

RPL achieves overall project progress of over 70%

Refinery project ahead of schedule

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Reliance Petroleum Limited ("RPL") has set a blistering pace on all implementation fronts and achieved over 70% overall progress in implementation of its large and complex refinery, coming up in a Special Economic Zone at Jamnagar. Based on the progress made till date, in the engineering, procurement and construction activities, RPL expects to complete the project ahead of December 2008.

During the quarter, project implementation gained further momentum and led to achievement of several significant milestones, including the following: Engineering efforts reached a close-out phase with over 97% cumulative progress so far. Overall procurement progress exceeded 92% during the quarter. Over 2500 equipments, including several critical, long lead equipments and over dimensional consignments (ODC) have already been delivered at site. Over 95% of project bulks have already been received at site. Civil works mostly completed; Construction resources at their peak. Installed over 1200 equipments leading to a dramatic change in skylines of project site. Sufficient site infrastructure mobilized to sustain equipment installation and fabrication works on fast track.

Engineering is nearing completion with all drawings for concreting, structural steel and underground piping and over 90% of electrical and instrumentation released for construction. This phenomenal engineering progress achieved within a short span of 22 months reflects the success of a massive team effort that involved over 7,500 engineers, who worked from several interconnected locations across the world.

Procurement progress has been equally impressive. Procurement and contracting for equipments, tagged items and bulk materials is now complete. There is a barrage of equipment deliveries at site, with over 1,000 equipments, including several critical and long lead heavy equipments delivered during the quarter alone. With this, over 50% of all equipments / tagged items required for the project have already been received at site. Nearly all the bulk materials, including pipes and fittings for the project as well as substantial part of electrical and instrumentation bulks have also been delivered at site.

The construction activities have also peaked with aggregate volume of concrete poured at the project site crossing the 1.5 million cubic meter mark during the quarter. Most of the civil work is complete. This has enabled structural steel / pipe erection and equipment installation activities to progress rapidly as well. Over 20% of equipments are installed and over 40% of project scope for pipe laying and erection is complete. Underground piping is nearing close-out. Nearly 75% of structural steel fabrication, 85% of tankage fabrication and over 60% of pipe fabrication work has also been completed.

Meanwhile, at the industry level, global refining fundamentals have strengthened further and promise exciting value creation opportunities for large and complex refiners. Keeping pace with strong economic growth, there is a robust growth in demand for transportation fuels worldwide, despite high crude oil prices. There is continuing shortage of global refining capacity since many

announced refineries are either delayed or cancelled due to schedule or capital cost concerns. Available crude oils are getting sourer and heavier and limited additions to global conversion capacity have widened light to heavy differentials. In keeping with the global concern on climate change and with an endeavour to improve quality of life for its citizens, environmental regulations in every country are getting more and more stringent. There is also a global shortage of quality talent for execution as well as for operations and maintenance. Reliance has strategically and carefully nurtured its talent to gain tremendous competitive advantage in this area. In the above context, the RPL project, designed around large scale, higher complexity, lower capital costs and faster schedule, would have a significant competitive advantage from day one.

Commenting on the project progress Mr Mukesh Ambani, Chairman of Reliance Petroleum said "*I would like to compliment the entire RPL team on the remarkable progress made so far and preparedness for the tasks ahead. The team is fully geared up and motivated to commission the refinery ahead of its initial schedule of December 2008. RPL is poised to create a new world record for project implementation in the refining sector*".

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