

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter of Offer is sent to you as a shareholder of **Adlabs Films Limited**. If you require any clarifications about the action to be taken, you should consult your stockbroker or investment consultant or the Manager/ Registrar to the Offer. In case you have sold your equity shares in Adlabs Films Limited, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal to the member of the stock exchange through whom the said sale was effected.

Reliance Land Private Limited

Registered Office: 2nd Floor, Avdesh House, Pritam Nagar, 1st Slope, Ellisbridge, Ahmedabad – 380 006
(Tel: +91-79-26576895, Fax:+91-79-26573762)
(the "Acquirer")

AND

Reliance Capital Limited

Registered Office: Village Meghpar/Padana, Taluka Lalpur, District Jamnagar – 361 280
(Tel: + 91-288-3011556: Fax: +91-288-3011598)

who are acting in concert with each other for the purpose of this open offer (hereinafter collectively referred to as the "Acquirers")
MAKE A CASH OFFER AT Rs.183 (RUPEES ONE HUNDRED AND EIGHTY THREE ONLY) PER FULLY PAID-UP EQUITY SHARE OF FACE VALUE OF RUPEES FIVE EACH pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers Regulations), 1997 and subsequent amendments thereto (the "SEBI Takeover Code")

TO ACQUIRE 83,60,150 FULLY PAID-UP EQUITY SHARES

representing 21.01 % of Post Preferential Issue, fully expanded, Voting Equity Capital of



Adlabs Films Limited

Registered Office: Film City Complex, Goregaon (East), Mumbai 400 065
(Tel: +91-22-28423333/4488 Fax: +91-22-28422211)

Please Note :

- 1) This Offer is being made pursuant to Regulations 10, 12 and other applicable provisions of the SEBI Takeover Code.
- 2) The Offer is subject to the approval of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 for acquiring the shares tendered from non-resident persons under the Offer. Please refer to Part 8 of this Letter of Offer for details.
- 3) If the aggregate of the valid response exceeds 83,60,150 equity shares, then the Acquirer shall accept shares equal to 83,60,150 equity shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of the SEBI Takeover Code.
- 4) If there is any upward revision in the Offer Price by the Acquirers till the last date of revision i.e. Thursday, August 25, 2005, or withdrawal of the Offer in terms of the SEBI Takeover Code, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement dated July 1, 2005 had appeared. Such revised offer price would be payable for all the equity shares of Adlabs Films Limited, tendered anytime during the Offer and accepted under the Offer.
- 5) The procedure for acceptance is set out in Part 9 of this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and a Form of Withdrawal is enclosed with this Letter of Offer.
- 6) There has been no competitive bid.
- 7) The Public Announcement, Letter of Offer, Form of Acceptance-cum-Acknowledgement and Form of Withdrawal would also be available on the website of Securities and Exchange Board of India (the "SEBI") <http://www.sebi.gov.in>.
- 8) **Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same upto three working days prior to the date of closure of the Offer. Requests for such withdrawals should reach the designated collection centres before the close of business hours on Wednesday, August 31, 2005.**
- 9) **If there is a competitive bid:**
 - The public offers under all the subsisting bids shall close on the same date.
 - As the offer price cannot be revised during the period after Thursday, August 25, 2005, it would therefore be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.

All future correspondence, if any, should be addressed to the Registrar to the Offer at address mentioned below:

Manager to the Offer	Registrar to the Offer
 <p>Ambit Corporate Finance Private Limited Ambit RSM House, 449, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 Contact Persons: Gautam Gupte / Kashyap Choksi Tel: +91-22-39821819 Fax: +91-22-39823020 Email: afopenoffer@ambitpte.com</p>	 <p>Karvy Computershare Private Limited "Karvy House" 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034 Contact Person: Mr. Murali Krishna Tel: +91-40-23312454 Fax: +91-40-23311968 Email: murali@karvy.com</p>
OFFER OPENS ON: WEDNESDAY, AUGUST 17, 2005	OFFER CLOSURES ON: MONDAY, SEPTEMBER 5, 2005

SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER:

Activity	Date	Day
Date of Public Announcement.	July 1, 2005	Friday
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer will be posted).	July 22, 2005	Friday
Last date for a competitive bid.	July 22, 2005	Friday
Last date for completion of dispatch of the Letter of Offer to the shareholders of Adlabs Films Limited.	August 11, 2005	Thursday
Date of opening of the Offer.	August 17, 2005	Wednesday
Last date for revising the Offer Price / number of shares.	August 25, 2005	Thursday
Last date for withdrawal by shareholders who have accepted the Offer.	August 31, 2005	Wednesday
Date of Closing of the Offer.	September 5, 2005	Monday
Last date for communicating rejection/acceptance and payment of consideration for applications accepted and for dispatch of share certificate(s) for the rejected shares / credit of unaccepted demat shares.	September 20, 2005	Tuesday

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RISK FACTORS

- i. Acceptance of the equity shares of Adlabs Films Limited tendered in the Offer is subject to receipt of the statutory approvals, as mentioned in Part 8 of this Letter of Offer. In the event, any of the required statutory approvals is refused, the Offer would stand withdrawn in terms of the SEBI Takeover Code. For further details, see Part 8 of this Letter of Offer.
- ii. In the event that either (a) a regulatory approval is not received in time, (b) there is any litigation leading to a stay on the Offer, or (c) SEBI instructing the Acquirers not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of Adlabs Films Limited whose equity shares have been accepted in the Offer as well as the return of the shares not accepted by the Acquirers may be delayed. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI Takeover Code, SEBI may, if satisfied that the non receipt of approvals was not due to any wilful default or negligence on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers paying interest to the shareholders, as may be specified by SEBI. Further, shareholders should note that after the last date of withdrawal i.e. August 31, 2005 shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.
- iii. The Acquirers make no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer.
- iv. The Acquirers make no assurance with respect to the financial performance of Adlabs Films Limited. The Acquirers make no assurance with respect to their investment / divestment decisions relating to their proposed shareholding in Adlabs Films Limited.
- v. RCL has the following contingent liabilities as per the financial statements for the year ended March 31, 2005:
 - Guarantees to Bank and financial institutions on behalf of third parties-Rs.14,806 lakhs
 - Claims against the company not acknowledged as debt - Rs.11 lakhs
 - The income tax assessments of the company have been completed upto assessment year 2002-03. The total demand raised by Income tax department upto the said assessment year is Rs.1,991 lakhs, which is disputed. Based on precedent, the company has been advised that no provision for tax is required.
- vi. RLPL has not carried out any significant operations and have been incurring losses.

The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business or operations of Adlabs Films Limited or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of Adlabs Films Limited are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

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1 DEFINITIONS

Acquirer	Reliance Land Private Limited
Acquirers	Reliance Land Private Limited and Reliance Capital Limited who are acting in concert with each other for the purpose of this open offer
AFL / the Target Company	Adlabs Films Limited
BSE	The Stock Exchange, Mumbai
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
EGM	Extraordinary General Meeting
Eligible Person(s) for the Offer	All owners (registered or unregistered) of equity shares of Adlabs Films Limited (other than the Acquirers and the Sellers) anytime before the closure of the Offer
FEMA	Foreign Exchange Management Act, 1999
FII(s)	Foreign Institutional Investor(s)
FIPB	Foreign Investment Promotion Board of India
Form of Acceptance / FOA	Form of Acceptance-cum-Acknowledgement
FOW	Form of Withdrawal
FY	Financial Year
Letter of Offer / LOF	this Letter of Offer
Ltd.	Limited
Manager/Manager to the Offer	Ambit Corporate Finance Private Limited
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
Offer	Open offer for acquisition of 83,60,150 fully paid-up equity shares of face value of Rs.5/- each of Adlabs Films Limited at a price of Rs.183 per fully paid-up equity share
Offer Price	Rs.183 (Rupees One Hundred and Eighty Three only) per fully paid-up equity share of Rs.5 each
Offer Size	83,60,150 Shares
Post Issue Paid-up Voting Equity Capital	The maximum possible expanded voting equity share capital of AFL following the Preferential Issue and assuming conversion / exercise of all the Warrants into Shares
Preferential Issue	Allotment of 1,10,00,000 equity shares and 38,00,000 warrants and / or other securities entitling the holders to apply for one Share for each warrant / other security held, to Reliance Land Private Limited and / or its affiliates / associates
Original Promoters	Mr. Manmohan Shetty and Mr. Vasanji Mamania
Original Promoter Group	Original Promoters and persons acting in concert with the Original Promoters, who collectively are Ms. Rubaiyat Arun Patel, Mrs. Shashikala Shetty, Ms. Pooja Shetty, Ms. Aarti Shetty, Ms. Kasturi Mamania, Ms. Anupa Asher and Mr. Ashish Mamania
Public Announcement/ PA	Announcement of the Offer made on July 1, 2005
RBI	Reserve Bank of India
RCL	Reliance Capital Limited
Registrar to Offer	Karvy Computershare Private Limited
RLPL	Reliance Land Private Limited
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Guidelines	Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and the subsequent amendments thereto
SEBI Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
Sellers	Mr. Vasanji A Mamania and Ms. Rubaiyat Arun Patel
Share(s)	Fully paid-up equity shares of face value of Rs.5/- each of Adlabs Films Limited
SPAs	The two Share Purchase Agreements dated June 30, 2005 entered into between Reliance Land Private Limited and the Sellers
SPAs Shares	58,00,000 Shares agreed to be sold by the Sellers to Reliance Land Private Limited under the SPAs
Specified Date	Friday, July 22, 2005
Warrants	Warrants or other securities convertible into or exchangeable with Shares entitling the holders to apply for one Share for each warrant / other security convertible into or exchangeable with Shares

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2 DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF ADLABS FILMS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRERS OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGES THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, AMBIT CORPORATE FINANCE PVT LTD, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JULY 15, 2005 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3 DETAILS OF THE OFFER

3.1 Background of the Offer

- 3.1.1 The Acquirers are making an offer to the equity shareholders of Adlabs Films Limited to acquire from them upto 83,60,150 Shares, representing 21.01% of the Post Issue Paid- up Voting Equity Capital of AFL at a price of Rs.183 (Rupees One Hundred and Eighty Three only) per Share, payable in cash and subject to the terms and conditions mentioned hereinafter. RLPL would be acquiring all the Shares accepted under the Offer.
- 3.1.2 Other than RLPL and RCL who are acting in concert with each other for the purpose of the Offer, no other person is acting in concert with the Acquirers for the Offer.
- 3.1.3 On June 30, 2005, RLPL has entered into two separate Share Purchase Agreements with two of the existing shareholders of AFL namely Mr. VasANJI A Mamania and Ms. Rubaiyat Arun Patel, for acquiring from them 44,00,000 Shares and 14,00,000 Shares respectively. These Shares aggregating 58,00,000 being acquired from the Sellers represent 23.20% of the present voting equity capital of AFL. These 58,00,000 Shares are agreed to be acquired at Rs.169/- per Share, payable in cash. Mr. VasANJI A Mamania and Ms. Rubaiyat Arun Patel are part of the Original Promoter Group.

The contact details of the Sellers are as follows:

Sr. No.	Name of the shareholder	Contact details
1	Mr. VasANJI Mamania	301, Mangal Swagat, Perry Road, Bandra West, Mumbai – 400 050 Tel:+91-22-26442502
2	Ms. Rubaiyat Arun Patel	White House, 91A, Walkeshwar Road, Mumbai - 400 006 Tel: +91-22-23512821/2/3

3.1.4 Key terms of the SPAs are:

- The Sellers shall deposit the SPAs Shares with Karvy Consultants Limited (the “Escrow Agent”) who shall hold the SPAs Shares in escrow till the date on which the Manager to the Offer files its report of completion of the open offer. Following this date, the SPAs Shares would be transferred in favour of RLPL;
- Simultaneously with the execution of the SPAs, RLPL shall make payment to the Sellers at the rate of Rs.169/- per Share;
- In case of non-compliance with any of the provisions of the SEBI Takeover Code by RLPL, the SPAs shall not be acted upon either by RLPL or the Sellers and the Escrow Agent shall return the SPAs Shares to the Sellers and the Sellers shall refund the purchase consideration with interest at 18% p.a. to RLPL;
- The Sellers as also any of their associates / affiliates shall cease to be the promoters of AFL / person acting in concert with the promoters of AFL, within the meaning of the SEBI Takeover Code;

- Mr. VasANJI A Mamania shall resign as director from the board of directors of AFL;
 - Pending completion of transaction, the Escrow Agent shall exercise all voting rights on the SPAs Shares in support and in favour of all the resolutions which may be proposed for the approval of the shareholders of the Target Company.
- 3.1.5 Further, on June 30, 2005, the board of directors of AFL has agreed to issue and allot on a preferential basis 1,10,00,000 Shares for cash at a price not less than Rs.175.20 per Share including a premium of Rs.170.20 per Share and 38,00,000 Warrants (each Warrant entitles the holder to apply for one Share) for cash at a price not less than Rs.175.20 per Share including a premium of Rs.170.20 per Share to RLPL and / or its affiliates / associates. Further, on June 30, 2005 the board of directors of AFL also considered issuance on a preferential basis, 20,00,000 Shares for cash at a price not less than Rs.175.20 per Share to financial investors. However, subsequently, the company decided not to offer the said shares. The total preferential allotment is therefore of 1,10,00,000 Shares and 38,00,000 Warrants. This Preferential Issue would be made in accordance with the provisions of preferential allotment contained in the SEBI Guidelines. The subscription and allotment of the Preferential Issue is subject to various conditions precedent being fulfilled, including approval of the shareholders of AFL. In the Extraordinary General Meeting convened on July 26, 2005, the members of AFL have approved, inter-alia, the Preferential Issue by way of a special resolution under Section 81(1A) of the Companies Act, 1956 and other applicable provisions. The Board meeting of AFL to approve and allot the Preferential Issue is scheduled for August 8, 2005.
- 3.1.6 As on the date of the PA, RCL held 12,55,000 Shares (representing 5.02% of the present fully paid-up equity capital of the Target Company). RLPL did not hold any Shares as on date of the PA.
- 3.1.7 The Acquirers, as a result of the above acquisition under the SPAs, the proposed Preferential Issue and assuming full acceptance of the Offer will hold 2,64,15,150 Shares and 38,00,000 Warrants. Assuming full acceptance of the Offer, the Acquirers' total holding would be 75.92% of the Post Issue Paid-up Voting Equity Capital and 73.37% of the expanded capital if the Warrants are not converted.
- 3.1.8 The Offer is being made in compliance with Regulations 10, 12 and other applicable provisions of the SEBI Takeover Code. Mr. Manmohan Shetty who holds 67,75,000 Shares, is part of the Original Promoter Group and is not party to the SPAs. On completion of the Preferential Issue, the Acquirers shall be the promoters of AFL and Mr. Manmohan Shetty and his affiliates / associates shall cease to be the promoters of AFL / persons acting in concert. Accordingly, the shareholding of Mr. Manmohan Shetty and his affiliates / associates will be treated as non promoter shareholding. Similarly, the residual shareholding, if any, of the Sellers in AFL will also be treated as non promoter shareholding.
- 3.1.9 The Manager to the Offer did not hold any Shares of AFL as on the date of the PA.
- 3.1.10 Neither the Acquirers nor the Target Company nor the Sellers have been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act.
- 3.1.11 The applicable provisions of Chapter II of the SEBI Takeover Code, vis-à-vis the Target Company have been complied by the Acquirers.

3.2 Details of the Offer

- 3.2.1 The Public Announcement dated July 1, 2005 was made in the following newspapers, in accordance with Regulation 15 of the SEBI Takeover Code:

Publication	Language	Editions
Financial Express	English	Mumbai, Delhi, Chandigarh, Kolkata, Chennai, Bangalore, Hyderabad and Kochi
Jansatta	Hindi	Delhi and Kolkata *
Loksatta	Marathi	Mumbai

**The publication in Kolkata edition took place on July 10, 2005.*

(The Public Announcement would be available at the SEBI website: www.sebi.gov.in)

- 3.2.2 The Acquirers have not acquired any Shares since the date of the Public Announcement upto the date of this Letter of Offer.
- 3.2.3 The Offer is not subject to any minimum level of acceptance and RLPL will acquire all the Shares that are validly tendered in terms of the Offer, upto a maximum of 83,60,150 Shares at the Offer Price.

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3.3 Object of the Offer

3.3.1 The Offer is being made in compliance with Regulations 10, 12 and other applicable provisions of the SEBI Takeover Code, for the purposes of substantial acquisition of Shares and voting rights, as disclosed earlier, accompanied with change in control and management of the Target Company, thereby enabling the Acquirers to exercise control over AFL and its subsidiaries / affiliates / associates / joint ventures, inter-alia, through the right to appoint directors or through control over management or policy decisions, by virtue of their shareholding.

3.3.2 The Acquirers and Target Company are not in the same line of business.

4 BACKGROUND OF THE ACQUIRERS

4.1 Details of the Acquirers

4.1.1 Reliance Land Private Limited

4.1.1.1 Reliance Land Private Limited (formerly known as Reliance Land Limited) was incorporated on December 23, 1993 under the Companies Act, 1956 and is having its registered office at 2nd Floor, Avdesh House, Pritam Nagar, 1st Slope, Ellisbridge, Ahmedabad – 380 006, Tel. No.: +91- 79 - 26576895, Fax No.+91 – 79 - 26573762. The present business of RLPL is to deal in real estate and hold strategic investments. The name of the company was changed from Reliance Land Limited to Reliance Land Private Limited on September 7, 2001.

4.1.1.2 RLPL is promoted and controlled by RCL.

4.1.1.3 The issued and paid up equity share capital of RLPL consists of 1,00,00,000 equity shares of Rs.10 each. As on July 1, 2005, the share capital of RLPL was equally held by RCL and Reliance Share and Stock Brokers Private Limited (“RSSBPL”). RCL holds 50% of RSSBPL’s equity and the balance is owned by RLPL.

4.1.1.4 The board of directors of RLPL as on the date of the Public Announcement, was as follows:

- **Mr. Surendra Pipara**, aged 41 years, LLB, ACS, residing at 1702, Raheja Classique, Building no.1, New Link Road, Andheri (West), Mumbai 400 053 is a corporate executive having nearly two decades of experience. He was appointed as a director on June 19, 2005.
- **Mr. Dipan Dalal**, aged 35 years, ACA, residing at 301-A, Mahavir Darshan, Veer Santaji Marg, Lower Parel, Mumbai 400 013 is a corporate executive having over a decade of experience. He was appointed as a director on June 19, 2005.

4.1.1.5 None of the above directors are on the board of directors of the Target Company.

4.1.1.6 Key financials of RLPL are as follows:

INCOME STATEMENT (Rs. Lakhs)	Year ended		
	31-Mar-05 Audited	31-Mar-04 Audited	31-Mar-03 Audited
Interest income	0.71	0.28	0.20
Share of Profit in Partnership Firm	-	-	0.13
Other Income	0.06	0.09	0.07
Total Income	0.78	0.37	0.40
Total Expenses	9.41	2.47	1.84
PBIDT	(8.63)	(2.10)	(1.44)
Depreciation	0.27	0.27	0.48
Interest	-	-	-
PBT	(8.90)	(2.36)	(1.92)
Provision for tax	-	-	-
Profit after tax	(8.90)	(2.36)	(1.92)

BALANCE SHEET <i>(Rs. Lakhs)</i>	As on		
	31-Mar-05 Audited	31-Mar-04 Audited	31-Mar-03 Audited
SOURCES OF FUNDS			
Share Capital	1,000.00	1,000.00	1,000.00
Reserves and Surplus (excluding revaluation reserves)	(569.51)	(560.61)	(558.25)
Less: Miscellaneous expenditure	-	-	(0.35)
Networth	430.49	439.39	441.40
Unsecured loans	200.00	200.00	200.00
Total	630.49	639.39	641.40
APPLICATIONS OF FUNDS			
Net block	3.13	3.40	3.66
Investments	582.16	590.60	590.91
Net current assets	45.20	45.39	46.84
Total	630.49	639.39	641.40
OTHER FINANCIAL DATA			
	Year ended		
	31-Mar-05	31-Mar-04	31-Mar-03
Dividend (% of face value)	-	-	-
Earnings per share ("EPS") (Rs.)	(0.09)	(0.02)	(0.02)
Return on Net Worth (%)	-ve	-ve	-ve
Book Value per share (Rs.)	4.30	4.39	4.41

Note:

(1) $Dividend (\%) = Dividend\ paid / No.\ of\ equity\ shares\ outstanding / Par\ value\ per\ equity\ share$

(2) $EPS = Profit\ After\ Tax / No.\ of\ equity\ shares\ outstanding$

(3) $Return\ on\ Net\ Worth = Profit\ after\ Tax / Net\ Worth\ at\ year-end$

(4) $Book\ Value\ per\ equity\ share = Net\ Worth / No.\ of\ equity\ shares\ outstanding$

(Source: Annual Report & Company Data)

Note: Unsecured Loans shown above are in the nature of Zero Coupon Fully Convertible Debentures that are non interest bearing fully convertible debentures of the face value of Rs.100 each aggregating to Rs.200 lakhs convertible at the intrinsic value of the equity shares of the company determined on the basis of the assets and liabilities of the company as on the date of conversion that is at the end of 20 years from the date of allotment.

4.1.1.7 The summarised significant accounting policies of RLPL, as per the audited financial statements for the year ended March 31, 2005, are as follows:

- System of Accounting - The company follows the accrual system of accounting.
- Fixed Assets - All fixed assets are stated at cost less depreciation.
- Investments - Long term investments are valued at cost. Provision for diminution is made script wise to recognize a decline, other than temporary.
- Depreciation - Depreciation is provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- Preliminary Expenses - The company amortises miscellaneous expenditure representing preliminary expenses equally over a period of ten years.
- Gratuity and Superannuation - Gratuity and Superannuation payments are made to fund / trust maintained with LIC

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4.1.1.8 Comparison of results:

The operations of RLPL for the last three financial years are not significant enough to draw any meaningful comparison.

4.1.1.9 According to the financial statements for the year ended March 31, 2005, RLPL does not have any contingent liability.

4.1.1.10 There are no mergers / demergers / spin offs involving RLPL during last 3 years.

4.1.2 Reliance Capital Limited

4.1.2.1 Reliance Capital Limited was incorporated on March 5, 1986, under the Companies Act, 1956 and is having its registered office at Village Meghpar/Padana, Taluka Lalpur, District Jamnagar – 361 280 Tel: + 91-288-3011556, Fax: +91-288-3011598. RCL is mainly focused on funding of projects in the infrastructure and other sectors, while supporting the growth of its subsidiary companies - Reliance Capital Asset Management Limited, Reliance Capital Trustee Company Limited, Reliance General Insurance Company Limited and Reliance Life Insurance Company Limited and associate companies.

4.1.2.2 RCL was promoted by Reliance Industries Limited ("RIL"). RIL holds 6,00,92,366 equity shares of Rs.10 each representing 47.2% of the present voting equity share capital of RCL.

4.1.2.3 The company operates in the financial services sector and operates from Mumbai.

4.1.2.4 The applicable provisions of Chapter II of the SEBI Takeover Code, vis-à-vis the Target Company, have been complied by RCL.

4.1.2.5 The issued and paid up equity share capital of RCL consists of 12,73,06,244 equity shares of Rs.10 each. The share holding pattern as on June 30, 2005 is as follows:

Sr. No	Shareholder's Category	No. of shares held	Percentage of shares held
1.	Promoters (including persons acting in concert)	6,09,41,408	47.87%
2.	FII / Mutual-Funds/ FIs/ Banks	2,57,67,951	20.24%
3.	Public	4,05,96,885	31.89%
	Total Paid Up Capital	12,73,06,244	100.00%

4.1.2.6 RCL, subject to applicable permissions, sanctions and approvals, proposed to allot on a preferential basis 6,00,00,000 fully paid up equity shares of Rs.10/- each at a price of Rs.228/- per share and 4,10,00,000 warrants, convertible / exchangeable into equity shares at a price of Rs.228 per share to AAA Enterprises Private Limited ("AEPL"). Pursuant to this proposal AEPL and Mr. Anil D. Ambani, acting in concert with each other, have announced an open offer under the provisions of the SEBI Takeover Code to the equity shareholders of RCL, in terms of the public announcement dated June 21, 2005. This public announcement is also available on SEBI's website <http://www.sebi.gov.in>. The preferential issue has been completed on August 2, 2005. RCL understands that comments on the draft letter of offer under proviso to Regulation 18 (2) of the SEBI Takeover Code have been received from SEBI.

4.1.2.7 The board of directors of RCL as on the date of the Public Announcement, was as follows:

Name	Appointment Date	Residential Address
Mr. Anil D Ambani	19.06.2005	Sea Wind, 39, Cuffe Parade, Colaba, Mumbai 400 005
Mr. Rajendra P. Chitale	19.06.2005	131, Tanna Residency, Bay View, opp. Siddhivinayak Temple, 392 Veer Savarkar Marg, Prabhadevi, Mumbai 400 025
Mr. S S Thakur	27.07.2001	1161, Abdul Court, Flat No. 20, 7 th Floor, Suryavanshi Marg, off V.S.Marg, Dadar, Mumbai 400 028
Mr. Amitabh Jhunjhunwala	07.03.2003	Flat A-212, NCPA Apartments, NCPA Complex, Nariman Point, Mumbai 400 021

The experience and qualifications of the directors of RCL is given below:

Mr. Anil D. Ambani is the Chairman of Reliance Capital, Reliance Infocomm and Chairman & Managing Director of Reliance Energy Limited. He was the Vice Chairman and Managing Director of Reliance Industries Limited, India's largest business house, founded by late Mr. Dhirubhai H. Ambani (1932-2002). Anil is a Bachelor of Science, University of Bombay and MBA from The Wharton School, University of Pennsylvania, USA. He joined Reliance in 1983 as Co-Chief Executive Officer. He is credited with having pioneered many financial innovations in the Indian capital markets. He pioneered India's first forays into overseas capital markets with international public offerings of global depository receipts, convertibles and bonds. He directed Reliance in its efforts to raise, since 1991, around US\$2 billion from overseas financial markets; with a 100-year yankee bond issue in January 1997 being the high point. He has steered the Reliance Group to its current status as India's leading textiles, petroleum, petrochemicals, power, and telecom player. He is a Member of Wharton Board of Overseers, The Wharton School, USA.

Mr. Rajendra P. Chitale, an eminent Chartered Accountant, is the Managing Partner of M/s M. P. Chitale & Co. He is a director on boards of the National Stock Exchange of India (NSE), Asset Reconstruction Company (India) Ltd, Hinduja TMT Ltd and Gujarat Ambuja Cements Ltd. He is also a member of the Advisory Group on Derivatives and the Takeover Panel, Securities and Exchange Board of India, as well as the Company Law Advisory Committee of the Government of India. He has also served on the boards of Life Insurance Corporation of India, Unit Trust of India, SBI Capital Markets Ltd and Small Industries Development Bank of India.

Mr. S. S. Thakur has held important positions in his distinguished professional career in the field of banking and foreign exchange. He has served the Reserve Bank of India in different capacities for over 31 years, most recently as the Controller of Foreign Exchange. He was the founding Chairman of HDFC Bank, a post he held for seven years. He joined the U. N. International Civil Service in January 1988 as Senior Advisor, United Nations Development Program (UNDP) and worked in Zambia as an advisor to the Governor, Bank of Zambia for 6 years. He is currently serving as a Director on the Boards of several companies. Additionally, he is also a public nominee Director on the Governing Board of the Bombay Stock Exchange and the Non-Executive Chairman of the Central Depository Services (India) Ltd.

Mr Amitabh Jhunjunwala, an FCA, has over 23 years of experience in finance and the capital markets. Mr Jhunjunwala is also the director of Reliance Capital Asset Management Limited.

4.1.2.8 None of the above directors are on the board of directors of the Target Company.

4.1.2.9 The shares of RCL are listed on BSE and NSE. The quoted price for equity share of RCL as on July 1, 2005 was Rs. 376.35 on NSE and Rs.376.55 on BSE.

4.1.2.10 Key financials of RCL are as follows:

INCOME STATEMENT	Year ended		
	31-Mar-05	31-Mar-04	31-Mar-03
(Rs. Lakhs)	Audited	Audited	Audited
Lease income	2,893	4,814	5,494
Other Income	26,676	30,865	40,384
Total Income	29,569	35,679	45,878
Total Expenses	563	852	1,169
PBIDT	29,006	34,827	44,709
Depreciation	2,777	4,209	9,165
Interest	15,108	20,039	25,281
PBT	11,121	10,579	10,263
Provision for tax	540	-	-
Profit after tax	10,581	10,579	10,263

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BALANCE SHEET

(Rs. Lakhs)	As on		
	31-Mar-05 Audited	31-Mar-04 Audited	31-Mar-03 Audited
SOURCES OF FUNDS			
Equity Share Capital	12,731	12,731	12,730
Add: Forfeited shares	53	53	53
Preference Share Capital	-	13	-
Reserves and Surplus (excluding revaluation reserves)	1,31,008	1,27,184	1,20,850
Networth	1,43,792	1,39,981	1,33,633
Secured Loans	-	-	1,000
Unsecured loans	1,31,355	1,63,347	1,76,045
Total	2,75,147	3,03,328	3,10,678

APPLICATIONS OF FUNDS

Net block	21,354	25,710	42,486
Capital work in progress	1,305	1,897	1,990
Investments	1,64,400	1,54,141	1,73,036
Net current assets	88,088	1,21,580	93,166
Total	2,75,147	3,03,328	3,10,678

OTHER FINANCIAL DATA

	Year ended		
	31-Mar-05	31-Mar-04	31-Mar-03
Dividend (% of face value)	30.00%	29.00%	29.00%
Earnings per share ("EPS") (Rs.)	8.31	8.31	8.06
Return on Net Worth (%)	7.36%	7.56%	7.68%
Book Value per share (Rs.)	112.95	109.95	104.97

Note:

(1) *Dividend (%) = Dividend paid / No. of shares outstanding / Par value per share*

(2) *EPS = Profit After Tax / No. of equity shares outstanding*

(3) *Return on Net Worth = Profit after Tax / Net Worth at year-end*

(4) *Book Value per share = Net Worth / No. of equity shares outstanding*

(Source: Annual Report & Company Data)

4.1.2.11 The significant accounting policies of RCL, as per the audited financial statements for the year ended March 31, 2005, are as follows:

A. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention method in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, as adopted consistently by the company.

B. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

C. Revenue Recognition

- i) Lease Finance: Income from leased assets is accounted for in the year in which lease rentals fall due, by applying the interest rate implicit in the lease to the net investment in the lease during the

period. Front-ended lease management / syndication fees are treated as income of the period in which they accrue.

- ii) Income from Bill Discounting: Income from bill discounting is net of rediscounting charges paid.

D. Fixed Assets

All Fixed Assets are stated at cost less accumulated depreciation after considering Lease Adjustment account. All costs including financing cost attributable to fixed assets till assets are ready for intended use are capitalized.

E. Assets given on Finance Lease

- i) All assets given on finance lease on or before 31st March, 2001 are capitalized as Fixed Assets. All assets given on finance lease on or after 1st April, 2001 are shown as receivables at an amount equal to net investment in the lease.
- ii) Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.

F. Depreciation

Depreciation is provided as under:

- i) Assets for own use: On Written Down at the rates and in the manner prescribed in Schedule XIV to Companies Act, 1956.
- ii) Leased Assets: On Straight Line Method at the rates and in the manner prescribed in Schedule XIV to Companies Act, 1956.

G. Impairment of Assets

An asset is treated as impaired, when carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

H. Preliminary and Share Issue Expenses

Preliminary and issue expenses are adjusted against the securities premium account.

I. Investments

Investments are classified into current investments and long-term investments.

Current investments are valued, scrip wise, at cost or market price, whichever is lower. Long-term investments are valued at cost. Provision for diminution is made scrip wise to recognize a decline, other than temporary.

J. Stock-in-trade

Stock-in-Trade is valued scrip wise at book value or market price whichever is lower.

K. Employee Retirement Benefits

Company's contribution to Provident Fund and Superannuation Fund are charged to Profit and Loss Account. Gratuity and Leave Encashment benefits are charged to Profit and Loss Account on the basis of actuarial valuation.

L. Expenditure / Discount on Bond Issue

Expenses relating to issue of bonds and discount on the issue are amortised proportionately over the tenor of the bonds based on the implicit rate of return.

M. Assigned Liabilities and Discount on Assigned Liabilities

The assigned liabilities are accounted at discounted value. The difference between the assigned liability and the discounted value is charged to the Profit & Loss account proportionately on time period basis as discount on assigned liability.

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N. Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract.
- iii) Non monetary foreign currency items are carried at cost.
- iv) In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing at the time of transaction or that approximates the actual rates as at the date of transaction. Branch monetary assets and liabilities are restated at the year-end rates.
- v) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

O. Borrowing Costs

Borrowing costs, which are directly attributable to the acquisition / construction of fixed assets, till the time such assets are ready for intended use, are capitalized as part of the cost of the assets. Other borrowing costs are recognized as an expense in the year in which they are incurred.

P. Securities Lending

Income and expenses on securities lending activities are accounted for on accrual basis and are netted off.

Q. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

4.1.2.12 Comparison of results:

Financial year 2005 v/s 2004

RCL's gross income for the financial year ended March 31, 2005 was Rs.29,569 lakhs, compared to Rs. 35,679 lakhs in the previous year. As a result, operating profit (PBDIT) was lower at Rs.29,006 lakhs compared to Rs. 34,827 lakhs in the previous year. Interest expenses for the year ended March 31, 2005 declined to Rs.15,108 lakhs compared to Rs. 20,039 lakhs in the previous year, primarily on account of substitution of higher cost borrowings with lower cost debt. Depreciation during the year was lower at Rs.2,777 lakhs compared to Rs. 4,209 lakhs in the previous year. Net profit marginally increased to Rs.10,581 lakhs from Rs.10,579 lakhs in the previous year.

Financial year 2004 v/s 2003

RCL's gross income for the financial year ended March 31, 2004 was Rs. 35,679 lakhs, compared to Rs. 45,878 lakhs in the previous year. The decline was due to one-time receipt of arrears of dividend on preference shares aggregating Rs. 9,022 lakhs in the year 2003. This has also resulted in operating profit (PBDIT) during the year to fall to Rs.34,827 lakhs, compared to Rs. 44,709 lakhs in the previous year. Interest expenses for the year ended March 31, 2004 declined to Rs.20,039 lakhs compared to Rs.25,281 lakhs in the previous year, primarily on account of substitution of higher cost borrowings with lower cost debt. Depreciation during the year was lower at Rs.4,209 lakhs compared to Rs.9,165 lakhs in the previous year. This difference is primarily on account of a one-time additional charge of Rs. 3,738 lakhs last year, towards depreciation on assets for own use.

4.1.2.13 As per the financial statements for the year ended March 31, 2005, contingent liabilities of RCL are as follows:

		(Rs. in Lakhs)
• Guarantees to Bank and financial institutions on behalf of third parties	-	14,806
• Claims against the company not acknowledged as debt	-	11

- The income tax assessments of the company have been completed upto assessment year 2002-03.

The total demand raised by Income tax department upto the said assessment year is Rs. 1,991 lakhs, which is disputed. Based on precedent, the company has been advised that no provision for tax is required

4.1.2.14 There are no mergers / demergers / spin offs involving RCL during last 3 years.

4.1.2.15 Details of litigations concerning RCL

There are no material litigations pending against RCL in any Court in India or abroad.

4.1.2.16 Corporate Governance

The statutory auditors of RCL, vide their letter dated April 25, 2005 have certified that RCL has complied with the conditions of corporate governance as stipulated in the listing agreements.

4.1.2.17 Name of the Compliance Officer: Mr. V. R. Mohan, Company Secretary and Manager; Address: Fosbery Road, Off Reay Road Station (E), Sewree, Mumbai 400 033, Telephone: + 91-22-3041 1771; Fax: +91-22-3041 1067.

4.1.3 Information on other companies presently promoted / controlled by the Acquirers

- a) Reliance Capital Asset Management Company Ltd.
 Date of incorporation : May 12, 1995
 Nature of business : Asset Management Business

Key Financials		<i>(Rs. in Lakhs)</i>		
Particulars	31-Mar-05	31-Mar-04	31-Mar-03	
Equity Capital	750.07	750.07	750.07	
Preference Share Capital	350.00	350.00	350.00	
Reserves (excluding revaluation reserves)	2,249.27	1,038.24	291.91	
Total Income	5,023.11	3,521.12	1,539.55	
Profit After Tax	1,211.03	746.33	147.18	
Earnings per share (in Rs.)	15.91	9.72	1.73	
Net Asset Value (in Rs.)	34.35	16.85	12.11	

The company is not a sick company.

- b) Reliance Capital Trustee Company Ltd.
 Date of incorporation : May 12, 1995
 Nature of business : Trustee Company

Key Financials		<i>(Rs. in Lakhs)</i>		
Particulars	31-Mar-05	31-Mar-04	31-Mar-03	
Equity Capital	5.07	5.07	5.07	
Reserves (excluding revaluation reserves)	15.31	14.73	11.94	
Total Income	5.54	5.41	5.05	
Profit After Tax	0.58	2.78	2.73	
Earnings per share (in Rs.)	1.15	5.49	5.39	
Net Asset Value (in Rs.)	40.20	38.93	33.32	

The company is not a sick company.

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- c) Reliance General Insurance Company Ltd.
 Date of incorporation : August 17, 2000
 Nature of business : General Insurance

Key Financials

(Rs. in Lakhs)

Particulars	31-Mar-05	31-Mar-04	31-Mar-03
Equity Capital	10,200.07	10,200.07	10,200.07
Reserves (excluding revaluation reserves)	3,640.58	3,057.23	2,158.31
Total Income	869.56	1,085.44	1,593.84
Profit After Tax	583.35	898.68	1,434.69
Earnings per share (in Rs.)	0.57	0.88	1.41
Net Asset Value (in Rs.)	13.57	12.96	12.04

The company is not a sick company.

- d) Reliance Life Insurance Company Ltd.
 Date of incorporation : August 17, 2000
 Nature of business : Life Insurance

The operation of the business has not commenced as the infrastructure development is in process. The company has sought extension of time for getting the final registration with Insurance Regulatory Development Authority

Key Financials

(Rs. in Lakhs)

Particulars	31-Mar-05	31-Mar-04	31-Mar-03
Equity Capital	200.07	200.07	200.07
Reserves (excluding revaluation reserves)	-	-	-
Total Income	-	-	-
Profit After Tax	-	-	-
Earnings per share (in Rs.)	-	-	-
Net Asset Value (in Rs.)	(7.98)	(7.85)	(7.64)

The Sick Industrial Companies Act is not applicable to the company.

- e) Reliance Share and Stock Brokers Private Limited
 Date of incorporation : November 26, 1993
 Nature of business : Securities Broking

Key Financials

(Rs. in Lakhs)

Particulars	31-Mar-05	31-Mar-04	31-Mar-03
Equity Capital	1,000.00	1,000.00	1,000.00
Preference Share Capital	400.00	400.00	400.00
Reserves (excluding revaluation reserves)	269.03	253.92	203.32
Total Income	367.00	418.35	301.54
Profit After Tax	32.61	50.60	52.62
Earnings per share (in Rs.)	(0.15)	0.03	0.05
Net Asset Value (in Rs.)	8.85	9.18	9.15

The company is not a sick company.

The company was converted into a private limited company w.e.f 31.03.2003.

4.2 Relation, if any, between the Acquirers

RCL has promoted RLPL and holds 50% of its equity capital. RCL controls the operations of RLPL.

4.3 Disclosures in terms of Regulation 16(ix) of the SEBI Takeover Code and Acquirers' Future Plans for AFL

Please refer to paragraph 3.3 of this Letter of Offer for objects of the Offer.

- 4.3.1 The Acquirers reserve the right to seek reconstitution of the board of directors of the Target Company, in accordance with the provisions contained in the SEBI Takeover Code and the Companies Act, 1956. The Acquirers may also consider changing the name of the Target Company at a later date, after completion of the Offer.
- 4.3.2 The Acquirers do not have any plans to dispose off or otherwise encumber any assets of the Target Company in the next two years, except in the ordinary course of business and except to the extent required for the purpose of any arrangement / reconstruction, restructuring, merger / demerger, and/or for the purpose of rationalizing / streamlining of various operations, assets, liabilities, businesses or otherwise of the Target Company. Such decisions will be governed by the provisions of the relevant laws. The Acquirers will evaluate and consider such proposals and may, if appropriate, support the same. It will be the responsibility of the board of directors of the Target Company to make appropriate decisions in these matters in accordance with the business requirements and in line with opportunities or changes in the economic scenario, from time to time.
- 4.3.3 Other than in the ordinary course of business or except with the prior approval of AFL's shareholders, the Acquirers undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of AFL.

5 DISCLOSURE IN TERMS OF REGULATION 21

Pursuant to the Preferential Issue, the Offer (assuming full acceptance) and the acquisition under the SPAs, the maximum public shareholding in AFL will not be reduced to a level below the limit specified in its Listing Agreement with the stock exchanges for the purpose of listing on continuous basis. BSE vide their letter dated August 5, 2005 has communicated to AFL that the non-promoter holding as at the time of initial listing of AFL i.e.20.46% is to be maintained for continuous listing.

6 BACKGROUND OF ADLABS FILMS LIMITED

NOTE: The disclosures under this part have been taken from publicly available sources and as provided by the Target Company

- 6.1 Adlabs Films Limited is a public limited company with its registered office located at Film City Complex, Goregaon (East), Mumbai – 400 065 Tel: +91-22-28423333/4488 Fax:+ 91-22-28422211. It was incorporated as Adlabs Films Private Limited on November 30, 1987. The name was subsequently changed to Adlabs Films Limited on June 19, 2000. AFL came out with a public offering of Shares in December 2000 in which 20.46% of its post IPO equity capital was offered to public. Pursuant to this IPO, the Shares were listed in January 2001 on BSE and NSE. AFL was promoted by Mr. Manmohan Shetty and Mr. Vasanji Mamania.
- 6.2 AFL is engaged in the business of film processing and film exhibition. The company has also launched film production business through its subsidiary.
- 6.3 AFL has three subsidiaries:
- 6.3.1 Entertainment One (India) Ltd. ("EOIL") was acquired as a wholly owned subsidiary by AFL in October 2002. EOIL has its main business centred around film production. Its registered office is situated at Suren Road, Andheri East, Mumbai 400095.
- 6.3.2 Gemini Exhibitors Limited ("GEL") also a wholly owned subsidiary of AFL was incorporated in May 2003. GEL has its registered office at Film City Complex, Goregaon East, Mumbai 400 065.
- 6.3.3 Runwal Multiplex Pvt. Ltd. ("RMPL") is another subsidiary of AFL wherein AFL has a holding of more than 50% and is currently running and operating the R-Adlabs Theatre at Mulund, Mumbai. RMPL has its office at Runwal Arcade, New India Industries, L.B.S Marg, Near Mulund Naka, Mulund West, Mumbai 400080.

None of these subsidiary companies are listed on any stock exchanges.

- 6.4 The share capital structure of AFL, as on the date of the PA, is as follows:

Particulars	No. of Shares	% of Voting Shares
Authorised equity share capital	3,00,00,000 equity shares	-
Issued & subscribed capital	2,50,00,750 equity shares	100%
Fully Paid-up Equity Shares	2,50,00,750 equity shares	100%
Total Voting Rights	2,50,00,750 equity shares	100%

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All equity shares have a face value of Rs. 5 each. AFL further proposes to increase the authorised equity share capital to 5,00,00,000 equity shares of Rs.5/- each. Subsequent to the Preferential Issue, it is expected that the issued, subscribed and paid up capital shall be 3,98,00,750 shares of Rs.5/- each, assuming all the warrants / other convertible instruments to be issued under the Preferential Issue are converted / exercised.

- 6.5 Details of the changes in share capital of the Target Company since incorporation and status of compliance with applicable SEBI regulations / other statutory requirements, are as follows:

Date of allotment	No and % of Shares issued	% of Shares Issued	Face Value	Cumulative paid up capital (Rs.)	Mode of allotment	Identity of allottees (promoters/ ex-promoters/ others)	Status of compliance
1987 on incorporation	200	0.02%	Rs.100/-	20,000	Subscribers to memorandum	Promoters	Complied
8.2.1990	4800	0.38%	Rs.100/-	5,00,000	Allotment to promoters	Promoters	Complied
1.11.1999	Shares split to Rs.10/- each	-	Rs.10/-	5,00,000	—	—	Complied
1.11.1999	85,00,000	68.00%	Rs.10/-	8,55,00,000	Bonus	Promoters	Complied
2.12.1999	300	0.002%	Rs.10/-	8,55,03,000	Additional allotment to friends and relatives to comply with minimum no of members required to form a public limited company	Friends/ Relatives of promoters	Complied
1.8.2000	Shares split to Rs.5/- each	-	Rs.5/-	8,55,03,000	—	—	Complied
29.12.2000	44,00,150	17.60%	Rs.5/-	10,75,03,750	Public issue in December 2000	Others	Complied
24.5.05	35,00,000	14.00%	Rs.5/-	12,50,03,750	Preferential allotment	Others	Complied

AFL has applied to NSE & BSE for listing of 35,00,000 equity shares issued on preferential allotment basis. The 'in-principle' listing approval has been received from BSE and NSE and their trading approval is awaited. These Shares were allotted to two FIIs viz. BSMA Limited (Sub a/c of Bear, Stearns & Co. Inc) and Arisaig Partners (Asia) Pte. Ltd. (Sub a/c Arisaig India Fund Ltd.) on May 24, 2005 and are locked-in for a period of one year upto May 23, 2006. Further, 1,20,000 Shares acquired by BSMA Ltd. (Sub a/c of Bear, Stearns & Co. Inc) from the open market are locked-in for a period of six months from date of allotment of shares issued on preferential allotment i.e. upto November 23, 2005

- 6.6 There has been no penal action initiated against AFL by any of the stock exchanges in respect of the compliance matters and AFL has complied with relevant clauses of the stock exchange listing agreements from time to time. The Shares were never suspended for trading by any of the stock exchanges. AFL has complied with the provisions of clause 49 of the stock exchange listing agreement in respect of corporate governance norms. AFL has posted EDIFAR filings on SEBI website except that NSE had issued a non-compliance letter dated April 16, 2003 with regard to uploading of certain financial information in EDIFAR website maintained by National Information Centre pertaining to quarter ended December 31, 2002. This was subsequently rectified and informed to NSE vide company's letter dated April 23, 2003.
- 6.7 The Promoters, Sellers and AFL have complied with the applicable provisions of Chapter II of SEBI Takeover Code except that there was one delay of 149 days in compliance under Regulation 8(3) of the SEBI Takeover Code pertaining to the period ended 31.3.2001. AFL had complied by filing the necessary report under Regulation 8(3) vide their letter dated 26.09.2001. Subsequently, on March 6, 2003, this delay was regularised under SEBI Regularisation Scheme. Further, AFL vide its letter dated 16.10.2001 intimated to the stock exchanges regarding the correct holding of persons acting in concert as against the details reported vide their abovementioned letter dated 26.09.2001.

6.8 The Promoters, the Sellers and AFL have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act.

6.9 The board of directors of AFL as on the date of the Public Announcement was as under:

Sr. No.	Name & Residential Address	Original Date of Appointment	Designation	Qualifications	Experience
1	Mr. Manmohan Shetty 21, Golden Beach, Ruia Park, Juhu, Mumbai 400 049	Since incorporation	Chairman & Managing Director	B.A	Mr. Shetty is the Original Promoter of AFL and has 30 years of experience in the business.
2	Mr. Vasanji Mamania 301, Mangal Swagat, Off Perry Road, Bandra (West), Mumbai 400 050	Since incorporation	Wholetime Director	B.E	Mr. Mamania is the Original Promoter of AFL and has 30 years of experience in the business.
3	Ms. Pooja Shetty 21, Golden Beach, Ruia Park, Juhu, Mumbai 400 049	19.07.2000	Wholetime Director	M.B.A, Purdue University, U.S.A	Ms. Shetty is heading the theatre operations - IMAX group.
4	Mr. Berjis Desai Yezerina II, 740/741 Dadar Parsi Colony, Dadar, Mumbai 400014	19.07.2000	Non Executive Director	B.A L.L.M, Cambridge, England	Mr. Desai is a Solicitor and Managing Partner of J. Sagar Associates. He was previously Partner in Udeshi, Udwadia & Berjis, Solicitors Firm. He specialises in mergers, acquisitions, derivatives, financial laws, International Business Law.
5	Mr. Chandir Gidwani 1202, Ocean View, Union Park, Pali Hill, Khar (West), Mumbai 400052	28.04.2001	Non Executive Director	M.Com, FCA	Mr. Gidwani has experience in areas of Internal and Management audit, accounting procedures, policies & practices, M.I.S.
6	Mr. Pradeep Guha 8A, 8B Waheeda Apartments, 8 th Floor, Pali Hill, Bandra (West), Mumbai 400 050.	19.07.2000	Non Executive Director	B.A, Member of Asian Institute of Management, Manila	Mr. Guha is currently CEO of Zee Telefilms Ltd. Prior to this he was President of The Times of India Group, as well as on its board of directors

Note: There are no directors representing the Acquirers on the board of AFL.

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6.10 The details of the changes in shareholding of the Original Promoter Group as and when it took place, is as follows:

Date	Name	No. of Shares acquired	No. of Shares sold	Total Promoter Holding (Shares)	Compliance with Take Over Code / other applicable regulations under the SEBI Act, 1992 and other applicable statutory requirements
30.11.87	Original Promoters	200	-	200	Complied
8.2.90	Original Promoters	4,800	-	5000	Complied
1.11.99	Original Promoters	Share split from face value Rs. 100 to Rs. 10 per share			50,000
1.11.99	Original Promoters	85,00,000	-	85,50,000	Complied
2.12.99	Original Promoter Group	300	-	85,50,300	Complied
1.8.2000	Original Promoter Group	Share split from face value Rs. 10 to Rs. 5 per share			171,00,600
29.12.00	Original Promoter Group	83,000	-	1,71,83,600	Complied
17.4.02	Original Promoter Group	-	(83,000)	1,71,00,600	Complied
23.5.03	Original Promoters – gift to Ms. Rubaiyat Patel	-	(21,50,000) (gift)	1,49,50,600	Complied
17.12.03	Original Promoters	-	(9,27,334)	1,40,23,266	Complied
18.12.03	Original Promoters	-	(4,72,666)	1,35,50,600	Complied
11.4.05	Ms. Rubaiyat Patel added as part of the Original Promoter Group	18,91,234	-	1,54,41,834	*
28.6.05	Original Promoters	-	(1,50,000)	1,52,91,834	Complied
29.6.05	Original Promoters	-	(1,00,000)	1,51,91,834	Complied

* Ms. Rubaiyat Arun Patel became part of the Original Promoter Group in April 2005 pursuant to an understanding, intimated vide her letter dated April 7, 2005, between the Promoters & Ms. Patel. Accordingly, on April 11, 2005, AFL had intimated to the stock exchanges, NSDL, CDSL and to Intime Spectrum Registry Ltd., Registrar & Transfer Agents of AFL regarding the re-classification of Ms. Patel from public to part of the Original Promoter Group.

Figures in brackets indicate disposals of Shares. The above table shows the changes in the shareholding of the people constituting the Original Promoters / Original Promoter Group. The applicable legal provisions, in particular the provisions of the SEBI Takeover Code, as in force at the relevant times and SEBI (Prohibition of Insider Trading) Regulations, 1992 were complied with by the Original Promoters / persons acting in concert with them and AFL, at the time of each change in the Original Promoters' shareholding, including changes in the shareholding of the persons acting in concert with them except for the delays as disclosed in paragraph 6.7 above.

6.11 AFL has complied with the applicable requirements of the listing agreement. The details of the corporate governance for AFL, as per the Annual Report for the period ended March 31, 2004, are as follows:

Composition of the Board of Directors

The composition of board of directors is in conformity with the Code of Corporate Governance. The board of directors of AFL consists of 7 directors of which 3 are wholetime directors. The Managing Director who is also a wholetime director is the Chairman of the company. The four independent non-executive directors are eminent professionals from the field of business, law, media and finance.

Audit Committee

The Audit Committee comprises of 4 non executive independent directors. The Company Secretary, acts as the Secretary to the Committee.

Remuneration Committee

The Remuneration Committee comprises of 4 non executive independent directors.

Shareholders / Investors Grievance Committee

The committee functions under the Chairmanship of a non-executive independent director. The other members of the committee include 1 wholtime director and 1 non-executive independent director. The Company Secretary is the compliance officer of the committee.

Share Transfer Committee:

The Share Transfer Committee comprises of Chairman and Managing Director and 2 wholtime directors. The Company Secretary acts as the secretary to the committee.

Compliance Certificate of the Auditors

The statutory auditors of AFL, vide their letter dated July 29, 2004 have certified that AFL has complied with the conditions of corporate governance as stipulated in the listing agreements.

Subsequently Mr. Shyam Shroff has resigned from the board of AFL on October 1, 2004 that was accepted at the AFL's board meeting of October 28, 2004.

6.12 AFL did not have any merger / acquisition /de-merger/spin-off in the last 3 years except that EOIL became a wholly owned subsidiary of AFL in October 2002 pursuant to the acquisition from its erstwhile promoters and RMPL became a subsidiary in November 2003. Further one new subsidiary was formed by AFL – GEL in May 2003.

6.13 Following are the material legal cases against AFL, to the best of the knowledge of the company:

Cases filed against AFL: There are 17 cases where AFL is made a party to the case, where there are no monetary claims against Adlabs Films Ltd. However, AFL is made party as it holds the film material on behalf of the producer / defendant and at the time of release of the film, the prints are delivered by AFL.

Income Tax matters in dispute: In respect of the appeals filed by the Income Tax Department against the decision of CIT (Appeals) for the Assessment Years 1993-94, 95-96, 98-99, 99-2000 and for block assessment Rs.403.62 lakhs

In respect of company's appeals pending before Income tax Appellate Tribunal for Assessment years 1996-97 and 1997-98 for Rs.120.16 lakhs

The Commissioner of Central Excise has issued order conforming the demand of Rs.479.28 lakhs. The entire demand has been disputed by the company and the necessary stay has been granted by the Appellate Authority.

Material litigations involving EOIL: A case is filed against EOIL by Bagadia Pictures, Distributors for a film that is pending in West Bengal Court. The amount involved is approximately Rs.6 -7 lakhs and the matter involves misinterpretation of the form and substance of the agreement entered into by the distributor.

The amounts mentioned in the above cases do not include interest claims, if any.

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6.14 Key audited financials of AFL are as follows:

The results are on a standalone legal entity basis (consolidation effect of subsidiary financials are not considered). The results for the year ended March 31, 2005 are as certified by the statutory auditors and reported to BSE and NSE as per the requirements of listing agreements.

INCOME STATEMENT <i>(Rs. Lakhs)</i>	Year ended			
	31-Mar-05 Certified	31-Mar-04 Audited	31-Mar-03 Audited	31-Mar-02 Audited
Income from operations	8,245.87	7,534.25	7,407.16	5,691.19
Other Income	553.64	356.30	398.20	407.38
Total Income	8,799.51	7,890.56	7,805.36	6,098.58
Total Expenses	4,826.32	4,526.85	4,589.37	4,014.81
PBIDT	3,973.19	3,363.71	3,215.99	2,083.77
Depreciation	549.27	448.16	425.07	378.54
Interest	163.05	134.71	104.73	97.40
PBT	3,260.87	2,780.84	2,686.20	1,607.83
Provision for tax	1,151.00	1,016.61	1,020.90	574.00
Profit after tax	2,109.87	1,764.23	1,665.30	1,033.83

BALANCE SHEET <i>(Rs. Lakhs)</i>	As on		
	31-Mar-04 Audited	31-Mar-03 Audited	31-Mar-02 Audited

SOURCES OF FUNDS			
Share Capital	1,075.04	1,075.04	1,075.04
Reserves and Surplus (excluding revaluation reserves)	9,409.35	8,252.88	7,072.69
Less: Miscellaneous expenditure	(115.33)	(216.27)	(323.98)
Networth	10,369.05	9,111.64	7,823.75
Deferred tax liability (net)	685.70	523.70	353.70
Secured Loans	1,430.49	451.15	711.62
Unsecured loans	-	709.80	793.38
Total	12,485.25	10,796.29	9,682.45

APPLICATIONS OF FUNDS			
Net block	6,343.10	5,976.03	6,195.76
Capital work in progress	113.30	200.63	93.12
Investments	1,334.12	5.00	-
Net current assets	4,694.72	4,614.64	3,393.57
Total	12,485.25	10,796.29	9,682.45

OTHER FINANCIAL DATA	Year ended		
	31-Mar-04	31-Mar-03	31-Mar-02
Dividend (% of face value)	50.00%	40.00%	25.00%
Earnings per Share ("EPS") (Rs.)	8.21	7.75	4.81
Return on Net Worth (%)	17.01%	18.28%	13.21%
Book Value per Share (Rs)	48.23	42.38	36.39

Note:

(1) $Dividend (\%) = Dividend\ paid / No.\ of\ Shares\ outstanding / Par\ value\ per\ Share$

(2) $EPS = Profit\ After\ Tax / No.\ of\ Shares\ outstanding\ at\ the\ year\ end$

(3) $Return\ on\ Net\ Worth = Profit\ after\ Tax / Net\ Worth\ at\ year-end$

(4) $Book\ Value\ per\ Share = Net\ Worth / No.\ of\ Shares\ outstanding$

(Source: Annual Report & Company Data)

6.15 AFL has the following contingent liabilities for the year ended March 31, 2004:

(Source: Annual Report for FY2004)

- (a) In respect of letter of credit and bank guarantees issued by the company's bankers Rs. 87.40 lakhs (Previous year Rs. 142.45 lakhs)
- (b) Estimated amount of contract remaining to be executed on capital account and not provided for net of advances Rs. 305.11 lakhs (Previous year Nil)
- (c) Estimated amount of contract remaining to be executed in joint ventures Rs. 288.45 lakhs (Previous Year Rs. 755.59 lakhs)
- (d) Estimated amount of financial commitment for multiplexes business conducting agreement remaining to be financed Rs. 56.33 lakhs (Previous Year Rs. 56.33 lakhs)
- (e) On account of Income tax matters in dispute:
 - In respect of appeals filed by the IT Dept. against the decision of CIT (Appeals) for the Assessment Year 1991-92, 1993-94, 1995-96, 1998-99, 1999-2000 and for block assessment Rs 435.26 lakhs (Previous Year - Rs. 435.26 lakhs)
 - In respect of Company's appeals pending before IT Appellate Tribunal for the Assessment Year 1992-93, 1996-97, 1997-98 Rs 139.22 lakhs (Previous Year - Rs. 139.22 lakhs)
- (f) Property Tax disputed Nil (Previous year - Rs.5.09 lakhs)
- (g) As reported in previous year, the Commissioner of Central Excise has passed the final order, demanding a total amount of Rs. 367.01 lakhs (previous Year - Rs. 208.38 lakhs). The entire demand has been disputed by the company and the necessary stay has been granted by the Appellate authority.
- (h) Estimated amount of finance commitment remaining to be paid to the subsidiary company on account of production of films Rs. 393.02 lakhs (Previous year - Rs. 1,747.92 lakhs) and on account of multiplex theatres Rs. 397.65 lakhs (Previous year - Rs. 400 lakhs)

6.16 Comparison of Results

Results for financial year 2004 compared to financial year 2003:

During the year, income from film processing and printing activities rose by 9.29% to Rs.3,729.45 lakhs (Rs.3,412.53 lakhs). AFL processed 15.61 million feet of 35mm motion pictures negative film (15.56 million feet) and 203.99 million feet of 35mm motion picture print film (188.30 million feet) in 2003-04.

82 Hindi feature films processed at its lab were released during the year. Income from traded goods was lower at Rs.1,990.31 lakhs during 2003-04 as compared to Rs.2,249.81 lakhs in 2002-03, the reason being some customers having directly purchased raw stock from suppliers.

Income from ticketing sales of Imax Dome and Multiplex activities was Rs.1814.49 lakhs registering a 4% rise over the previous year. AFL's Net profit after tax rose to Rs.1,764.23 lakhs (Rs.1665.30 lakhs) i.e. an increase of 5.94%.

Results for financial year 2003 compared to financial year 2002

During the year, film processing and printing activities witnessed a growth in volumes and sales there from were higher by 23.65% at Rs.3413 lakhs as compared to Rs.2,760 lakhs in the previous year. In 2002-03, AFL processed 15.56 million feet of 35mm motion pictures negative film and 188.30 million feet of 35mm motion picture print film as compared to 13.70 million feet of negative and 159.69 million feet print film respectively last year.

Further, during the year, 84 Hindi feature films were processed at its lab and were released as against 53 films processed and released last year.

As for performance of Imax Dome Theatre, its ticketing sales was Rs.538.80 lakhs while the four screen multiplex theatre recorded its first full year's ticketing sales at Rs.773.13 lakhs in 2002-03. Income from cafe sales, advertising and retailing was Rs.366.07 lakhs.

The Net profit after tax registered a rise of 61 % to Rs.1,665.30 lakhs as compared to Rs.1,033.83 lakhs in 2001-02 reflecting increase in prints processed due to higher number of releases, increase in theatre income, benefit of entertainment tax exemption and efficient cost cutting modules adopted.

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6.17 The shareholding and voting pattern of AFL prior to and following the proposed acquisition under the SPAs, the Preferential Issue and the Offer, is as under:

Shareholders' category	Shareholding & Voting rights prior to the agreement/ acquisition and Offer (as on June 30, 2005) (A)	Shares/ Voting rights agreed to be acquired which triggered off the SEBI Takeover Code (B)	Indicative Post Preferential Issue shareholding (C)	Shares/ Voting rights to be acquired in the Open Offer (Assuming full acceptances) (D)	Shareholding/ Voting rights after the agreement/ acquisition and Offer (A)+(B)+(D) = (E)
1) Original Promoters Group					
a) Parties to the SPAs - Mr. VasANJI MamanIa	65,25,000 26.10%	(44,00,000) (11.06%)	21,25,000 5.34%	Nil	Refer Note 3
- Ms. Rubaiyat Arun Patel	18,91,234 7.56%	(14,00,000) (3.52%)	4,91,234 1.23%	Nil	Refer Note:3
b) Promoters other than (a) above - Mr. Manmohan Shetty	67,75,000 27.10%		67,75,000 17.02%	Refer Note 3	Refer Note:3
- Family & Relatives	600 0.002%		600 0.002%		
Total 1(a+b)	1,51,91,834 60.77%	(58,00,000) (14.57%)	93,91,834 23.60%	Refer Note 3	Refer Note 3
2) Acquirers					
a) RLPL	-	a) Under the SPAs: 58,00,000 14.57%	a) Under the SPAs: 58,00,000 14.57%	83,60,150 21.01%	2,89,60,150 72.76%
		b) Shares under the Preferential Issue: 1,10,00,000 27.64%	b) Shares under the Preferential Issue: 1,10,00,000 27.64%		
		c) Warrants under the Preferential Issue 38,00,000	c) Warrants under the Preferential Issue 38,00,000		
b) RCL	12,55,000 5.02%	- -	12,55,000 3.15%	- -	12,55,000 3.15%
Total 2(a+b)	12,55,000 5.02%	2,06,00,000 51.76% (assuming full conversion of Warrants)	2,06,00,000 51.76% (assuming full conversion of Warrants)	83,60,150 21.01%	3,02,15,150 75.92%
3) Parties to the agreement other than 1(a) and (2)	-	-	-	-	-
4) Public* (other than parties to agreement and the Acquirers)					
a) Mutual Funds and UTI , Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/ Non-Government Institutions) / FIs - SBI MF Magnum Sector Funds 4,86,526 1.95% - SBI MF Magnum Midcap Fund 7,66,524 3.07% - Others(See Note 1) 54,61,305 21.84%	67,14,355 26.86%		67,14,355 16.87%		
b) Private Corporate Bodies	4,41,758 1.77%		4,41,758 1.11%		
c) Indian Public (including NRIs / OCBs)	13,97,803 5.59%		13,97,803 3.51%		
Total (4) : (a)+(b)+(c)	85,53,916 34.21%	Nil	85,53,916 21.49%	(83,60,150) (21.01%)	95,85,600 24.08% Refer Note 4
Grand Total (1+2+3+4)	2,50,00,750 100.00%	1,48,00,000 37.19%	3,98,00,750 100.00%		3,98,00,750 100.00%

*Total number of public shareholders as on June 30, 2005 is 4,841

Note 1: "Others" under 4(a) includes 35,00,000 Shares allotted to two FII's on a preferential basis but not credited to their beneficiary account as on 30.6.05. These shares were subsequently credited to their respective depository accounts on July 30, 2005.

Note 2: The percentages appearing below the number of Shares in column (A) are calculated with reference to the voting rights of AFL as on the date of the PA. The percentages in all other columns have been calculated with reference to the Post Issue Paid-up Voting Equity Capital.

Note 3: The residual shareholding of the Original Promoter Group after the Offer would depend on the number of Shares tendered by them in the Offer. The Sellers are not eligible to participate in the Offer. The indicative post Preferential Issue shareholding mentioned in column (C) is based on the Original Promoter Group shareholding as on June 30, 2005.

Note 4: As mentioned at paragraph 3.1.8, upon completion of the Preferential Issue, the Acquirers shall be the promoters of AFL and Mr. Manmohan Shetty, his affiliates / associates and the Sellers shall cease to be the promoters of AFL / persons acting in concert and accordingly their shareholding, if any, will be treated as non promoter shareholding. Therefore their shareholding is included in the total public shareholding in column E.

6.18 The compliance officer of AFL is Ms. Kirti Desai. Her contact details are as follows: Adlabs Films Limited, Film City Complex, Goregaon (East), Mumbai 400 065, (Tel: +91-22-28423333/4488 Fax: +91-22- 28422211)

7 OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

7.1.1 The equity shares of AFL are listed on NSE and BSE. The annualized trading turnover during the preceding six months ended June 30, 2005 in each of the stock exchanges on which the shares of AFL are listed is as follows:

Name of Stock Exchange	Total number of Shares traded during the preceding six calendar months ended June 30, 2005	Total number of listed shares *	Annualized trading turnover (in terms of % of total listed shares)
NSE	1,91,84,414	2,15,00,750	178.45%
BSE	95,62,074	2,15,00,750	88.95%

(Source: NSE, BSE websites)

* Out of the presently outstanding 2,50,00,750 total Shares, AFL has received 'in-principle' listing approval from BSE and NSE in respect of 35,00,000 Shares, however, trading approval in respect of these Shares is awaited.

7.1.2 Based on the above information, the shares of AFL are frequently traded on both the exchanges - BSE and NSE within the meaning of explanation (i) to Regulation 20 (5) of the SEBI Takeover Code. The shares are most frequently traded on the NSE.

7.1.3 The Offer Price of Rs. 183/- (Rupees one hundred and eighty three only) per Share is justified in terms of Regulation 20 of the SEBI Takeover Code as it is higher than the following:

- Price payable under the SPAs: Rs.169 per Share
- Proposed acquisition price under the Preferential Issue: Rs.175.20 per Share
- Highest price paid by the Acquirers for acquisition of any equity share of AFL during the 12 months period preceding the date of the PA (July 1, 2005): Rs 71.78 per Share

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- d. The average of the weekly high and low of the closing prices of the equity shares of AFL during the 26 weeks preceding the date of the PA (July 1, 2005) on NSE was Rs.136.77. Please see the following table.

Week #	End date	High (Rs)	Low (Rs)	Avg. (Rs)	Volume (Shares)
1	Thursday, January 06, 2005	116.90	104.10	110.50	7,99,919
2	Thursday, January 13, 2005	104.30	94.95	99.63	2,64,287
3	Thursday, January 20, 2005	97.85	94.30	96.08	1,02,861
4	Thursday, January 27, 2005	93.75	92.35	93.05	1,03,156
5	Thursday, February 03, 2005	124.10	94.65	109.38	12,99,978
6	Thursday, February 10, 2005	132.20	123.15	127.68	17,13,759
7	Thursday, February 17, 2005	124.65	118.40	121.53	4,27,578
8	Thursday, February 24, 2005	122.95	118.75	120.85	4,62,263
9	Thursday, March 03, 2005	126.50	118.40	122.45	3,70,451
10	Thursday, March 10, 2005	130.15	121.65	125.90	6,12,710
11	Thursday, March 17, 2005	125.00	116.15	120.58	2,02,005
12	Thursday, March 24, 2005	125.60	114.65	120.13	11,53,473
13	Thursday, March 31, 2005	130.35	126.10	128.23	4,18,110
14	Thursday, April 07, 2005	137.50	132.85	135.18	7,37,011
15	Wednesday, April 13, 2005	134.05	129.95	132.00	1,60,643
16	Thursday, April 21, 2005	140.15	125.10	132.63	5,54,495
17	Thursday, April 28, 2005	143.95	136.85	140.40	6,56,176
18	Thursday, May 05, 2005	154.20	146.35	150.28	10,29,230
19	Thursday, May 12, 2005	157.55	147.40	152.48	4,80,594
20	Thursday, May 19, 2005	163.60	156.65	160.13	4,02,351
21	Thursday, May 26, 2005	170.95	162.60	166.78	3,37,452
22	Thursday, June 02, 2005	169.55	158.90	164.23	3,91,886
23	Thursday, June 09, 2005	166.00	160.55	163.28	1,75,071
24	Thursday, June 16, 2005	189.65	174.15	181.90	9,23,846
25	Thursday, June 23, 2005	175.55	166.00	170.78	5,63,352
26	Thursday, June 30, 2005	241.45	178.70	210.08	51,73,887
26 weeks average				136.77	

This average for the 26 weeks preceding the date of the board meeting (June 30, 2005) where the Preferential Issue was proposed - Rs. 135.18

- e. The average of the daily high and low of the equity shares of AFL during the 2 weeks preceding the date of the PA (July 1, 2005) on NSE was Rs.182.15. Please see the following table:

Day #	Date	High (Rs)	Low (Rs)	Avg. (Rs)	Volume (Shares)
1	Friday, June 17, 2005	178.50	164.15	171.33	62,939
2	Monday, June 20, 2005	177.00	154.10	165.55	1,31,221
3	Tuesday, June 21, 2005	172.00	161.55	166.78	89,548
4	Wednesday, June 22, 2005	185.00	169.00	177.00	1,69,637
5	Thursday, June 23, 2005	182.00	170.45	176.23	1,10,007
6	Friday, June 24, 2005	182.50	170.00	176.25	99,006
7	Monday, June 27, 2005	196.00	171.70	183.85	3,80,988
8	Tuesday, June 28, 2005	193.50	178.15	185.83	4,95,088
9	Wednesday, June 29, 2005	206.00	185.00	195.50	10,99,549
10	Thursday, June 30, 2005	241.45	205.00	223.23	30,99,256
2 weeks average				182.15	

This average for 2 weeks preceding the date of the board meeting (June 30, 2005) where the Preferential Issue was proposed - Rs.177.68 (on NSE).

- 7.1.4 No additional payments are being made by Acquirers as non-compete fees.
- 7.1.5 In the opinion of the Manager to the Offer and Acquirers, the Offer Price is justified.
- 7.1.6 If the Acquirers acquire Shares after the date of the Public Announcement up to seven working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

7.2 Financial Arrangements

- 7.2.1 The total financial resources required for this Offer, assuming full acceptance will be Rs.1,52,99,07,450 (Rupees One Hundred Fifty Two Crores Ninety Nine Lakhs Seven Thousand Four Hundred and Fifty only) ("Maximum Consideration"). In accordance with Regulation 28 of the SEBI Takeover Code, an escrow account has been created in the form of deposit of securities. RCL has created a pledge in favour of the Manager to the Offer, of 7,00,000 (Seven Lakhs only) fully paid equity shares of face value Rs.10 each, of Reliance Industries Limited, having a closing market price of Rs.642.55 per equity share as on June 30, 2005 (Source: NSE website). The said shares, owned by Reliance Capital Limited, are free from any lien / encumbrances and they carry full voting rights. The total value of securities pledged exceeds the escrow amount stipulated under Regulation 28(2). The Manager to the Offer is empowered to realise the value of the securities by sale or otherwise, provided if there is any deficit on realisation of the value of the securities, such deficit, if any shall be made good by the Manager to the Offer. The Acquirers have also made a cash deposit of Rs.2,00,00,000 (Rupees Two Crores only) with ICICI Bank Limited, Free Press House, Nariman Point, Mumbai 400 021 being more than 1% of the total consideration payable under the Offer. The Acquirers have arranged a lien on the cash deposit in favour of the Manager to the Offer. The Manager to the Offer is authorised to realise the value of the escrow in terms of the SEBI Takeover Code.
- 7.2.2 The Acquirers have made firm financial arrangements for the Maximum Consideration by way of internal accruals and borrowings. Funding support to the extent required by RLPL will be provided by RCL to RLPL for acquisition of Shares validly tendered in the Offer. M/s Chaturvedi & Shah, Chartered Accountants (signing partner Mr. C.D. Lala having membership no. 35671, contact Tel no.+91-22-30616100, address: A-3, Laxmi Towers, 1st Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051) have confirmed vide their letter dated June 30, 2005 that the Acquirers have made the firm arrangements for meeting their obligations under the SEBI Takeover Code. Based on the certificate from M/s Chaturvedi & Shah, Chartered Accountants, the Manager to the Offer confirms that adequate funds are available with the Acquirers through verifiable means to implement this Offer in full.

8 TERMS AND CONDITIONS OF OFFER

- 8.1.1 The Offer is subject to receipt of approval from the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 ("FEMA") for the acquisition of equity shares by the Acquirers from non-resident persons under the Offer.
- 8.1.2 To the best of knowledge and belief of the Acquirers there are no other statutory approvals required to acquire the Shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. The Acquirers will not proceed with the Offer in the event that such statutory approvals that are required are refused in terms of Regulation 27 of the SEBI Takeover Code. No approvals are required from Financial Institutions / Banks for the Offer.
- 8.1.3 It may be noted that in case of non-receipt of statutory approvals within time, SEBI, if satisfied that the non receipt of approvals was not due to wilful default or negligence on part of the Acquirers, has a power to grant an extension of time to the Acquirers for payment of consideration to shareholders subject to the Acquirers agreeing to pay interest for the delay, to the shareholders, at such rates as may be specified by SEBI under Regulation 22(12) of the SEBI Takeover Code. Further, if the delay occurs due to wilful default of the Acquirers in obtaining the requisite approvals, Regulation 22(13) of the SEBI Takeover Code will also become applicable. The Acquirers shall complete all procedures relating to the Offer within a period of 15 days from the date of closure of the Offer.

8.1.4 Other terms

- 8.1.4.1 The Offer is being made to the shareholders of AFL and the Letter of Offer, together with the Form of Acceptance-cum-Acknowledgement (the "Form of Acceptance-cum-Acknowledgement"), will be mailed to the shareholders of AFL (excluding the Acquirers and the Sellers), whose names appear on the Register of Members of AFL, and to the beneficial owners of the shares of AFL, whose names appear as beneficiaries on the records of the respective depositories, at the close of business on Friday, July 22, 2005 ("Specified Date").

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- 8.1.4.2 All owners of shares, registered or unregistered (except the Acquirers and the Sellers), are eligible to participate in the Offer, at any time before the closure of the Offer, as per the procedure set out in Part 9 below. Eligible persons can participate in the Offer by offering their shareholding in whole or in part. The acceptance must be unconditional and should be absolute and unqualified. No indemnity is required from the unregistered owners.
- 8.1.4.3 Accidental omission to dispatch this Letter of Offer or the non-receipt or delayed receipt of this Letter of Offer will not invalidate the Offer in any way.
- 8.1.4.4 Locked-in Shares: There are 36,20,000 Shares of AFL which are presently subject to lock-in as per the provisions of SEBI (Disclosure and Investor Protection) Guidelines, 2000. These Shares can be tendered in the Offer. In such case, the residual lock-in period shall continue in the hands of the Acquirer.
- 8.1.4.5 Any Shares of AFL that are the subject matter of litigation or are held in abeyance due to the restriction from Court/ Forum/ ITO attachment etc., wherein the shareholder(s) may be precluded from transferring the equity shares during the pendency of the said litigation are liable to be rejected in case directions/orders of the court/forum/ITO etc permitting transfer of these Shares are not received together with the equity shares tendered under the Offer.
- 8.1.4.6 The acceptance of the Offer made by the Acquirers is entirely at the discretion of the shareholders of the Target Company. The Acquirers will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.
- 8.1.4.7 Incomplete applications, including non-submissions of necessary enclosures, if any, are liable to be rejected.
- 8.1.4.8 The Acquirers will acquire the Shares, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter. Shares that are subject to any charge, lien or encumbrance are liable to be rejected.
- 8.1.4.9 The instructions and provisions contained in the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal constitute an integral part of the terms of this Offer.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

- 9.1 All owners of equity shares of AFL, registered or unregistered who wish to avail of and accept the Offer can also 'hand deliver' the Form of Acceptance-cum-Acknowledgement along with all the relevant documents at any of the collection centres mentioned below in accordance with the procedure as set out in this Letter of Offer. All centres mentioned herein below would be open during the Offer period on all working days (except Sundays and Bank Holidays) during business hours as shown below. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respect; otherwise the same are liable to be rejected.

No.	Collection Centre	Address of Collection Centre	Contact Person	Email Address	Phone No.	Fax	Mode of delivery
1.	Ahmedabad	201-203 "Shail" Opp Madhusudhan House, New Navrangpura Tel. Exchange, Off CG Road, Ahmedabad 380 006	Mr. Edward Raphael	edward@karvy.com	079-26420422/ 26400527/28	079-26565551	Hand Delivery
2.	Bangalore	TKN Complex No. 51/2 Vanivilas Road Opp National College Basavanagudi, Bangalore 560 004	Mr. Kishore	nkishore@karvy.com	080-26621184/ 26621192	080-26621169	Hand Delivery
3.	Chennai	G-1 Swathi Court, 22 Vijay Raghava Road, T. Nagar, Chennai 600 017	Mr. Gunashekhar	chennaiirc@karvy.com	044-28153445/ 28151034	044-28153181	Hand Delivery
4.	Hyderabad	46, Avenue 4, Street No 1, Banjara Hills, Hyderabad 500034	Ms. A Anitha	irchyd@karvy.com	040-23312454	040-23311968	Hand Delivery / Registered Post
5.	Kolkata	49 Jatindas Road, Nr. Deshpriya Park Kolkata 700 029	Mr. Sujit Kundu	sujitkundu@karvy.com	033-24634787 - 89	033-24634787	Hand Delivery
6.	Mumbai	7, Andheri Industrial Estate, Off Veera Desai Road, Andheri(W) Mumbai 400 053 16-22 Bake House Maharashtra Chmb. of Comm. Lane, Opp. MSC Bank, Fort Mumbai 400 023	Ms. Vishakha Shringarapure Mr. Nutan Shirke	vishakhats@karvy.com nutan.shirke@karvy.com	022-26730799/ 153 022-56382666	022-26730152 022-56331135	Hand Delivery Hand Delivery
7.	New Delhi	105-108, Arunachal Building19, Barakhamba Road, Conn. Place, New Delhi 110 001	Mr. Michael George	michaelg@karvy.com	011-23324401/ 23353835/981	011-23324621	Hand Delivery

Working Hours: Monday to Friday 11 AM to 3 PM Saturday 11 AM to 1 PM

Holidays: Sundays and Bank Holidays

The equity shareholders who cannot hand deliver their documents at the collection centres referred to above may send the same by registered post, at their own risk, to the Registrar to the Offer at their office at Karvy Computershare Private Limited, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034 and not to any other collection centre so as to reach their office before the close of the Offer i.e. 3 pm on September 5, 2005.

9.1 Shareholders who wish to tender their shares under this Offer should enclose the following documents duly completed:

9.2.1 For equity shares held in physical form:

Registered Shareholders should enclose:

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- Original share certificate(s).

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- Valid share transfer deed / form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with AFL and duly witnessed at the appropriate place.

In case of non receipt of the aforesaid documents, but receipt of the original share certificate(s) and transfer deed(s) duly signed, the Offer shall be deemed to be accepted.

Unregistered owners should enclose:

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- Original share certificate(s).
- Original broker contract note.
- Valid share transfer deed(s) as received from market. The details of buyer should be left blank failing which, the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders.

All other requirements for valid transfer will be precondition for acceptance.

9.2.2 For Equity shares held in demat form:

Beneficial owners should enclose:

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depository.
- Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by DP in favour of the special depository account (please see below) before the close of business hours on September 5, 2005.

In case of non receipt of the aforesaid documents, but receipt of the Shares in the special depository account, the Offer shall be deemed to be accepted. The Form of Acceptance-cum-Acknowledgement for which corresponding Shares have not been credited to the special depository account as on the date of closure of the Offer will be rejected.

The Registrar to the Offer has opened a special depository account with details as follows:

DP Name	Karvy Consultants Limited
DP ID	IN300394
Client ID	15400697
Account name	KCL Escrow Account – AFL Open Offer
Depository	National Securities Depository Limited

For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum-Acknowledgement. **In the case of demat shares, the shareholders are advised to ensure that their Shares are credited in favour of the special depository account, before the closure of the Offer, i.e. no later than close of business hours (3 PM) on September 5, 2005. Beneficial owners having their beneficiary accounts with CDSL have to use inter-depository delivery instruction slip for the purposes of crediting their shares in favour of the special depository account with NSDL. The credit for the delivered shares should be received in the special depository account on or before close of the Offer, i.e. by 3 pm on September 5, 2005 failing which the Form of Acceptance-cum-Acknowledgement will be rejected.**

9.2.3 Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the application is being sent failing which the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not be limited to):

- Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.

- Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
 - No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
 - In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).
- 9.3 The share certificate(s), share transfer form, Form of Acceptance-cum-Acknowledgement and other documents, if any should be sent only to the Registrar to the Offer, at the collection centres mentioned above. **They should not be sent to the Manager to the Offer or the Acquirers or the Target Company.** The above-mentioned documents can be sent to the collection centres (as mentioned in paragraph 9.1 above) by hand delivery on all days except Sundays and public holidays.
- 9.4 The minimum marketable lot for the purposes of acceptance, for both physical and demat shares, would be one Share.
- 9.5 In case of non-receipt of the Letter of Offer / Form of Acceptance-cum-Acknowledgement / Form of Withdrawal, the eligible shareholders may obtain a copy of the same from any of the collection centres mentioned above on providing suitable documentary evidence of acquisition of shares of AFL. The Letter of Offer and Form of Acceptance-cum-Acknowledgement will be available on SEBI's website: <http://www.sebi.gov.in>, from the Offer opening date. The eligible shareholders, desirous of participating in the Offer, can download these documents from the SEBI's website and apply on the same. Alternately, they may send their consent to participate in the Offer, to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, folio number, distinctive numbers of the Shares held, number of Shares offered, along with documents as mentioned above including original share certificate(s), duly signed & witnessed transfer deed(s), so as to reach the Registrar to the Offer on or before the close of the Offer. Unregistered owners should not sign the transfer deed and the transfer deed should be valid. In case of beneficial owners, they may send their application in writing to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the close of the Offer. The application should be signed by all the shareholders as per the registration details available with AFL and should be sent to the Registrar to the Offer in an envelope clearly marked "Adlabs Films Limited - Open Offer".
- 9.6 Non-Resident shareholders should also enclose a copy of permission received from RBI, if any (specific or general) that they would have obtained for acquiring equity shares held by them in AFL. Non Resident Indians, Overseas Corporate Bodies (OCBs) and Foreign shareholders are required to furnish Bankers Certificate certifying inward remittance of funds for acquisition of shares of AFL. The tenders from non-resident shareholders, where the aforesaid permission is not submitted are liable to be rejected.
- 9.7 Foreign Institutional Investors are requested to enclose the SEBI Registration letter and RBI general permission letter. Non-Resident shareholders should also enclose a copy of 'no-objection' certificate / tax clearance certificate from the income tax authorities under Income Tax Act, 1961, indicating the amount of tax to be deducted by the Acquirers before remitting the consideration. In case the aforesaid 'no-objection' certificate is not submitted, the Acquirers may deduct tax at the maximum marginal rate as may be applicable to the shareholder, on the entire consideration amount payable. The Acquirers also reserves the right to reject such tenders from non-resident shareholders, where the aforesaid 'no-objection' certificate is not submitted.
- 9.8 In case of delay in receipt of statutory approvals beyond September 20, 2005, SEBI has the power to grant extension of time to Acquirers for payment of consideration to shareholders, subject to the Acquirers agreeing to pay interest for the delayed period, as directed by SEBI in terms of Regulation 22(12) of the SEBI Takeover Code.
- 9.9 In terms of Regulation 22 (5A) of the SEBI Takeover Code, equity shareholders desirous of withdrawing the acceptance tendered by them in the Offer, may do so up to 3 (three) working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before Wednesday, August 31, 2005.

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- a) The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer, duly signed by all the registered holders as per their specimen signature recorded with AFL for shareholders in case of physical holdings/ with the Depository in case of electronic holdings, so as to reach the Registrar to the Offer at any of the collection centres, mentioned under PROCEDURE FOR ACCEPTANCE AND SETTLEMENT, on or before August 31, 2005. The signature of the beneficial holders on the Form of Withdrawal should be attested by the Depository Participant.
 - b) The withdrawal option can be exercised by submitting the Form of Withdrawal attached to this Letter of Offer, duly completed together with Acknowledgement slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
 - c) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:
 - i. In case of physical shares: Name, address, distinctive numbers, folio number and number of Shares tendered / withdrawn.
 - ii. In case of dematerialised shares: Name, address, number of shares tendered / withdrawn, DP name, DP ID, Beneficiary Account no., and a photocopy of delivery instructions in "Off market" mode or counterfoil of the delivery instruction in "Off market" mode, duly acknowledged by the DP in favour of the special depository account.
 - d) Shareholders who have tendered Shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining equity shares (i.e. Shares not withdrawn) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with AFL and duly witnessed at the appropriate place.
 - e) The withdrawal of Shares will be available only for the share certificates/ Shares that have been received by the Registrar to the Offer/ Special Depository Account.
 - f) The intimation of returned Shares to the shareholders will be at the address as per the records of AFL or the Depositories as the case may be.
 - g) The Form of Withdrawal should be sent only to the Registrar to the Offer, at the collection centres mentioned above.
 - h) In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from AFL.
 - i) Partial withdrawal of tendered Shares can be done only by the registered shareholders / beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance-cum-Acknowledgement will stand revised to that effect.
 - j) Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
- 9.10 Payment of consideration will be made by crossed account payee cheque/demand draft / pay order and sent by Registered Post, to those shareholders/unregistered owners and at their risk, whose shares/ share certificates and other documents are found in order and accepted by Acquirers in part or in full. In case of joint holders cheques/demand drafts will be drawn in the name of the first holder/ unregistered owner. **It is advised that shareholders provide bank details in the Form of Acceptance-cum-Acknowledgment, so that same can be incorporated in the cheque/demand draft/pay order.**
- 9.11 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Shares held in demat form, to the extent not accepted, will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement. It will be the responsibility of the equity shareholders to ensure that the unaccepted equity shares are accepted by their respective Depository Participants when transferred by the Registrar to the Offer. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit, if any, in their DP account. Shareholders should ensure that their depository account is maintained till the offer formalities are completed.

- 9.12 The Registrar to the Offer will hold in trust the shares/share certificates, shares lying in credit of the special depository account, Form of Acceptance-cum-Acknowledgement, and the transfer form(s), if any, on behalf of the shareholders of AFL who have accepted the Offer, till the cheques/ drafts for the consideration and/or the unaccepted shares/ share certificates are dispatched or credited back to the beneficial owners' DP accounts.
- 9.13 In case any person has lodged shares of AFL for transfer and such transfer has not yet been effected, the concerned person may apply as per instruction contained in paragraph 9.5 above together with the acknowledgement of the lodgement of shares for transfer. Such persons should also instruct AFL and its registrar & transfer agents to send the transferred share certificate(s) directly to the collection centre located at Hyderabad. The applicant should ensure that the certificate(s) reach the designated collection centre on or before the Offer closing date.
- 9.14 In case any person has tendered his physical shares in AFL for dematerialisation and such dematerialisation has not yet been effected the concerned shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialisation request form acknowledged by shareholder's DP. Such shareholders should ensure the credit of the shares to the special depository account on or before the Offer closing date. A copy of delivery instructions acknowledged by the DP in favour of the special depository account should be forwarded to the collection centre where the Form of Acceptance-cum-Acknowledgement and other documents were tendered, before the close of the Offer.
- 9.15 If the number of equity shares offered by the shareholders are more than the Offer Size of 83,60,150 Shares, then the acquisition from each shareholder will be, in consultation with the Manager to the Offer, as per Regulation 21(6) of the SEBI Takeover Code, on a proportional basis. The equity shares of AFL are compulsorily traded in dematerialised form and the minimum marketable lot for the purposes of acceptance, for both physical and demat will be one equity Share.

10 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of AFL at the office of the Manager to the Offer, Ambit RSM House, 449, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and public holidays, from the date of opening of the Offer until the Offer closes:

1. Copies of SPAs dated June 30, 2005 between RLPL and the Sellers;
2. Certified copy of the Certificate(s) of Incorporation and the Memorandum and Articles of Association of the RLPL and RCL;
3. Certified copy of the Certificate of Incorporation and the Memorandum and Articles of Association of the Target Company;
4. Copy of published Public Announcement dated July 1, 2005;
5. The annual reports of the Acquirers – RLPL and RCL for the financial years ended March 31, 2004 and 2003 and audited financial statements for the year ended March 31, 2005;
6. The annual reports of the Target Company for the financial period ended March 31, 2004, March 31, 2003 and March 31, 2002 and the certified results for year ended March 31, 2005;
7. Copy of the certificate dated June 30, 2005 issued by M/s Chaturvedi & Shah, Chartered Accountants confirming the firm arrangements made by the Acquirers for meeting their obligations under the SEBI Takeover Code;
8. Letter from ICICI Bank Limited, confirming the amount kept in an escrow account and empowering the Manager to the Offer in accordance with the SEBI Takeover Code;
9. Copy of pledge master report from HDFC Bank Limited evidencing creation of pledge on the securities kept in Escrow;
10. SEBI observation letter no.CFD/DCR/AG/46526/05 dated August 5, 2005;
11. Copy of the notice of Extraordinary General Meeting sent to the shareholders of AFL for the Preferential Issue;
12. A copy of the agreement entered into by the Registrar to the Offer with depository participant for opening a special depository account for the purposes of the Offer;

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13. Letter dated August 5, 2005 by BSE regarding the non-promoter holding to be maintained for continuous listing.

11 DECLARATION BY THE ACQUIRERS

The Acquirers represented by their respective board of directors accept responsibility for the information contained in this Letter of Offer and for their obligations under the SEBI Takeover Code and subsequent amendments made thereof. The Acquirers are severally and jointly responsible for fulfilment of their obligations in terms of the SEBI Takeover Code.

For and on behalf of Reliance Land Private Limited

For and on behalf of Reliance Capital Limited

Sd/-
Surendra Pipara
Director

Sd/-
V. R. Mohan
Company Secretary and Manager

Place: Mumbai

Date: August 8, 2005

Encl:

1. Form of Acceptance-cum-Acknowledgement
2. Form of Withdrawal

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form of Acceptance-cum-Acknowledgement with enclosures to
 Karvy Computershare Private Limited at any of the collection centres as mentioned in the Letter of Offer)

(to be filled in by the shareholder)

Folio No./DP ID

Client ID

No. of

Shares held

From:

Name:

Address:

OPEN OFFER TO THE SHAREHOLDERS OF ADLABS FILMS LIMITED	
OPENS	: Wednesday, August 17, 2005
LAST DATE OF WITHDRAWAL	: Wednesday, August 31, 2005
CLOSES	: Monday, September 5, 2005

Tel No.:

Fax No.:

E-mail:

To,

Reliance Land Private Limited

C/o. Karvy Computershare Private Limited,

"Karvy House" 46, Avenue 4,

Street No. 1, Banjara Hills,

Hyderabad – 500 034

Dear Sir/Madam,

Sub: Open Offer to acquire up to 83,60,150 equity shares of Rs. 5 each, representing 21.01% of the Post Issue Paid-up Voting Equity Capital (as defined in the Letter of Offer) of Adlabs Films Limited ("AFL" / "Target Company") by Reliance Land Private Limited ("RLPL"/"Acquirer") and Reliance Capital Limited ("RCL") [collectively "Acquirers"] at a price of Rs. 183/- (Rupees One Hundred and Eighty Three only) per fully paid up equity share, ("Offer Price") payable in cash.

I/We refer to the Letter of Offer dated August 8, 2005 for acquiring the equity shares held by me/us in **Adlabs Films Limited**.

I/We, the undersigned, have read the Letter of Offer, understood its contents and unconditionally accept the terms and conditions as mentioned therein.

SHARES HELD IN PHYSICAL FORM

I/We, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our equity shares as detailed below.

Sr. No	Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
				Total	

Please attach additional sheets of paper and authenticate the same if the space is insufficient.

----- Tear along this line -----

Acknowledgement Slip: Adlabs Films Limited– Open Offer

(to be filled by the shareholder) (subject to verification)

Folio No./DP ID Client ID

Sr. No.

Received from Mr./Ms./M/s. _____

Form of Acceptance along with:

Physical shares: No. of shares - _____ ; No. of certificates enclosed- _____

Demat shares: Copy of delivery instruction for _____ number of shares enclosed
 (Tick whichever is applicable)

Signature of Official _____ Date of Receipt _____

Stamp of collection centre

Payments for accepted shares/credits for unaccepted shares will be dispatched /credited by
 Tuesday, September 20, 2005, subject to receipt of regulatory approvals, if any needed.

Stamp of collection centre

SHARES HELD IN DEMAT FORM

I/We, holding shares in demat form, accept the Offer and enclose a photocopy of the Delivery Instructions duly acknowledged by my/our DP in respect of my/our equity shares as detailed below.

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We have done an off-market transaction for crediting the shares to the special depository account with Karvy Consultants Limited opened with NSDL styled "KCL ESCROW ACCOUNT - AFL OPEN OFFER" whose particulars are:

DP Name: Karvy Consultants Limited	DP ID: IN300394	Client ID: 15400697
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Shareholders having their beneficiary account with CDSL will have to use inter-depository slip for purpose of crediting their shares in favour of the special depository account with NSDL.

Enclosures (Please tick as appropriate, if applicable)

- | | |
|--|---|
| <input type="checkbox"/> Power of Attorney | <input type="checkbox"/> Corporate authorization in case of companies along with Board Resolution and specimen signatures of authorised signatories |
| <input type="checkbox"/> No Objection Certificate & Tax Clearance Certificate under Income-tax Act, 1961, for NRIs/OCBs/Foreign Shareholders as applicable | <input type="checkbox"/> Others (please specify) : _____ |
| <input type="checkbox"/> Death Certificate/ Succession Certificate | |

I/We confirm that the equity shares of **Adlabs Films Limited**, which are being tendered herewith by me/us under the Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original share certificate(s) and valid share transfer deed(s) will be held in trust for me/us by the Registrar to the Offer until the time the purchase consideration as mentioned in the Letter of Offer and/or the unaccepted shares/ share certificates are dispatched or credited back to the beneficial owners' DP accounts.

I/We also note and understand that the purchase consideration will be paid only after verification of the documents and signatures.

I/We authorise the Acquirers to send by registered post/speed post/UCP the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned above.

I/We note and understand that the Shares would lie in the special depository account until the time payment of purchase consideration as mentioned in the Letter of Offer is made.

I/We authorise the Acquirers to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/we further authorise the Acquirers to return to me/us, equity share certificate(s) in respect of which the Offer is not found valid/not accepted.

So as to avoid fraudulent encashment in transit, shareholder(s) should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.

Name of the Bank _____ Branch _____ City _____
Account Number _____ Savings/Current/Others (please specify) _____

Yours faithfully,
Signed and Delivered

	FULL NAME(S) OF THE HOLDER	SIGNATURE(S)
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Note: In case of joint holdings, all holders must sign. In case of body corporate, the company seal should be affixed

Place: _____ Date: _____

----- Tear along this line -----

All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your Reference Folio No./DPID/Client ID:

Karvy Computershare Private Limited
(Unit: Adlabs Films Limited)
 "Karvy House" 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034
 Tel: 91-40-23312454 Fax: 91-40-23311968
 Contact person: Murali Krishna
 Email: murali@karvy.com

INSTRUCTIONS

1. In the case of dematerialised shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the closure of the Offer i.e. Monday, September 5, 2005. The Form of Acceptance-cum-Acknowledgement of such demat shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.
2. **Shareholders should enclose the following :**
 - I. **For Equity shares held in demat form:-**

Beneficial owners should enclose

 - **Form of Acceptance-cum-Acknowledgement** duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
 - **Photocopy of the delivery instruction** in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.
 - II. **For Equity shares held in physical form:-**

Registered shareholders should enclose

 - **Form of Acceptance-cum-Acknowledgement** duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
 - **Original Share Certificate(s).**
 - **Valid transfer deed(s)** signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Adlabs Films Limited and duly witnessed at the appropriate place. Attestation, where required, (thumb impressions, signature difference, etc.) should be done by a Magistrate/Notary Public/ Bank Manager under the Official Seal.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the RLPL as buyer will be filled by RLPL upon verification of the Form of Acceptance-cum-Acknowledgement and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.
 - III. **Unregistered owners should enclose**
 - **Form of Acceptance-cum-Acknowledgement** duly completed and signed in accordance with the instructions contained therein.
 - **Original Share Certificate(s).**
 - **Original broker contract note.**
 - **Valid Share Transfer deed (s)** as received from the market leaving details of buyer blank. If the same is filled in then the equity share(s) are liable to be rejected.

Registered shareholders holding shares in physical form and tendering Shares in the Open Offer should ensure that the share transfer deed is valid at least upto one month after the close of the Offer.

Shareholders holding physical Shares can also contact the Registrar to the Offer at any of their collection centres at the address given in the Letter of Offer/ the Manager to the Offer to obtain a blank share transfer deed.
3. The share certificate(s), share transfer deed(s) and the Form of Acceptance-cum-Acknowledgement should be sent only to the **Registrar to the Offer** and not to the Manager to the Offer or the Acquirers or AFL.
4. Shareholders having their beneficiary account with CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in favour of the special depository account with NSDL.
5. **Non-resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in Adlabs Films Limited. Non Resident Indians, OCBS, and Foreign Shareholders are required to furnish Bankers Certificate certifying inward remittance of funds for acquisition of shares of AFL. The tenders from non-resident shareholders, where the aforesaid permission is not submitted are liable to be rejected.**
6. **FIs are requested to enclose the SEBI Registration letter and RBI general permission letter. Non resident shareholders should enclose No Objection Certificate/Tax Clearance Certificate from the Income Tax Authorities under Income Tax Act, 1961, indicating the tax to be deducted by the Acquirers before remittance of consideration otherwise tax will be deducted at the maximum marginal rate as may be applicable to the shareholder on the entire consideration amount payable. The Acquirers also reserve the right to reject such tenders from non-resident shareholders, where the aforesaid 'no-objection' certificate is not submitted.**
7. It is mandatory for shareholders to indicate the bank account details at the appropriate place in the Form of Acceptance-cum-Acknowledgement and the consideration cheque would be made to the bank account of the sole/ first shareholder. The payment would be made at par to all the shareholders.
8. The Form of Acceptance-cum-Acknowledgement and other related documents should be submitted at any of the Collection Centers of **Karvy Computershare Private Limited** as stated in the Letter of Offer.
9. **Rejection of Shares**

If the equity shares are rejected for any of the following reasons, the equity shares will be returned to the holder(s) along with all the documents received from them at the time of submission. Please note that the following list is not exhaustive.

 - a. The signature(s) of the holder(s) do not match with the specimen signature(s) as per the records of AFL;
 - b. The transfer deed is not complete or that the signatures do not match the specimen recorded with AFL;
 - c. The number of equity shares mentioned in the Form of Acceptance-cum-Acknowledgement does not tally with the actual physical share certificate(s) submitted or in case of dematerialised shares, the equity shares in the Form of Acceptance-cum-Acknowledgement do not tally with the instruction to the depository participant and the credit received in the special depository account;
 - d. The relevant documents, as applicable, mentioned above at 2 and in addition at 5 and 6 for non-resident shareholders are not submitted with the Form of Acceptance-cum-Acknowledgement. The Acquirers also reserve the right to reject such tenders from non-resident shareholders, where the aforesaid, 'no-objection' certificate is not submitted.
10. All documents / remittances sent by or to shareholders will be at their own risk. Shareholders of AFL are advised to adequately safeguard their interests in this regard. Shares held in demat form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement.
11. Neither the Acquirers, the Manager, the Registrar or AFL will be liable for any delay/loss in transit resulting in delayed receipt/ non-receipt by the Registrar of your Form of Acceptance-cum-Acknowledgement or for the failure to deposit your equity shares to the special depository account or submission of original physical share certificates due to inaccurate/incomplete particulars/ instructions on your part, or for any other reason.
12. Applicants who cannot hand deliver their documents at the Collection Centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at Karvy Computershare Private Limited, "Karvy House" 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034 so as to reach the Registrars to the Offer on or before the last date of acceptance i.e. Monday, September 5, 2005.
13. Collection Centres of Karvy Computershare Private Limited are as follows: (a) **Ahmedabad: Karvy Computershare Private Limited**, 201–203 "Shail", Opp Madhusudhan House, New Navrangpura Tel. Exchange, Off CG Road, Ahmedabad – 380 006, Tel No. 079-26420422/ 26400527/28, Fax No. 079-26565551 (b) **Bangalore: Karvy Computershare Private Limited** TKN Complex, No. 51/2 Vanivilas Road, Opp National College, Basavanagudi, Bangalore – 560 004, Tel No. 080-26621184/ 26621192, Fax No. 080-26621169 (c) **Chennai: Karvy Computershare Private Limited**, G-1, Swathi Court, 22 Vijay Raghava Road, T-Nagar, Chennai- 600017, Tel No. 044-28153445/28151034, Fax No.044-28153181, (d) **Hyderabad: Karvy Computershare Private Limited**, Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500034, Tel No. 040-23312454, Fax No 040-23311968 (e) **Kolkata: Karvy Computershare Private Limited**, 49, Jatindas Road, Near Deshpriya Park, Kolkata- 700029 Tel No. 033-24634787-89, Fax No. 033-24634787 (g) **Mumbai: Karvy Computershare Private Limited**, 7, Andheri Industrial Estate, Off Veera Desai Road, Andheri (W), Mumbai – 400053, Tel No. 022-26730799/153, Fax No –022-26730152; 16-22 Bake House, Maharashtra Chambers of Commerce Lane, Opp. MSC Bank, Fort, Mumbai- 400023 Tel No. 022-56382666, Fax No. 022-56331135 (h) **New Delhi: Karvy Computershare Private Limited**, 105-108 Arunachal Building, 19 Barakhamba Road, Conn. Place, New Delhi – 110001 Tel No. 011-23324401/23353835/981, Fax No. 011-23324621

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FORM OF WITHDRAWAL**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

(Please send this Form with enclosures to Karvy Computershare Private Limited at any of the collection centres as mentioned in the Letter of Offer)

(to be filled in by the shareholder)

From:

Name:

Address:

OPEN OFFER TO THE SHAREHOLDERS OF ADLABS FILMS LIMITED	
OPENS ON	Wednesday, August 17, 2005
LAST DATE OF WITHDRAWAL	Wednesday, August 31, 2005
CLOSES ON	Monday, September 5, 2005

**THIS FORM SHOULD BE USED BY SHAREHOLDERS ONLY
FOR EXERCISING THE WITHDRAWAL OPTION AS
PROVIDED IN THE LETTER OF OFFER**

To,

Reliance Land Private Limited

C/o. Karvy Computershare Private Limited,
"Karvy House" 46, Avenue 4, Street No. 1, Banjara Hills,
Hyderabad – 500 034

Dear Sir/Madam,

Sub: Open Offer to acquire up to 83,60,150 equity shares of Rs. 5 each, representing 21.01% of the Post Issue Paid-up Voting Equity Capital (as defined in the Letter of Offer) of Adlabs Films Limited ("AFL" / "Target Company") by Reliance Land Private Limited ("RLPL"/"Acquirer") and Reliance Capital Limited ("RCL") [collectively "Acquirers"] at a price of Rs. 183/- (Rupees One Hundred and Eighty Three only) per fully paid up equity share, ("Offer Price") payable in cash - Withdrawal of shares tendered in the Offer.

I/We refer to the Letter of Offer dated August 8, 2005 for acquiring the equity shares held by me/us in Adlabs Films Limited.

I/We, the undersigned, have read the Letter of Offer, understood its contents and unconditionally accept the terms and conditions and procedures as mentioned therein.

I/We have read the procedure for withdrawal of equity shares tendered by me/us in the Offer as mentioned in the Letter of Offer and unconditionally agree to the terms and conditions mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our equity shares from the Offer and I/we further authorise the Acquirers to return to me/us, tendered equity share certificate(s)/share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our equity shares from the Offer, no claim or liability shall lie against the Acquirers/ Manager to the Offer/Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal.

I/We note that the Acquirer/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the equity shares held in physical form and also for the non-receipt of equity shares held in the dematerialised form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirers shall return original share certificate(s), share transfer deed(s) and equity shares only on completion of verification of the documents, signatures and beneficiary position data as available from the Depository from time to time, respectively. The particulars of tendered original share certificate(s), which I/we wish to withdraw are detailed below:

Sr. No	Folio No.	Certificate No. Tendered	Distinctive Nos.		No. of Shares
			From	To	
		Withdrawn			
				Total	

(In case of insufficient space, please use an additional sheet and authenticate the same)

----- Tear along this line -----

Acknowledgement Slip: Adlabs Films Limited– Open Offer

(to be filled by the shareholder) (subject to verification)

Sr. No.

Received from Mr./Ms./M/s. _____

Physical shares: Folio No. _____ / Demat shares: Client ID _____ ; DP ID _____ ;

Form of Withdrawal for withdrawal of:

Physical shares: No. of shares tendered- _____ ; No. of shares withdrawn- _____

Demat shares: Copy of delivery instruction for shares tendered _____
(Tick whichever is applicable)

Signature of Official _____ Date of Receipt _____

Stamp of collection centre

I/We hold the following equity shares in dematerialised form, have tendered the equity shares in the Offer and had done an off-market transaction for crediting the Shares to the Depository Account with Karvy Consultants Limited at NSDL styled "KCL ESCROW ACCOUNT - AFL OPEN OFFER" whose particulars are as given below :

DP Name: Karvy Consultants Limited	DP ID: IN300394	Client ID: 15400697
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Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by the Depository Participant. The particulars of the account from which my/our equity shares have been tendered are as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We note that the equity shares will be credited back only to that Depository Account, from which the equity shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialised equity shares, I/we confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,
Signed and Delivered

	FULL NAME(S) OF THE HOLDER	SIGNATURE(S)	VERIFIED AND ATTESTED BY US. PLEASE AFFIX THE STAMP OF DP (IN CASE OF DEMAT SHARES)/ BANK (IN CASE OF PHYSICAL SHARES)
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all holders must sign. In case of body corporate, the company seal should be affixed and necessary Board resolution should be attached.

Place:

Date:

----- Tear along this line -----

All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your Reference Folio No./ DPID / Client ID:

Karvy Computershare Private Limited
(Unit: Adlabs Films Limited)
 "Karvy House" 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034
 Tel: 91-40-23312454 Fax: 91-40-23311968
 Contact person: Murali Krishna
 Email: murali@karvy.com

INSTRUCTIONS

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the collection centers mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. Wednesday, August 31, 2005.
2. Shareholders should enclose the following:-
 - I. For Equity Shares held in demat form:-

Beneficial owners should enclose

 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
 - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
 - II. For Equity Shares held in physical form:-

Registered Shareholders should enclose:

 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
 - In case of partial withdrawal, valid share transfer deed(s) for the remaining equity shares (i.e. shares not withdrawn) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Adlabs Films Limited and duly witnessed at the appropriate place. Further such transfer deed should be valid atleast upto one month after the close of the Offer.

Shareholders holding physical Shares can also contact the Registrar to the Offer at any of their collection centres at the address given in the Letter of Offer/ the Manager to the Offer to obtain a blank share transfer deed.
 - III. Unregistered owners should enclose:
 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
3. The withdrawal of equity shares will be available only for the equity share certificates/the equity shares that have been received by the Registrar to the Offer/ special depository escrow account.
4. The intimation of returned equity shares to the shareholders will be at the address as per the records of the Target Company/ Depository as the case may be.
5. The Form of Withdrawal should be sent only to the Registrar to the Offer.
6. In case of partial withdrawal of equity shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company. The facility of partial withdrawal is available only to registered shareholders.
7. Shareholders holding equity shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
8. The Form of Withdrawal and other related documents should be submitted at any of the collection centers of **Karvy Computershare Private Limited** stated in the Letter of Offer.
9. Applicants who cannot hand deliver their documents at the collection centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at **Karvy Computershare Private Limited**, "Karvy House" 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034 so as to reach the Registrars to the Offer on or before the last date of withdrawal i.e. Wednesday, August 31, 2005.
10. Collection Centres of Karvy Computershare Private Limited are as follows: (a) **Ahmedabad: Karvy Computershare Private Limited**, 201–203 "Shail", Opp Madhusudhan House, New Navrangpura Tel. Exchange, Off CG Road, Ahmedabad – 380 006, Tel No. 079-26420422/ 26400527/28, Fax No. 079-26565551 (b) **Bangalore: Karvy Computershare Private Limited** TKN Complex, No. 51/2 Vanivilas Road, Opp National College, Basavanagudi, Bangalore – 560 004, Tel No. 080-26621184/ 26621192, Fax No. 080-26621169 (c) **Chennai : Karvy Computershare Private Limited**, G-1, Swathi Court, 22 Vijay Raghava Road, T-Nagar, Chennai- 600017, Tel No. 044-28153445/28151034, Fax No.044-28153181, (d) **Hyderabad: Karvy Computershare Private Limited**, Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500034, Tel No. 040-23312454, Fax No 040-23311968 (e) **Kolkata: Karvy Computershare Private Limited**, 49, Jatindas Road, Near Deshpriya Park, Kolkata- 700029 Tel No. 033-24634787-89, Fax No. 033-24634787 (g) **Mumbai: Karvy Computershare Private Limited**, 7, Andheri Industrial Estate, Off Veera Desai Road, Andheri (W), Mumbai – 400053, Tel No. 022-26730799/153, Fax No –022-26730152; 16-22 Bake House, Maharashtra Chambers of Commerce Lane, Opp. MSC Bank, Fort, Mumbai- 400023 Tel No. 022-56382666, Fax No. 022-56331135 (h) **New Delhi: Karvy Computershare Private Limited**, 105-108 Arunachal Building, 19 Barakhamba Road, Conn. Place, New Delhi – 110001 Tel No. 011-23324401/23353835/981, Fax No. 011-23324621

UNDER CERTIFICATE OF POSTING

If undelivered please return to
Karvy Computershare Private Limited
(Unit: Adlabs Films Limited)
"Karvy House" 46, Avenue 4, Street No. 1,
Banjara Hills, Hyderabad – 500 034
Tel: 91-40-23312454 Fax: 91-40-23311968
Contact person: Murali Krishna
Email: murali@karvy.com