

Reliance Industries Limited

Annual Results – Financial Year 2011–12

Analyst Presentation



FY 2011-12 – Corporate Highlights

- ▶ Refineries operated at 109% and petrochemical facilities achieved operating rate of 100%
- ▶ Strategic alliance with BP commenced – to operate across the gas value chain in India, from exploration and production to distribution and marketing
- ▶ RIL and BP announced 50:50 JV, which will focus on global sourcing and marketing of natural gas in India
- ▶ Formed a JV with SIBUR to produce 100,000 MT of butyl rubber – first in India and 4th largest globally
- ▶ Announced India's largest share buy-back program of up to \$ 2.1 billion
- ▶ Reliance Holding USA, a subsidiary of RIL raised \$ 1.5 billion in long term borrowing. Total investments in the business exceeds \$ 3.5 billion

FY 2011-12 – Accomplishments

- ▶ Highest ever revenues, record exports
 - Turnover increased by 31% to ₹ 339,792 crore (\$ 66.8 billion)
 - PBDIT decreased by 3% to ₹ 39,812 crore (\$ 7.8 billion)
 - PBT increased by 2% to ₹ 25,750 crore (\$ 5.1 billion)
 - Net profit declined marginally by 1% to ₹ 20,040 crore (\$ 3.9 billion) due to higher tax provisions
- ▶ Exports increased by 41.8% to ₹ 208,042 crore (\$ 40.9 billion)
- ▶ Record crude throughput at 67.6 million tonnes and achieved an average GRM of \$ 8.6/bbl

Financial Results

Financial Results – FY 2011–12

(in ₹ Crore)	FY12	FY11	% Change
Turnover	339,792	258,651	31%
PBDIT	39,812	41,178	–3%
PBDIT Margin	11.7%	15.9%	
Net Profit	20,040	20,286	–1%

- ▶ Growth in turnover led by 29% increase in prices and 2% higher volume
- ▶ Marginal decline in Petchem operating profit due to high feedstock costs leading to pressure on margins. Higher GRM led to growth in R&M operating profit. Lower contribution from E&P business partly offset by higher other income
- ▶ Net profit declined marginally due to higher tax provision

Financial Results – 4Q FY12

(in ₹ Crore)	4Q FY12	3Q FY12	% Change
Turnover	87,833	87,480	0%
PBDIT	8,859	9,002	–2%
PBDIT Margin	10.1%	10.3%	
Net Profit	4,236	4,440	–5%

- ▶ Improvement in GRM to \$ 7.6/bbl from \$ 6.8/bbl in 3Q was partly offset by lower volumes due to planned shutdown in 4Q
- ▶ E&P earnings were impacted due to falling production which was partly compensated by higher oil price realization

Segment Results – FY12

(in ₹ Crore)	FY12	FY11	% change	Sales Variance	
Refining				Volume	Price
Revenues	294,735	215,431	36.8%	2.60%	34.20%
EBIT	9,654	9,172	5.3%		
EBIT (%)	3.3%	4.3%			
Petrochemicals					
Revenues	80,625	63,155	27.7%	6.80%	20.90%
EBIT	8,967	9,306	-3.6%		
EBIT (%)	11.1%	14.7%			
Oil and Gas					
Revenues	12,898	17,250	-25.2%	-32.96%	7.73%
EBIT	5,250	6,700	-21.6%		
EBIT (%)	40.7%	38.8%			

- ▶ Despite higher GRM at \$ 8.6/bbl EBIT margins in refining declined due to base effect. Petrochemicals EBIT margin declined due to base effect and pressure on deltas across polymer chain.
- ▶ Lower production and transfer of PI in KG-D6 depressed returns in Oil & Gas. This was partly compensated by higher oil prices and higher oil & gas production from Panna-Mukta

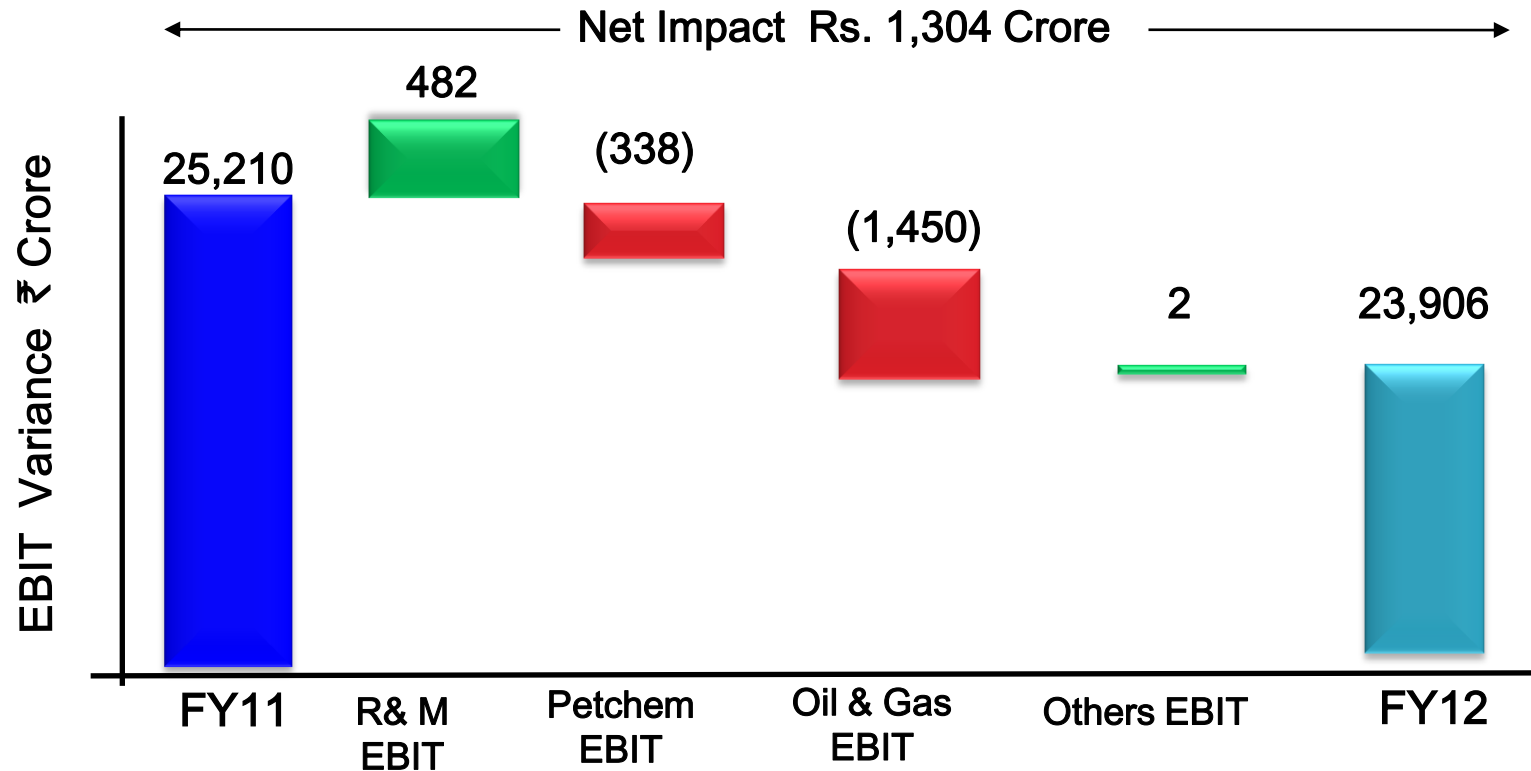
Segment Results – 4Q FY12

(in ₹ Crore)	4Q FY12	3Q FY12	% change	Sales Variance	
Refining				Volume	Price
Revenues	76,211	76,738	-0.7%	-6.8%	6.1%
EBIT	1,696	1,685	0.7%		
EBIT (%)	2.2%	2.2%			
Petrochemicals					
Revenues	21,412	19,781	8.2%	3.3%	4.9%
EBIT	2,174	2,157	0.8%		
EBIT (%)	10.2%	10.9%			
Oil and Gas					
Revenues	2,608	2,832	-7.9%	-10.6%	2.7%
EBIT	951	1,294	-26.5%		
EBIT (%)	36.5%	45.7%			

- ▶ Despite higher GRM on sequential quarter, Refining EBIT was flat due to planned shutdown in 4Q
- ▶ Impact of lower deltas were offset by higher volumes resulting in flat Petrochemicals EBIT
- ▶ Sequential decline in production led to lower EBIT in Oil & Gas



Segment EBIT Bridge – FY12 Vs FY11



- Higher FY12 GRM (\$ 8.6/bbl versus \$ 8.4/bbl for FY11) partly offsets lower Oil & Gas and Petchem contribution resulting in a lower EBIT for FY12

Net Profit Bridge – FY12 Vs FY11

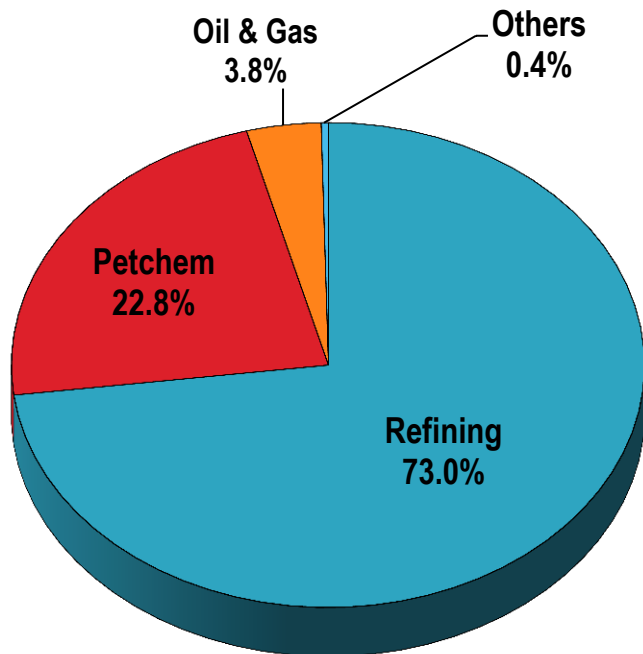
(₹ crore)		
PBT FY11	25,242	
Tax	4,956	
Net Profit FY11		20,286
Operating Profit		-4,507
Other Income		3,140
Interest		-339
Depreciation		2,214
PBT FY12	25,750	
Tax	5,710	-754
Net Profit FY12		20,040

Net Profit down
by Rs 246 crore
compared to
previous period

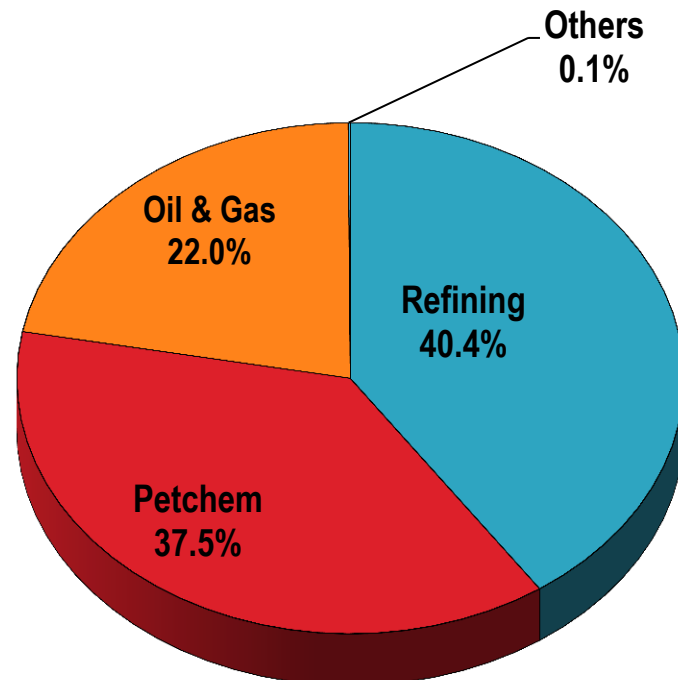
- ▶ Lower operating profit offset by higher other income
- ▶ While PBT is higher on a Y-o-Y basis, net profit impacted by higher tax rate

Business Mix – FY12

Revenues



EBIT



- ▶ Petrochemicals and refining now account for nearly 80% of the earnings

Financial Ratios

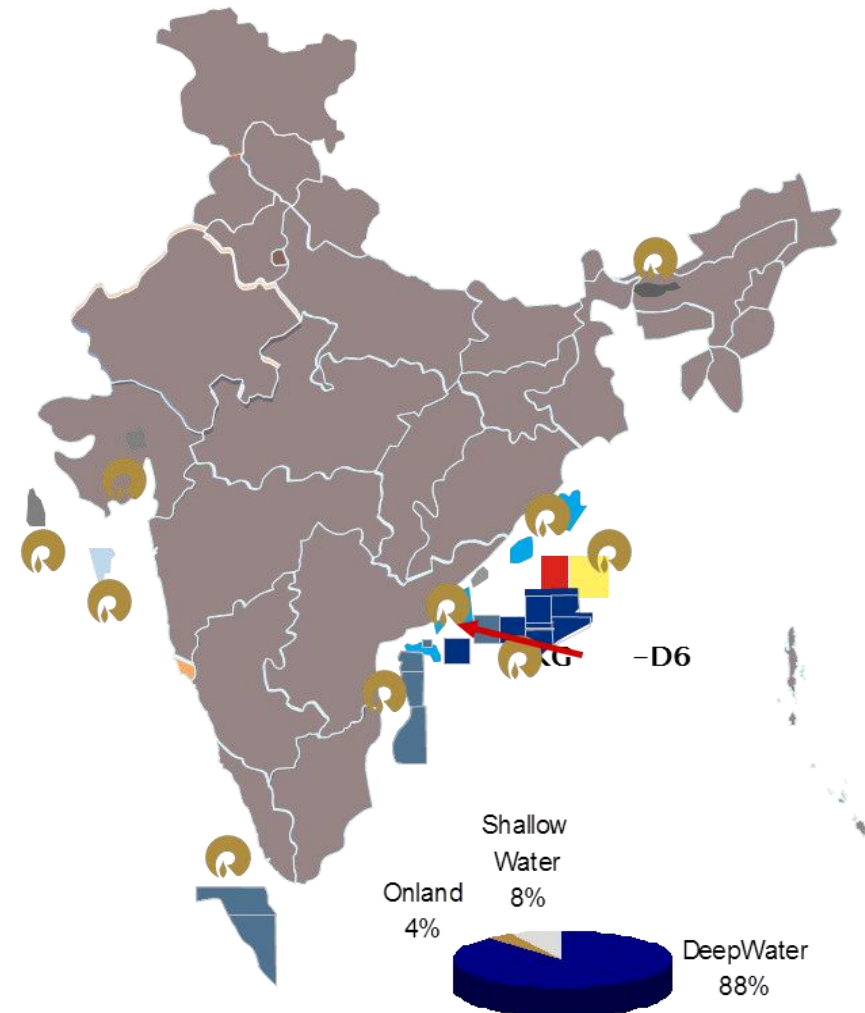
	Mar-12	Mar-11
Cash Balance (₹ Crore)	70,252	42,393
Net Debt : Equity	Debt Free	0.17
Net Gearing	Debt Free	13.5%
Gross Interest Cover	12.9	14.7
ROCE (%)	11.4%	13.2%
ROE (%) (Adjusted)	13.3%	15.5%

- ▶ BBB positive outlook by S&P; Baa2 positive outlook by Moody's (both ratings are 1 notch above India's sovereign rating); domestic debt rated AAA by CRISIL (S&P subsidiary) and FITCH
- ▶ ROE declined on account of flat net profit whereas lower EBIT and increased contribution from increase in liquid investments led to decline in ROCE

Oil and Gas

Diverse Oil & Gas Business

- ▶ Acreages across different basins – Unparalleled knowledge base
- ▶ Partnership with BP across the hydrocarbons chain in India
- ▶ World class infrastructure at KG–D6. Production contributed to \$ 25–30 Bn of oil equivalent energy replacement for India
- ▶ Poised to develop and produce CBM resources
- ▶ Investment in US–based shale gas joint ventures exceeds \$ 3.5 billion
 - Significant production upside in liquid and wet gas plays



Domestic E&P Production Update

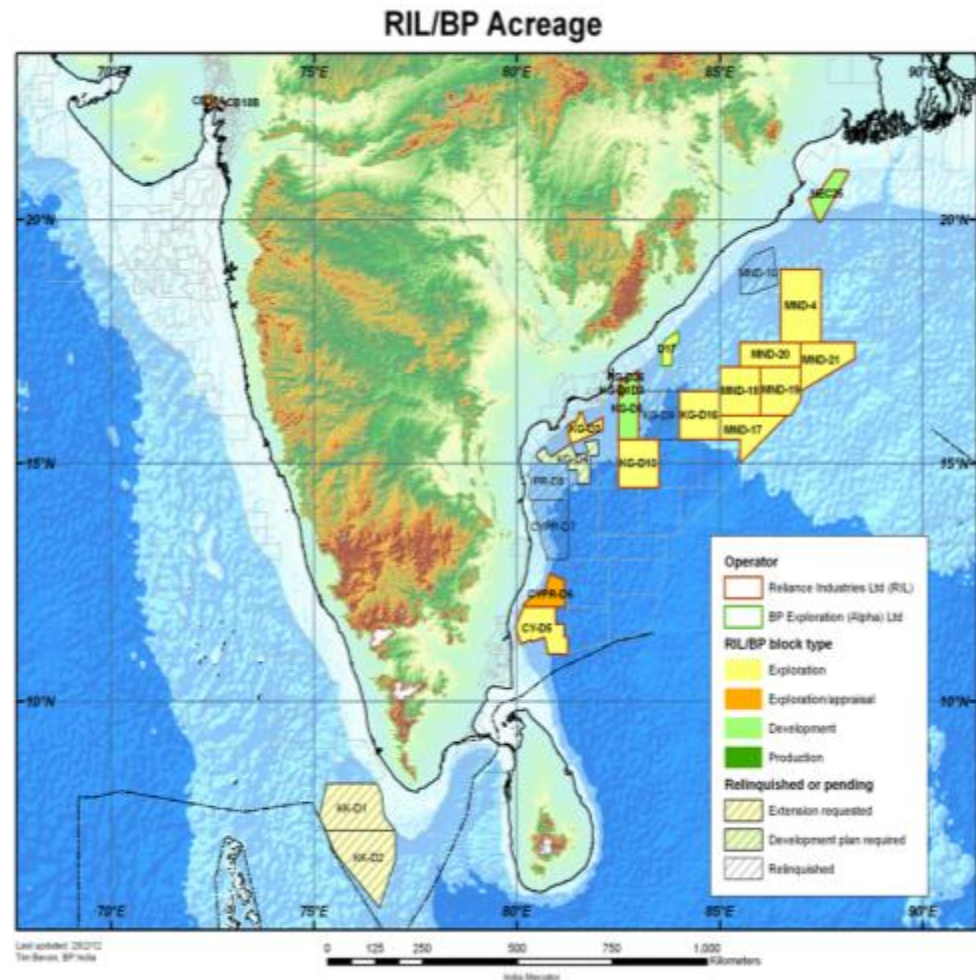
Q4, FY 2012		FY 2012	FY 2011	% Chg.
	Panna-Mukta			
2.4	Oil (MMBBL)	10.1	9.3	8.3%
17.9	Gas (BCF)	71.2	52.1	36.6%
	Tapti			
0.2	Oil (MMBBL)	0.9	1.2	-28.4%
16.7	Gas (BCF)	73.8	95.1	-22.5%
	KG-D6			
1.1	Oil (MMBBL)	4.9	8.0	-37.9%
114.9	Gas (BCF)	551.3	720.4	-23.5%
0.1	Condensate (MMBBL)	0.7	0.8	-6.8%

Note: Full Production volumes

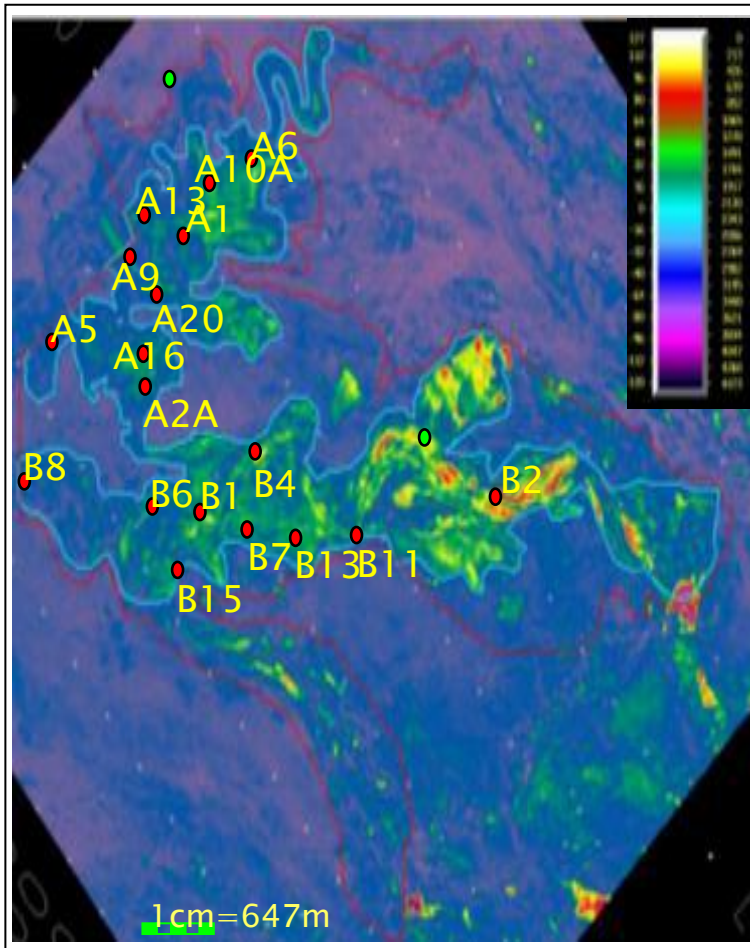
- ▶ Production from KG-D6 averaged at 43 MMSCMD of gas and 15,480 BOPD of oil/condensate
- ▶ Average crude oil price realization improved to \$ 112/bbl for KG-D6 and \$ 115/bbl for PMT (\$ 86/bbl and \$ 86/bbl respectively in FY11)
- ▶ Gas price realization of \$ 5.73/MMBTU from Panna-Mukta, \$ 5.57/MMBTU from Tapti and \$ 4.20/MMBTU from KG-D6

RIL-BP : Many Opportunities...

- ▶ Together for the long-haul, to address India's quest for energy security
- ▶ Unique synergies of BP's technical expertise and RIL's project management & operating skills
- ▶ Augment production from existing fields
- ▶ Thrust on Next Wave of projects
 - KG-D6 provides significant reserve opportunities yet to be developed. Optimal use of existing infrastructure – develop remaining discoveries in satellite, R Series and other satellites
 - Accelerate NEC-25 development
- ▶ Focus on future exploration campaigns to target high-quality prospects in deep waters
- ▶ India Gas Solutions (IGS) – to deliver value in India's growing energy market



Deep Dive in to D1, D3 (KG-D6) Complexities



- ▶ Pre-production geological model characterized the reservoir as follows:
 - Main channel system with thick & thin sand packs
 - Area outside main channel system with smaller thickness of sands over a large area
 - All sands connected
 - Validated by global experts
 - 18 wells were placed in the main channel to target sweet spots for maximizing productivity
- ▶ Decline in pressure/production has been higher than originally predicted
- ▶ 4 additional wells were drilled to access unconnected volumes, but only 1 encountered disconnected unrecoverable volume
- ▶ Based on production data, it appears that:
 - Volumes connected to existing wells is lower than envisaged
 - Gas volume outside the main channel is not participating in production with small uneconomic volumes

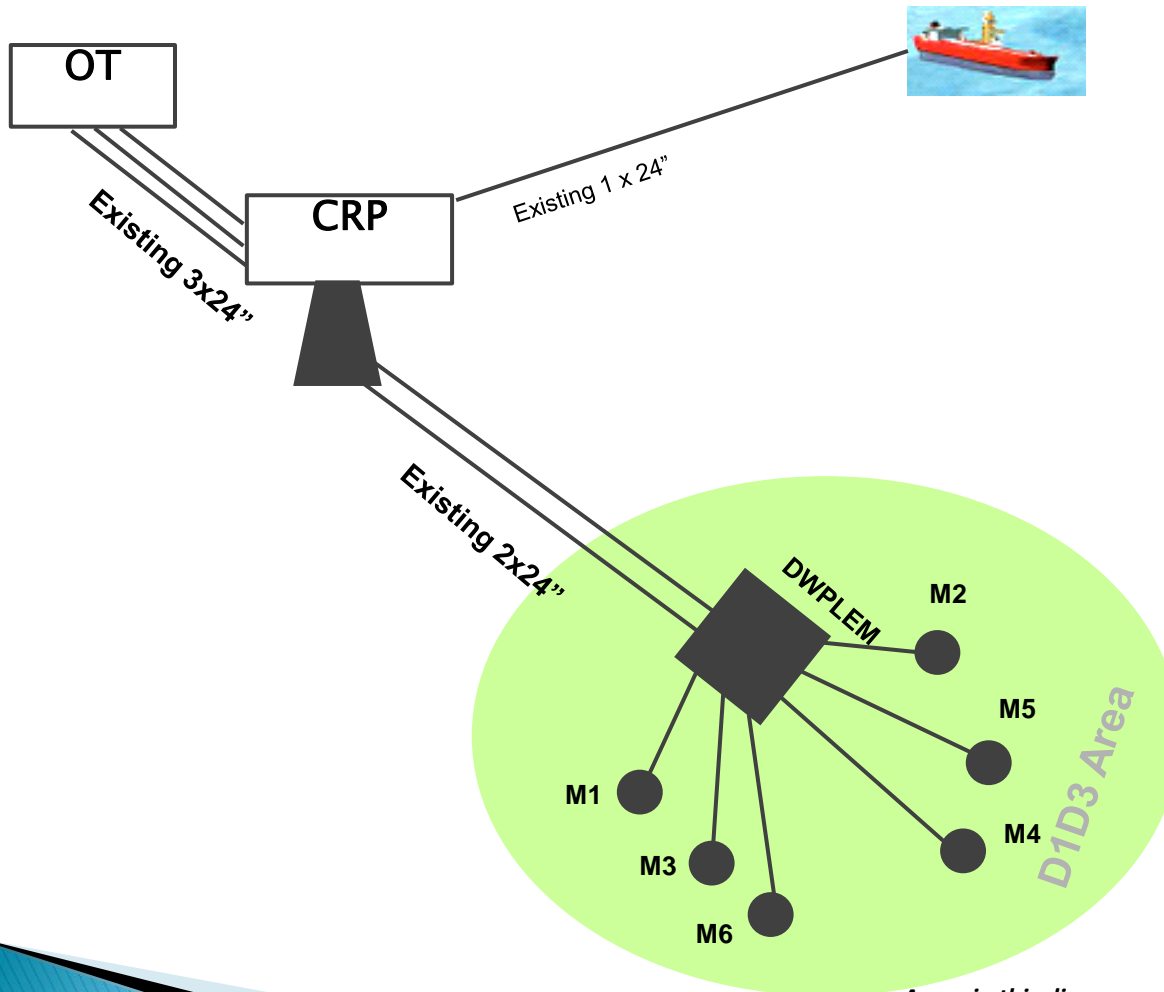
Addressing the Decline

- ▶ Extensive studies being undertaken to model and enhance field performance:
 - Identify and connect potential unconnected reservoir targets in D1, D3
 - Work-over, side-track options to augment production and reduce water ingress – D1, D3 and D26
 - Compression solutions to enhance recovery
- ▶ Accelerate development of other discoveries (Satellites, R-Series & Other Satellites)
 - Apply learning from D1, D3 to new developments in the block
 - Engineering surveys to commence within current weather window for integrated development of discoveries

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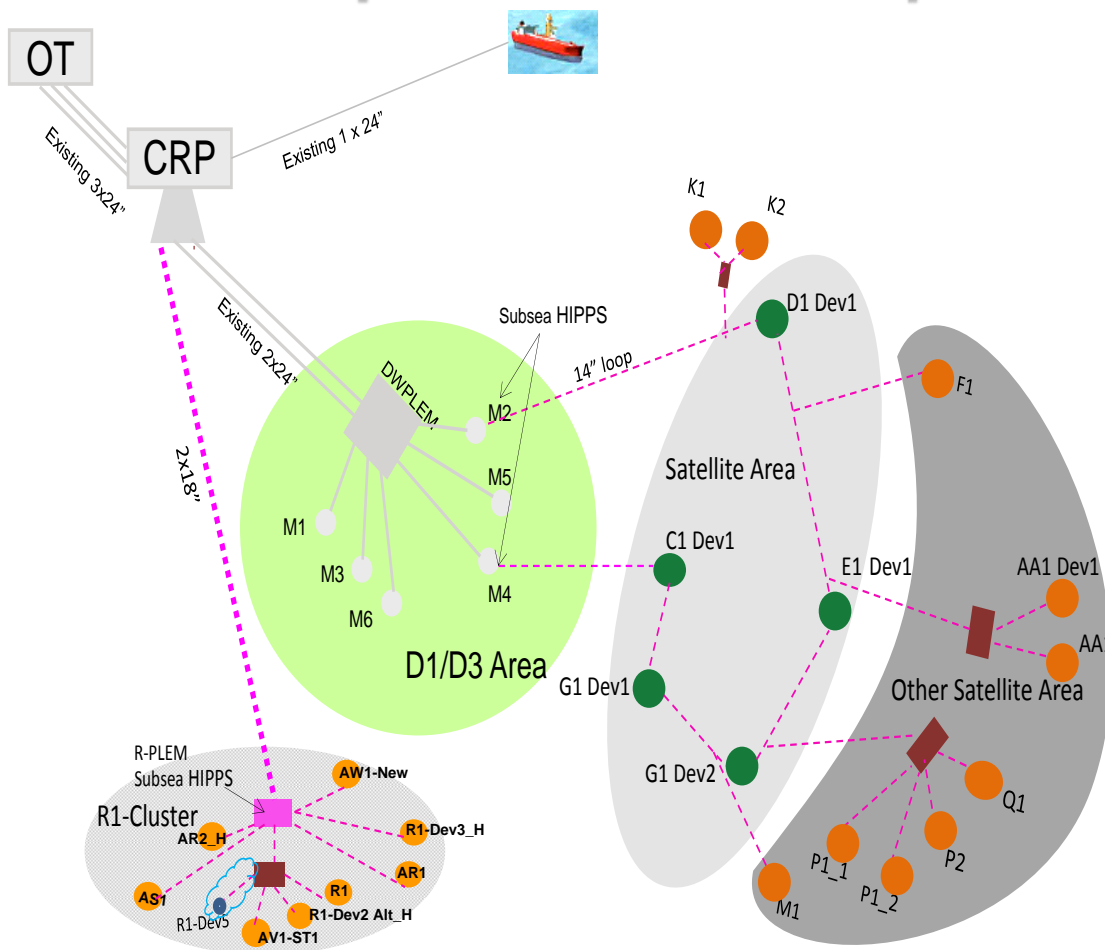
19

Understanding the Existing Infrastructure at KG-D6



Areas in this diagram are not to scale and do not represent Development Area

Understanding the Integrated Development Concept at KG-D6



- ▶ Conceptualising an integrated and capital efficient plan for block development for submission in 2H FY13
- ▶ Will comprise of :
 - D1, D3
 - D26
 - R-Series
 - Satellites
 - Other Satellites
 - Any other accumulations within block

Projects Pipeline Status

KG-D6	Status	Approval Received	Approval / Review Awaited
D26	Revised FDP to enhance gas production submitted (Feb-12), technical presentation made to DGH		✓
D34 (R-Series: R1, AR2, AS1)	Commerciality declared in Feb'12	NA	NA
Satellite Fields (9 discoveries) – (Sats 1)	FDP submitted in Jul'08 Optimized FDP submitted in Dec'09 and approved in Jan'12	✓	
Other Satellite Fields: D29,D30,D31 (AA1,Q1,P2) – (Sats 2)	Commerciality Report submitted in Feb'10 – declaration of commerciality pending		✓

Projects Pipeline Status

NEC-25	Status	Approval Received	Approval / Review Awaited
D9, D10, D11, D15, D20 and D21	FDP submitted in May'07		✓
D32 and D40	Commerciality declared. Submission of FDP after completing concept and FEED studies	NA	NA
Cauvery-Pallar			
CY-D5	DoC for one discovery – D35 (A1) submitted in March, 2010		✓
CY-D6	Appraisal program for one discovery – D53 (SA1) submitted		✓
CBM Sohagpur (E & W)			
	Development plan	Approved by DGH	
	Gas Pricing formula submitted		✓



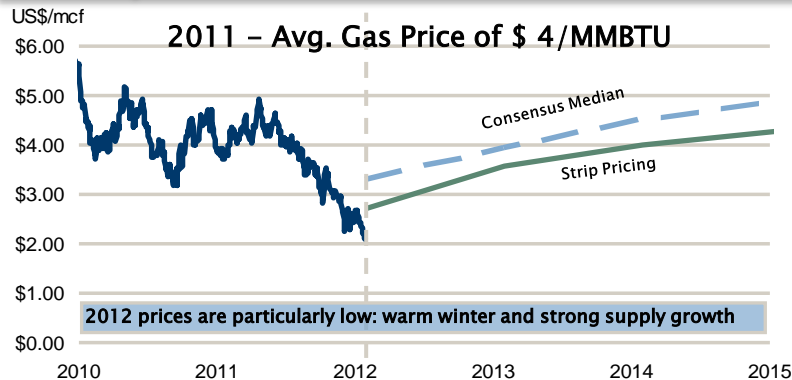
Projects Pipeline Status

Panna Mukta	Status	Approval Received	Approval /Review Awaited
PL wells	Development Plan approved in 2009. Facilities in place. 6 wells planned in FY12-13	✓	
Mukta B	To carry out survey and engineering studies		✓
Water injection Project	Contract Extension beyond 2019 and concept studies		✓
Tapti			
MTA – 3 Wells	Technically sanction exists for drilling these wells. RIG already hired. Budget submitted in Dec'11		✓
Compressor	Work program and Budget submitted in Dec'11		✓
Mahuva Appraisal well	Plan to drill post monsoon. WPB submitted in Dec'11		✓
Infill / ERD wells	7 wells planned beyond FY13. The technical evaluation is in advanced stage		✓

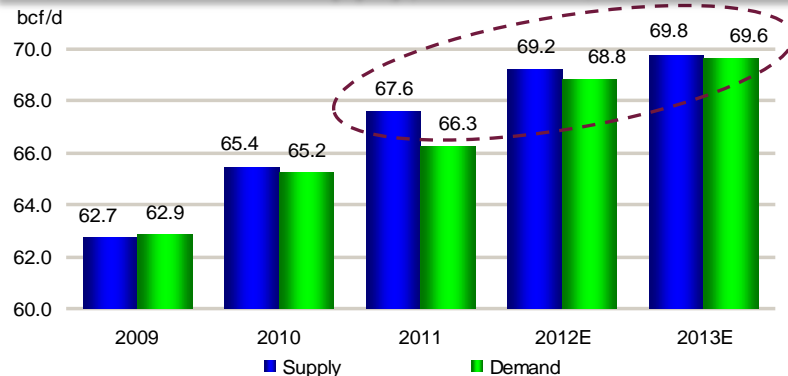
Unconventional Resources

US Gas Price Environment

Henry Hub

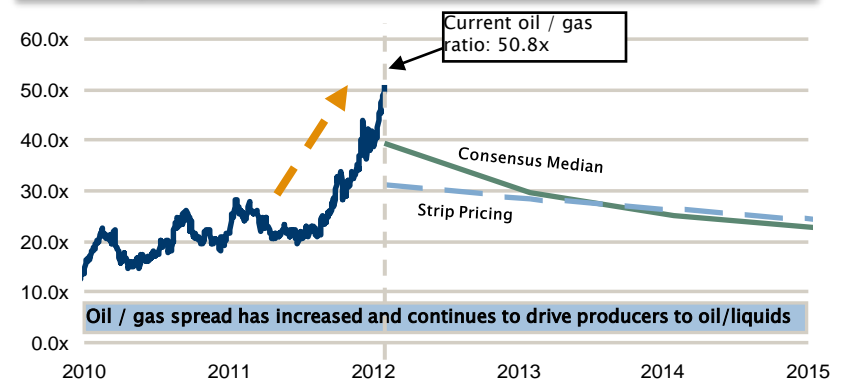


U.S. Nat. Gas Supply/Demand(2)



Source: Bloomberg, Wall Street research and Wood Mackenzie. Prices as of March 2012.
1. Data per Wood Mackenzie
2. Forecasts per Wall Street Research.

WTI / HHUB



- ▶ US oil/gas prices continue to diverge
- ▶ Higher resources impacts US gas prices despite industrial recovery and higher demand
 - Lower gas production expected as producers pull back drilling
 - However, associated gas production to continue due to liquids focused drilling
- ▶ Production curtailments and LNG export likely to close demand–supply gap in 2–3 years

Shale Business Performance

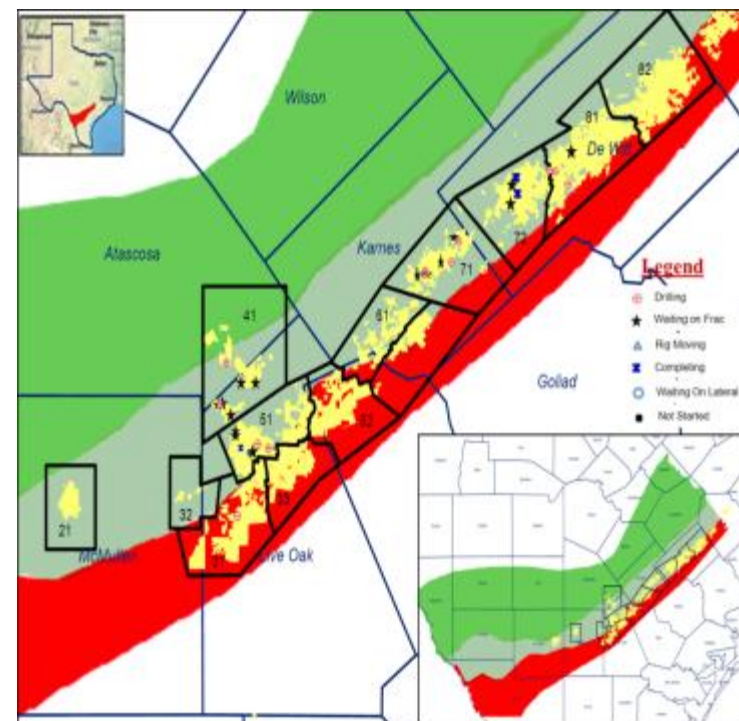
- ▶ Significant growth (7 fold increase) in Reliance's share of gross production on a Y-o-Y basis
 - Significant ramp-up in Pioneer JV with shift to more liquids, due to declining gas prices during the year
 - Commenced sales in Carrizo in 3Q FY12. Rapid ramp up in JV exit rate
 - Chevron JV development progressing, midstream constraints being addressed for resolution by 1H FY13; encouraging early wells performance
- ▶ Added net proved reserves of 499 Bcfe to Reliance, growth of 155% on a Y-o-Y basis
- ▶ Pressure on drilling and completion cost across both basins due to increased drilling activity and production ramp up
- ▶ Commenced transition for taking in kind- progressing well on building marketing organization in US
- ▶ Cumulative investment exceeds \$3.5 billion in shale gas JVs (including carry)

Pioneer JV Progress Overview

- ▶ Accelerated drilling and development with 12 rigs operational; 32 wells drilled last quarter
- ▶ Gradual ramp up in production in 4QFY12 – gross exit rate of production[#] at 363 mmcfed, including 34,700 bpd of condensate (57% liquid). Average production for 4Q'12 increased by 11% to 359 mmcfed.
- ▶ Reliance's share of gross production[#] is at 14.72 Bcfe (includes 1430 Mbbl of condensate) in 4Q FY12, growth of 9.8% on a Q-o-Q basis
- ▶ Midstream JV progressing as per plan, total of 8 CGPs operational and 1 additional CGP commissioning completed
- ▶ D&C capital efficiency improvements identified for large scale implementation
- ▶ Capex of \$ 2.14 Bn ^{##} incurred till date and Includes Reliance share of midstream JV borrowings)

([#] Gross production is well head production before royalty, Exit rate is JV share of well head production as on March 31, 2012. ^{##} Includes Reliance share of midstream JV borrowings)

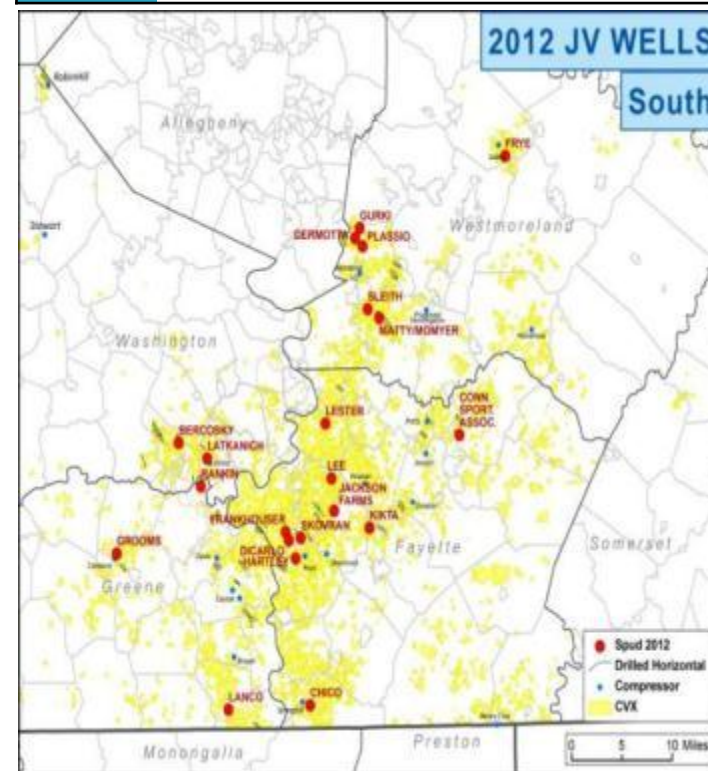
	Wells drilled	Wells completed	Wells Producing
Q3'12	136	119	111
Q4'12	168	154	137



Chevron JV Progress Overview

- ▶ 5 rigs and 1 frac crew currently operational
- ▶ High well inventory due to midstream constraints,
 - 23 wells (90–100 MMscfd gross production) awaiting midstream availability
- ▶ Gross exit production rate 80 MMscfd at JV level; despite midstream constraints
 - Reliance's share at 2.65 Bcfe in 4Q FY12, increase of 6% on a trailing quarter basis
 - Encouraging initial production rates on most wells continue
- ▶ Working to implement systematic well cost improvement initiatives like pads, cycle-time and technology
- ▶ Capex of \$ 1.04 Bn including carry till date

	Wells drilled	Wells Completed	Wells Producing
Q3'12	90	56	38
Q4'12	113	69	46

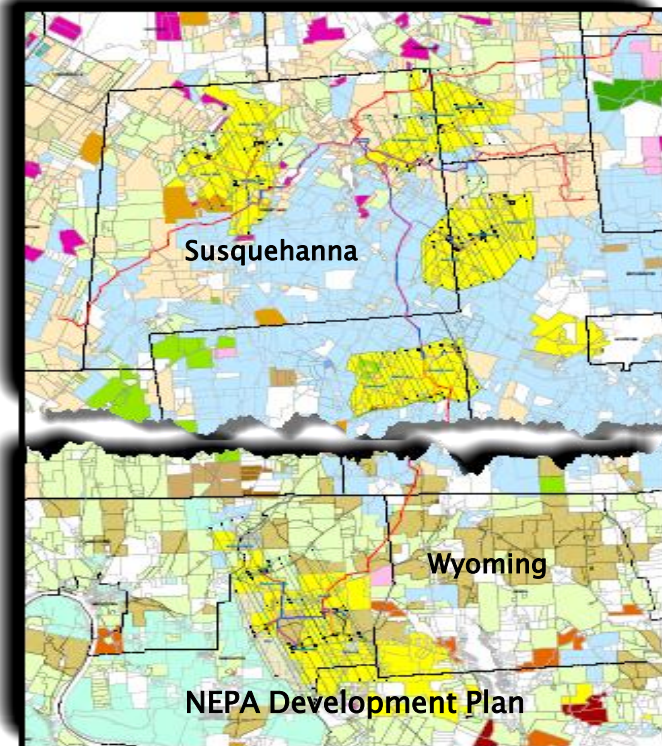


Carrizo JV Progress Overview

- ▶ Implementing paced development considering gas price environment
- ▶ NEPA development highlights
 - Program designed to meet lease/contractual obligations till natural gas price improve
 - Gross JV exit production rate 42 MMscfd and Reliance's share 1.4 Bcfe* in 4QFY12, 153% growth over the trailing quarter
- ▶ C-County development highlights
 - 2 initial test wells currently under evaluation
 - Results from test wells to determine pace of development and optimization of plans
 - Modified 2012 appraisal program to 6 wells
- ▶ Capex of \$ 0.59 Bn including carry till date

*(includes ~.2bcfe from 3 non-operated JV wells)

	Wells drilled	Wells Completed	Wells Producing
Q3'12	31	5	5
Q4'12	41	18	12



Strategic Priorities in E&P

▶ Domestic Blocks

- Subject to Government approvals and market linked pricing environment, ensure multi-billion dollar investments to create a pipeline of production and reserves
- Plan to develop satellite discoveries in KG-D6, NEC-25 and CBM
- Completion of Minimum Work Program for NELP blocks as per schedule
- Work-overs in KG-D6 (D1 / D3) to arrest production decline and arrest water ingress
- Leverage alliance with BP to boost effort to realize true potential of India's hydrocarbon reserves

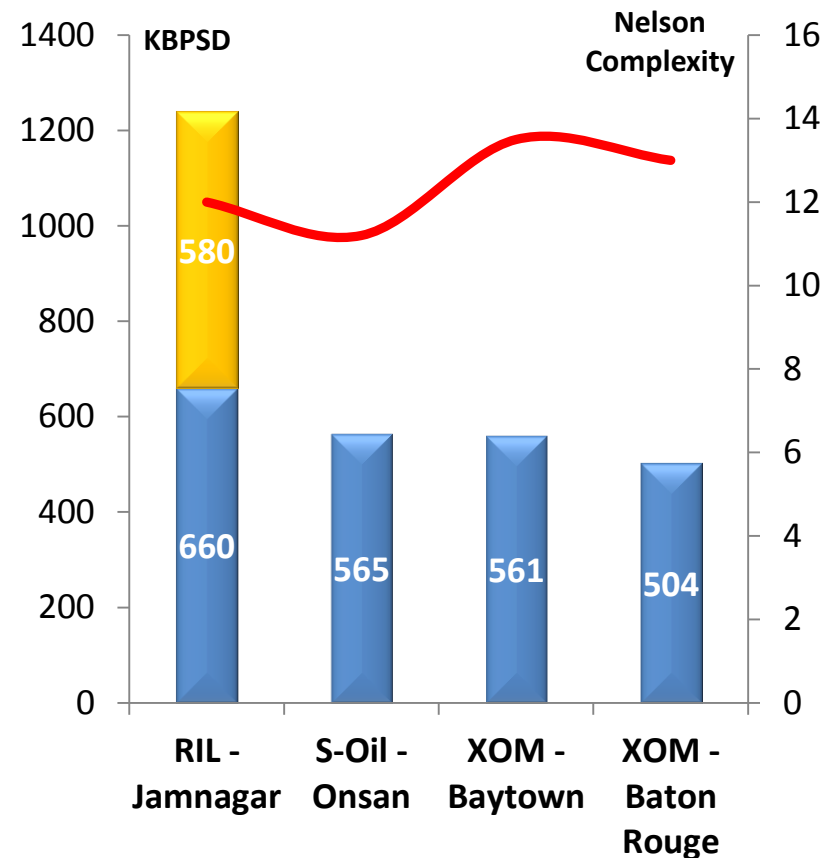
▶ Shale Gas

- Target execution and capital efficiency in all JVs with many D&C initiatives underway
- Moderating development activity in dry gas areas to an optimum level considering lease/contractual obligations while focusing on drilling most economic wells
- Focus on liquids and wet gas areas

Refining & Marketing

Best-in-Class Refining

- ▶ Top decile performance in refining through the cycle
- ▶ 2 of the world's largest & most complex refineries
 - Crude processing capacity of 1.24 MBPD
 - Combined Nelson complexity index of more than 12
 - Infrastructure advantage – access to global crude and product markets
 - Operating cost per barrel among the lowest in the world
- ▶ Among world's leading producers of ultra-clean fuels



Business Environment

- ▶ Debt crisis leads to a slowdown in European economies
- ▶ Modest oil demand growth of 800 KBD in 2011
- ▶ Libya conflict followed by Iranian tensions lead to all time high prices
- ▶ Tsunami in Japan:
 - Positive for Asian complex refining margins in H1
 - Outage of nuclear power plants leads to strong FO cracks & lower light-heavy differentials, dampening margins
- ▶ US oil and gas supply surge continues
 - WTI-Brent remained wide as compared to other global benchmarks
 - Natural gas price below \$3/MMBTU
- ▶ Naphtha weakens on lower cracker utilization; gasoline sees strength on strong regional demand and refinery outages
- ▶ Strong demand supports middle distillate cracks; FO strengthens on increased Japanese demand
- ▶ Year ends with more positive US economy news & a spate of western refinery closures

Asian Refining

A Tale of Two Halves



Libyan Crisis :


Supply tightness for light sweet grades;
Widening of L-H spreads

Japan Tsunami :

1.3 mbd refining capacity shut;
Strong middle distillate cracks as
reconstruction activity begins

Gasoline gains strength on unplanned outages
& seasonal demand

**Resulting in a Buoyant
First Half**



Japanese nuclear power plant shutdown:
Unprecedented strength in FO cracks
Narrowing of L-H Spreads

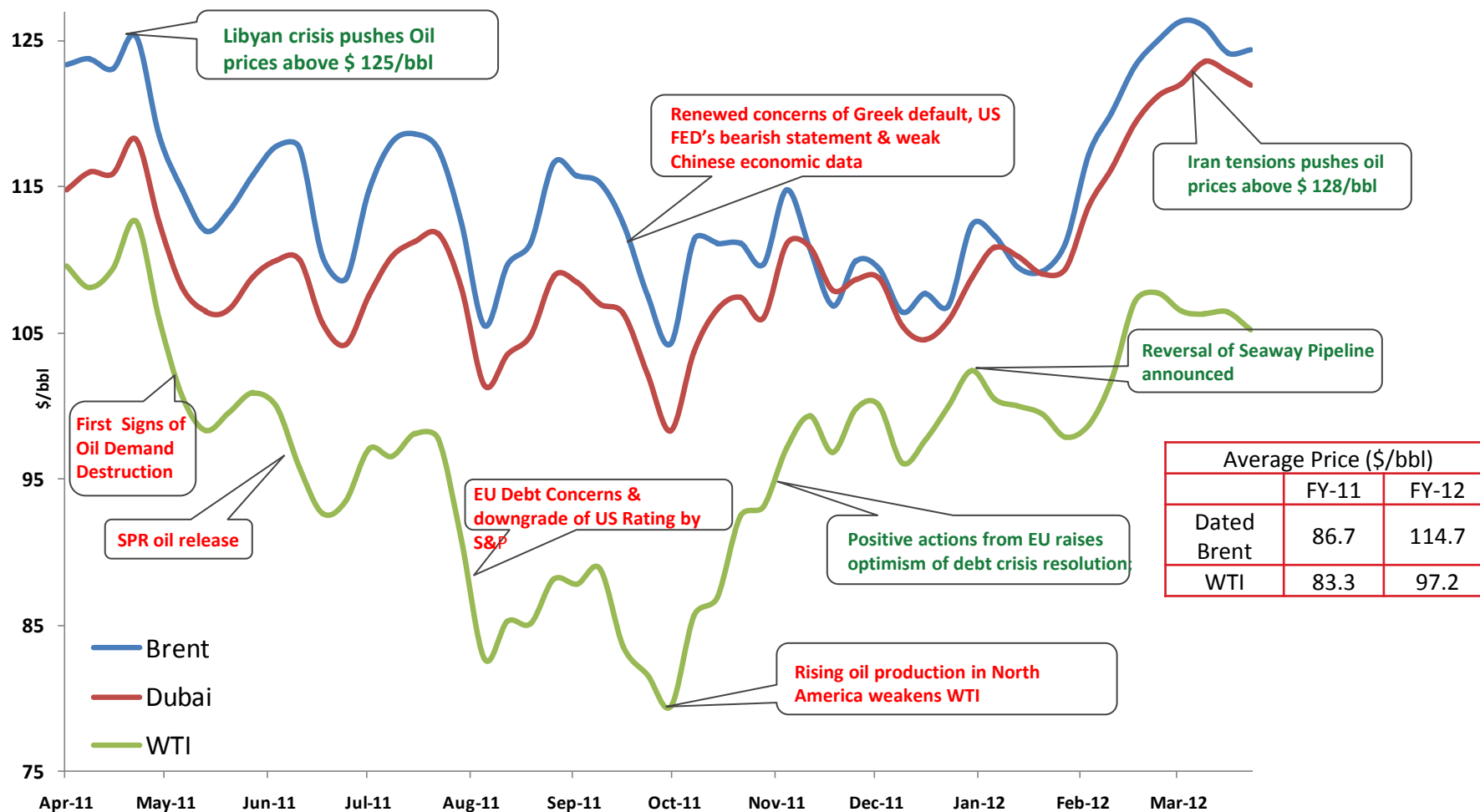
Iran Crisis :
High oil prices & steep backwardation

Weakness in light distillates amid an
oversupplied situation

**Leading to Subdued
Second Half**



Unprecedented Crude Oil Volatility



Mixed Trends in Product Cracks

1HFY12	3QFY12	4QFY12	Q-o-Q Change	Product (\$/bbl)	FY11	FY12	Y-o-Y Change
13.3	7.6	11.8	4.2	Gasoline	8.3	11.5	3.2
19.5	18.3	15.6	(2.7)	Jet Kero	14.8	18.2	3.4
18.5	17.9	16.4	(1.5)	Gasoil	13.8	17.8	4.0
(2.6)	(9.9)	(3.3)	6.6	Naphtha	0.4	(4.6)	(4.2)
(6.1)	(0.4)	(0.5)	(0.1)	Fuel Oil	(7.1)	(3.3)	3.8

- ▶ Seasonal demand and unplanned outages helped gasoline cracks in 1HFY12
- ▶ Refinery outages in Japan followed by increase in reconstruction activities helped improve diesel cracks; global demand supported by China further helped margin
- ▶ Naphtha cracks reduced due to higher supply and weakness in petrochemicals
- ▶ Nuclear shutdown in Japan and strong demand for bunker fuel in Asia helped strengthen FO cracks; however, arrival of western cargos and increasing oil prices led to lowering of FO cracks in the later part of the year

Performance Highlights

- ▶ Achieved highest ever throughput – 67.6 million tons during the year surpassing the previous high by over a million tons
- ▶ 8 new crude processed during the year
- ▶ Implemented initiatives during planned shutdowns to achieve an annualized benefit of about \$ 0.25 per barrel
- ▶ Debottlenecked the following process units:
 - CDU # 3
 - Coker # 2
 - VGOHT # 3 /# 4
 - LCOHC
 - DHDS # 1 /# 2
 - Alkylation unit
- ▶ Additional recovery of high-value products through better operating efficiency
- ▶ Energy conservation measures
- ▶ Increased flexibility for processing a wider window of crudes

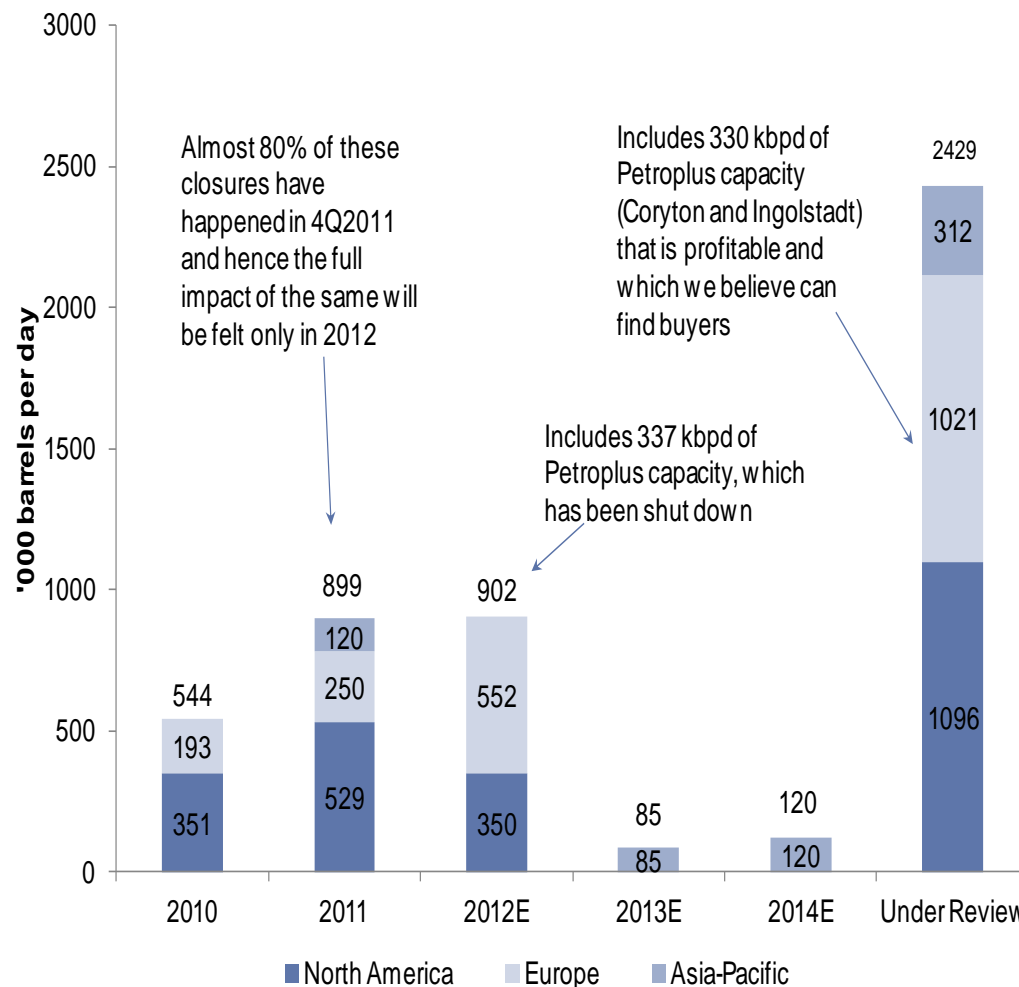
RIL's GRM – Variance Analysis

- ▶ Strength in 1H supported Y-o-Y margin growth
- ▶ GRM improved marginally due to strength in mid distillate & gasoline cracks and were partly offset by weaker naphtha cracks
- ▶ Gasoline & naphtha cracks improved resulted in higher GRM during the last quarter (\$ 7.6/bbl versus \$ 6.8/bbl). This was partially offset by weaker middle distillate cracks
- ▶ Benchmark crude cost increased for most Asian refiners due to widening of Brent–Dubai spread
- ▶ GRM were also impacted by higher LNG cost. Crude prices also increased by 31% in FY12
- ▶ On a sequential quarter basis, while improved product cracks resulted in higher GRM, margins were impacted due to higher crude costs (up 9%) and the impact of the shutdown

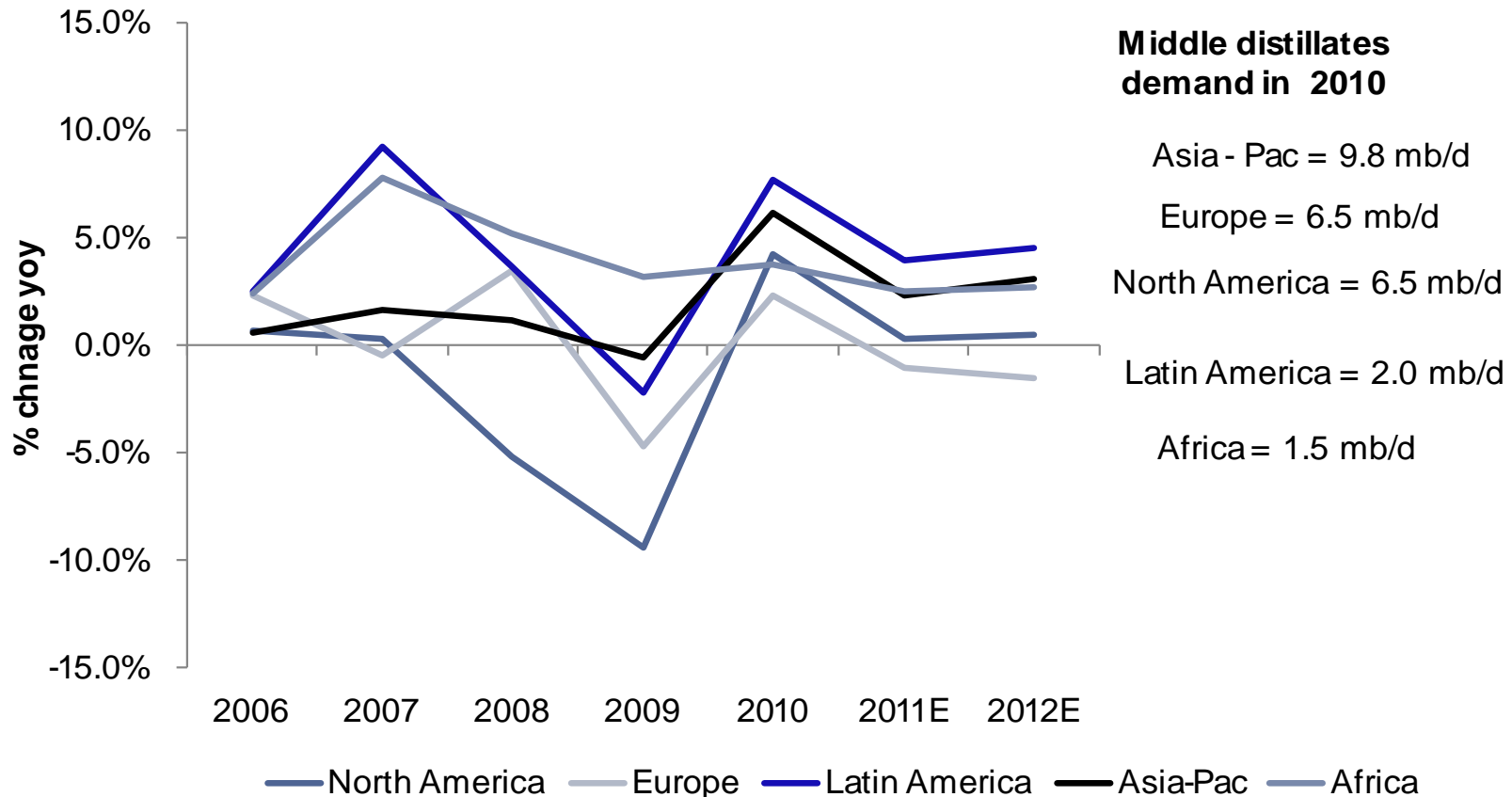
RIL GRM (\$/bbl)	FY12	FY11
1Q	10.3	7.3
2Q	10.1	7.9
3Q	6.8	9.0
4Q	7.6	9.2
Average	8.6	8.4

Refining Mothballing An Ongoing Feature

- ▶ Total shutdown of 1.2 MBPD mainly in Europe and US
- ▶ This exceeds one year's incremental demand growth and augers well for new, more efficient refineries
- ▶ Incrementally, over 2 MBPD of additional OECD refining capacities remain under review
- ▶ Capacity additions make the outlook cautious; support expected from shutdown of outdated refineries



Asia to Remain Key to Refined Product Growth



Strategic Priorities

- ▶ Investing \$4 billion into a petcoke gasification project
 - Produce syngas which is a clean fuel and cheaper than LNG
- ▶ Incremental investments directed at
 - Raising energy efficiency
 - Managing costs
 - Improving yield of highest value products
- ▶ Improve access to cheaper and heavier crude by
 - Capturing new grades to the processed crude bucket
 - Maximise high value grade access to key South American crudes
- ▶ Access to high value markets
 - Increase merchant alkylate sale during summer
 - Increase sales to Asian markets

Petrochemicals

Leadership Positions in Petrochemicals

- ▶ Fully integrated operations
- ▶ Feedstock synergies (conversion cost advantage)
- ▶ Among the lowest operating costs in the industry
- ▶ 100% utilization rate through the cycle
- ▶ Focus on high growth markets of India – 80% sold in India

Polyester	PSF / PFY	▶ World's largest producer
Fibre Intermediates	MEG	▶ 8th largest globally
	PX	▶ 5th largest globally
	PTA	▶ 8th largest globally
Polymers	PP	▶ 5th largest globally
	PE	▶ 34% domestic share
	PVC	▶ 32% domestic share
Chemicals	LAB	▶ 5 th largest globally
	BD	▶ India's only producer

Petrochemicals Polymers

Global Petrochemical Business

Demand



- ▶ Softening of demand from China impacted imports from the Middle East

Supply



- ▶ China added PVC while US added EDC
- ▶ New ethylene based capacity additions announced in the US

Cost



- ▶ High crude prices pushed up raw material cost
- ▶ Ethylene versus naphtha economics widened as gas prices remained soft
- ▶ Integrated producers benefited from chain margin dynamics

Margins



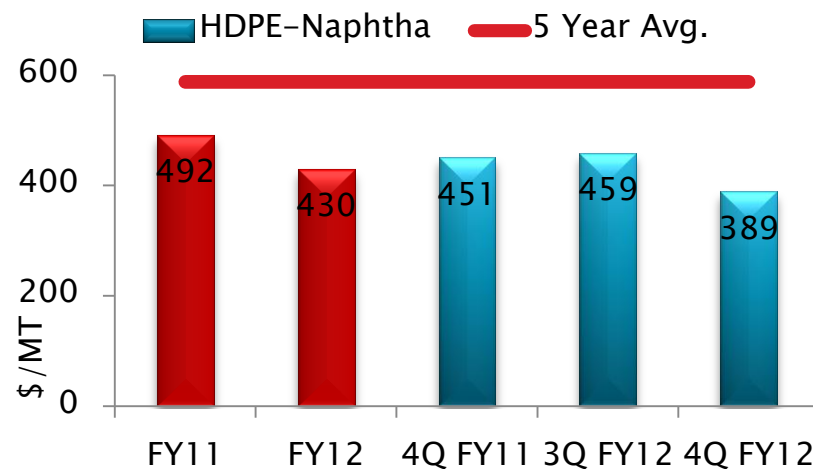
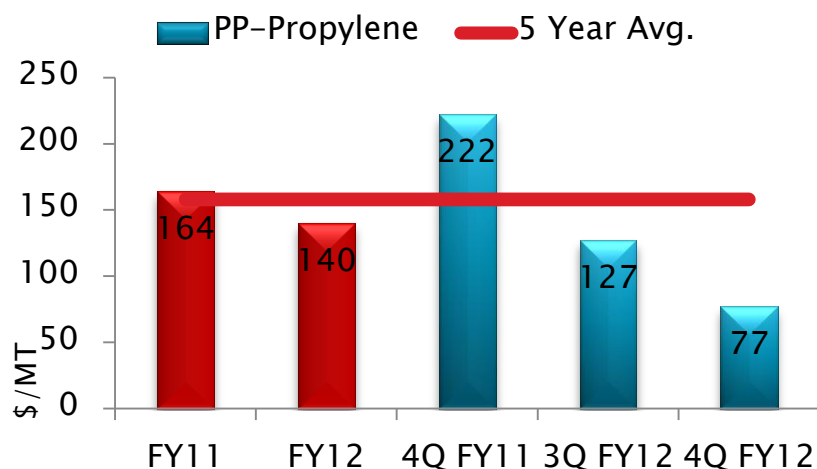
- ▶ Margins remained under pressure due to higher costs and slowdown in Asian downstream demand
- ▶ Prices trended upwards but not in line with cost push

High Feedstock Costs Impact Margins

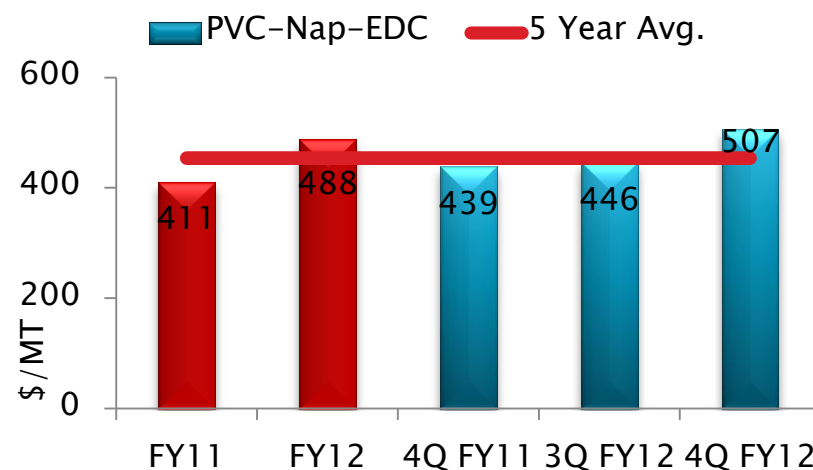
\$/MT	4Q FY12	3Q FY12	% Change	FY12	FY11	% Change
Crude Oil (Dubai)	116	106	9%	110	84	31%
Naphtha	989	857	15%	931	744	25%
Ethylene	1250	1040	20%	1179	1057	12%
Propylene	1301	1251	4%	1341	1206	11%
EDC	308	306	1%	404	495	-18%
PE	1378	1316	5%	1361	1236	10%
PP	1378	1378	0%	1481	1370	8%
PVC	1003	909	10%	1050	1005	4%



Low Cost Supply Impacted Margins

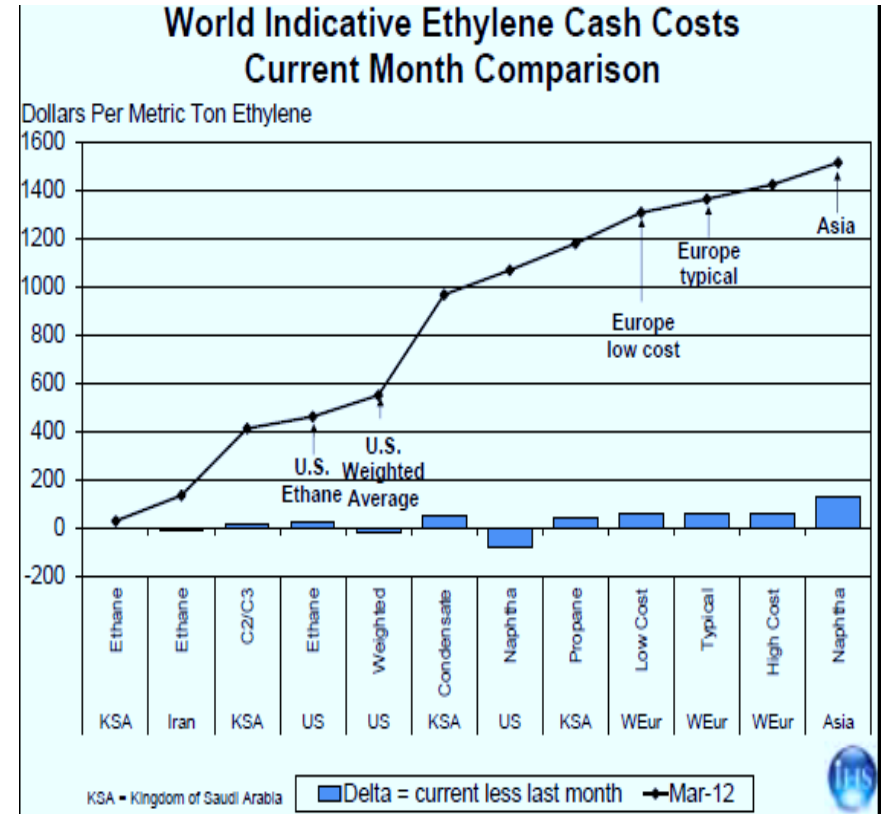
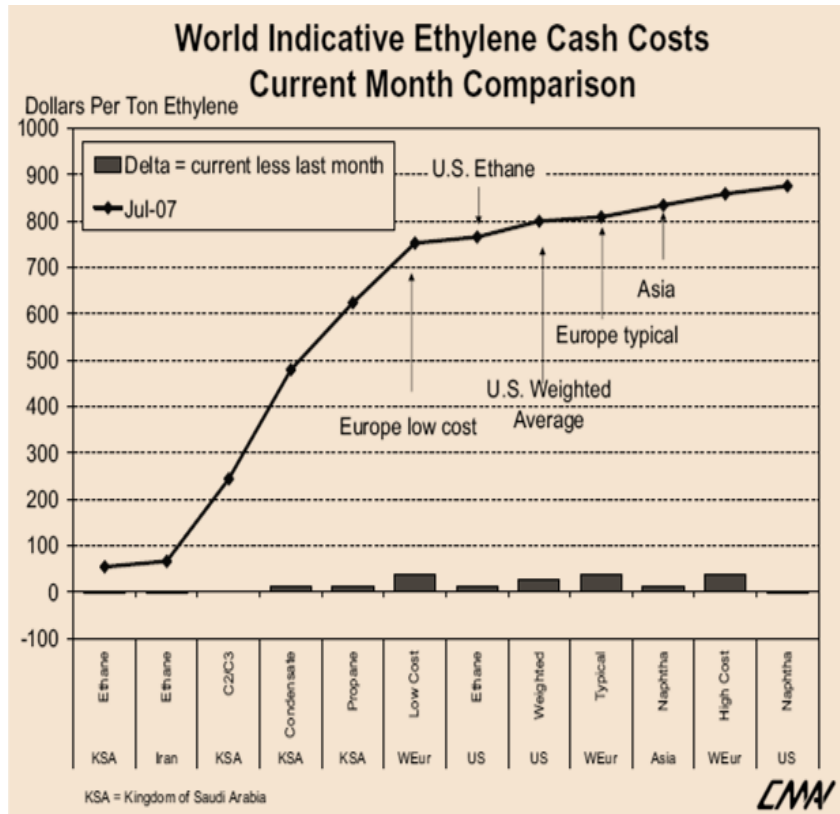


- ▶ Lower demand from China impact PP margins
- ▶ Low cost supply from Middle East impacts PE margins
- ▶ PVC -EDC margins were higher during the quarter with improved PVC demand and prices





Vastly Changed Cash Cost Dynamics



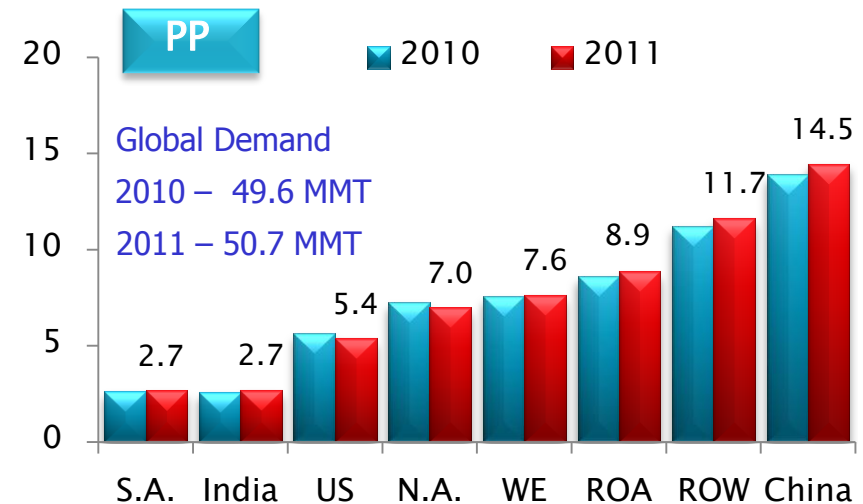
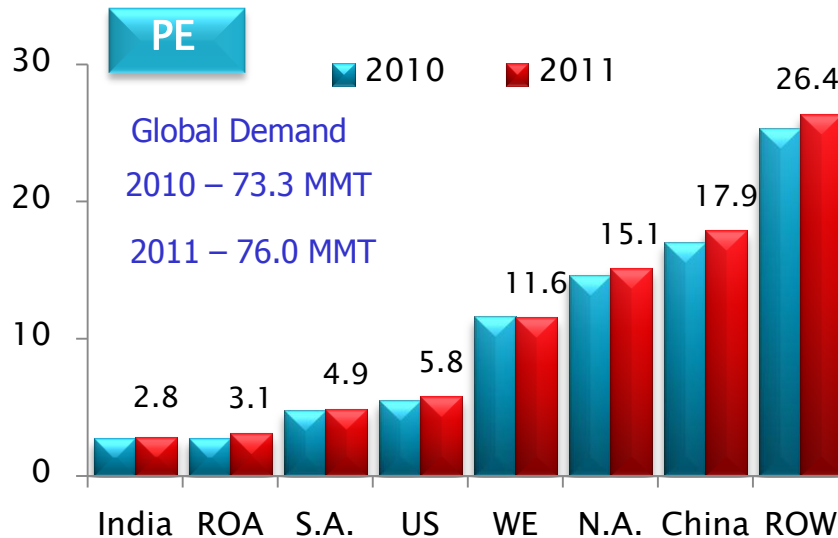
- ▶ Significant increase in ethane supply growth coupled with low prices provide cost advantage for US ethane over Western Europe and Asia

Planned Ethylene Capacity Expansions

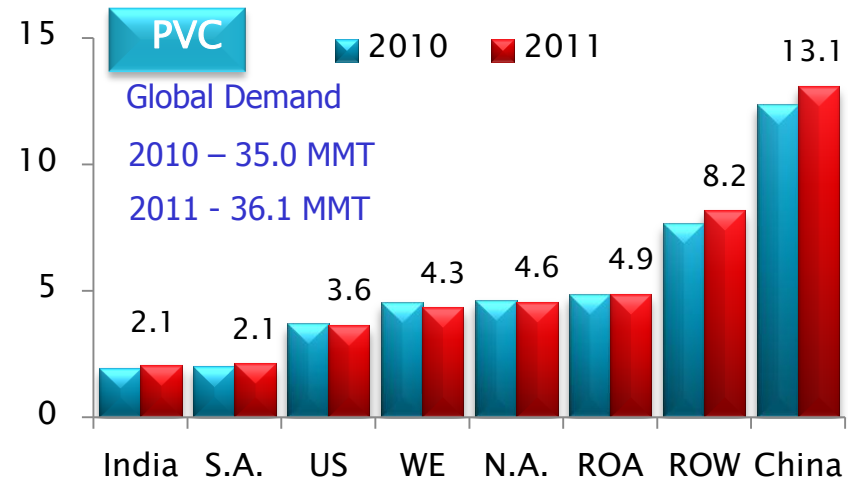
Country	Location	Company	Nameplate Capacity or	Actual or Proposed Startup
2011	Total		3,905	
UNITED STATES	Lake Charles, LA	Westlake	30	2012
UNITED STATES	Geismar, LA	Williams/SABIC	27	2012
ROMANIA	Pitesti	Oltchim	200	2012
SAUDI ARABIA	Al Jubail	Saudi Polymers	1,200	2012
CHINA	Nanjing, Jiangsu	BASF/Yangzi PC	19	2012
CHINA	Fushun, Liaoning	Fushun PC	533	2012
CHINA	Puyang, Henan	Zhongyuan PC	75	2012
KOREA (SOUTH)	Yeosu	Honam PC	125	2012
KOREA (SOUTH)	Daesan	LG Chem	47	2012
KOREA (SOUTH)	Daesan	Samsung Total PC	150	2012
SINGAPORE	Pulau Ayer Chawan	ExxonMobil	500	2012
2012	Total		2,906	
UNITED STATES	Lake Charles, LA	Westlake	80	2013
RUSSIA	Salavat, Bashk.	Gazprom Neftekhim	40	2013
IRAN	Bandar Assaluyeh	Kavyan PC	1,000	2013
INDIA	Dibrugarh, Assam	BCPL	110	2013
CHINA	Daqing, Heilong.	Daqing PC	600	2013
CHINA	Fushun, Liaoning	Fushun PC	267	2013
CHINA	Nanjing, Jiangsu	Nanjing Wison	295	2013
CHINA	Pucheng, Shaanxi	PuCheng Clean Energy	150	2013
CHINA	Chengdu, Sichuan	Sichuan PC	200	2013
CHINA	Wuhan, Hubei	SINOPEC Wuhan	733	2013
CHINA	Yulin, Shaanxi	Yulin Energy & Chem.	225	2013
KOREA (SOUTH)	Yeosu	Honam PC	125	2013
KOREA (SOUTH)	Lin Yuan, Kaohsiung	CPC-Taiwan	600	2013
PHILIPPINES	Batangas, Batangas	JG Summit PC	113	2013
SINGAPORE	Pulau Ayer Chawan	ExxonMobil	500	2013
2013	Total		5,038	

- ▶ New capacity additions in 2012-13 are mainly from China and Korea

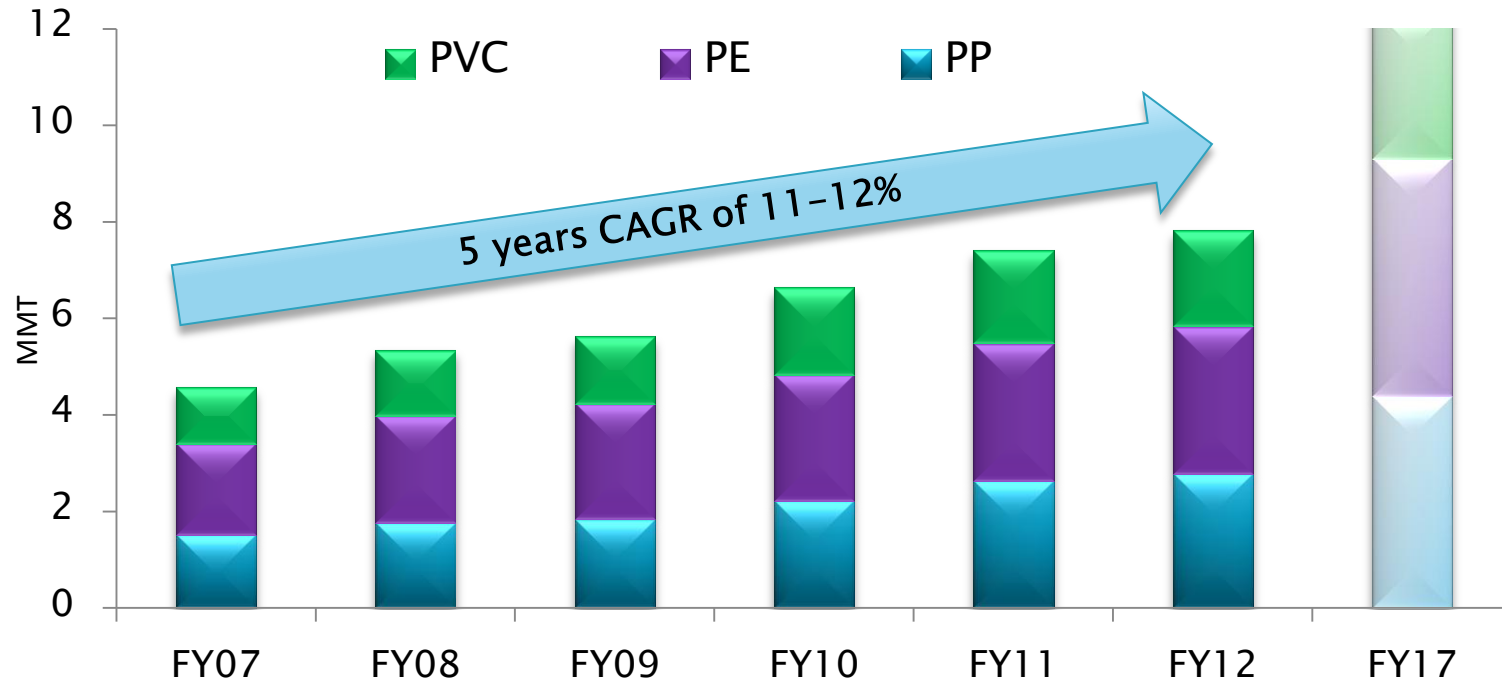
Global Demand Trended Upwards



- ▶ Asia, mainly China and India accounted for a vast majority of increase in global polymers demand



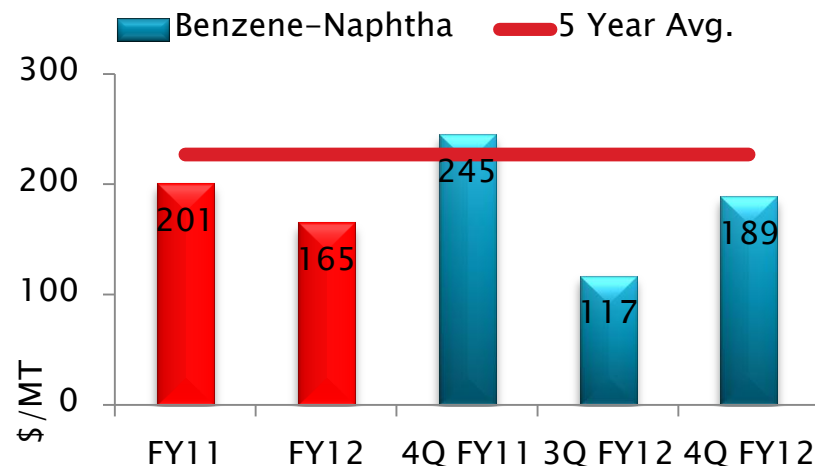
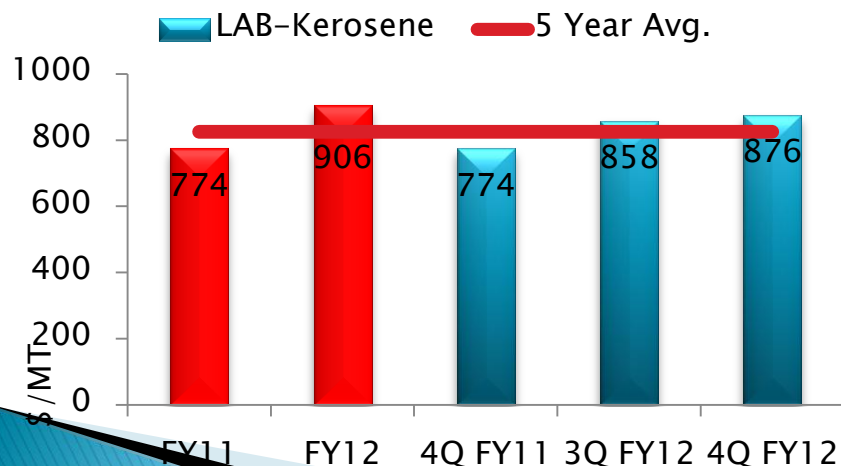
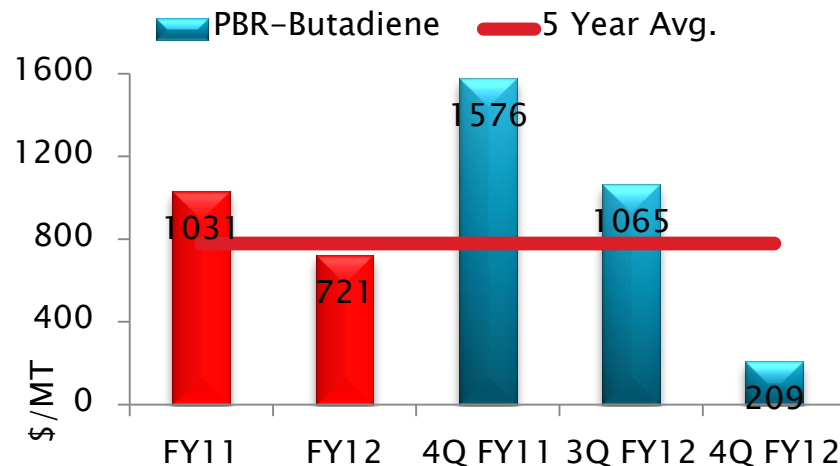
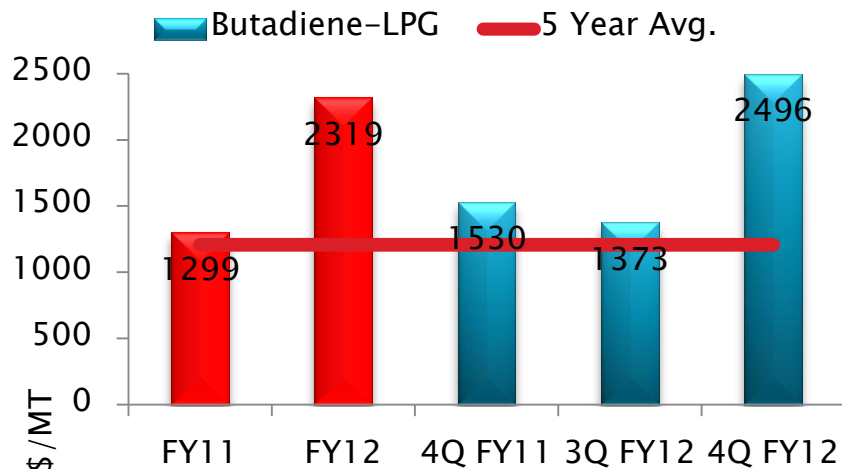
India's Demand Trajectory



- ▶ Trend line growth of Indian polymers demand is at 1.2-1.4x of GDP
- ▶ India's polymer market, currently at 7.8 MMTPA set to grow to over 12 MMTPA over the next five years, making it one of the largest growth markets globally

Petrochemicals Chemicals Business

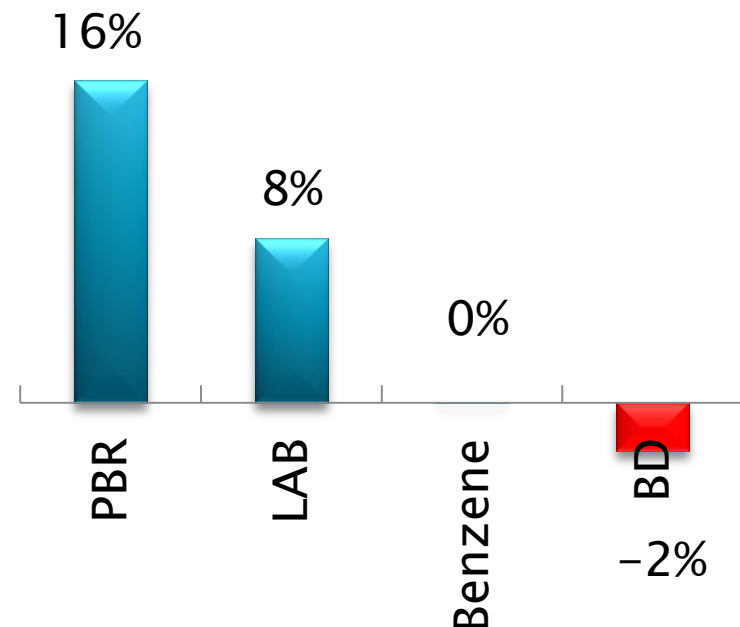
Sharp Rise in BD Prices Impact Chemical Deltas



Retaining Domestic Leadership

- ▶ PBR domestic demand increased in line with 12% automotive growth led by 18% commercial vehicle segments
- ▶ LAB demand in line with GDP growth
- ▶ Benzene domestic demand was stagnant due to low demand in end use sector
- ▶ Butadiene consumer were not able to cope-up and adjust uniform plant throughput due to volatile BD prices
- ▶ RIL market share 12 M FY 12:
Butadiene: 97%, Benzene: 51%, PBR: 49%, LAB:23%

Domestic Demand Growth
FY12 vs. FY11



Petrochemicals Polyester Business

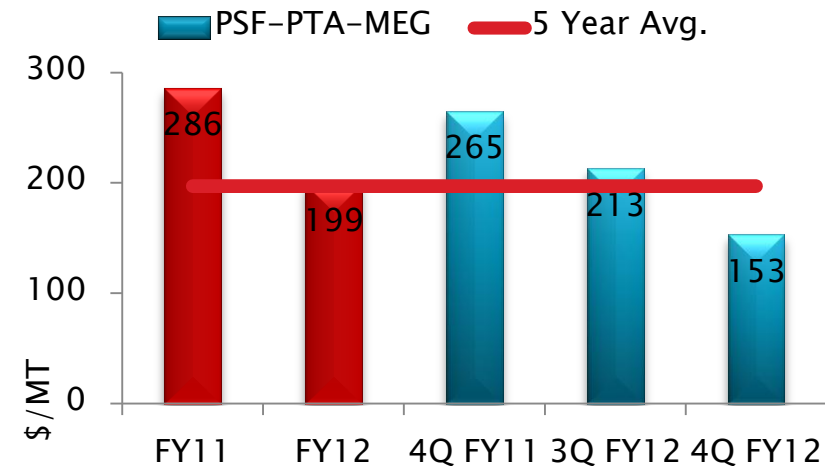
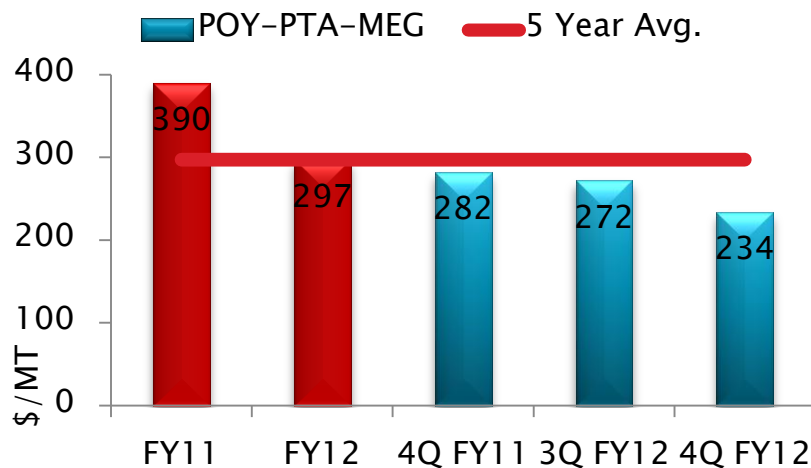
Tough Business Environment

- ▶ Higher input cost (liquids) were not reflected in price increases across the polyester chain, thus impacting margins
- ▶ Supply disruptions in feedstock (shutdowns in Japan/Taiwan) resulted in volatility in supply and prices of PX and MEG
- ▶ MEG spreads continued to improve despite fall in polyester prices due to ethylene outage in Taiwan
- ▶ Polyester chain delta continued to absorb volatility shocks – FY12 up 23% over long-term average
- ▶ Cotton prices collapsed in expectations of a record crop – low cotton prices, together with capacity additions impacted PTA prices
- ▶ Domestic polyester demand grew moderately at 2% amidst cautious buying

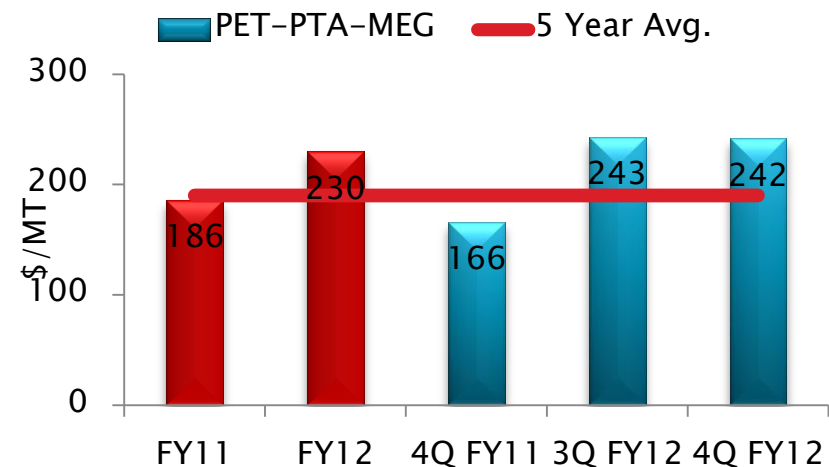
Sizeable Margin Impact for Standalone Producers

\$/MT	4Q FY12	3Q FY12	% Change	FY12	FY11	% Change
Crude Oil (Dubai)	116	106	9%	110	84	31%
Naphtha	989	857	15%	931	744	25%
PX	1562	1483	5%	1544	1159	33%
PTA	1180	1097	8%	1198	1080	11%
MEG	1070	1117	-4%	1146	944	21%
POY	1653	1633	1%	1759	1677	5%
PSF	1572	1575	0%	1661	1573	6%
PET	1596	1544	3%	1626	1415	15%

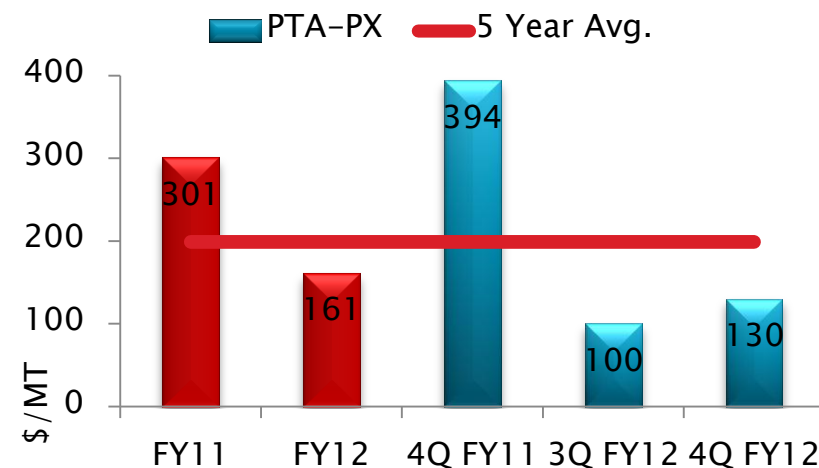
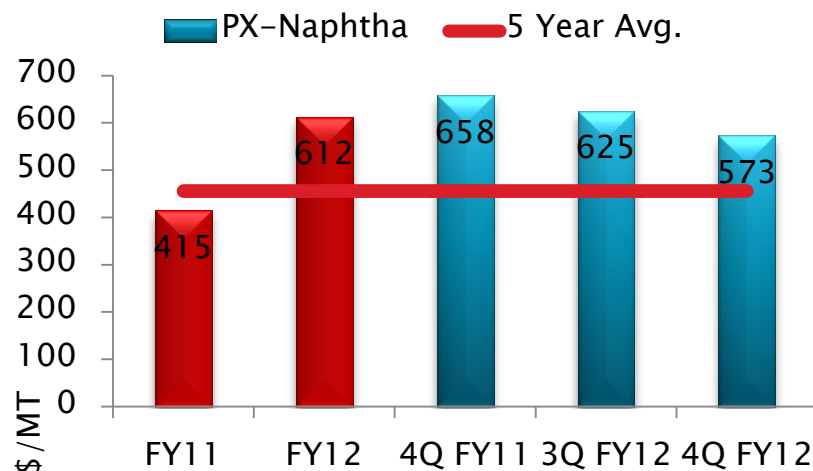
High-price Feedstock Impacts Product Deltas



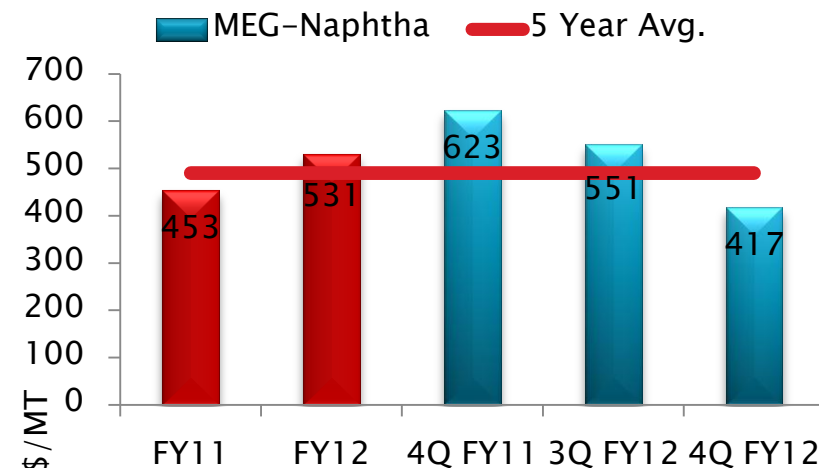
- ▶ High feedstock prices impact POY and PSF delta although deltas remain at 5 years level
- ▶ Extended summer at major consumption centres support PET delta



Supply Constraints Benefit Fibre Intermediates



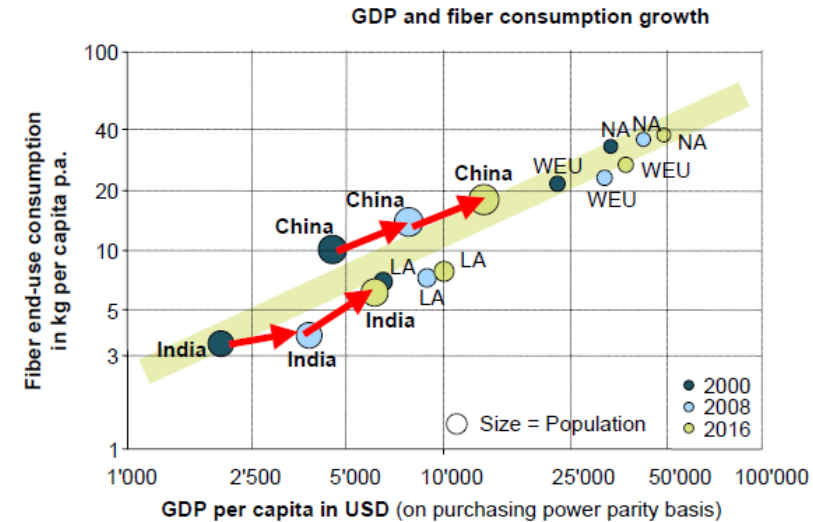
- ▶ Supply issues due to shutdown in Japan/Taiwan increased PX and MEG deltas
- ▶ Cost pressure from PX impacted PTA delta; oversupply of PTA added incremental pressure
- ▶ PTA deltas were at their lowest in last five years



Petrochemicals Strategic Imperatives

Petchem Demand Drivers (1 / 2)

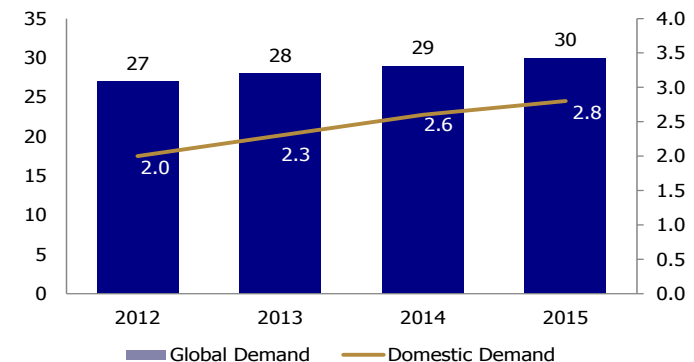
- ▶ Trend line of Indian market petrochemical growth is 1.2–1.4x times of Indian GDP
- ▶ Indian demography and lifestyle, growing income supports this growth
- ▶ Indian market is projected to go short on primary petrochemicals leading to wide scale imports
- ▶ India still below the world average fiber consumption of 11.6 kgs
 - To increase from 5.6 kg to 6 kg in 2015



PFY

Polyester : (PFY)

- ▶ Apparels and Technical Textiles to lead the domestic growth
- ▶ High cotton prices due to shrinking yield and falling acreage – lead to substitution of cotton by polyester



Petchem Demand Drivers (2 / 2)

▶ **Polymer: (LDPE)**

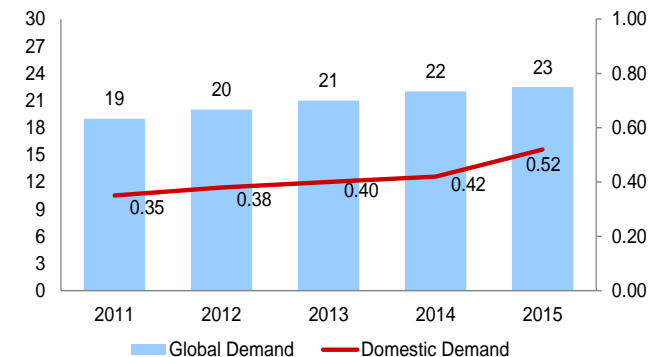
- Increased consumption of laminated raffia bags for fertilizer packaging
- Requirement of heavy duty film for food grain storage

▶ **Fibre Intermediaries: (PTA)**

- Preferred feedstock due to lower capital costs and better manufacturing economics
- India is a net importer of PTA as there is shortage of supply

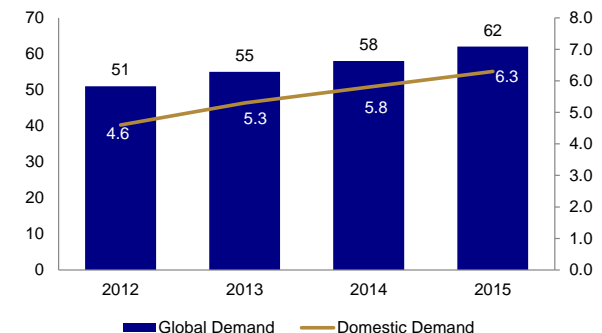
LDPE

Projected Demand Growth



PTA

Projected Demand Growth



Strategic Priorities (1 / 2)

- ▶ Leveraging captive feedstock and creating energy security from existing facilities
- ▶ Growth in domestic market necessitating expansion – new lines include Rubber and Specialties like Carbon Black
- ▶ Committed capital expenditure of \$ 8 billion

	Installed Capacity (KTA)	Proposed Expansion (KTA)	Total Capacity (KTA)	Expected Indian demand in FY16 (KTA)
PFY	670	395	1,065	3,000
PTY	153	140	293	
PTA	2,050	2,296	4,346	6,000
PET	290	648	938	1,200
PBR	74	40	114	200
SBR	–	150	150	300

Strategic Priorities (2 / 2)

	Current Capacity (KTA)*	Proposed Expansion (KTA)	Total Capacity (KTA)	Expected Indian demand in FY16 (KTA)
Refinery Off Gas Cracker				
Ethylene	1,883	1,365	3,248	7,000
Propylene	759	154	913	5,000
MEG	733	733	1,466	2,400
LDPE	190	400	590	5,000
HDPE / LLDPE	928	550	1,478	
Paraxylene	1,856	1,800	3,656	3,000

Summary

Partnering India's Growth Sustainably

- ▶ Unique portfolio of upstream, refining and petrochemicals business with industry leading performance
- ▶ Leveraging complex refining to build next generation petrochemical feedstock integration, cost position and energy security
- ▶ Capturing a \$ 500 billion market opportunity by building a world-class consumer retail business
 - Leadership status achieved in food, apparel, CDIT and brands
- ▶ India is the world's largest & most competitive wireless market
 - Indian operators have one of the lowest non-voice revenue mix globally
 - Broadband wireless to be a key driver to growth of data services



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