



# Reliance

Industries Limited

Growth is Life

3Q FY 2013-14

Financial Results

17 January 2014

# Forward Looking Statements



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# Performance Highlights – 9M FY 2013-14



## RIL Financial Highlights

- Turnover increased by 6.7% to ₹ 3,03,495 crore (\$ 49.1 billion)
- Net profit increased by 6.1% to ₹ 16,353 crore (\$ 2.6 billion)

## Retail Business

- Turnover increased by 40% to ₹ 10,857 crore (\$ 1.8 billion)
- PBDIT of ₹ 271 crore (\$ 44 million)

## US Shale Business

- US shale revenue at \$ 627 million, up 47%
- EBITDA at \$ 462 million, up 40%

# Operating Highlights – 9M FY 2013-14



## Refining

- Crude throughput 51.7 MMT, operating rate of 111%
- Average GRM of \$ 7.8/bbl as compared to \$ 9.0/bbl a year ago
- Jamnagar refineries recognised for industry-leading energy efficiency by the Centre for High Technology (MoPNG)

## Petrochemicals

- Petrochemicals production at 16.6 MMT, near 100% utilisation rate
- Polyester facility commissioned at Silvassa

## Oil & Gas

- Successful discoveries in KG-D6 and CY-D5 block
- US shale production volume at 117.4 BCFe, up 43%

## Retail

- 10.7 million Sq Ft of retail space; No. of stores 1,577
- Gross addition of more than one store a day during 3Q



## Financial Results

# Financial Results : 3Q FY14



2Q FY14	(in ₹ Crore)	3Q FY14	3Q FY13	% Change Y-o-Y	% Change Q-o-Q
106,523	Turnover	106,383	96,307	10.5%	-0.1%
9,909	PBDIT	9,927	10,113	-1.8%	0.2%
<b>9.3%</b>	PBDIT Margin	9.3%	10.5%		
5,490	Net Profit	5,511	5,502	0.2%	0.4%
17.0	EPS (₹)	17.1	17.0	0.6%	0.6%

- Stable net profit on Q-o-Q and Y-o-Y basis
- PBDIT remained steady on Q-o-Q basis
  - Weakness in petrochemical margins was offset by higher upstream (oil) sales
  - Refining margins flat despite fall in regional benchmarks
- Lower PBDIT on Y-o-Y basis on account of lower GRMs, lower upstream volumes

# Segment Results : 3Q FY14 vs 2Q FY14



(in ₹ Crore)	3Q FY14	2Q FY14	% change	Sales Variance	
<b>Refining</b>				<b>Volume</b>	<b>Price</b>
Revenues	95,432	97,456	-2.1%	-1.5%	-0.6%
EBIT	3,141	3,174	-1.0%		
EBIT (%)	3.3%	3.3%			
<b>Petrochemicals</b>					
Revenues	25,280	24,892	1.6%	-0.3%	1.9%
EBIT	2,124	2,504	-15.2%		
EBIT (%)	8.4%	10.1%			
<b>Oil and Gas</b>					
Revenues	1,733	1,464	18.4%	-4.5%	22.9%
EBIT	540	356	51.7%		
EBIT (%)	31.2%	24.3%			

- Lower crude processing due to maintenance turnaround impacted Refining revenues
  - Flat GRMs (\$ 7.6/bbl) and cost efficiencies sustained refining EBIT despite low volumes
- Petchem EBIT impacted by lower margins in PP, PVC and fibre intermediates
- Oil & Gas EBIT increased on account of higher oil/condensate sales from PMT and KG-D6

# Segment Results : 3Q FY14 vs 3Q FY13



(in ₹ Crore)	3Q FY14	3Q FY13	% change	Sales Variance	
<b>Refining</b>				<b>Volume</b>	<b>Price</b>
Revenues	95,432	86,641	10.1%	1.0%	9.1%
EBIT	3,141	3,615	-13.1%		
EBIT (%)	3.3%	4.2%			
<b>Petrochemicals</b>					
Revenues	25,280	22,053	14.6%	2.1%	12.5%
EBIT	2,124	1,937	9.7%		
EBIT (%)	8.4%	8.8%			
<b>Oil and Gas</b>					
Revenues	1,733	1,921	-9.8%	-39.0%	29.2%
EBIT	540	590	-8.5%		
EBIT (%)	31.2%	30.7%			

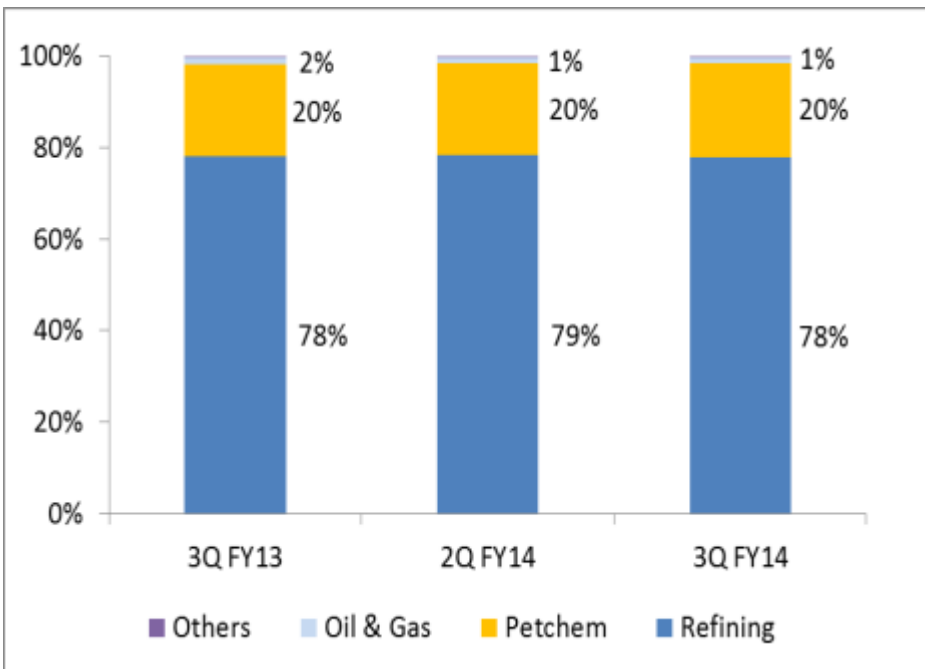
- Refining EBIT decreased due to lower GRM (\$ 7.6/bbl vs. \$ 9.6/bbl), partially offset by higher volumes
- Petrochemicals EBIT was supported by higher PE, PET and PSF margins
- Production decline resulting in lower EBIT for the upstream business
- Favorable Y-o-Y move in currency



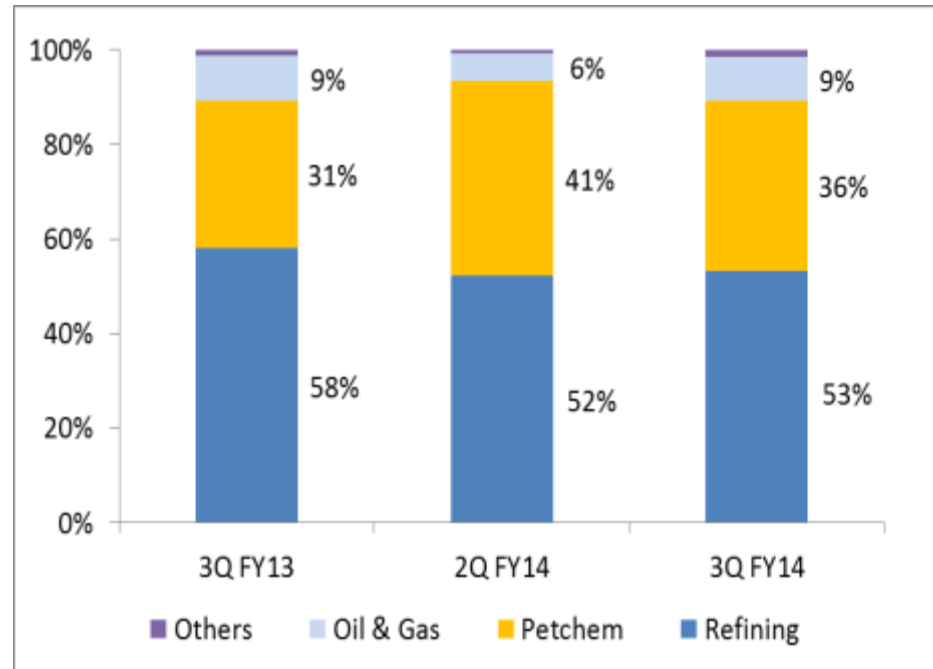
# Business Mix



## Revenues



## EBIT

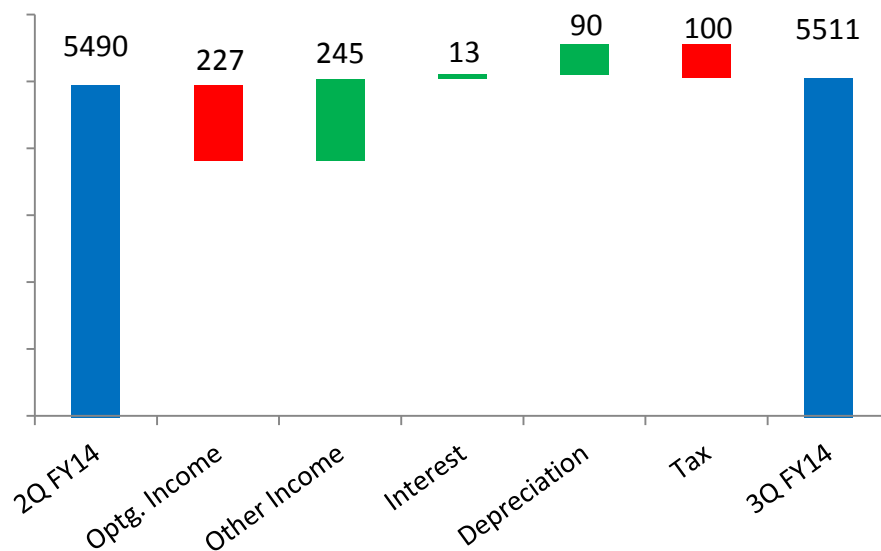


- On Q-o-Q basis, contribution from Oil & Gas business increased to 9% on higher oil sales
- Share of petrochemicals earnings declined due to margin contraction

# Performance Bridge : 3Q FY14 vs 2Q FY14

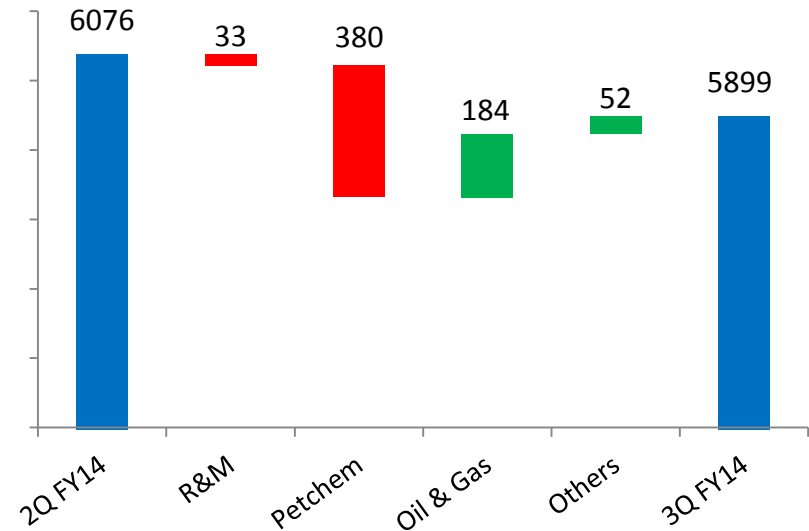


## Net Profit



- Operating income declined on account of lower petrochemical margins
- This was offset by higher other income and lower depreciation

## EBIT



- Margins weakness led to decline in petrochemicals segment EBIT
- This was partially offset by higher operating profit from Oil & Gas segment

# Financial Ratios



	<b>Dec-13</b>	<b>Sep-13</b>	<b>Mar-13</b>
Cash Balance (₹ Crore)	88,705	90,540	82,975
Net Debt : Equity	Debt Free	Debt Free	Debt Free
Net Gearing	Debt Free	Debt Free	Debt Free
Gross Interest Cover	10.1	10.0	11.3
ROCE (%)	10.9%	10.5%	11.2%
ROE (%) (Adjusted)	12.8%	12.8%	12.8%

- Cash balance continues to reduce on account of project related capital expenditure
- Investment grade rating retained:
  - BBB+ (Negative outlook), recently upgraded by S&P - (2 notch above India's sovereign rating)
  - Baa2 (positive outlook) by Moody's - (1 notch above India's sovereign rating)
  - Domestic debt rated AAA by CRISIL and FITCH

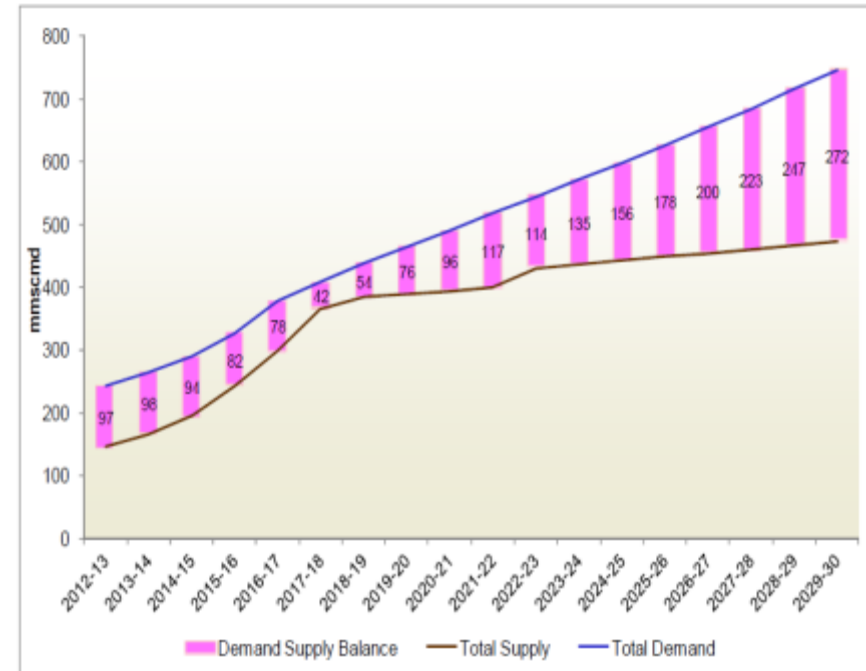


# Oil and Gas – Exploration and Production

# Business Environment



- Domestic natural gas pricing guidelines notified
  - creating an enabling environment for investments in the hydrocarbon sector
- Widening demand-supply gap necessitates investments
  - As per IEA, India needs \$176 bn of upstream investments over 2012-2035
- In 2013, Asian spot LNG prices averaged \$16/MMBTU
  - Incremental demand from China, other Asian markets on environmental concerns would keep LNG markets tight in 2014
- Supply chain remains constrained



Source: PNGRB

# Domestic E&P Production Update



	2Q FY14	3Q FY14	% Chg.	9M FY13	9M FY14	% Chg.
<b>Panna-Mukta</b>						
Oil (MMBBL)	1.8	2.1	15.1%	6.4	5.7	-11.4%
Gas (BCF)	16.9	17.1	1.3%	54.6	50.9	-6.7%
<b>Tapti</b>						
Oil (MMBBL)	0.1	0.1	1.9%	0.4	0.2	-51.9%
Gas (BCF)	7.1	6.4	-9.3%	36.2	21.4	-41.0%
<b>KG-D6</b>						
Oil (MMBBL)	0.5	0.4	-11.2%	2.3	1.4	-37.7%
Gas (BCF)	45.3	40.4	-10.8%	275.0	135.0	-50.9%
Condensate (MMBBL)	0.1	0.1	-41.3%	0.3	0.2	-43.9%

Note: Full Production volumes

- KG-D6 averaged at 14 MMSCMD of gas and 5,930 BOPD of oil/condensate in 9M FY14
  - Fall in production is mainly attributed to geological complexity, natural decline in the fields and higher than envisaged water ingress
- PMT - Lower production due to natural decline, water loading of wells, under performance of wells
  - Q-o-Q production improved with successful completion of Panna-L and infill wells
- Average crude oil price realization for the 9M FY14 was \$ 104/bbl for KG-D6 and \$ 107/ bbl for PMT.

Gas price realization - \$ 5.73/MMBTU Panna-Mukta; \$ 5.57/MMBTU Tapti; \$ 4.20/MMBTU KG-D6

# KG-D6 Block – Key Project Update



- 2 rigs are currently in operation
- D26 (MA)
  - Drilling of development well MA8H completed and put to production in Jan'14
  - Current plan for incremental production rate of ~2.5 MMSCMD of gas - upside being based on well performance
  - Planning and readiness for MA6H side track to enhance gas recovery
- Appraisal of D55 discovery
  - Drilling of first appraisal well for MJ-A1 in progress - to be completed by end Feb'14
  - Planning for second appraisal well underway
- D1-D3 field
  - First campaign of water shut off jobs to enhance recovery has commenced - Well A2A plug job underway. Planning underway for second campaign to begin by 1Q FY15
  - Engineering and construction work underway for OT booster compressor
- R-Cluster development
  - RFQs for major long leads issued. Investment decisions subject to key approvals

# Panna-Mukta & Tapti



## Panna Well Program

- Currently one rig in operation
- Panna - L (PL) area
  - Drilling of all 6 wells completed
  - Currently producing ~2500 BOPD
- Infill Wells (PJ, PG & PK)
  - Drilling of 4 PJ wells completed out of 7 wells and put to production
  - Currently producing ~2800 BOPD
  - Balance to be drilled by 4Q FY14

## Mukta-B Development

- Located south of the Mukta-A (MA) producing platform
- Development plan approved by MC in Dec'13
- Development plan synopsis :
  - Estimated net sales reserves approx. 3.42 MMBL of oil & 7.72 BCF of gas till PSC period
  - First oil expected in FY16
  - 6 development wells
- EPIC contract awarded

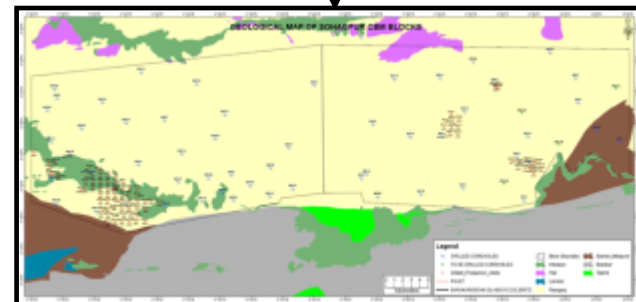


# CBM Update



- Target First Gas by FY16
- Gas pricing guidelines covering CBM gas notified by MoPNG
- Phase-I development envisages drilling and completion of 229 wells and installation of 2 GGS
- Land acquisition for the project Phase-I in progress
- D&C operations commenced
- Engineering for surface facilities in progress and procurement is in near completion stage
- Early activities progressing on Shahdol Phulpur gas pipeline

Block Name	(Area Sq. Km)
Sohagpur West	500
Sohagpur East	495
<b>Total</b>	<b>995</b>





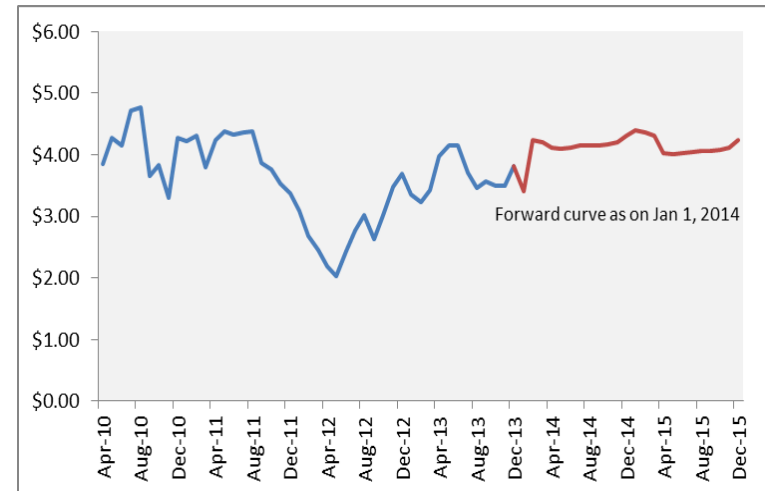
# Shale Gas Business

# Price Environment



- Natural gas prices averaged at \$3.60/MMBtu in 3Q FY14, flat on Q-o-Q basis
- Natural Gas spot prices breached the \$4.00/MMBtu mark during early Dec'13 in view of
  - Colder than normal weather
  - Higher than expected withdrawals; end quarter storage inventories ~9% below 5-year averages
- WTI dropped 8% Q-o-Q, averaging \$ 97/bbl in 3Q FY14
- NGL prices showed some signs of recovery on the back of higher propane prices
  - Improved export demand drove Propane inventories lower; expected to drop to seasonal lows by April'14
- NGL basket prices averaged at 35.5% of WTI in 3Q FY14 vs. 31% in 2Q FY14
  - Ethane (51% of NGL barrel) remained weak in the 25-30 cents/gal range on rising inventories
  - Propane exports increasing from the US and expected to support NGL basket prices in the near term

Gas Prices (Henry Hub) (\$/MMbtu)



Source: Historical data from EIA; NYMEX Strip prices

# Business Performance Highlights



	3Q FY14	2Q FY14	3Q FY13	% Chg. from 2Q FY14	9M FY14	9M FY13	% Chg. from 9M FY13
Production (BCFe)	43.0	36.5	32.3	18%	117.4	82.3	43%
Revenues (\$ Mn)	221.3	193.0	172.2	15%	627.2	425.6	47%
EBITDA (\$ Mn)	173.6	126.6	123.3	37%	461.9	330.5	40%

## ■ Production

- Aggressive fracking, hook-up of 41 wells at Pioneer JV in 3Q, highest ever quarterly activity level
- Higher volumes from wells hooked-up at the end of 2Q in Chevron; resolution of midstream constraint in Carrizo
- Relative improvement in price differentials in Marcellus reduced instance of market based curtailments at Carrizo

## ■ Revenues

- Average realization at \$6.03/Mcfe in 3Q FY14 (vs. \$6.19/Mcfe in 2Q FY14, \$6.27/Mcfe in 3Q FY13)
- Gas realization improved though continuing high differentials remain a concern
- Condensate realization suffered due to weak WTI trends
- NGL realization (% of WTI) improved gradually on higher Propane prices. Absolute realization still under pressure

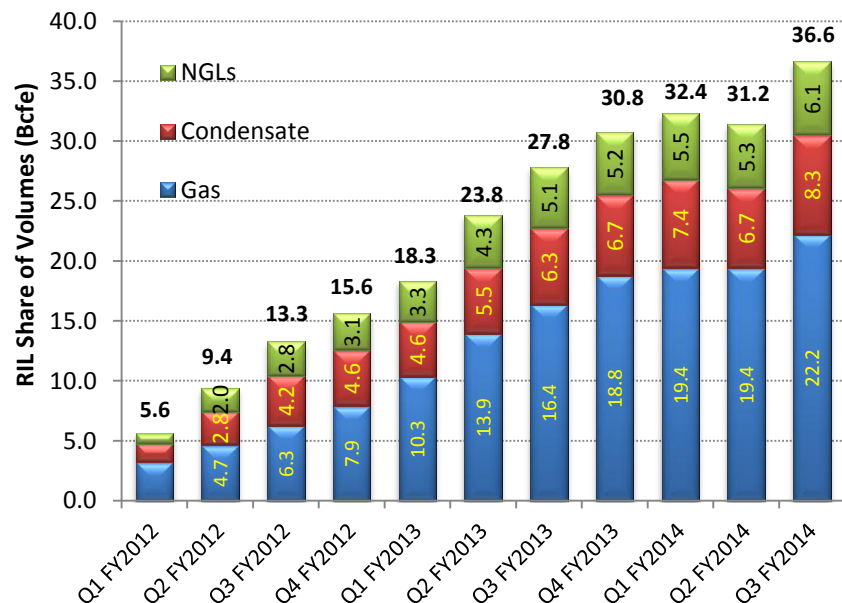
## ■ Capex for the quarter at \$374 MM; cumulative investments across all JVs exceed \$ 6.8 billion

- Substantial part of Pioneer and Carrizo JV capex needs met through cash from respective JV operations
- Chevron JV accounts for substantial part of ongoing capex and funding needs

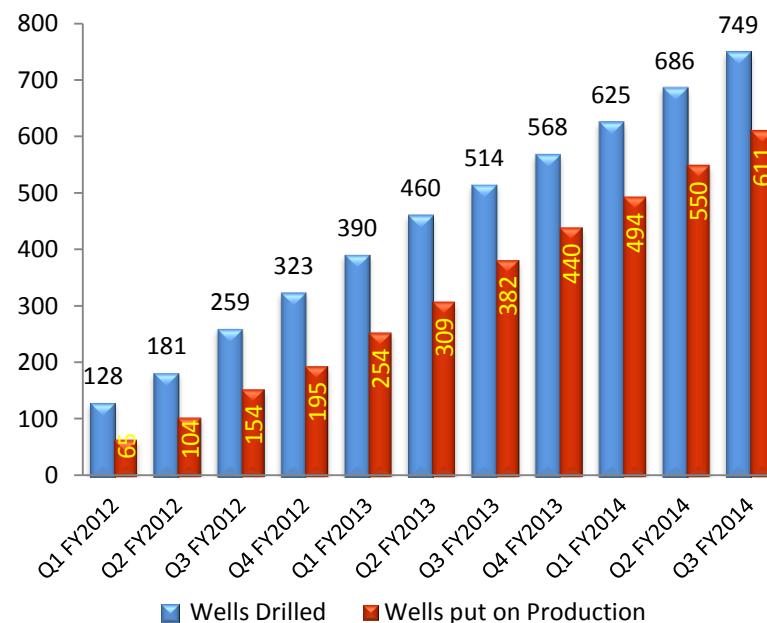
# Business Growth Trends



## Net Sales Volumes (Reliance Share)



## Total Wells Drilled and Put on Production



- Development growth momentum continued:
  - Over 9% sequential growth in wells drilled and 11% growth in wells put on production.
  - Aggregate wells drilled and put on production have grown 32% and 39% respectively in 9M FY14
- Net sales volume (Reliance share net of royalty) at 36.6 Bcfe in 3Q, up 17% Q-o-Q
- 9M FY14 sales volumes at 100.3 Bcfe, reflects a 43% Y-o-Y growth
- Share of liquids at 39% of sales volumes – 1% above 2Q FY14

# Shale Gas JVs: Development Progress Overview



Particulars	Pioneer JV	Carrizo JV	Chevron JV	TOTAL
Average Rigs in operation	10	1	3	14
Wells Drilled (Inception to date)	406	95	248	749
Wells Drilled in 3Q FY14	39	6	18	63
Total on line wells	371	59	181	611
Wells put on line in 3Q FY14	41	4	16	61
Gross JV Avg production rate for the quarter (MMscfd)	610	120	302	1031
% Change in Gross JV Avg production rate (Y-o-Y)	15%	36%	102%	33%
% Change in Gross JV Avg production rate ( Q-o-Q)	18%	17%	18%	18%
Total Investment (\$ Mn) (JV Inception-to-date)	3,665 (incl. EFS midstream)	822	2,365	6,852
<div>Continued focus on high-grading development activity and sustaining growth momentum</div>	<ul style="list-style-type: none"> <li>Significant growth in production with 41 wells turned online - highest in any quarter till date.</li> <li>Declining trend in D&amp;C costs, driven by operational and capital efficiencies.</li> <li>2014 development focus remains on drilling in liquid rich areas.</li> <li>Active program of completion optimization and down spacing trials ongoing in Pioneer for high grading development.</li> </ul>	<ul style="list-style-type: none"> <li>Continuing market based curtailments due to high differentials, is a key concern.</li> <li>NEPA development activities maturing. JV to be Free Cash flow positive in 2014.</li> <li>Down-spacing and Upper Marcellus locations drilling trials being pursued. Expected to add material drilling location.</li> </ul>	<ul style="list-style-type: none"> <li>Strong volume trends continue with improved midstream and well performance</li> <li>Focus on improving costs structure and efficiency in Chevron JV</li> </ul>	



## Refining & Marketing

# Highlights : 3Q FY14



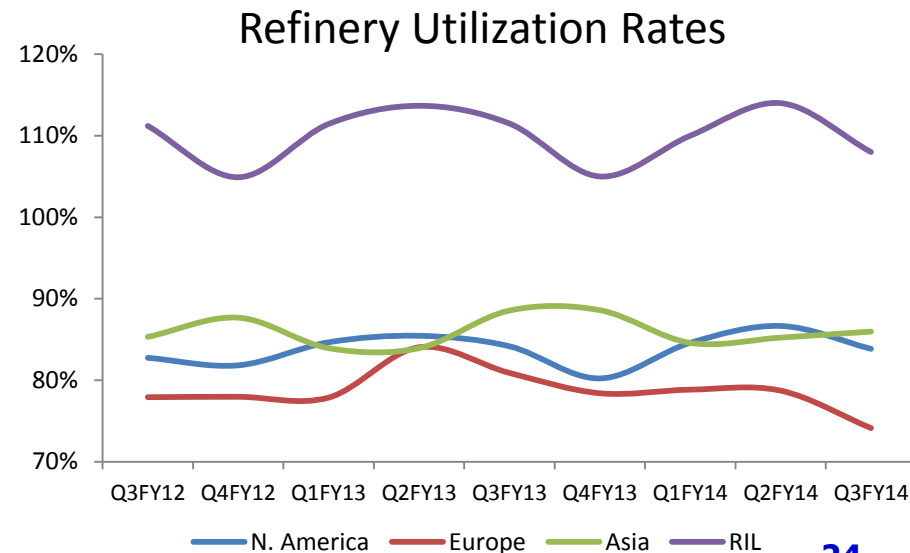
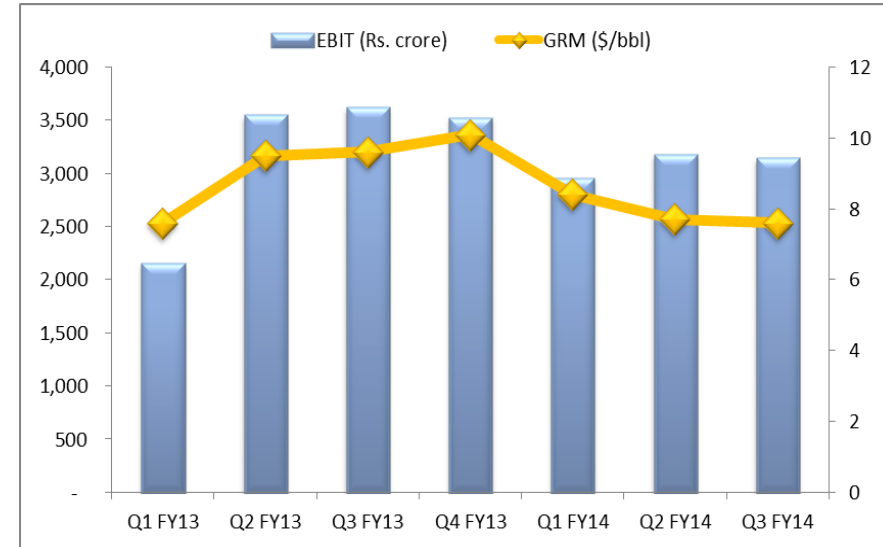
## ■ RIL performance for 3Q FY14

- GRM of \$ 7.6/bbl
- Segment EBIT of ₹ 3,141 crore
- Crude processing of 17.0 MMT, operating rate of 110%

## ■ Economic conditions characterized by mild to weak macro recovery, firm oil prices and a subdued margin environment

## ■ Refining margin weakens across regions, particularly in Asia

## ■ RIL delivered a strong performance in this environment because of its complexity, scale and optimization capability





# Business Performance – 3Q FY14



Asian Product Cracks (\$/bbl)	3Q FY14	2Q FY14	Q-o-Q Change
Naphtha	-3.0	-5.8	2.8
Gasoline	6.2	9.8	-3.6
Jet/Kero	17.3	17.0	0.3
Gasoil	17.7	17.3	0.4
Fuel Oil	-10.4	-10.6	0.2
Brent–Dubai Differential	2.5	4.1	-1.6
Arab L-H Differentials	4.6	3.8	0.8
Singapore GRM	4.3	5.4	-1.1
RIL GRM	7.6	7.7	-0.1

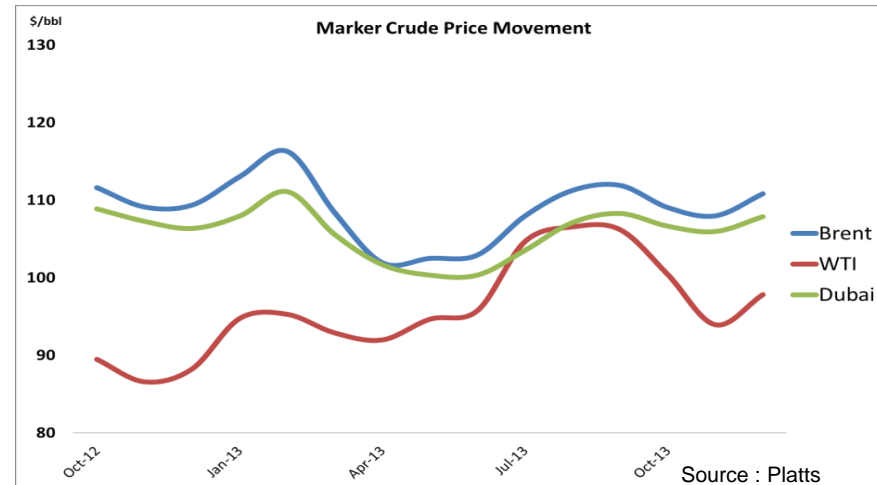
■ RIL posts a creditable performance Q-o-Q, despite a relatively weak margin environment:

- RIL's diversified crude sourcing and grade switching flexibility enabled it to benefit from reduction in the Brent-Dubai differentials during the quarter
- Weak FO supported RIL margin
- Seasonal impact of weak gasoline cracks partially offset by marginal uptick in middle distillate cracks
- Strong naphtha cracks on the back of good petrochemicals demand had positive impact

# Business Environment



- **Oil prices (Brent) remained in a narrow range**
- **Geopolitical uncertainties . . .**
  - supply-side concerns in Libya, South Sudan
  - Security threat, oil thefts in West Africa / Iraq
- **. . . balanced by Non-OPEC supply:**
  - To grow 1.3 mb/d in 2013 and will increase similarly in 2014 led by rise in US production
- **IEA forecasted demand growth of 1.2 mb/d for 2013 to 91.2 mb/d**
  - 2014 demand growth projections more optimistic at 1.4 mb/d
  - Industrial fuels, such as gasoil / LPG / naphtha account for the bulk of upward revision, reflecting the impact of macro economic recovery



**Business environment showing improvement with mild recovery in economic growth**

# R&M Business Environment

## Global Refining Margins



### Improved margins in US,

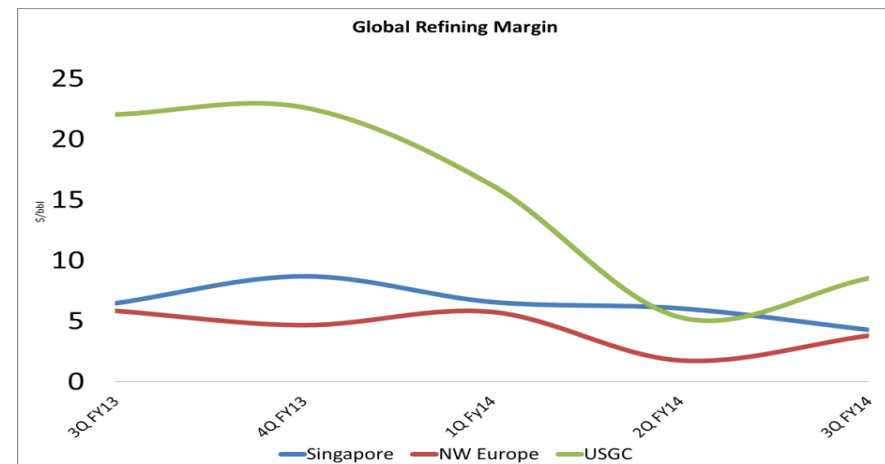
- US oil production growth and export restrictions resulted in suppressed WTI – Brent differential, translating into improved US margins
- Low energy costs and high refinery utilizations in US resulting in increasing exports to Europe and Latin America

### Pressure on European margins

- Impacted by rising US imports and competition from complex refineries in Asia

### Subdued Asian refining margins

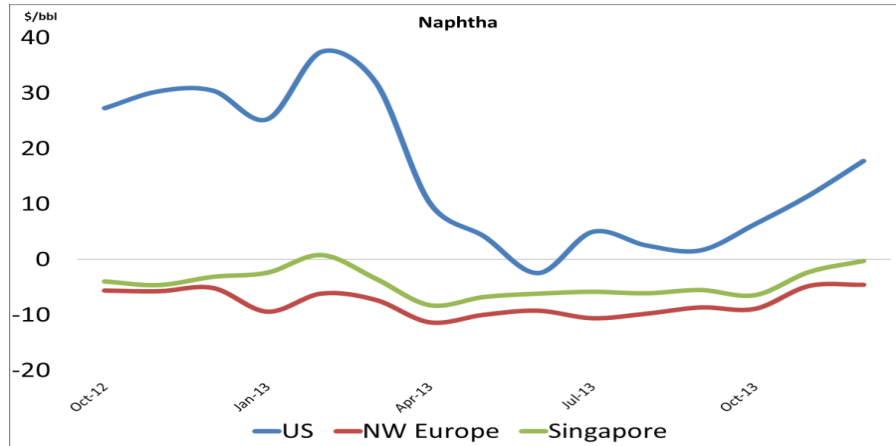
- Margins softened Q-o-Q amid lower demand for industrial and transport fuels in India and lower imports by Taiwan, Vietnam
- Increase in benchmark crude price weighed on the product cracks
- Concerns over new supply from Middle East



**Global refining margins remained weak with signs of recovery towards the end**

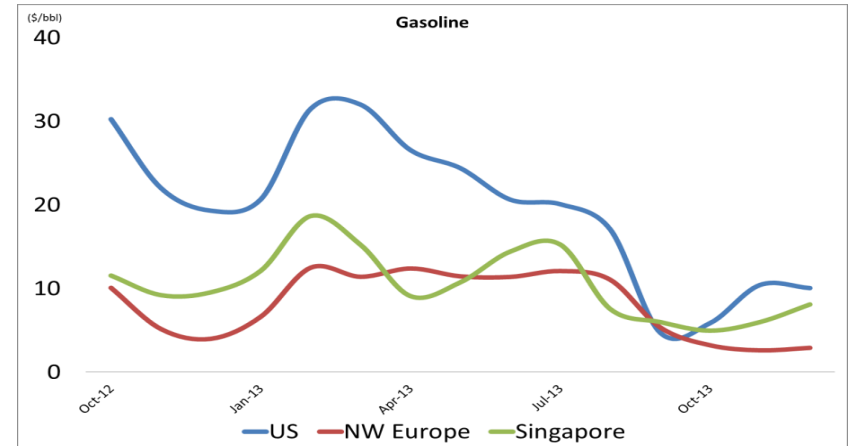
# Business Environment

## Product Cracks - Light Distillates



### ■ **Naphtha** cracks improved in Asia and Europe

- Healthy demand from petrochemicals as Asian crackers returned from maintenance and naphtha replaced costly LPG for cracking
- Cracks in Europe were supported by arbitrage to Asia



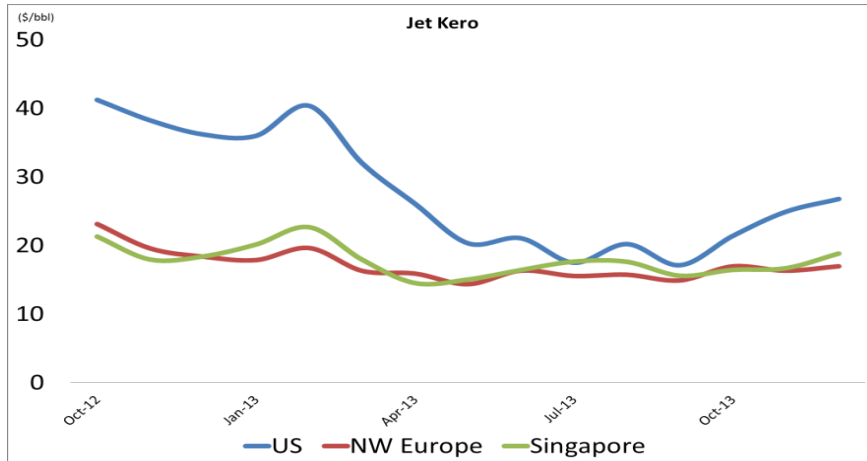
### ■ **Gasoline** cracks witnessed decline globally in 3Q, in line with the seasonal trends

- End of driving season in the US, the biggest gasoline market, impacted demand
- Key Asian importers also witnessed reduction in demand with the end of Ramadan season

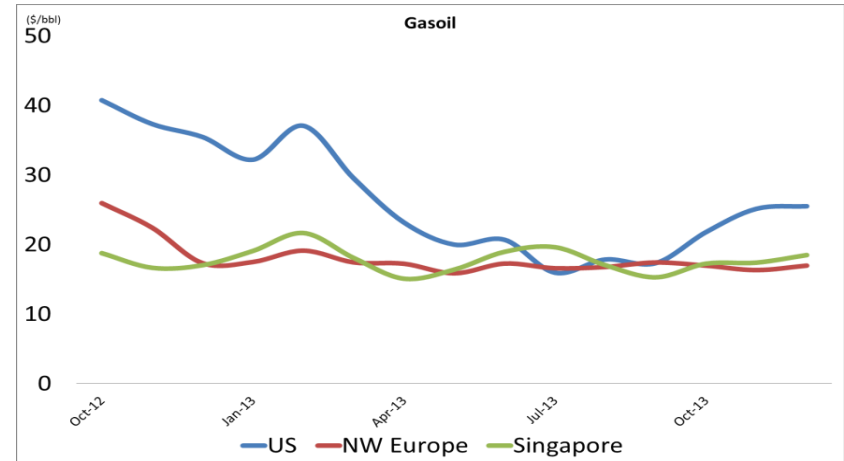
**Gasoline negatively impacted by seasonal factors and new supply**

# Business Environment

## Product Cracks – Middle Distillates



- **Jet-kero** cracks improved across all regions
  - Increase in jet exports from US (amid tight distillate balance in US) to the UK and other European markets
    - Removal of import tariff on jet fuel in EU boosted US exports
  - Demand remained stable across key markets

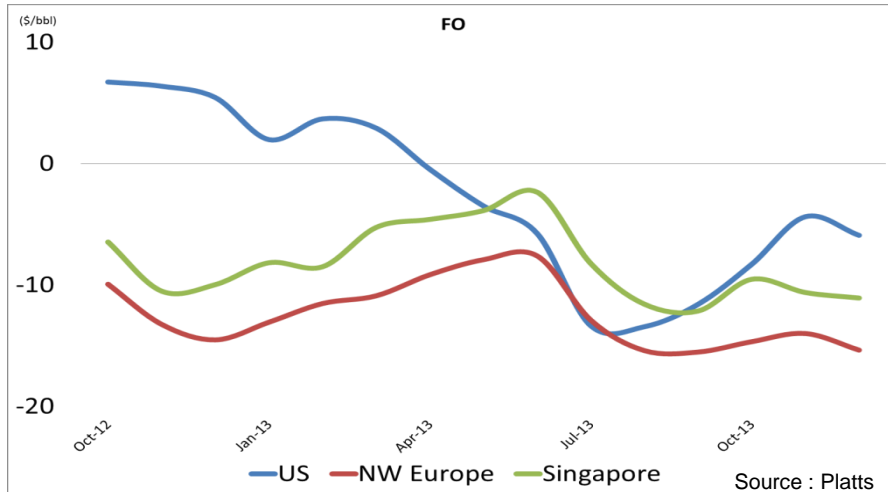


- **Gasoil** cracks strengthened globally
  - Asian cracks supported by firm regional demand and reduced supplies from North Asia on account of shift to maximize kero output
  - US cracks eased initially due to increase in distillate production but remained stable with winter demand for heating oil
  - Reduced supplies in Europe due to strikes, run cuts balanced by imports

**Middle distillate supported by firm demand from winter heating requirements**

# Business Environment

## Product Cracks – Fuel Oil



■ Fuel oil cracks continued to remain weak globally::

### ➤ Asia

- Low bunker demand and high inventory levels at Singapore hub
- ME trying to reduce its FO consumption by using alternative sources for power generation

### ➤ US

- Decrease in bunker demand and limited arbitrage to Europe and Asia

### ➤ Europe

- Seasonally slow demand due to year end stock clearing
- Additional supplies from Middle East

**RIL benefits from crude sourcing linked to fuel oil**

# RIL's "7 Key Advantages"



- **Large scale and highly complex refinery**
- **World class logistics infrastructure**
- **Strategic location**
- **Efficient crude sourcing**
- **Global reach with product storages at key destinations**
- **Operational excellence**
  - Refinery Utilization rates consistently surpassing the global averages
  - Operating costs per barrel amongst the lowest in the world
- **Flexibility to alter the product slate / adapt to the changing market dynamics**

**We have inherent advantages coupled with operational excellence, which sets RIL apart as the industry leader**

# Operational Excellence - Refining



- Flexible feedstock sourcing and processing capability
  - 4 new advantageous crudes added in 3Q, taking the total no. of crudes processed to 123
- Flexible fuel mix altering capability coupled with sustained focus on Energy Conservation, as reflected by following recognitions awarded to Jamnagar by the Centre for High Technology (MoPNG):
  - DTA – JNCA “Lowest Energy Consumption” (for assessment year 2011-12) – 1<sup>st</sup> prize
  - SEZ – JNCA “Lowest Energy Consumption” (for assessment year 2012-13) – 2<sup>nd</sup> prize
- Effective utilization of Secondary processing units for most optimized operations
  - Optimized Reformer operations
- Innovative approach to optimize logistics cost and utilization of logistics infrastructure

**In a low margin environment, RIL's focus on product yield and secondary unit loading has enabled it to sustain its performance**



# Petcoke Gasification Project Progress



- Construction started on site; Pet coke storage dome in Gasification complex nearing completion
- Delivery of bulk items started at Site
- Procurement orders for long lead items completed
- To deliver a step change reduction in energy costs, substituting imported LNG with Coke / Coal
- Expected to enhance the gross refining margins by over \$ 2.5/bbl on completion



**Committed towards building a best in class, robust and energy efficient complex and creating value for shareholders and the nation**

# R&M Business Outlook – 2014



- Global macro economic environment showing signs of improvement: Global GDP expected to grow by 3.5% compared to 3.0% in 2013
- Global oil demand growth of ~ 1 mb/d every year expected in the next 3 years, led by China and other emerging markets in Asia and Middle East
  - Global net refining capacity addition expected to be in line with oil demand growth
- Non OPEC countries, led by US, likely to be the key contributors to oil supply growth reducing the “Call on OPEC”
- Stable outlook for light distillates cracks; increasing economic activity likely to provide support to middle distillates cracks
- Global Refining Margins:
  - Low complexity and uncompetitive refineries, mainly in Europe, likely to face dual pressure from start-up of mega refining projects in ME and low demand growth
  - Asian complex refining margins likely to remain supported by strong regional demand growth

**RIL's robust configuration helps deliver industry-leading performance in different environments**



# Petrochemicals

# Petrochemicals: Key Business Highlights



- Q-o-Q decline in segment EBIT for 3Q FY14 (EBIT of ₹ 2,124 crore, down 15%)
- Domestic petrochemicals demand slowed significantly with reduced manufacturing activity as reflected in low IIP growth
  - Polymer demand up 3% in 9M FY14 (down 5% Y-o-Y in 3Q)
  - Polyester demand up 4% in 9M FY14 (flat Y-o-Y in 3Q)
- Key polymer deltas declined on Q-o-Q:
  - PP (-10%), PVC (-12%)
  - Partially offset by marginal improvement in PE (+2%)
- Polyester chain deltas remained weak on Q-o-Q:
  - Sharp decline in fibre intermediates – PX (-5%), PTA (-52%), MEG (-9%)
  - Impact partially softened by higher polyester deltas – POY (+3%), PSF (+26%), PET (+21%)
- Efficient inventory management, strong distribution and wide product portfolio help mitigate market challenges



# Polymers

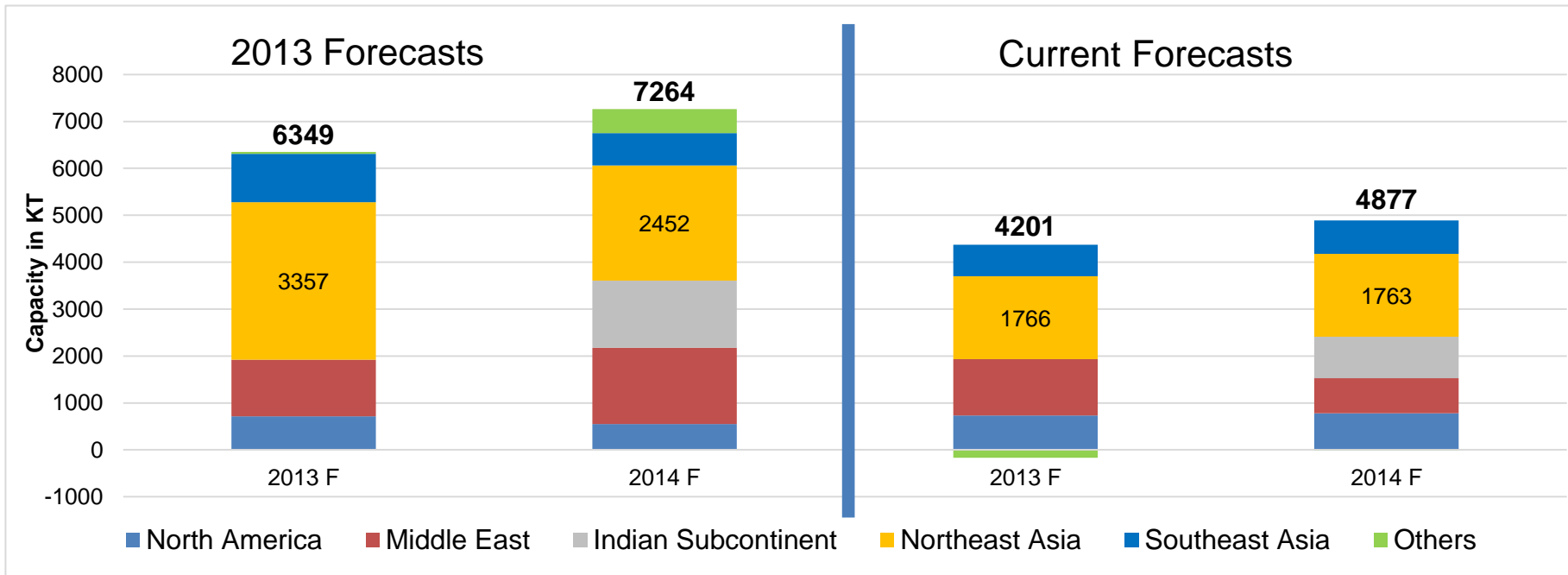
# Business Environment



- Ethylene operating rates remained high in 2013
  - Global ~86% (5 year average - 85%)
  - SEA ~92% and NEA ~93%
- 9M FY14 India polymer demand increased by 3%, constrained by slower economic activity
- Unfavorable economics of LPG cracking continue to support naphtha demand
- Naphtha prices were up 3% (Q-o-Q) on the back of firm oil prices and supply concerns
- Overall product margin environment was mixed during the quarter:
  - PE deltas up on Y-o-Y basis (+34%) and Q-o-Q basis on firm product prices
  - PP deltas lower Y-o-Y and Q-o-Q on account of tight propylene supply
  - PVC deltas impacted by high EDC prices (+41% Y-o-Y); were lower on Y-o-Y and Q-o-Q basis

**Polymers other than PE were unable to pass through higher intermediate costs**

# Global Ethylene Supply to Remain Tight



- Net global capacity addition in 2013 lower by 2.1 MMT as compared to estimates at the beginning of the year – delays mainly in NE Asia
- Current expectation for incremental capacities for 2014 are 33% lower as compared to early 2013 estimates

# Global Ethylene Capacity Additions - 2013



Region (in KTA)	Country	Company	Capacity	Region Total
Middle East	Iran	Kavvan PC	1000	1000
North America	United States	Dow	386	386
Northeast Asia	China	Fund Energy (Ningbo)	225	
	China	Fushun PC	533	
	China	PetroChina Daqing PC	350	
	China	SINOPEC Wuhan	300	
	Taiwan	CPC-Taiwan	204	1612
Southeast Asia	Singapore	ExxonMobil	667	667
West Europe	Belgium	FAO	-134	-134
Others-Expansions			744	744
Others-Closures			-74	-74
<b>Total</b>			<b>4,201</b>	<b>4,201</b>

**Global capacity growth of less than 3% in 2013**

**78% of expansion came in Asia/ME region**



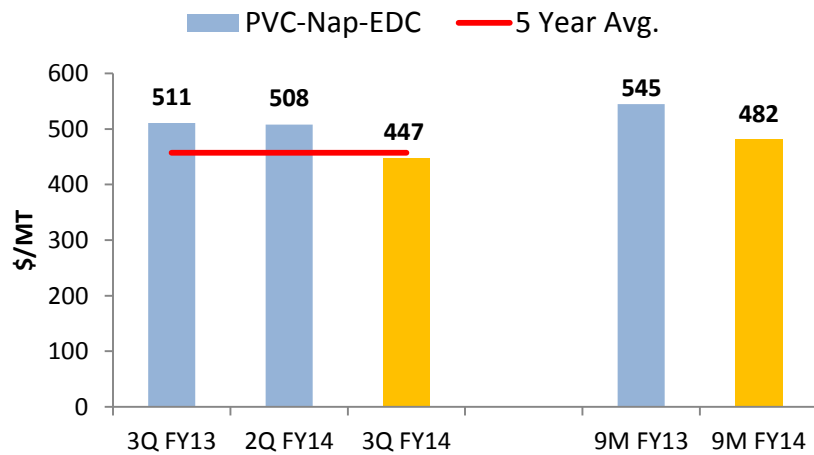
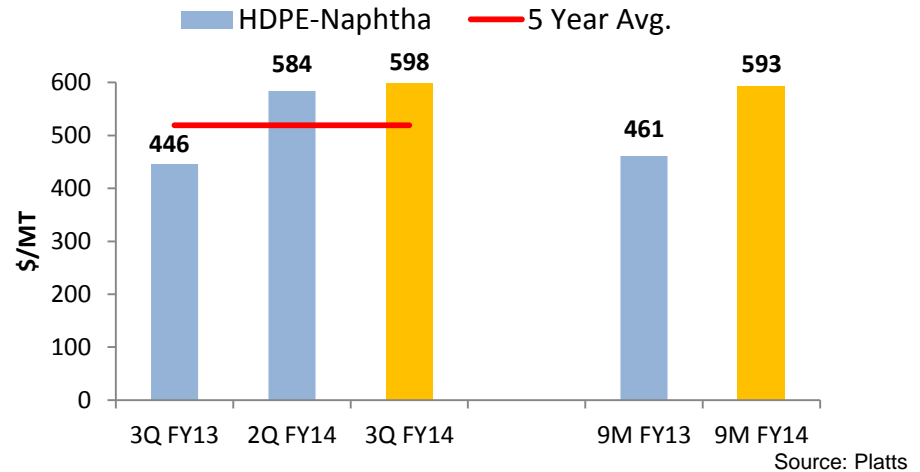
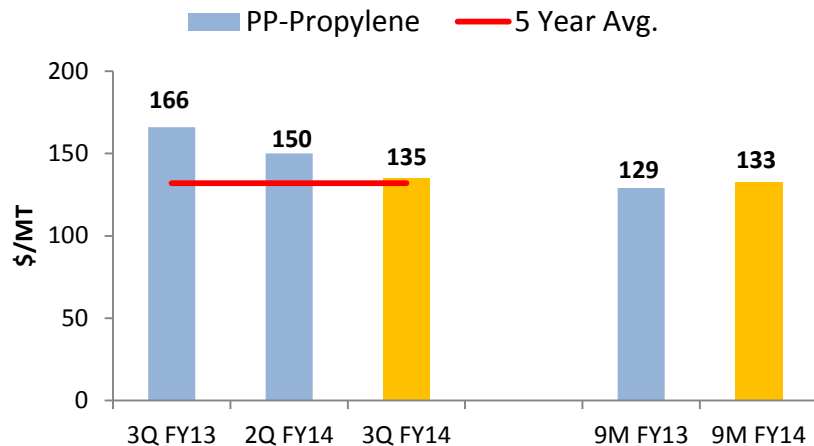
# SE Asia Price Movement – Polymers



\$/MT	2Q FY14	3Q FY14	% Change	9M FY13	9M FY14	% Change
Oil - Dubai (\$/bbl)	106	107	1%	107	105	-2%
Naphtha	887	913	3%	880	874	-1%
Ethylene	1325	1438	9%	1209	1342	11%
Propylene	1337	1389	4%	1272	1350	6%
EDC	359	396	10%	261	369	41%
PE	1471	1511	3%	1341	1467	9%
PP	1487	1523	2%	1401	1483	6%
PVC	1023	999	-2%	976	1002	3%

**On Q-o-Q basis olefins prices improved on the back of strength of naphtha prices and tight regional supply**

# Polymer Delta



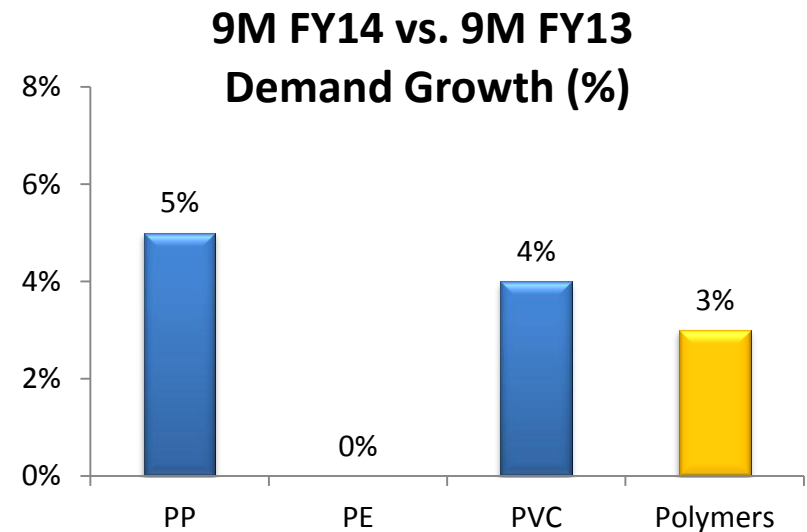
- PP margins declined on limited propylene availability owing to planned outages
- PE delta improved on stable demand despite higher feedstock prices
- PVC margins were impacted by high EDC prices due to restricted ethylene supply – margins near 5 year average

**Higher input costs impacted PP/PVC margins during the quarter**

# India Polymer Demand : 9M FY14



- Subdued domestic polymer demand growth
  - Lower demand in key end-use sectors like infrastructure, fertilizer, automobiles
  - PVC demand was lower as pipe demand was flat due to extended monsoon and high inventory of finished goods
- Improvement in PP demand with growth from end-use packaging applications
- Recent negative IIP growth driven by sharp fall in consumer goods, especially consumer durables

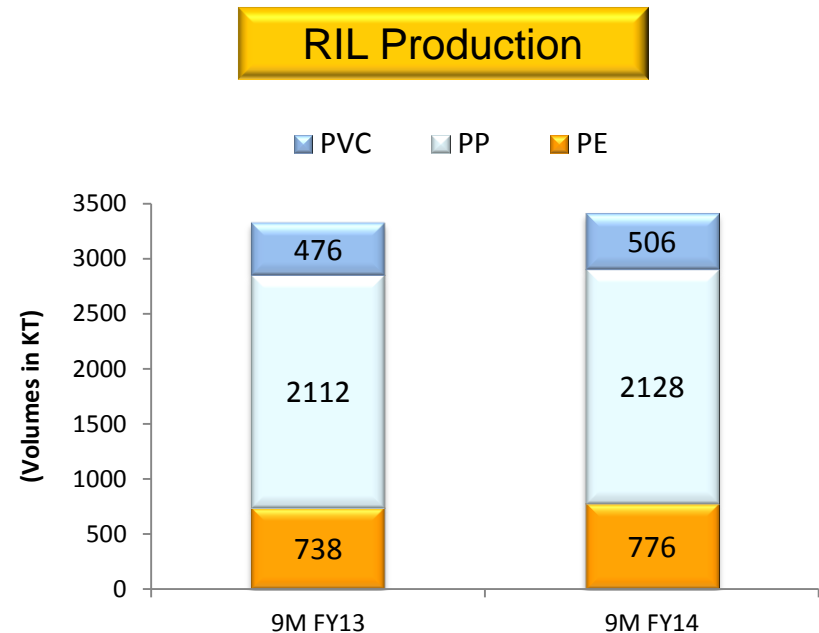


**Lower industrial output combined with degrowth in consumer discretionary demand led to weak growth in polymer demand**

# RIL- Strong Operating Performance



- RIL continued to maintain domestic market leadership
- 9M FY14 polymer production at 3.4 MMT, up 3% on Y-o-Y
- Overall RIL's polymers production share was ~ 60% in 9M FY14
  - Domestic market share stood at 41%
  - Leadership position in PP with market share of 58%
- Polymer export during 9M FY14 was at 0.7 MMT (up 7% on Y-o-Y basis)



**RIL maintained domestic market leadership with global scale operations and nationwide distribution network**

# Ultra-clear Repol SRX 100 for Refrigerator Parts



- Development of “Ultra-clear Repol SRX 100” PP grade for refrigerator parts, clear containers etc.
- New product offers following advantages:
  - Excellent contact clarity
  - Freedom from breakages
  - Economical due to low density (lesser weight)
  - Aesthetics - with colour masterbatches (blue, green etc.)
- Parts like vegetable tray, lower shelf, chiller tray and door handle are successfully commercialized



**Caters to OEMs focusing on parts with improved product performance at lower cost in order to increase market share**

# Outlook



- Global operating rates expected to remain in the range of 86-88% in 2014-15
- Healthy ethylene demand growth in Asia over 2013-18 period
  - AAGR of 3.1% and 5.4% expected in SE Asia and NE Asia respectively  
(World Average : ~4.3%)
- Asia to account for large share in global polymers demand growth
- Indian polymer demand growth to be driven by evolving consumer market
- Changing feedstock dynamics – rise in NGL based ethylene cracking leads to advantages to certain regions

**RIL will be in position to compete with advantaged feedstock players with new cracker project based on Refinery off-Gas feedstock**

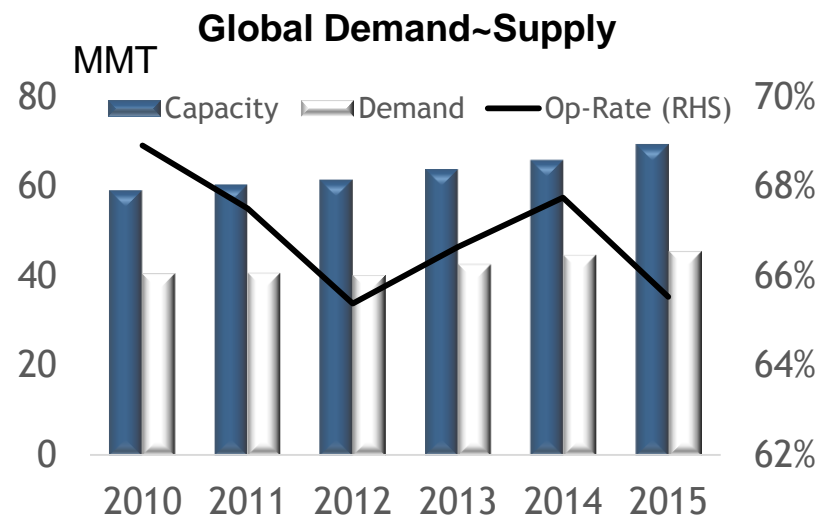
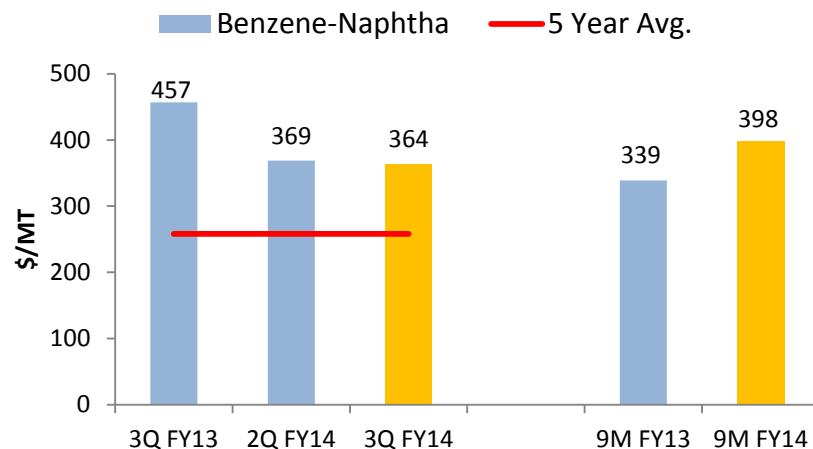


## Chemicals and Elastomers

# Benzene



- Benzene price improved Q-o-Q, however margins remained stable due to rising raw material (naphtha) and energy prices
- 3Q domestic demand was high due to high demand from Aniline and Nitrobenzene sectors
- 9M FY14 RIL production at 536 KT, down 5% due to planned shutdown
- RIL domestic market share at 46%

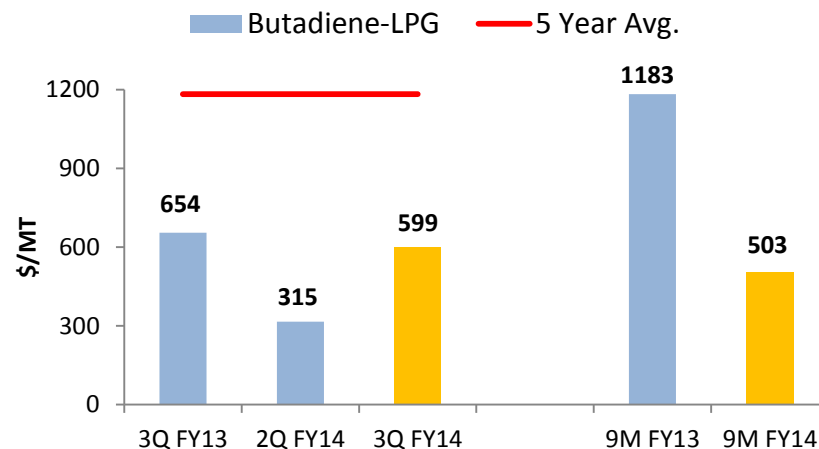




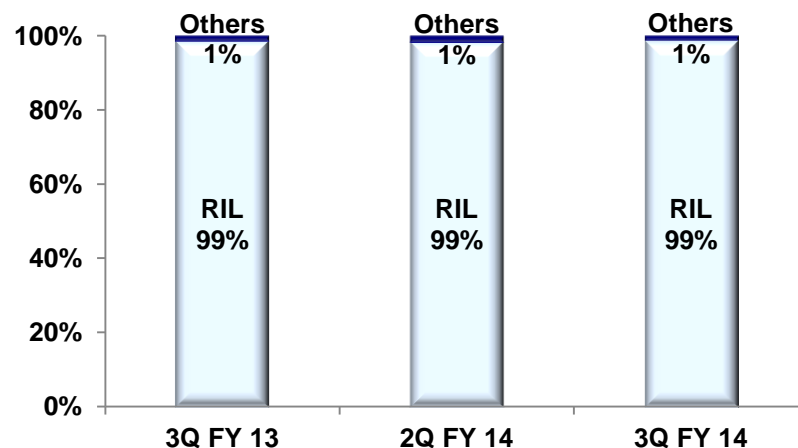
# Butadiene



- Deltas improved significantly on Q-o-Q basis due to recovery in BD prices (+37%) as producers rationalised operating rates
- Prices in the Asian region remained pressurized towards the end of the quarter owing to surplus supplies and weak demand from downstream customers
- Domestic demand expected to grow with likely start up of new synthetic rubber plants in 2014



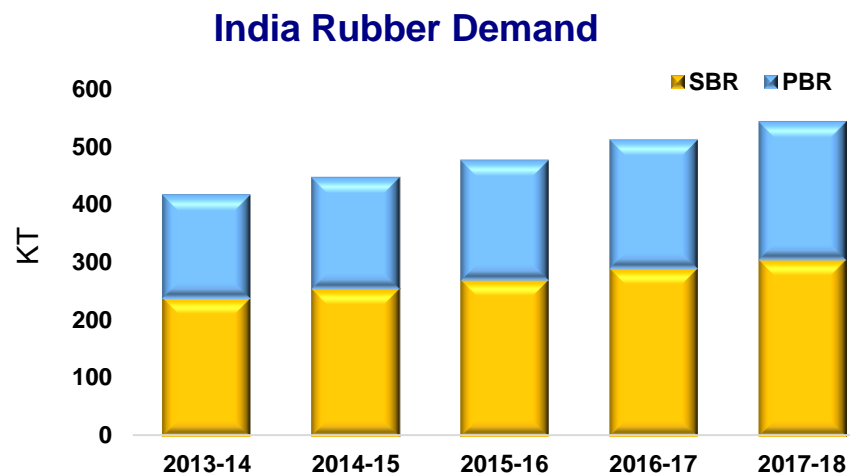
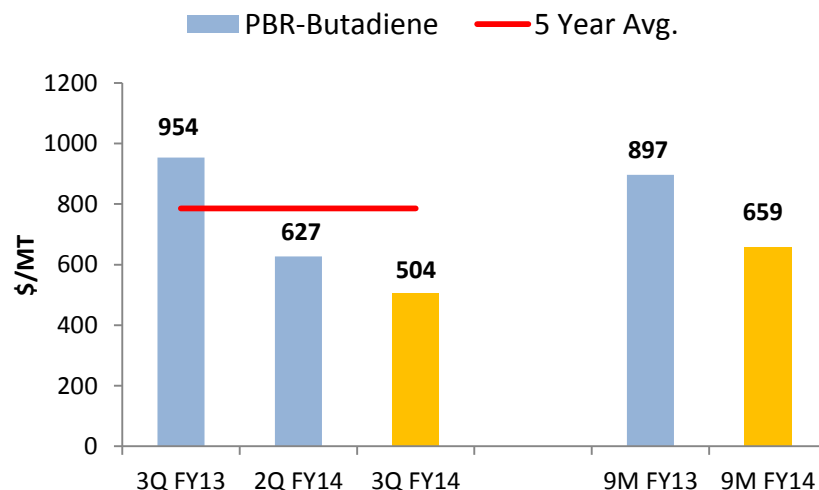
## Market Share



# Polybutadiene Rubber (PBR)



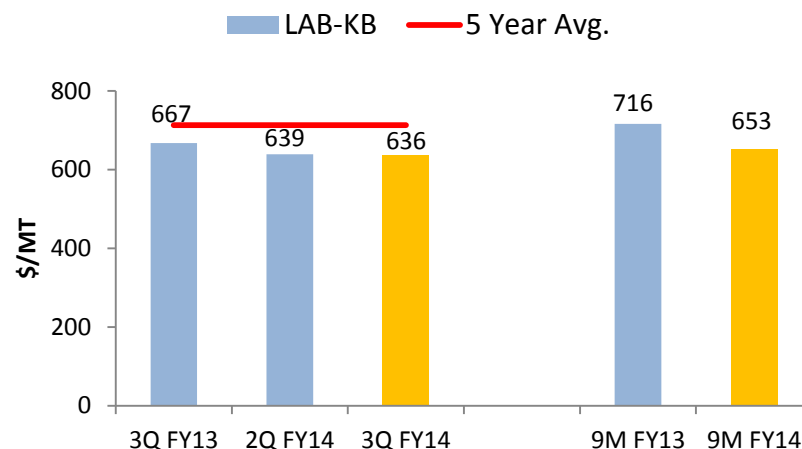
- PBR deltas dropped 20% Q-o-Q as PBR prices lagged rise in BD prices, and slow downstream (Tyre) demand
- 9M FY14 domestic PBR demand rose 11% Y-o-Y on account of growth in replacement market
- RIL market share was at 41% - imports continue to play significant role
- India to witness healthy CAGR of 7% in the rubber market over the next 5 years



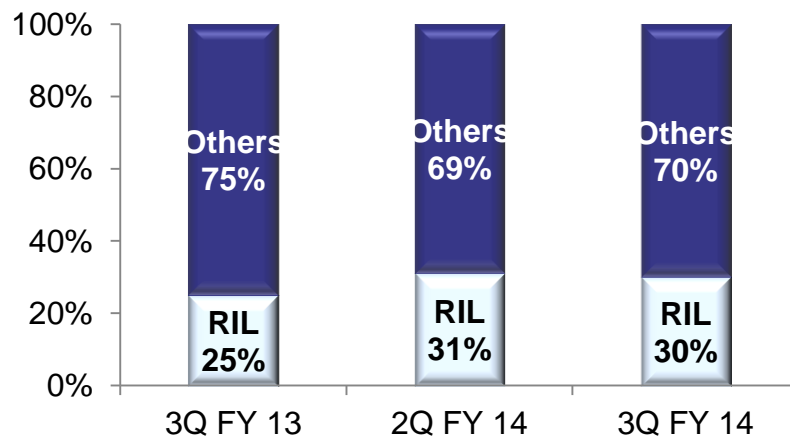
# Linear Alkyl Benzene (LAB)



- Deltas remained stable Q-o-Q albeit at lower levels on account of continued availability of imported LAB at low prices
- Domestic demand was stable post good monsoon and some support from festive season off-take
- Asia and ME to remain well supplied with product flowing from China and Korea; pressuring deltas in 2014
- RIL's market share remained stable at 30%



## Market Share





## Polyester & Fibre Intermediates

# Business Environment



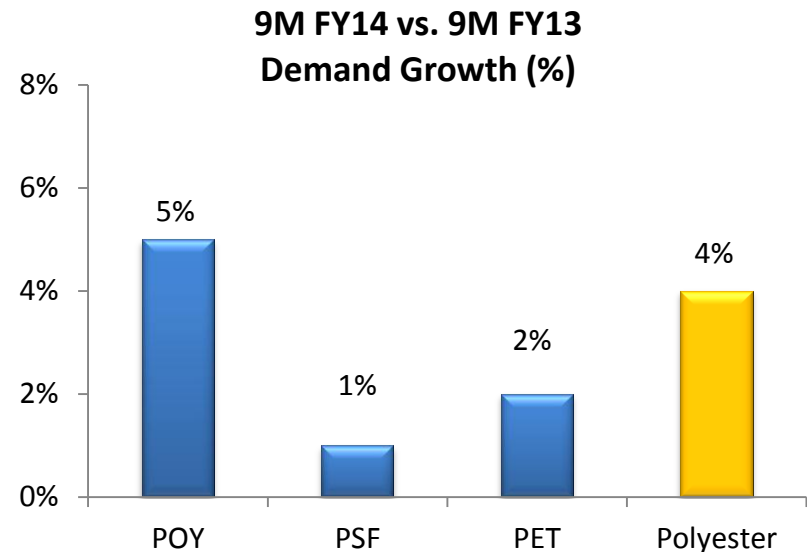
- Feedstock margins trend
  - Weak FID margins amidst fears of supply overhang, PTA delta at record low
  - PX capacities uncertainties keeping markets cautious
  - MEG relatively better poised
- Polyester margins improved during the quarter
  - POY, PSF and PET margins up between 3 – 26% on Q-o-Q basis
- 9M FY14 domestic demand up 4% Y-o-Y, driven by filament yarn growth
  - PET demand slowed during 1H, recovered sharply in 3Q on stocking (up 19% Q-o-Q)
- Chinese producers maintaining operations to meet loan requirements and year end debt obligations adding to pressure
- Cotton prices firmed over last year amidst continued Chinese imports, global stocks still remain high

**Textile demand growth recovering with gradual improvement in global economy**

# India Polyester Demand : 9M FY14



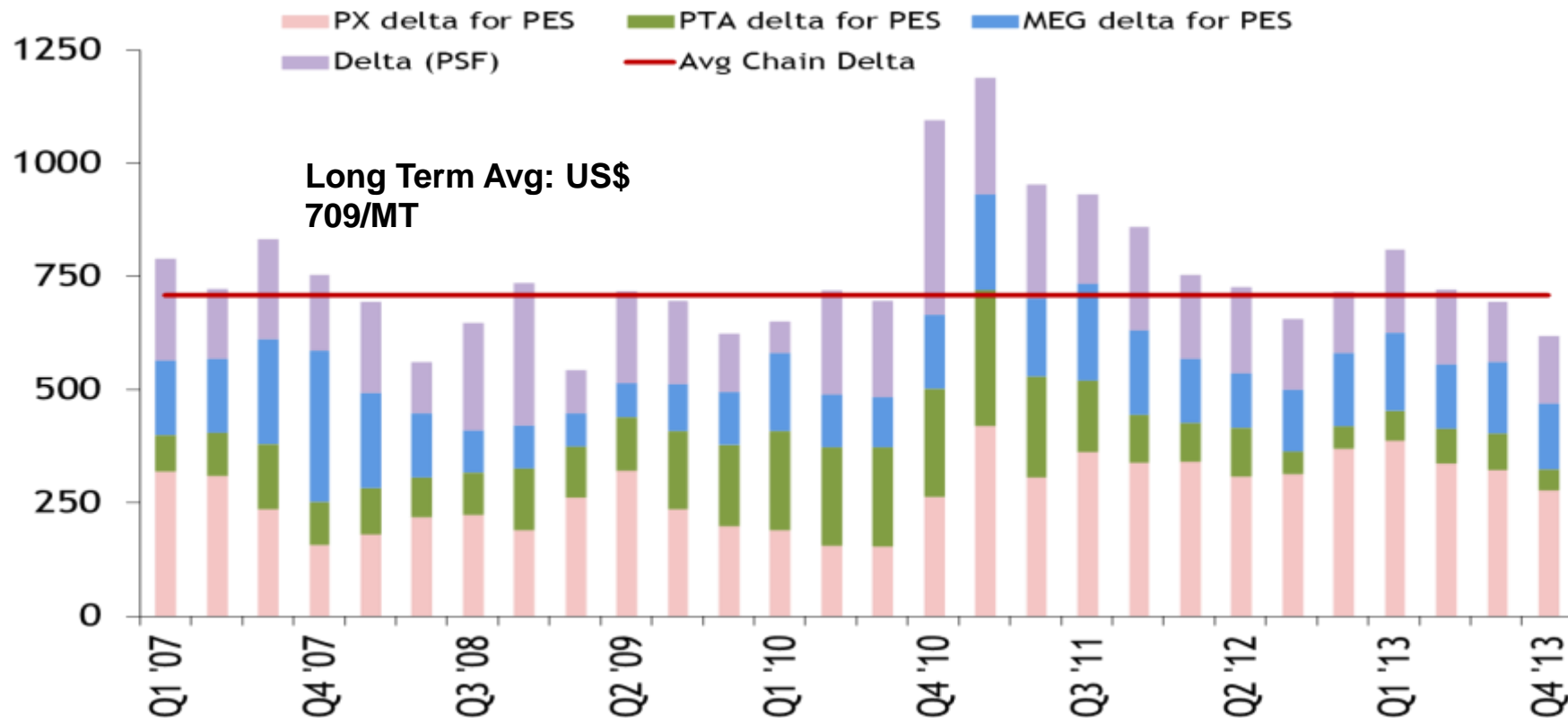
- Subdued polyester demand growth at 4%
- Filament demand growth at 5% owing to new application arenas in FDY
- Textile markets impacted by power shortage in south and unrests in some markets
- PET demand lower than expected due to early and prolonged monsoon
  - seasonal replenishment supported 3Q demand



# Polyester Chain Delta

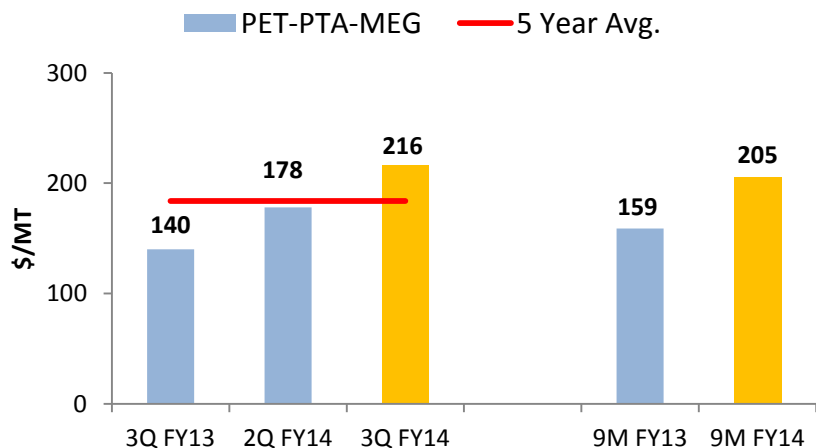
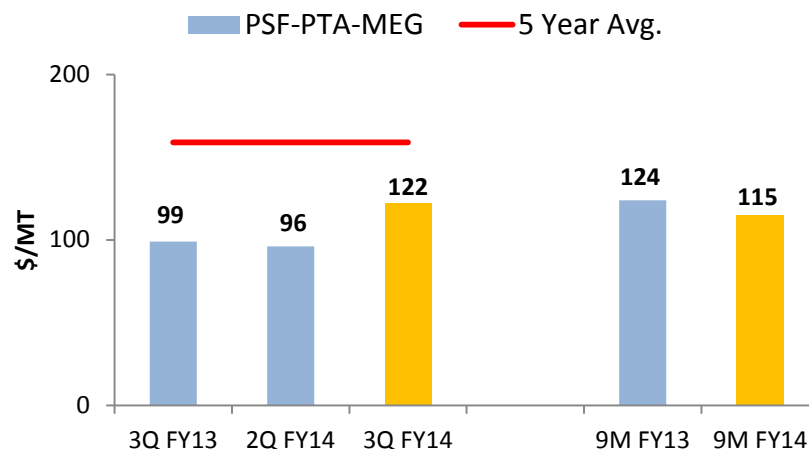
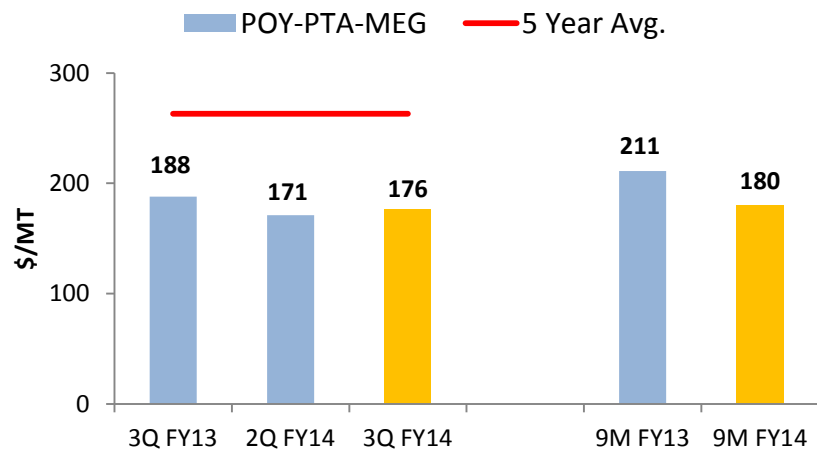


US\$/MT



**Chain deltas exhibit lower volatility as compared to individual product deltas. RIL benefited with presence across the value chain**

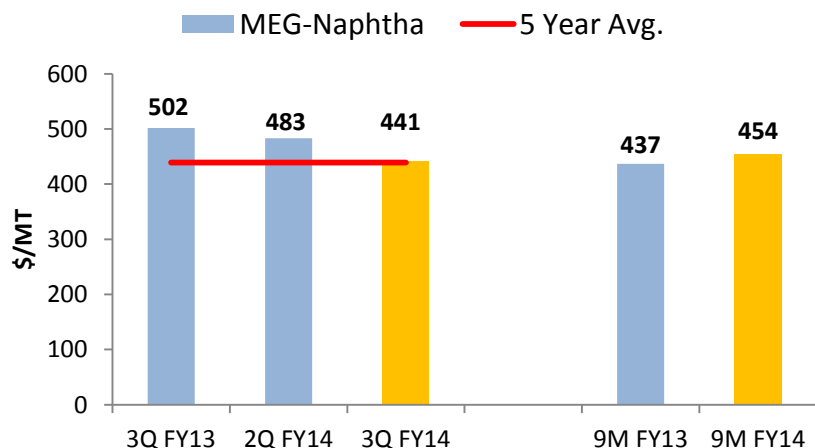
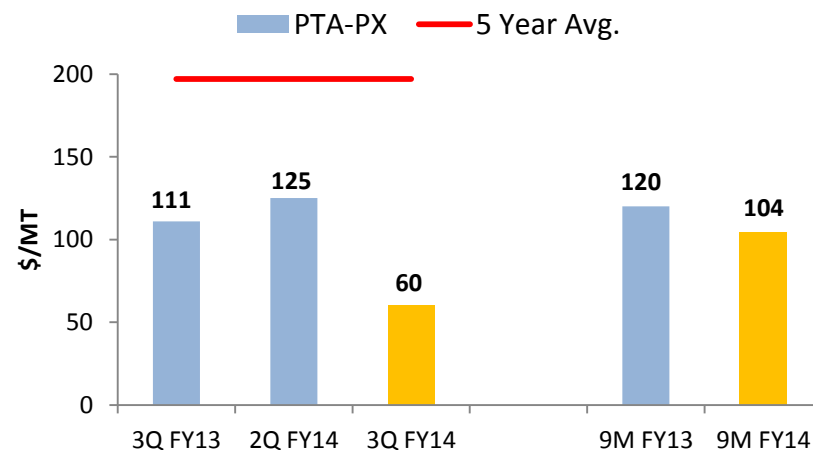
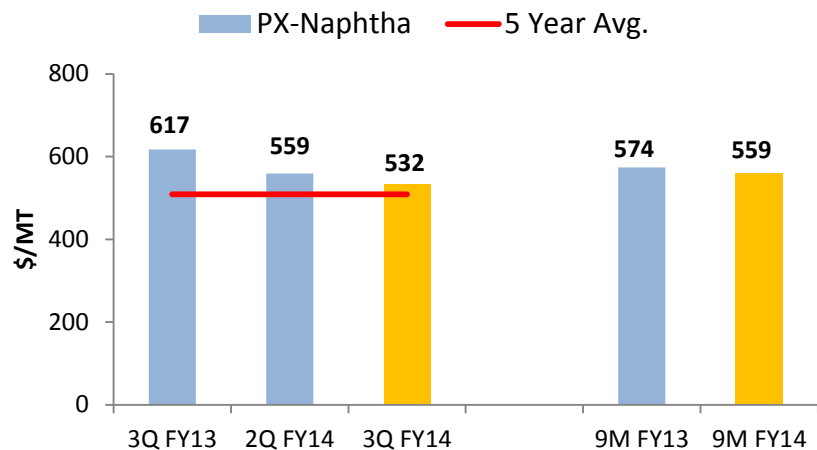
# Polyester Delta Scenario



- Stable to improving polyester deltas, though feedstock remained volatile
- PET delta improved due to strong Asian demand and festive season
  - PET Producers reduced operating rates to maintain market balance



# Fibre Intermediates Delta Scenario

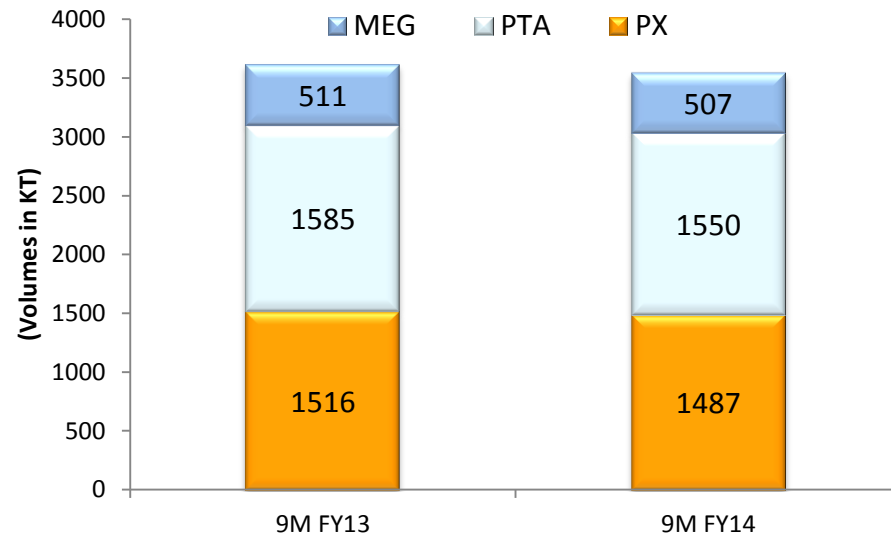
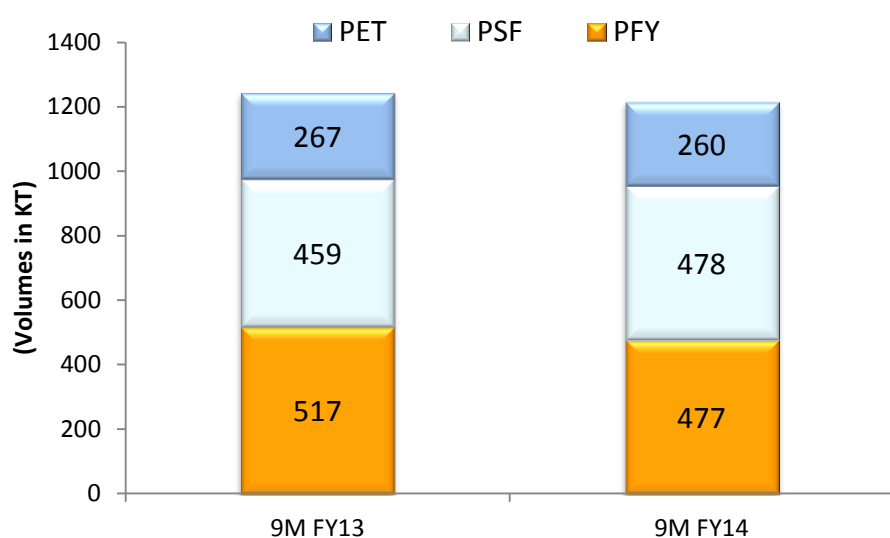


- Sharp fall in PTA margins in 3Q; producers continuing to reduce production
- PX margins softened due to reduced demand and strong naphtha prices
  - New PX plants start-up further delayed
- MEG margins continued to be healthy amidst balanced markets

# RIL Operational Highlights



## RIL Production



- Polyester production down 2% Y-o-Y due to planned shutdowns
- Lower FID production due to planned shutdown in PX and EO/MEG output optimization
- Filament yarn plant commissioned at Silvassa, full production expected by end of the current quarter

# Business Outlook



- Chinese holidays in the current quarter would likely keep market activities cautious
- PET demand expected to be firm owing to stocking for the impending consumption season
- Uncertainties over PX / PTA capacities to keep market unsettled
- MEG markets to stay healthy - market direction likely to be governed by the developments of new product processes
- Cotton planting likely to decline owing to the large global stocks, Chinese policies would continue to guide market



Reliance Retail

# 3Q Key Highlights

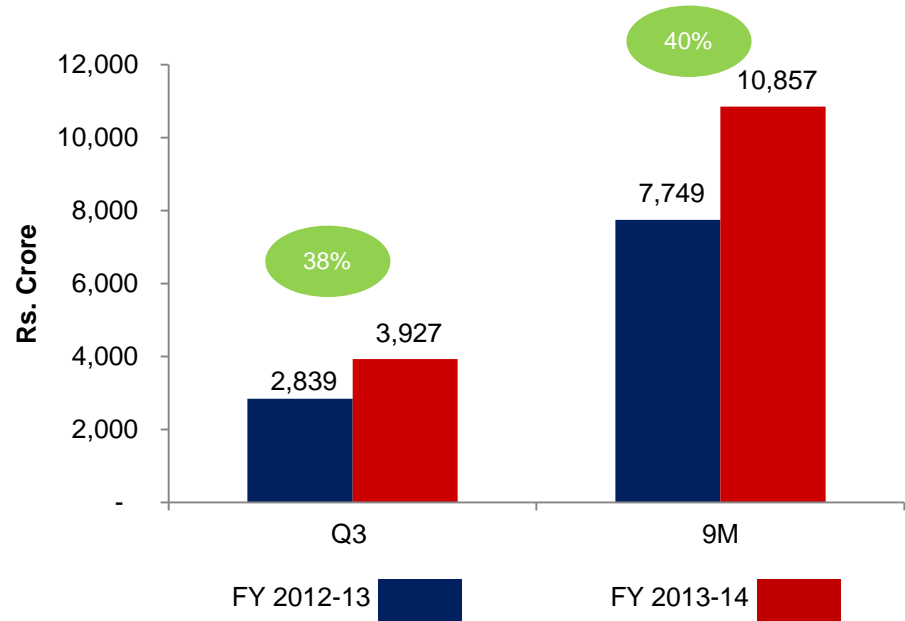


- Consecutive 3<sup>rd</sup> Quarter of robust Y-o-Y sales growth
- 3Q Turnover at ₹ 3,927 crore compared to ₹ 2,839 crore during the same period in the previous year, a growth of 38%
- Operates 1,577 stores across 141 cities, covering over 10.7 million sq. ft.
- Other Highlights:
  - Rapid expansion across formats – Gross additions of more than one store a day during 3Q
  - Digital sector achieved a distinction of crossing 200 stores
  - Reliance Market crossed a significant milestone of 1 million registered members
  - Discontinued the non-vegetarian food retail format, 'Delight'

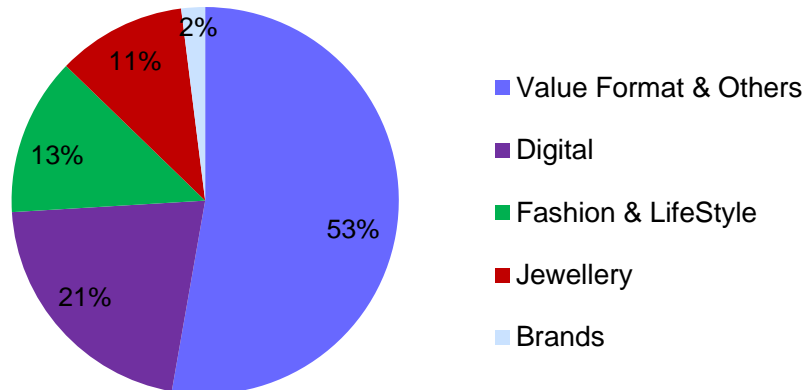
# Performance Overview



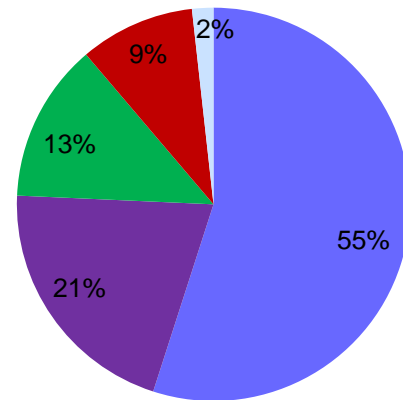
- Y-o-Y 9M FY14 turnover increased by 40% to ₹ 10,857 crore
- Y-o-Y 3Q FY14 turnover increased by 38% to ₹ 3,927 crore
- Retail business achieved PBDIT of ₹ 271 crore for 9M FY14 and ₹ 106 crore for 3Q FY14



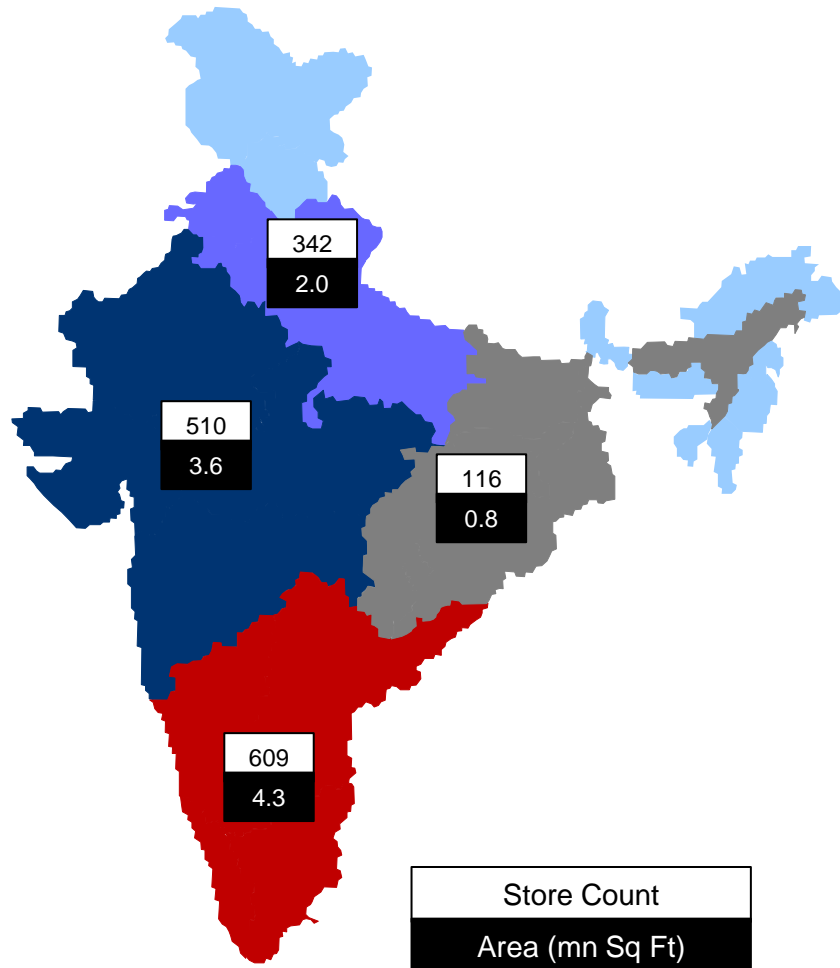
Revenue Mix - 3Q FY14



Revenue Mix - 9M FY14



# Pan-India Store Network



	Store Count*	Store Additions Q3 FY 14
Jewellery	54	-
Brands	95	5
Digital	212	32
Fashion & Lifestyle	508	37
Value and Others	708	(66)#
<b>Total Stores</b>	<b>1,577</b>	<b>8</b>

\*As on December 31, 2013

# Includes impact due to closure of Delight



## Sector Updates

- Value Format
- Digital
- Fashion & Lifestyle
- Jewellery
- Brands



# Sector Focus : Value Format



- Strengthening the market leadership position
  - Share of trade increased by 120 basis points as compared to last year. Increase registered across segments\*
- Achieved LFL growth of 11% YTD FY14
- Focus on Own Label products –
  - Own label participation of over 13%, from Home & Personal Care and Food Grocery
- Discontinued non-vegetarian food format, 'Delight' echoing consumer sentiments



**Reliance**fresh



**Reliance**Super



**Reliance**MART

# Sector Focus : Value Format – Cash & Carry



- Reliance Market – on the path to market leadership
- Presence in 15 cities and expanding
- Focus on Kirana and Horeca consumption sectors
  - Crossed a significant milestone of 1 million registered members
- Leveraging synergies within Value Format
- People, Processes & Systems focus to keep pace with the expansion plans



# Sector Focus : Digital



- Streamlined expansion capabilities
  - Crossed a milestone of 200 stores in the quarter
- Achieved LFL growth of 10% YTD FY14
- Focus on experiential concepts
  - “One Touch” experience zones
  - India’s first experience zone in store - around storage, wireless networking and cloud based solutions
- Committed to delivering quality service
  - Launched Digital Assist, a customer assist service for solutions
- Strengthened partnerships with leading brands
- Own label has contributed 3% to overall sales



# Sector Focus : Fashion & LifeStyle



- Addressing the fashion trends and preferences through a spectrum of 'value based' to 'aspiration based' formats
- Robust LFL growth in excess of 20% over consecutive three quarters
- Strong own brands portfolio contributed 66% of apparel sales, constantly raising the bar in providing the best value-fashion equation
- Strategic backward-integrated value chain interventions (fiber-yarn-fabric-garment) enabling product innovations and quality control
- Developing a 'state of the art' Apparel Design Studio & Sampling Unit work
- Entered into an exclusive franchise arrangement with Payless ShoeSource for India





# Fashion & LifeStyle – Marks & Spencer India



- Launched largest flagship store in Bandra, Mumbai
  - Debuts world-first Marks & Spencer Lingerie & Beauty department
  - Newer categories added to M&S India's product line up
- Improved local sourcing for greater relevance of products to consumers
- Going forward focus to be on –
  - Expanding to attractive secondary cities and clustering in primary cities
  - Capitalizing on growth opportunities across segments and channels



# Sector Focus : Jewellery



- Regulatory challenges in the Jewellery sector continued
- Scarcity from slowdown in gold imports leading to higher gold prices further affecting consumer demand
- Focussed on
  - Consolidating operations at existing stores
  - Introducing new product lines



# Sector Focus : Brands



- Launched the first of its kind multi brand discount store “The Tank” in Mumbai – a creative retail concept
- Focus on ecommerce initiatives with launch of [quiksilver.in](http://quiksilver.in) and [stevemadden.in](http://stevemadden.in)
- Consolidated the portfolio by opening new stores across brands
  - Total store count at 95 stores at the end of 3Q
- Continue to explore new opportunities for collaboration with leading international brands





## Summary



# Summary



- World-class quality of RIL's hydrocarbon business assets ensure industry-leading performance
- Superior refining configuration and ability to process advantaged crude help RIL to deliver creditable performance against a backdrop of declining regional benchmarks
- Organic growth initiative on track – new polyester facility is the first amongst a series of projects that will strengthen RIL's competitive position
- US shale investments continue to deliver strong growth and valuable insights into non-conventional energy play
- Progressive regulatory steps to make investment climate more conducive for domestic upstream business
- Retail business has established a pan-India footprint and is poised for multifold growth across segments

**RIL's strong balance sheet, financial flexibility and project execution capabilities to drive next phase of growth**



**Thank You**