Dear Shareowners,

It gives me great pleasure to welcome you all to the 31st Annual General Meeting of Reliance Industries Ltd.

The Company's accounts for the year ended March 31, 2005, along with the Directors' and Auditors' report, a Letter to Shareholders and Management Discussion and Analysis, have already been circulated to you.

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

1. Introduction

For me, the Annual General Meeting is an event of great sanctity.

It marks the confluence of our achievements and aspirations.

Year after year, our large family of shareholders renew their faith in Reliance as a vibrant economic powerhouse.

This has made Reliance a globally recognized symbol of India's unstoppable march as an economic superpower.

Our AGM is an occasion to reaffirm our faith in the abiding principles and core values of the Reliance tradition.

The essence of this tradition is simple and inherent in our corporate genes.

- A tradition of furthering shareholders' interest

- A tradition of making Reliance an instrument of building a strong, prosperous India, and

- A tradition of bringing well-being and prosperity to millions of people

Today, I speak to you, once again, with a deep and steadfast commitment to preserving this tradition.

Our continuous commitment to value creation for you is the core of this tradition.

Reliance is firmly moving ahead on the same path with conviction and confidence.

In fact, the opportunities that beckon us in the future are even greater.

And in relation to Indian GDP growth rates, core businesses of RIL are growing at a higher pace; consistently and rapidly.
This trend, I believe, will continue to gather speed.

There are several eloquent indicators.

With greater economic clout, India's profile in the international arena is rising.

India and its business leaders are increasingly gaining respect and recognition on the global stage.

The recent historic visit of our Prime Minister to the United States underlines this new reality.

The creation of an Indo-US CEOs Forum is a major initiative in our efforts to enhance economic cooperation between India and USA.

My participation in the Forum is recognition of the important place of RIL in India's exciting growth story.

This story is gathering unstoppable momentum.

And, it will translate into a large set of new opportunities, within India and across the globe.

RIL is well positioned to take advantage of this rapidly expanding sphere of growing opportunities.

Because, RIL is India's largest private sector business enterprise.

And, it is on the way to becoming a large global enterprise.

Here are some expressive indicators:

- RIL has been ranked as amongst the top 25 climbers in the Fortune Global 500 list in terms of growth

- On sales, RIL has progressed from the rank of 482 to 417 - a rise of 65 places in just one year

- On net profits, RIL is currently ranked at 183 as against 189 last year

- RIL has also grown in terms of assets and net worth in the Fortune Global 500 list

In view of its inherent strengths, I see an exciting future for RIL.

And I pledge to work with all of you with unwavering dedication, to take Reliance to an expansive future and exciting frontiers.
2. Unlocking Shareholder Value

Dear Shareholders,

This AGM is a major milestone in the forward march of RIL.

It marks a new strategic move to unlock enormous value for our shareholders.

It seeks to take RIL forward into a trajectory of exponential growth.

The Board has approved, in-principle, a reorganization of RIL’s businesses.

The proposed reorganization is in harmony with the exciting saga of evolution of RIL.

RIL has evolved and grown by fostering new opportunities.

Each new opportunity was funded and nurtured by RIL and brought to stature.

We nourish an initiative, make it profitable, create value for RIL shareholders, encourage it to stand on its feet and realize its full potential.

RIL has been like a parent, who raises a child with great care, empowers it, and then encourages it to go ahead and face the world.

RIL did this in the eighties and nineties, in the core areas of petrochemicals, petroleum refining and oil and gas exploration & production.

In this manner, RIL moved forward from being a textiles manufacturer to earning a place in the league of global materials and energy majors.

In the recent past, we built an impressive position in some important sectors.

These include:

- Power generation and distribution
- Financial services and
- Telecommunication services

Each of these businesses is in a different stage of maturity and has different risk profiles.

They address diverse customer segments.

The Board has now proposed to de-merge from RIL the power, financial services and telecommunication
services businesses.

I would like to take you into confidence about the broad principles of this de-merger scheme.

RIL's holdings and interests in these businesses would be de-merged into separate entities.

RIL shareholders would be entitled to equity shares in these entities, in the same proportion of their equity holdings in RIL.

For example, if you have 100 shares in RIL, you will, in addition to your shares in RIL, get shares in each entity equivalent to RIL’s shareholding in these businesses.

Such a scheme of de-merger would help focus management attention to the specific needs of each growing business.

As far as the infocomm business is concerned, RIL held convertible preference shares in Reliance Infocomm worth Rs. 8,100 crore (US$ 1,840 million).

RIL decided to exercise the option of converting preference shares of Reliance Infocomm Limited to equity shares of face value of Re 1 each at a price of Rs. 32 per share.

RIL thus effectively holds 66% of Reliance Infocomm Limited.

This represents a significant value for RIL shareholders.

Each of the de-merged business undertakings has enormous growth potential.

This has already been highlighted by Reliance Infocomm's spectacular achievements in a very short period.

India's high growth prospects promise tremendous opportunities in the power generation and distribution businesses.

The same is true of the financial services sector.

These businesses would demand tremendous leadership and management focus.

I am happy to say that my younger brother, Anil, has taken the mantle of leadership of these de-merged business undertakings.

All of us admire his drive and energy.

This will be a source of great strength for the businesses under his leadership.

I wish him and his talented team every success in realizing the enormous growth opportunities in these sectors.

Both of us will have the opportunity of serving all shareholders with enthusiasm and dedication.
And thereby create multi-fold value for shareholders, in keeping with the Reliance tradition.

RIL has appointed CRISIL, Deloitte Haskins & Sells, Amarchand Mangaldas & Suresh A. Shroff & Co. and JM Morgan Stanley to assist in working out the details of the de-merger.

Once the detailed proposal is approved by the Board, we will meet once again for your approval as part of the court-determined process.

I am aware that, as shareholders, you would like to know the impact of the proposed de-merger.

Therefore, I would like to brief you on the implication of the scheme.

I am happy to inform you that the proposed business reorganization would lead to a significant unlocking of shareholder value.

It would preserve the fundamental character of your Company.

RIL is recognized the world over for its unmatched capacity to identify emerging opportunities, conceptualize businesses and execute them with the highest level of efficiency.

These capabilities of RIL, which are critical to delivering value to shareholders, would remain fully intact.

The Board of Directors of RIL has acted with considerable foresight and far-sight in arriving at this in-principle scheme of de-merger and unlocking of shareholder value.

I am grateful to the Board:

- For their commitment and support in maintaining the integrity of RIL
- For their wisdom and experience to convert challenges into creative and constructive opportunities
- And for showing us the way to unlock shareholder value. This has been done in a manner that will equally benefit all classes of RIL shareholders - whether promoters, institutional investors, corporate investors or small shareholders

The Board of Directors of RIL is committed to ensure that all shareholders receive equal treatment, without any discrimination or preference.

And this process will be transparent and in accordance with the highest norms of corporate governance and applicable law.
3. Performance

Dear Shareowners,

Last year, I was pleased to report how RIL became the first Indian private sector company to register over one billion US dollars in net profit.

I said that it was an important landmark for RIL in its passage to global leadership.

But today, I would like to say how we have gone much beyond that figure.

I am happy to report that RIL recorded a net profit of US$ 1.73 billion (Rs. 7,572 crore); an increase of 46%.

This was on the back of a turnover rise of 30% to Rs. 73,164 crore (US$ 16,725 million).

It was yet another year of sustained high growth on virtually all major parameters.

RIL continued to make rapid strides in global markets.

Exports increased by 71% to Rs. 25,532 crore (US$ 5,837 million).

The export footprint currently touches 101 countries.

We have reached out to eight more countries this year.

Now it also pervades all business segments of RIL.

More importantly, exports today constitute almost one-third of RIL revenues.

It contributes significantly to the making of RIL's global character.

In the current year, Reliance continues to fare impressively, with resilience in energy and petrochemical markets.

In the first quarter of this financial year, RIL has recorded a 26% increase in turnover to Rs. 19,884 crore (US$ 4,569 million).

More importantly, net profits after tax have risen by 61% to Rs. 2,310 crore (US$ 531 million).

And exports have grown by 40% to Rs. 7,144 crore (US$ 1,642 million).

I am confident that we will continue to perform and progress strongly.

4. Polyester

Dear Shareholders,
Polyester has always been the first call for RIL in its passage to global leadership.

The acquisition of Trevira Fibres, Germany, last year, put RIL in the global league.

It made RIL the largest polyester fibre and yarn producer in the world.

It also placed RIL as the largest differentiated and specialty polyester fibre and yarn producer in the world.

RIL is building on this position through a strategy of:

- New capacities for value-added differentiated polyesters and
- Greater innovation

There is a discernible shift from apparel to non-apparel and high value segments for home textiles and industrial uses.

**Consistent with this opportunity, RIL will be increasing its polyester manufacturing capacity by 550,000 tonnes per year this financial year.**

**This would take RIL’s total polyester capacity to 2 million tonnes per year.**

This capacity increase would address value-added differentiated polyesters such as microfilaments, pre-coloured and heavy denier yarns.

It would enable RIL benefit from expanding market opportunities.

Abolition of textile quotas from January 2005, increasing demand for textiles and availability of government incentives for the textile industry will fuel this expansion.

RIL continues to invest significant amounts on R&D in the polyester sector.

Reliance Technology Center, Reliance Testing Centre and Reliance Fibre Application Centre, instituted by RIL, are bringing about innovative products for the textile industry.

They are building on a portfolio of about 120 global patents in the polyester domain.

Commensurate with its expansion in polyesters, RIL will be adding to polyester fibre intermediate manufacturing capacities.

**A new world-scale Purified Terephthalic Acid plant is planned at Hazira with a capacity of 630,000 tonnes per year and scheduled for completion next year.**
This would take RIL's total PTA capacity to 1.9 million tonnes.

These capacity expansions would further consolidate RIL's global leadership in polyester and polyester intermediates.

5. Petrochemicals

RIL is also striving to take the petrochemical business to the top league in the global arena.

Till recently, RIL concentrated on building this business in an organic manner.

RIL has supplemented this with the acquisitions of IPCL, NOCIL and SM Dyechem.

RIL has demonstrated its capability to seamlessly integrate acquisitions.

The IPCL acquisition is a case in point.

IPCL achieved a dramatic seven-fold increase in net profits to Rs. 786 crore (US$ 180 million) over the last three years.

The net profit of Rs. 786 crore (US$ 180 million) was the highest ever in the history of IPCL.

This was possible due to a single-minded focus on enhancing capital, operating and labour productivity.

The NOCIL petrochemical complex and SM Dyechem's MEG plant, acquired by RIL, are also following in a similar vein.

RIL will continue to evaluate opportunities for acquisitions in the petrochemicals domain.

Concurrently, it will go ahead with new in-house investments on a significant scale.

A new butadiene facility with a capacity of 140,000 tonnes was completed and the plant commenced production in June 2005.

A new plant to manufacture Polypropylene at Jamnagar is being added.

This will entail a capacity addition of 280,000 tonnes per year and take Polypropylene capacity to 1.43 million tonnes per year.

I am pleased to inform you that RIL was awarded the 'Petrochemical Company of the year 2004' by Platts Global Energy in recognition of its core petrochemical strengths.

This is a creditable achievement indeed.
It signals the growing recognition of RIL in the global league.

6. Petroleum Refining and Marketing

The petroleum refining and retailing business is the third call in RIL's agenda.

It represents an enormous global opportunity for RIL.

RIL started with a capacity of 540,000 barrels per day of crude throughput.

It was large by world standards.

Thousands of RIL employees worked ceaselessly.

They built the world's largest greenfield petroleum refinery at Jamnagar in a record time and operated it to world-class standards.

Their endeavour has won global acclaim.

I am delighted to say that RIL was conferred the '2004 International Refiner of the Year Award' by Hart Energy Publishing LP.

This is a rare distinction.

Because RIL is the first Asian company to attain this recognition in the Award's twenty-year history.

During the year, RIL also crossed a major landmark - cumulatively processing one billion barrels.

It gives us great satisfaction that RIL's investment in this refinery has come to fruition.

It has given us the confidence to build upon this success.

RIL is implementing a well-thought out two-fold strategy to create new value.

First, RIL is strengthening the business on the petroleum retailing side.

And second, it is looking at enlarging both the capacity and global play.

Today, RIL operates 550 petroleum retail outlets across the country.

These outlets compete on the basis of a differentiation strategy hinging on technology and superior customer experience.

The differentiation frame is characterized by:
• Real-time connectivity for better systems management

• Hand-held computers for speedy and accurate dispensing of fuels, and

• Automatic tank gauging and enroute tracking of tank lorries for better supply and logistics management

• a card based fleet program for fleet owners to cover enroute purchase control

• real time vehicle tracking

• emergency services and

• two-way communication between owner and driver

Superior customer experience comes through these and other special factors.

In fact, the Indian consumer has already recognized the value proposition offered by RIL in petroleum retailing.

**Customer response has been uniformly excellent and gratifying.**

**As a result, RIL’s throughput per pump is about four times the petroleum retailing industry average.**

Petroleum retailing thus brings about a strong services component to RIL’s business.

More importantly, it creates nodes for new synergistic growth opportunities for RIL.

7. **Exploration and Production**

A global-scale, world-class, petroleum refining and retailing business, combined with sizeable oil and gas assets, enables RIL to chart a new course.

A path towards being a global energy major, while addressing India’s energy security needs.

By building a formidable position in exploration and production of oil and gas, RIL will play a significant role in supplementing national efforts for energy security.

Global thirst for energy is incessant.

Developing countries are scaling up on economic growth and quality of life.
Consequently, opportunities in hydrocarbon markets are enormous.

RIL holds 90% participating interest in two of the most prospective exploration blocks in the country in Krishna-Godavari (KG) and North Eastern Coast (NEC) Basins.

These two blocks are part of twenty-nine exploration blocks, which cover an area of about 290,000 square kilometers, located mostly off-shore on the east and west coast of India.

**RIL has also won five exploration blocks, covering an area of 51,000 square kilometers, under the recently concluded fifth round of the New Exploration Licensing Policy of the Government of India.**

These blocks have high prospects and would give a fillip to RIL's exploration and production initiative.

In addition, RIL took strides globally, with one exploration block each in Oman and Yemen.

We are also pursuing other global exploration and production opportunities aggressively.

**RIL has one of the most aggressive exploration programmes in deep waters in the world, with two-thirds of its acreage in deep waters.**

We have committed sizeable expenditures on exploratory drilling, particularly in deep waters, over the next two to three years.

This will result into substantial new hydrocarbon discoveries and proven new reserves.

Exploration and production of oil and gas has the potential to be a significant business of RIL.

I am pleased to say that we are making rapid progress on all these fronts.

We have made 21 discoveries out of the 28 exploratory wells drilled so far - a prolific success rate of 75% that is comparable to the best in the world.

Five more wells were drilled in the KG D6 block, since I spoke to you last.

These wells have resulted in finding two new gas bearing geological plays, which have greatly increased the gas potential of this block.

While we strive to accrue new exploration blocks and reserves, we are also focusing on monetizing the discoveries.

The Directorate General of Hydrocarbons has approved the development plan for the KG D6 block.

We are targeting completion of development in 2008-09 and the first full year of commercial production in 2009-10.

We have identified several customers.
In the first phase, we will have 40 million cubic metres per day of gas production.

This can be stepped up in subsequent phases.

The three oil discoveries in an onshore block in Yemen are on a fast-track course for development.

We expect this field to be on production by the end of this year, with an estimated initial flow rate of about 5,000 to 8,000 barrels of oil per day.

Last year, I talked about seven information wells being drilled in coal bed methane.

Since then, we have drilled twelve more information wells and ten production test wells in Sohagpur blocks in Madhya Pradesh.

I am happy to inform you that commercial viability of these coal bed methane blocks has now been established.

We are conducting more studies and production on a pilot scale, to establish production potential.

We are optimistic about commercially developing these resources by the year 2009-10.

RIL is also developing CBM fields in Rajasthan and Chattisgarh by drilling ten information wells.

Today, RIL’s business in exploration and production of oil and gas is a small component of total revenues.

I am confident that oil and gas production and exploration will be a significant earner of revenues and profits for RIL from the year 2009-10.

And it would help RIL emerge as a global energy major.

8. Strategic Growth Perspectives

Dear Shareholders,

Time has come to take RIL’s core oil and gas, petroleum refining and petrochemicals businesses to a much higher trajectory.

This will:

- Enable RIL attain and consolidate a global character

- Extend RIL on the services side of its businesses
• Empower RIL to harness knowledge to drive its businesses, and

• Ensure a much greater role for RIL in furthering India’s economic interests

Scale of operation, overseas forays, overseas acquisitions, exports as a large proportion of revenues and globally diverse human resources will help RIL consolidate its global character.

Extension on the services side of the businesses would be reflected in such initiatives as petroleum retailing and oil and gas drilling services.

Factoring new knowledge would be discernible in such domains as reservoir modeling, real-time information technology systems, robotics, specialty fibres, performance plastics and bioengineered materials.

Finally, the larger nation-building role would manifest in improving India’s energy security, stimulating downstream employment generation and spreading RIL’s economic footprint to rural areas.

This is my strategic perspective for Reliance.

This is my Agenda for Reliance in the short to medium term.

An agenda that is attuned to the motto: What is good for India is good for Reliance.

An agenda that will make Reliance an instrument of India’s emergence as a world power.

And an agenda that is enduring, yet expansive.

9. Growth Initiatives and Opportunities

Dear Shareowners,

Consistent with this strategic perspective and agenda, I am happy to announce that RIL will be doubling the petroleum refining capacity at Jamnagar to 60 million tonnes per year.

This will entail an investment of about Rs. 25,000 crore (US$ 5,700 million).

It would make the Jamnagar refinery the largest petroleum refinery at any single location, anywhere in the world.

It means 1.2 million barrels per day of crude throughput.

The increased output will primarily be destined for export markets.

RIL will be implementing this project in carefully planned and efficiently executed phases.
We are setting ourselves an aggressive schedule of the second half of the financial year 2008-09 for completion.

The full benefit of the new capacity will be available from the year 2009-10.

Completion of this project will be an epoch making milestone in the unparalleled growth story of RIL.

There is no major greenfield refinery being built in the world.

Moreover, RIL has the advantage of bringing about this expansion faster and at aggressive costs.

Looking back, commissioning of the petroleum refinery in the year 1999 was a historic event in RIL's history.

In one stroke, it doubled RIL's revenues and provided several new opportunities for growth in polyester, petrochemicals and oil and gas.

The current and future contexts of energy markets are very optimistic.

Given RIL's unassailable position, successful commissioning of the enhanced capacity will lay grounds for exponential growth.

Dear Shareowners,

There is more good news.

I am happy to announce that RIL has made ten more oil and gas discoveries, since the last AGM:

- Three more discoveries in NEC 25
- Six more discoveries in KG D6 and
- One more discovery in Yemen

Results of the discoveries are being analyzed for their potential.

Consistent with our tradition, discoveries in NEC 25 and KG D6 have been named Dhirubhai 15, 16, 17, 18, 19, 20, 21, 22 and 23 discoveries.

I look forward to the day when we will have a Dhirubhai 100 discovery.

And that will be the day to celebrate.

These new discoveries reaffirm our faith that the exploration and production business will fashion RIL's future in a
Rapid growth of core businesses will give RIL the strength to forge an expansive future and foray into exciting frontiers.

I would like to take all of you into confidence on the broad contours of areas that RIL would explore and engage.

Life Sciences is our next major initiative.

This would, eventually, lead into the larger world of Health Care.

In life sciences, RIL plans to incubate an innovation-driven biotechnology business.

The domain of life sciences holds substantial potential for value creation in the future.

It also helps serve unmet needs in medicine, agriculture, industry and of the consumer.

RIL will strive to help India make a global mark in life sciences.

A natural destiny for life sciences is health care.

Globally, health care is a 4.5 trillion US dollar market, driven by rising unmet medical needs.

It is a huge employer, particularly in hospital care, physician services, long-term care and medical insurance segments of the market.

Together, life sciences and health care would enable RIL:

- Create new product-market domains
- Build strong services-based revenues
- Stabilise cash flows
- Engage directly with the final consumer, and
- Fashion new people and knowledge-driven businesses
RIL would pursue both organic and inorganic growth strategies in attaining these outcomes.

10. Corporate Resourcing

Opportunities of such magnitudes would entail significant investments.

RIL currently generates a large cash flow and has little debt on its balance sheet.

Its financial strength enables RIL pursue expansion and new growth avenues with a small leverage on debt.

RIL has already brought these strengths to play in 160 large and small projects in the polyester and petrochemical domains, as well as in building a pan-India petroleum retailing network.

RIL would be following up this effort by expanding the Jamnagar petroleum refinery at a cost of Rs. 25,000 crore (US$ 5,700 million).

Over the next four to five years, investments in upstream oil and gas exploration and production will take up Rs. 17,600 crore (US$ 4,000 million).

RIL would have enough surpluses for new acquisitions and new initiatives as well.

You would thus see that RIL’s cash flow over the next few years would be largely expended on the core oil and gas, petroleum refining and petrochemical businesses.

Equally, it would be used in opening new avenues of growth.

Substantial investments in core businesses will enable RIL accelerate the earnings growth momentum of the past decade.

This will add to shareholders wealth as new projects bear fruit.

Individual shareholders can look forward to consistent and increasing dividends.

RIL has been a pioneer in raising resources through innovative and landmark financing transactions in the past.

We will continue this tradition by raising capital when needed to finance our growth.

We will use a framework of lowering cost of capital and de-risking to deliver sustainable growth.

On human resources, RIL has the imperative of building greater human capacities and competencies, commensurate with exponential growth aspirations.

Fortunately, RIL has both the diversity and depth of human resources.

Competencies to build new businesses, acquire businesses and manage them would very much be within RIL
after the de-merger.

The challenge is now to build further on this immense professional talent base.

This would be particularly relevant to the business management side of new domains.

Equally, it would also be applicable in the exploration and production growth business of RIL, where an entire generation of global human resources have either retired or migrated to other sectors.

RIL also has the imperative of graduating health, safety and environment management to the next level.

35 projects, titled ‘Change Agents for Safety and Health’ or CASH, are being implemented at all manufacturing sites.

Safety reviews, based on the DuPont safety management system, are being carried out to bring all sites to Level 4 of the DuPont rating system.

RIL is also fortunate to have contemporary systems and processes in all its existing businesses.

The challenge is to leverage newer technology-driven systems founded on information technology, communications, automation and robotics, which we are committed to.

11. Acknowledgements

I would like to thank the Central and State Governments, shareholders, investors, bankers, financial institutions, lenders, suppliers and customers of RIL for their consistent and resolute support.

I thank all my colleagues on the Board for their unanimous support and immense encouragement, especially through the transition.

I have special words to acknowledge the collective effort of the entire Reliance team, working tirelessly to realize the corporate agenda, meeting shareholder aspirations and helping me in creating and sustaining a world-class enterprise.

Friends,

In conclusion, let me share with you sentiments that are uppermost in my mind.

I am completing three years as Chairman of Reliance Industries Limited.

On 21st July, 2002, I took over as the Chairman.

The market capitalization of RIL then was slightly over Rs. 34,000 crore (US$ 7,772 million).

Today, as I speak to you, the market capitalization is in excess of Rs. 100,000 crore (US$ 22,857 million).
This translates to an increase of over Rs. 66,000 crore (US$ 15,085 million) to your wealth in just three years.

This is my humble tribute to my father and our Founder Chairman Shri Dhirubhai Ambani. This has been possible because of his blessings and your support.

Reliance will continue to move forward with the same drive and energy.

It will produce results on the same scale.

This is my commitment to him and to you dear Shareholders.

Thank you.

Mumbai
August 3, 2005

Mukesh Ambani
Chairman and Managing Director