Reliance
Industries Limited

June 07, 2012

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

Scrip Code: **500325**
Fax No: **2272 3121 / 2272 2037**

National Stock Exchange of India Limited
Exchange Plaza
Plot No.C/1, G Block
Bandra Kurla Complex
Bandra East
Mumbai 400 051

Trading Symbol: **"RELIANCE EQ"**
Fax No: **2659 8348 / 2659 8237/38**

Dear Sirs,

Sub: Chairman's Statement

We forward herewith a copy of the Chairman's Statement delivered at the 38th Annual General Meeting of the Company held on Thursday, June 07, 2012 at 11.00 a.m. at Birla Matushri Sabhagar, 19 New Marine Lines, Mumbai 400 020 for your information and records.

Thanking you,

Yours faithfully,
For **Reliance Industries Limited**

K. Sethuraman
Group Company Secretary and
Chief Compliance Officer

Encl: As above.

Copy to:
The Luxembourg Stock Exchange
Societe de la Bourse de Luxembourg
SA-11, Avenue de la Porte – Neuve
BP-165, L – 2011
Luxembourg
Fax No.:00351 4590 2010

Partnering for India's New Future

CHAIRMAN'S STATEMENT

Thirty Eighth Annual General Meeting

Thursday, June 7, 2012



Reliance

Industries Limited

Growth is Life

3rd Floor, Maker Chambers IV, 222, Nariman Point, Mumbai 400 021

My Dear Shareowners,

It gives me great pleasure to welcome you to the 38th Annual General Meeting of Reliance Industries Limited.

The Company's accounts for the year ended March 31, 2012, along with the Directors' and Auditors' report, a Letter to the Shareholders, and Management's Discussions and Analysis, have already been circulated to you.

With your permission, I would like to take them as read.

1. Strategic Perspective

Dear Shareowners,

At the Annual General Meeting last year, I talked of transformation being at the top of the business agenda of Reliance.

Transformation at Reliance is about institutionalising the competencies and capabilities of our organisation and people, expanding the breadth and efficiency of our businesses and to create value for all our stakeholders.

Transformation at Reliance is to reinvent ourselves to take on the new challenges that lie ahead of us.

And to harness the tremendous opportunities on our continuous path of value creation.

In our transformation initiative, Reliance has spent more than six million man-hours of the best brains – both from Reliance and major global consultancies.

This transformation initiative will create a robust process-driven effective organisation that will attract and retain best talent with the objective of continuously outperforming its global peers.

This effort – in both scope and outcome is unique and unparalleled.

This further strengthens our ability to create continuous value across businesses for a long time.

Reliance continues on this path through strengthening our core businesses, investing for growth in India and building new businesses that meet the needs of our society.

Partnering with global leaders across all our businesses brings expertise, technology, products, brands and capital for growth.

Our partnership with BP is an example of this strategy to bring the best technology and capital to invest in the critical energy sector in India.

Our partnerships with leading global retail brands bring products that meet aspirations of our people.

And our partnerships with farmer organisations, under the auspices of the Reliance Foundation, seek to restore the pride of place for agriculture in India.

Partnerships will be an important feature of our future growth.

These partnerships are formed on the strong foundations of trust, of shared vision and strategic intent.

In my address today, I will be sharing with you insights on all these partnerships - vital for our growth and prosperity.

2. Global Economy and Reliance

Dear Shareowners,

The international business environment has become more challenging today than at any time in modern history.

We have seen two unprecedented economic shocks in the last five years with low growth and recession-like conditions in most major economies.

The business environment in the past year has been marked by exceptional volatility in input prices and margins across the chain.

Geopolitical changes leading to supply shortages and price dislocations added to the challenge of managing our businesses.

In spite of these adverse conditions, Reliance has grown stronger by expanding its asset base and significantly improving its financial position.

We have also improved our competitive position in our core businesses.

It is today among the most profitable companies in its sectors globally.

It has a consistent record of growth in earnings and dividend payout during this period.

3. Indian Economy and Reliance

Businesses of Reliance are equally influenced by developments in the Indian economy.

High rates of domestic inflation, adverse foreign exchange rate movements, continuing state subsidies for petroleum products and slowdown in rate of economic growth have had an impact on doing business in India.

Reliance however firmly believes in India's latent potential for economic growth, opportunities for investments and untapped entrepreneurial energies.

Reliance continues to be in the mindset of investing in India and in her future.

We believe that India is poised to be one of the growth engines of the global economy over the next decade.

Its demographics, talent pool and a democratic society give it a unique position among emerging countries globally.

Reliance has always been an integral part of India's growth.

Our investments in the Petrochemicals business, Upstream Oil and Refining business will meet India's growing needs.

Through our investments in organised retail, we will create employment opportunities in significant numbers, both in urban and rural areas.

Our digital services business will revolutionise the lives of millions of Indians by giving them access and opportunities.

These new investments, on the back of a robust balance sheet, will create new waves of growth and value for Reliance.

4. Business and Financial Performance

Dear Shareowners,

As we enter our thirty fifth year since our IPO, it is an appropriate moment to look back at our achievements.

Reliance has a unique track record of organic growth and value creation since it became a public company 34 years ago.

This accomplishment has very few parallels among industrial companies globally.

For its large family of shareholders, we have created value by consistent profitable growth and continuous investment in business opportunities.

Rs. 1,000 invested at the time of IPO in Reliance in 1977-78 has grown to Rs. 7.78 lakhs at a CAGR of 21.6%.

In this period our revenues have grown 27% year on year on a compounded basis.

The company's profits have grown 29% year on year on a compounded basis.

I am pleased to report another year of record performance by the company, despite the tough global and Indian economic operating environment.

For the year under review, Reliance recorded its highest ever revenues of Rs. 339,792 crore (USD 66.8 billion), a growth of 31% over the previous year.

We exported Rs. 208,042 crore (USD 40.9 billion) worth of products to over 100 countries.

This was the highest ever exports achieved with an increase of 42% over the previous year.

The volatility in crude prices, subdued margin outlook for transportation fuels as well as petrochemicals and lower than anticipated production from the KG D6 block resulted in profits remaining at the same level as last year.

We have recommended the highest ever dividend payout in the history of the company – Rs. 2,941 crore.

The Board of the company has also approved the largest ever buyback of its shares, to date, in India's corporate history by setting aside upto Rs.10,440 crore for this purpose.

We have, to date, bought back 2.7 crore shares at a cost of Rs.1,929 crore – this represents 22.5 % of the cap set by the Board in terms of number of shares.

The buyback represents highly accretive use of cash by the company.

It will supplement earnings growth from operations, for higher EPS, in the near future.

We are also reinvesting our cash flows at accelerated pace in new projects and new businesses.

These will bear fruition and growth in earnings over the next few years.

5. Petrochemicals

Dear Shareholders,

Our Petrochemicals business is the foundation of our growth over the past 34 yrs.

The products from this business touch the life of all of us in many ways.

Beginning from commodities like synthetic fibers and plastic raw materials, your company today also manufactures surfactants, elastomers, intermediates and several other value added chemicals.

We have a very competitive low cost position, diversified product portfolio and amongst the best margins in the industry.

We enjoy global rankings in each of the major products that we produce.

Our current capacity of petrochemicals is 15 million tonnes spread over 10 manufacturing locations in India.

We enjoy the trust of over 20000 customers in over 90 countries.

We have an extensive distribution network with nearly 50 warehouses and 300 channel partners.

Increasing urbanisation, rising aspirations of Indian consumers and their higher disposable income have led to transition of petrochemicals from "need to have" products to "nice to have" products.

This will create new and sustainable demand for products particularly plastics, fibres and chemicals in the areas of agriculture, housing, retailing, infrastructure, apparels and automobiles.

Integration with the refinery at Jamnagar provides us with a unique advantage in sourcing feedstock for further value addition into petrochemicals.

Reliance has embarked on several projects to take full advantage of the feedstock integration and the domestic growth opportunity.

These include setting up of a gas cracker at Jamnagar which will be amongst the largest in the world, a world scale 1.8 million tonnes of PX plant, doubling the PTA capacity to 4.3 million tonnes and expanding polyester portfolio by 1.5 million tonnes.

Implementation of all our projects has begun in full earnest and we expect to see production from newly commissioned projects in phases starting from 12 months to 36 months from today.

Apart from consolidating our leadership positions in the existing portfolio in petrochemicals, we are building a new global scale business in elastomers.

India is fast becoming a hub for automobile production in this part of the world.

This creates significant demand for products that are used in the manufacture of tyres and automobile accessories.

The elastomers business will seek to supply to this rapidly growing market.

We are building capacity across the full range of synthetic rubbers at Hazira and Jamnagar.

These would be world scale capacities and will position our company as the largest producer in India and among the top 15 elastomer producers globally.

In addition to the elastomers portfolio, we are also building an acetyls portfolio to cater to the rapidly growing coatings, adhesives and paint markets in India.

These projects will increase our petrochemicals capacity from the current 15 million tonnes to 25 million tonnes and will transform our portfolio to include value added products and higher margin specialities.

Our aspiration is to be among the five largest and most profitable petrochemicals producers globally with a diversified portfolio focused on the Indian market.

6. Petroleum Refining and Marketing

Dear Shareowners,

Let me turn to the Refining and Marketing business.

The Refining industry experienced one of its most difficult years in 2011.

The geopolitical upheavals in the Middle East, the massive earthquake in Japan and financial instability in Europe combined to create a very difficult operating environment.

Reliance operated exceptionally well in this environment, operating at 109 % of capacity.

Reliance achieved its highest ever level of crude throughput and processed 67.6 million tonnes of crude during the year.

Our refining business has by far the best assets that have been built anywhere in the world in the past two decades.

As you all know Reliance operates the largest refinery system at one location with integrated logistics.

Jamnagar is today the leading global hub in this industry with over 1.3 million barrels per day of crude throughput.

Reliance meets almost 2% of the transportation fuels demand globally every day.

Our refining margin, in excess of US$ 8 per barrel, was among the highest in the world.

We continue to improve our business in every way.

We sourced 8 new crudes to enhance margins.

We produced ultra clean fuels to supply to transportation industry globally.

We are an important supplier to domestic oil companies and the domestic aviation sector.

We invested in efficient improvements and de-bottlenecking and we strengthened our partnerships with major crude suppliers as well as customers for mutual benefit.

We are aggressively pursuing partnership opportunities for feedstock that will enhance and sustain our margins.

We are making a major investment to further strengthen the competitiveness of our refinery business.

We are building the largest gasification facility in the world to convert Petroleum coke to Synthetic Gas which will be used as feedstock and fuel at our integrated Jamnagar complex.

This project will not only add value to our refining business but also provide competitive fuel and reduce volatility of earnings.

This investment, at this scale, is path breaking in the refining industry.

It is our target that this will add 30 to 40% to the integrated Jamnagar complex margins within the next three years.

7. Oil and Gas Exploration and Production

Dear Shareowners,

I would now come to the Oil and Gas business.

The year saw the Government of India approve a landmark deal between Reliance and BP representing the largest ever foreign investment in the domestic hydrocarbon sector.

BP acquired 30% participating interest in 21 Oil and Gas blocks including the currently producing KG D6 block.

In over three years of uninterrupted and incident free operations, our KG D6 block has already supplied more than 1.8 trillion cubic feet of natural gas and more than 19 million barrels of crude oil to various consumers in the country.

Ten years since its discovery, the KG D6 still remains India's first and only producing deep water development project.

And like similar projects elsewhere, it has not been without its unique set of geological challenges.

The reserves from the existing D1 D3 field have proved far more difficult to produce than anticipated.

We have experienced some disappointment with the reserves and consequently seen production drop below the originally estimated quantities.

Today RIL and BP teams are working closely to understand the complex geology of this Block.

We are chalking out an exploration and development campaign that will efficiently target high quality prospects in the deeper zones and also optimise existing as well as future development plans.

We are well on the way to creating a pipeline of projects for our next wave of oil and gas development projects which would include R series discoveries and all the satellite discoveries.

Subject to receiving the requisite approvals, we hope to add around 30 mmscmd of additional production through the new wave of planned developments.

We are all set to proceed with the development of two coal bed methane blocks in Sohagpur, Madhya Pradesh.

If approvals and clearances come as planned, we are hoping to target these additional quantities of gas by 2015.

We are targeting to achieve, in the next three to four years, a total production of 60 mmscmd gas for a sustained period.

Government and regulatory approvals are key to achieving this and we hope these will be granted soon.

Our domestic Oil and Gas portfolio remains a key strategic asset for Reliance, its partners and India.

We are confident about its enormous value from a medium term perspective which will eventually benefit all the stakeholders.

8. International Oil and Gas

Dear Shareowners,

Reliance made significant investments in the emerging and exciting resource base of Shale Gas in USA.

We entered into three Joint Ventures two years ago to build a new business.

The Shale Gas industry is now recognised as a game changer.

Its growth has the potential of making North America substantially reduce its dependence on external sources of energy in less than a decade.

All our three Joint Ventures are now operational and we are selling into competitive markets of Pennsylvania and Texas.

Our total investment in the Shale Gas now exceeds US$ 3.5 bn.

We are among the largest foreign investors in this business in this new exciting area.

The net resources of Reliance from these JVs are estimated at around 10 tcf.

The net sales from these JVs are expected to increase ten-fold to nearly 300 bcfe in the next five years.

We are working with our partners and improving our business model to accelerate earnings and achieve top quartile return on capital.

The Shale Gas business will soon become a significant part of our E&P portfolio and is a major area of investment over the next 3 to 5 years.

9. Organised Retail

Dear Shareowners,

Reliance Retail opened its first set of stores about five years ago.

The vision was to radically change the way consumers bought goods and services to address their diverse consumption needs.

The mission was also to create a robust producer-to-consumer value chain.

And in the process, create sustainable value for all stakeholders.

This initiative has now grown into a 1300 store business spanning 18 states.

It is a business in which we have attained clear leadership position within a short period while competing with more older established players in each of the markets that we participate.

We have created new employment opportunities for over 50,000 people – around 25,000 of them are directly employed by us.

In the past year we have opened new stores across all formats – in our value formats, Reliance Fresh, Reliance Super and Reliance Mart, and in speciality formats, like Reliance Digital, Reliance Trends and Reliance Footprint.

We have the largest loyalty customer base of over 90 lakh people who visit our stores and buy from us regularly.

Each week, we have over 30 lakh people shop in our stores.

I am confident that we will have over 1 crore people shopping with us each week in the next three to four years.

In the past year we have consolidated our position as the largest food retailer in the country.

We engage with 70 lakh farmers and procure fresh produce and milk from them.

In apparel retailing we have established the largest chain of stores in the country.

We provide an attractive mix of fashion and comfort at affordable prices.

In Digital retailing we achieved several milestones in the past year.

We tripled the number of stores, expanded product offerings and are the fastest growing Digital retailer in the country.

Through our newest format, Reliance Market, we are creating a partnership framework with the Kiranas and other small shopkeepers.

This partnership leverages our supply chain, large assortment of products, sourcing capability and ability to supply at competitive prices.

Our first Reliance Market store operates in Ahmedabad on this partnership model.

By scaling up this format, we will be the supplier of choice to a very large number of small retailers.

Reliance is fulfilling the vision of creating an inclusive growth framework by forging enduring bonds between millions of farmers, consumers and small retailers.

Dear Shareowners,

We have strengthened our portfolio of global brands through several additional partnerships.

We have entered into partnerships with International brands like Brooks Brothers, Iconix, Kenneth Cole, Quicksilver, Roxy, Steve Madden and Thomas Pink.

We have built a sustainable growth model for our retail business.

We will continue to invest in partnerships with producers, consumers and brands to significantly expand our stores and offerings across the country.

In a short span of time, Reliance Retail has achieved revenues of over Rs. 7,600 crore.

We wish to position Reliance Retail as India's favourite retailer and undisputed market leader with focused business interests.

We are investing aggressively in this business to consolidate and strengthen our leadership position in this sector.

We are targeting a growth of five to six times in existing revenues and achieve Rs. 40,000 to 50,000 crore over the next three to four years.

With scale, supply chain integration and continuous learning, we expect this business to be profitable within the same time period and achieve a satisfactory return on capital.

Reliance Retail will be one of our important growth engines in the next few years and will have amongst the highest growth rates and earnings potential.

10. Broadband Wireless Access

Dear Shareowners,

India has a unique opportunity to leapfrog the world and become a global leader in delivery of digital content, applications and services.

Reliance has a unique green-field opportunity to create a state-of-the art digital services platform, without being constrained by any legacy issues.

Our vision is to help develop the hard, soft and social infrastructure needed to create an integrated digital services business model.

The digital services ecosystem goes beyond network and devices, and focusses on what is important to customers - tangible solutions, always-on services and reliable support.

Reliance plans to provide end-to-end solutions that address the complete digital value chain across various digital services.

We are working on building the requisite parts of this customers' experience.

We plan to provide an ever growing range of digital services in key domains of national interest such as education, healthcare, security, financial services, government-citizen interfaces and entertainment.

We are confident that in coming years, Reliance's digital services would fundamentally change the lives of hundreds of millions of ordinary Indians.

We are currently finalising our plans to offer services on a nation-wide basis and will be happy to report our progress in the coming years.

This initiative will be an additional and significant value creator for Reliance and our shareholders.

11. Reliance Foundation

Dear Shareowners,

The Reliance Foundation is a not for profit professional organisation addressing some of India's most pressing developmental challenges.

Agriculture is the primary source of livelihood for more than 60% per cent of India's population which lives in rural areas, and therefore is among the most important developmental challenges.

I had spoken to you about the launch of Reliance bij – Bharat India Jodo - last year.

I am happy to say that Reliance bij has made considerable progress.

Reliance bij now operates in over 350 villages in nine states of Andhra Pradesh, Chhattisgarh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan and Tamil Nadu.

Reliance bij provides support to small and marginal farmers by focusing on institution and capacity building.

It enables the setting up of farmer's associations and producer companies and assists them to source inputs, gain technical assistance and market their produce and above all to provide the marginal farmer a reasonable income on a sustainable basis.

Today, we provide education to over 15,000 children across 12 schools.

Reliance Foundation continues to work on developing a world-class, multi-disciplinary university in Maharashtra, subject to regulatory approvals.

In the area of healthcare, we are revamping and creating a world-class, tertiary-care hospital in Mumbai, which will be open to public this financial year.

Our plans in promotion of art, culture and heritage and urban renewal are under development, and I will report the progress in the coming years.

Reliance Foundation is well on its way to make an impact and in the process, transform the lives of millions through partnerships with other institutions and by creating differentiated delivery platforms.

12. Value Creation Roadmap

Dear Shareowners,

The evolution of Reliance as a successful public company has been possible by investing in new businesses of scale approximately every five years.

This period corresponds to the investment cycle for world-class projects in the energy chain.

We are now ready for the next period of growth at Reliance by investing across all our core businesses in new capacity and margin improvement projects.

In our energy businesses Reliance will extend its traditional India-centric vertical integration to a global partnership model.

Access to feedstock is a critical element of our future growth.

We will seek partnerships and investment in feedstock opportunities that reduce risk and improve margins for our businesses.

We will also seek partnerships and make investments with businesses that provide us competitive access to international markets.

Though each of these businesses is linked to the international margin environment, our proven de-risked model of scale, integration, competitive costs and access to markets; will provide us industry leading margins.

We are committed to maintaining a similar growth path over the next decade as we have done in the past.

Our consumer businesses are going to provide a second dimension to our growth strategy.

We will build on our position as the leading retailer in India.

The execution of this business plan will benefit the India's kisans and consumers and create new value for our stakeholders.

We also have the opportunity to create a brand new world-class digital services business to provide services and experiences to the Indian consumer.

The consumer businesses offer a new value platform and will form a significant part of your company's value in less than a decade.

We will invest nearly Rs. 1 lakh crore over the next five years in India to build a stronger and more diversified Reliance.

We can achieve this growth while maintaining our financial strength.

I have set myself the target to double the operating profit of your company in about five years.

13. India's New Future

Dear Shareowners,

The theme I have chosen for my statement at this year's AGM is 'Partnering for India's New Future'.

Since its inception, Reliance has always aligned its own growth to India's growth as a strong, prosperous and self-confident nation.

Our Founder, Shri Dhirubhai Ambani, had faith and confidence in India's Growth Story long before the phrase became popular in domestic and international business circles.

Both India and Reliance have since come a long way.

The journey ahead is even longer – and, I assure you, it is going to be far more exciting and rewarding.

The current difficulties faced by the Indian economy are temporary.

I have full confidence in India's fundamental resilience to overcome these difficulties and emerge stronger.

A New Future is beckoning India.

With your support and blessings, dear Shareholders, Reliance, with its new strategy of partnerships, will contribute even more decisively to India's New Future.

14. Acknowledgements

With these words, I would like to take this opportunity to thank the Central and State Governments, the Governments of all the countries that we operate in, shareholders, investors, bankers, financial institutions, lenders, suppliers and customers for their strong and unflinching support.

I thank all my colleagues on the Board for their resolute support and consistent encouragement.

Finally, I will like to acknowledge the commitment and dedication of the world-class Reliance talent in sustaining and strengthening a truly world-class business enterprise.

Thank you.

Mumbai
June 7, 2012

Mukesh D. Ambani
Chairman and Managing Director