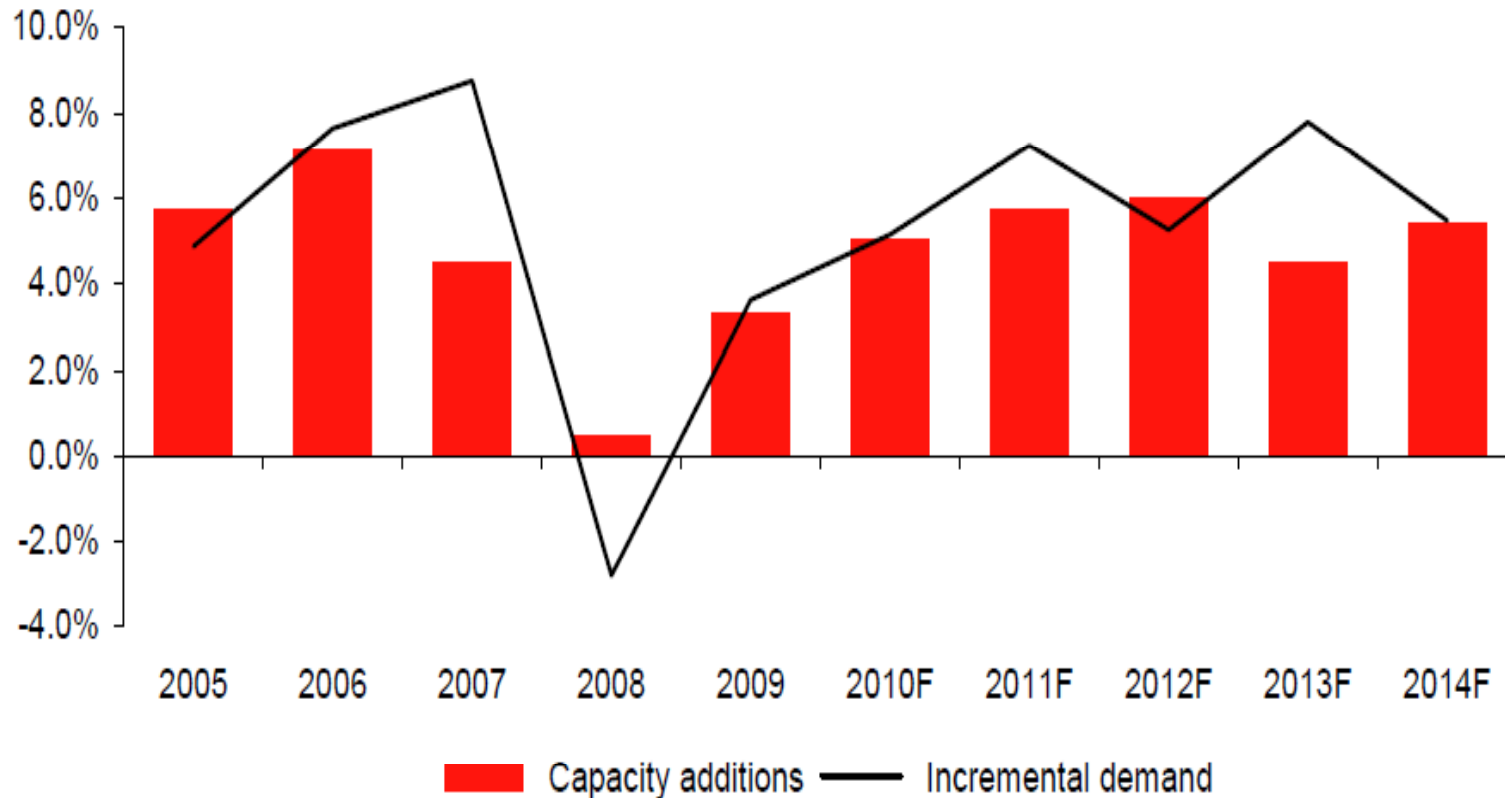
# Polyester Chain Delta



Source: Platts, ICIS

**Decade-high polyester chain margins – 21% higher than previous peak of 2004**

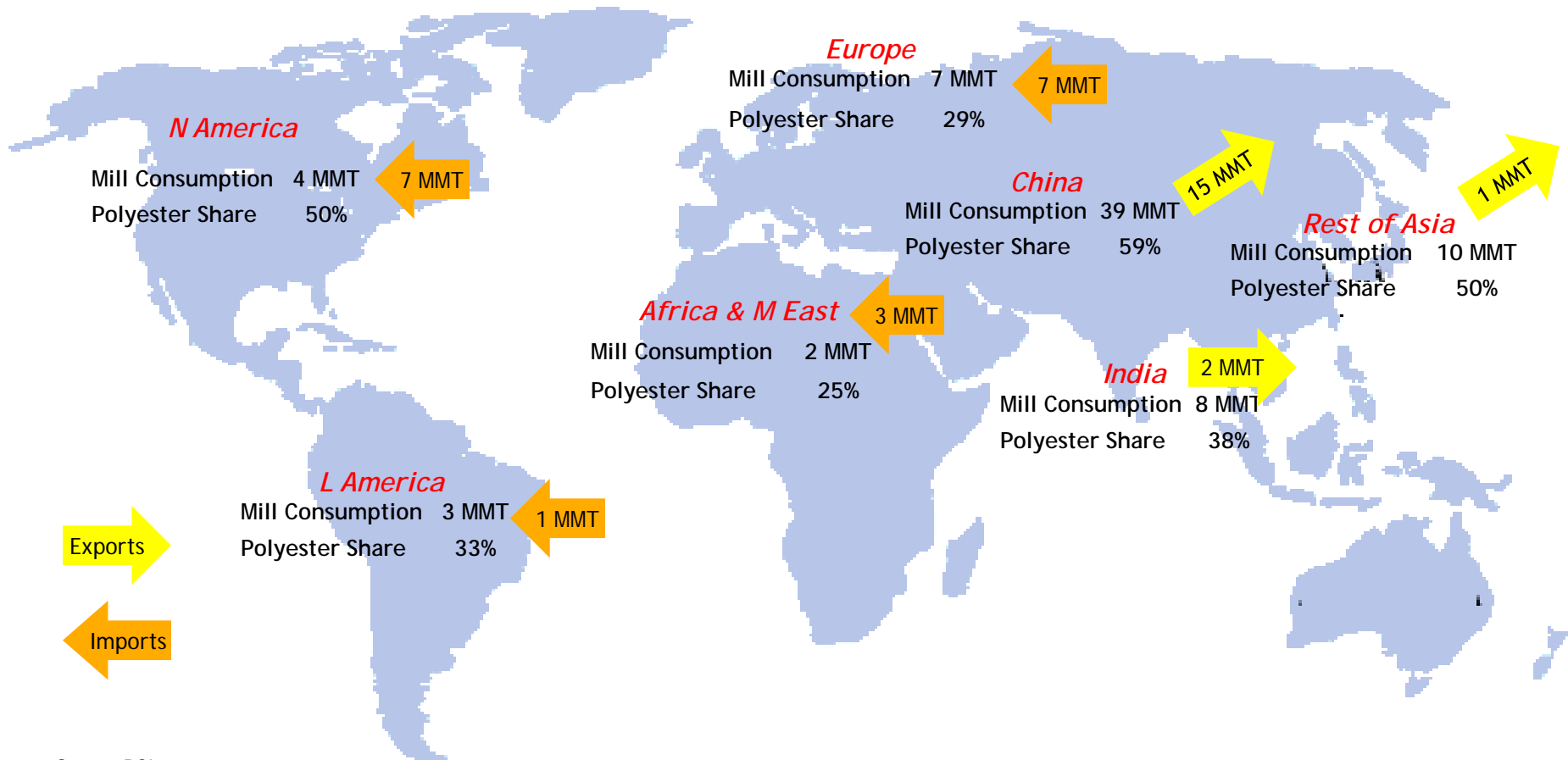
# Improving Polyester Supply-Demand Situation



Source: Platts, Global Analyst Research

**While global capacity could expand by 5.7% going forward, demand is expected to grow at a faster 7.2%**

# India and China: Clothiers to the world



Source: PCI

**China & India's fibre demand share to increase from 63% to 69% by 2020**

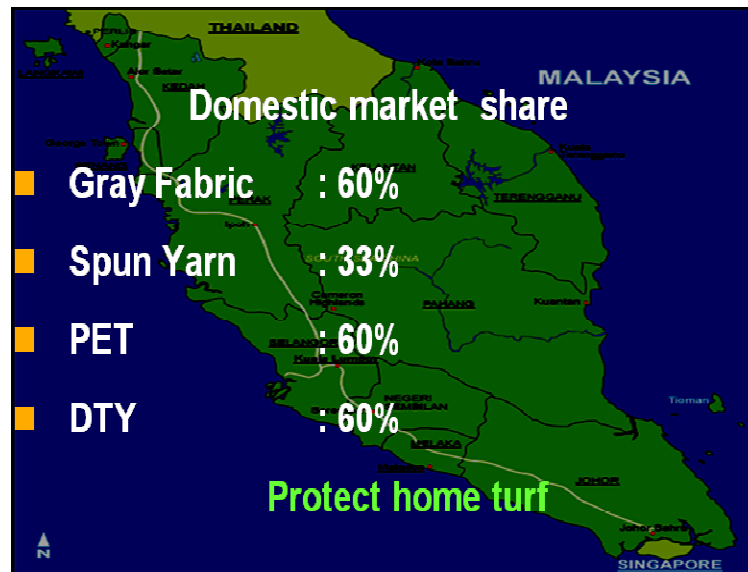
# Recron Malaysia – Record Performance



## Operational Update

- Capacity optimization – solids at 100%
- Tight cost controls
- Managing volatility – RM (up 21%), Deltas (up 33%)
- International quality benchmarking

USD Mn	2010 (P)	2009 (A)	Change
Turnover	1020	821	24%
EBIDTA	56	23	140%
Net Profit	30	4.7	545%



# Outlook



- Global polyester demand to continue at 7% plus over the next few years
  - to support polyester operating rates
- Global capacity to increase by 5% in 2011 (up 3-3.5 MMT) – demand forecast to grow at a faster rate of 7%
- Higher cotton prices and tight availability to prop up polyester consumption and prices
- Margins expected to remain firm for integrated polyester producers

**Structurally positive trend for the industry**

**RIL, as the world's leading integrated producer to benefit**



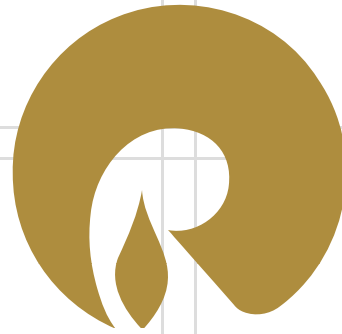
## Summary

# Summary



- Margin outlook improves for refining - L-H differentials expand and strong demand from non-OECD markets provide product placement opportunities
- Strong domestic demand growth in petrochemicals – better margin environment for the polyester business
- All facilities working at safe and near peak performance
- Strong balance sheet with high liquidity to drive future growth

**RIL is uniquely positioned to benefit from its leadership in quality of assets, world-class scale and competitive cost position**



Thank You