LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as a shareholder of Reliance Capital Limited (herein after referred to as "RCL" or "Target Company"). If you require any clarification about the action to be taken, you may consult your stock broker or your investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.

AAA Enterprises Private Limited

a company incorporated under the Companies Act, 1956
(Registered Office: 3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055)
Tel: + 91-22-30099311 | Fax: +91-22-30099763

And

Shri Anil D. Ambani

(Residing at Sea Wind, 39, Cuffe Parade, Colaba, Mumbai 400 005)
Tel: +91-22-22180132

(AAA Enterprises Private Limited and Shri Anil D. Ambani are hereinafter collectively referred to as "Acquirers")

MAKE A CASH OFFER AT Rs. 231 PER FULLY PAID UP EQUITY SHARE TO ACQUIRE
5,14,61,249 fully paid up equity shares of Rs. 10 each, representing 21.04% of the equity capital post the Preferential Issue and 25.28% of the equity capital post Preferential Issue without the Warrants of

RELIANCE CAPITAL LIMITED

a company incorporated under the Companies Act, 1956
(Registered Office: Village Meghpar / Padana, Taluka Lalpur, District Jamnagar – 361 280
Tel: + 91-288-3011556 | Fax: +91-288-3011598

Note:

- This Offer is being made pursuant to and in accordance with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof.
- The Offer is subject to the statutory and regulatory approvals required to acquire Offer Shares tendered pursuant to this Offer (described in paragraph 83).
- If there is any upward revision of the Offer Price by the Acquirer till the last permitted date for revision viz August 26, 2005 or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the original Public Announcement had appeared. Such revised Offer Price would be payable for all the Offer Shares tendered anytime during the Offer and accepted under the Offer.
- 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 3 working days prior to the closure of the Offer viz. September 1, 2005.
- **If there is a competitive bid: (i) the public offers under all the subsisting bids shall close on the same date; (ii) as the Offer Price cannot be revised during seven working days prior to the closing date of the offers / bids, it would therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.· There has been no competitive bid as on date.**
- A copy of the Public Announcement and this Letter of Offer (including the Form of Acceptance cum Acknowledgement and the Form of Withdrawal) is expected to be available on SEBI's website (www.sebi.gov.in).

Manager to the Offer	Registrar to the Offer
Kotak Mahindra Capital Company Limited Bakhtawar, 3rd floor229, Nariman Point Mumbai 400 021 Tel: +91-22-56341100 Fax: +91-22-22840492 Contact Person: Mr. Ajay Vaidya, Vice President (Compliance) and Company Secretary Email: rcl.offer@kotak.com	Karvy Computershare Private Limited "Karvy House" 46, Avenue 4 Street No. 1, Banjara Hills Hyderabad 500 034 Tel: +91-40-23312454 Fax: +91-40-23311968 Contact Person: Mr. Murali Krishna Email: murali@karvy.com

Activity	Date	Day
Issue of Public Announcement	June 21, 2005	Tuesday
Specified Date	June 24, 2005	Friday
Last date by which Letter of Offer will be dispatched to the Shareholders	August 13, 2005	Saturday
Offer Opening Date	August 18, 2005	Thursday
Offer Closing Date	September 6, 2005	Tuesday
Last date for a competitive bid, if any	July 11, 2005	Monday
Last date for revising the Offer Price/ Offer Size	August 26, 2005	Friday
Last date for withdrawing acceptance of the Offer	September 1, 2005	Thursday
Date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired Shares and / or the share certificate(s) / demat delivery instruction for the rejected Shares will be dispatched / issued	September 21, 2005	Wednesday

Risk factors:

- This Offer is subject to the receipt of certain approvals as more fully set forth in the paragraph 83.
- The Acquirers propose to subscribe to 6,00,00,000 fully paid up equity shares of Rs 10/- each of the Target Company for cash at a price of Rs 228/- per share including a premium of Rs 218/- per share aggregating to Rs 1368,00,00,000 and 4,10,00,000 warrants entitling the warrant holders to apply for equity shares of Rs 10/- each of the Target Company for cash at a price of Rs 228/- per share including a premium of Rs 218/- per share in accordance with the guidelines for Preferential Issue of DIP Guidelines. The entitlement attached to Warrants can be exercised by the Acquirers at any time upto 18 months from the date of allotment. Consequently, the Acquirers are making an Offer for 21.04% (being 5,14,61,249 shares) of the equity capital post the Preferential Issue and 25.28% of the equity capital post Preferential Issue without the exercise of entitlement attached to Warrants under the Regulations. Further, the Shares tendered in the Offer will lie to the credit of a designated escrow account, till the completion of the Offer formalities. Accordingly, the Acquirers make no assurance with respect to the market price of the shares of the Target Company 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.
- Association of RCL with the Acquirers does not warrant any assurance with respect to the future financial performance of RCL or any of its subsidiaries.
- The risks set forth above pertain to the Offer and not in relation to the future operations or performance of RCL. Further the risks are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or risks arising from association of RCL with the Acquirers, but are only indicative.

Index

Key Definitions

AAA	AAA Enterprises Private Limited (a company incorporated under the Companies Act, 1956) having its registered office at 3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055
ADA	Shri Anil D. Ambani, residing at Sea Wind, 39, Cuffe Parade, Colaba, Mumbai 400 005
RCL / Target Company	Reliance Capital Limited a company incorporated under the Companies Act, 1956 and having its registered office at Village Meghpar/Padana, Taluka Lalpur, District Jamnagar – 361 280
Acquirers	AAA and Shri Anil D. Ambani collectively
BSE	The Stock Exchange, Mumbai
Cash Deposit	The amount of Rs.13,50,00,000 (Rupees thirteen crore fifty lakhs only) held in the escrow account with ICICI Bank Limited, Free Press House, 215, Free Press Journal Marg, Nariman Point, Mumbai 400 021
Corrigendum PA	The Corrigendum to the Public Announcement made on behalf of the Acquirer to the shareholders of the Target Company published on August 9, 2005 which appeared in all the editions of Financial Express, Loksatta, the Ahmedabad edition of Gujarat Samachar and Sandesh and the Jansatta
DIP Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the subsequent amendments thereto
FEMA	Foreign Exchange Management Act, 1999, as amended
FII	Foreign Institutional Investors as duly registered with Securities and Exchange Board of India
Form	Form of Acceptance-cum-Acknowledgement attached to this Letter of Offer
Letter of Offer	This Letter of Offer dated August 10, 2005
Manager to the Offer	Kotak Mahindra Capital Company Limited, the merchant bankers appointed by the Acquirers pursuant to regulation 13 of the Regulations, having its registered office at Bakhtawar, 3rd Floor, 229 Nariman Point, Mumbai 400021
NSE	The National Stock Exchange of India Limited
Offer	Offer being made by the Acquirers for 5,14,61,249 shares to the shareholders of the Target Company at the Offer Price payable in cash
Offer Price	Price of Rs. 231(Rupees two hundred and thirty one only) per share
Offer Shares	5,14,61,249 fully paid up equity shares of RCL having a face value of Rs.10 each proposed to be acquired under the Offer.
Offer Size	5,14,61,249 shares of RCL. These shares represent 21.04% of the equity capital post the Preferential Issue and 25.28% of the equity capital post preferential issue without the Warrants
Preferential Issue	Offer of 6,00,00,000 fully paid up equity shares of Rs 10/- each issued for cash at a price of Rs 228/- per share including a premium of Rs 218/- per share aggregating to Rs 1368,00,00,000 and 4,10,00,000 warrants entitling the warrant holders to apply for equity shares of Rs 10/- each for cash at a price of Rs 228/- per share including a premium of Rs 218/- per share to the Acquirers and offer of 1,62,60,001 equity shares of Rs. 10/- each for cash at a price of Rs 228/- per share including a premium of Rs 218/- per share to financial investors not connected to the Acquirers, in accordance with the DIP guidelines, subject to the necessary permissions, sanctions and approvals.
Public Announcement / PA	Announcement of this Offer made on behalf of the Acquirer to the shareholders of the Target Company published on June 21, 2005 which appeared in all the editions of Financial Express, Loksatta, the Ahmedabad edition of Gujarat Samachar and Sandesh and the Jansatta.
RIL	Reliance Industries Limited
RBI	The Reserve Bank of India
Registrar to the Offer	Karvy Computershare Private Limited, the Registrars to the Offer appointed by the Acquirer, having its office at “Karvy House”, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034
Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI	Securities and Exchange Board of India
Shareholders	Shareholders of the Target Company
Specified Date	June 24, 2005 being the date for the purpose of determining the names of the Shareholders to whom the Letter of Offer will be sent
Stock Exchanges	BSE and NSE
Warrants	Offer of 4,10,00,000 warrants issued on a preferential basis to the Acquirers, entitling the warrant holders to apply for one equity share of Rs 10/- each per Warrant, for cash at a price of Rs 228/- per share including a premium of Rs 218/- per share, to the Acquirers in accordance with the guidelines for Preferential Issue of DIP Guidelines. These warrant holders can exercise the right to apply for equity shares at any time prior to the expiry of 18 months from the date of allotment.

Note: *All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meanings ascribed thereto in the Regulations.*

I. Disclaimer Clause

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF 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 RELIANCE CAPITAL LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER(S), PACs 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 ACQUIRER(S) IS (ARE) PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER(S) DULY DISCHARGES ITS (THEIR) RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JULY 4, 2005 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER(S) FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.

II. The Details of the Offer

Background of the Offer

1. This open offer is being made by the Acquirers. This Offer is subject to the receipt of certain approvals as more fully set forth in the section titled “Statutory Approvals” (see paragraph 83 below).

2. On June 19, 2005, RCL had agreed to issue and allot on a preferential basis 6,00,00,000 fully paid up equity shares of Rs 10/- each of the Target Company for cash at a price of Rs 228/- per share including a premium of Rs 218/- per share aggregating to Rs 1368,00,00,000 and 4,10,00,000 Warrants entitling the warrant holders to apply for one equity shares of Rs 10/- each per Warrant, of the Target Company for cash at a price of Rs 228/- per share including a premium of Rs 218/- per share to the Acquirers in accordance with the guidelines for Preferential Issue of DIP Guidelines.

   Further, RCL also agreed to issue on preferential basis upto 2,90,00,000 equity shares of Rs. 10/- each for cash at a price of Rs 228/- per share including a premium of Rs 218/- per share of the Target Company to financial investors not connected to the Acquirers. However, subsequent to the Board resolution, RCL has proposed to allot only 1,62,60,001 equity shares to the financial investors.

3. The subscription and allotment of shares under the Preferential Issue is subject to various conditions precedent being fulfilled, including approval of the Shareholders.

   The Shareholders approved the Preferential Issue at the Extraordinary General Meeting of the shareholders of RCL on July 19, 2005, by way of a special resolution under Section 81(1A) of the Companies Act, 1956 and other applicable provisions, the Preferential Issue and other related matters.

   Pursuant to the above the Acquirers’ have acquired, 29.47% of the equity capital post preferential issue of equity shares to the Acquirers and financial investors. The financial investors have also acquired 7.99% of the equity capital post the preferential issue to the Acquirers and financial investors.

   As on the date of the PA, ADA held 180,933 equity shares of RCL (representing 0.14% of the present fully paid-up equity capital of the Target Company). Pursuant to the preferential issue the total shareholding of the Acquirers is 29.56% of the equity capital post preferential issue of equity shares. Further as on the date of the PA, Smt. Tina A. Ambani held 180,933 equity shares of RCL, and pursuant to the preferential issue, the total shareholding of the Acquirers and Smt. Tina A. Ambani collectively is 29.65% of the equity capital post preferential issue of equity shares.

   In addition to the above RCL also issued Warrants to the Acquirers. Post exercise of all the warrants, the shareholding of the Acquirers will be 41.37% of the equity capital post the Preferential Issue and the total shareholding of the Acquirers and Smt. Tina A. Ambani collectively will be 41.45% of the equity capital post the Preferential Issue.

4. ADA was inducted on the board of the Target Company on June 19, 2005 and designated as Chairman of RCL. Shri Rajendra P. Chitale was also appointed as director on the Board of RCL. Neither ADA nor Shri Rajendra P. Chitale,

are appointed on the Board of RCL as nominees of any other person. Shri D. Chaturvedi, Shri Anand Jain, Shri D. J. Kapadia, Shri Sandeep Junnarkar, and Shri Alok Agarwal, ceased to be directors of RCL. None of the resigning directors were appointed on the Board of Directors of RCL as nominees of any other person. These changes have been intimated to the Stock Exchanges.

5. Further, as stated in paragraph 3 above, the Acquirers' have acquired, 29.47% of the equity capital of RCL. The Acquirers intend to exercise the entitlement as warrant holders to apply for additional equity shares which may result in the Acquirers becoming the largest shareholders in the Target Company. Given that the Acquirers would have acquired more than 15% interest in the Target Company, with the possibility of them being the largest shareholders, alongwith the intended reorganization as described in paragraph 9 below; this Offer is pursuant to regulations 10 and 12 and other applicable provisions of the Regulations involving substantial acquisition of shares or voting rights accompanied with change in control or management.

6. In this Offer, the Acquirers propose to acquire 5,14,61,249 fully paid up equity shares of the Target Company, representing 21.04% of the equity capital post the Preferential Issue and 25.28% of the equity capital post preferential issue without the Warrants) at a price of Rs. 231 (Rupees two hundred and thirty one only) for each Offer Shares to be paid in cash in accordance with the Regulations.

7. The Acquirers and the Target Company have not 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, 1992. The Acquirers have not acquired any shares of RCL, since the date of the Public Announcement to the date of this Letter of Offer. The Acquirer has not acquired any shares of RCL during the 12-month period prior to the date of the PA.

8. The Target Company was promoted by RIL. RIL holds 6,00,92,366 equity shares of Rs.10 each, representing 47.2% of the present equity share capital of RCL.

9. On June 18, 2005, the Board of Directors of RIL met to take note of and initiate further steps with respect to the press statement issued by Smt. Kokilaben D. Ambani, wife of the Late Shri Dhirubhai H. Ambani, the founder chairman of RIL. As per the statement issued by Smt. Kokilaben D. Ambani, Shri Mukesh D. Ambani will have responsibility for RIL and Indian Petrochemicals Corporation Limited ("IPCL"), while Shri Anil D. Ambani will have responsibility for Reliance Infocomm, Reliance Energy and Reliance Capital. The Board expressed happiness at the amicable settlement arrived amongst the promoter family members of RIL. In the light of the said statement, the Board decided to reorganise RIL's businesses and investments, which would also include the shares held by RIL in RCL. ADA resigned as the Vice Chairman and Managing Director of RIL with effect from June 18, 2005.

10. On August 2, 2005 the Board of RIL proposed "in principle" to demerge the power, financial services, and telecommunication services businesses from RIL by transferring RIL's holdings and interests in these businesses into separate corporate entities.

    On August 5, 2005 the Board of RIL approved the scheme of demerger ("Scheme") of the businesses of RIL. As per the press release of RIL, this Scheme is subject to such approvals as may be required including that of the Stock Exchanges, High Court and Shareholders' approval. The Scheme proposes to demerge assets and liabilities of RIL's telecommunications undertaking, coal based energy undertaking, financial services undertaking, and gas based energy undertaking. The appointed date for the Scheme would be September 1, 2005. The Scheme envisages the demerger of the aforesaid undertakings in 4 (four) separate companies as going concerns. All shareholders of RIL (except certain specified shareholders) would be issued shares of the demerged undertakings in 1:1 ratio.

    As a part of the Scheme, RIL's interests in the financial services undertaking including the holding of RIL in RCL, will be transferred to Reliance Capital Ventures Limited (RCVL). All shareholders of RIL (except certain specified shareholders) would get one share of RCVL of face value Rs.10 each fully paid up for each share held in RIL. The specified shareholders will not receive shares of the resulting companies and RIL shareholders will get proportionate benefit of this also. As a result thereof, the total number of shares to be issued by each of the resulting companies would be approximately 122 crores. Given this, and the current holding of RIL in RCL, a simple arithmetic computation indicates that the derived interest of the RIL shareholders in RCL would be approximately 5 shares of RCL for every 100 shares held in RIL.

    RCVL may in turn be merged into RCL subject to regulatory and other approvals. Consequent to such merger (if effected), the shareholders of RIL are expected to become direct shareholders of RCL. The Acquirer as a result of such merger may also acquire additional shares in the Target Company.

11. As per the latest shareholding pattern (as on March 31, 2005) filed with the Stock Exchanges, by RCL, RIL was disclosed as its promoter, holding 6,00,92,366 equity shares in RCL. Certain persons then acting in concert with RIL, including ADA, as on March 31, 2005, held 12,17,968 equity shares in RCL.

12. AAA and ADA are the Acquirers and are acting in concert with each other for the purposes of this Offer. However, they are not acting in concert nor deemed to be acting in concert with RIL. In terms of regulation 2(1)(e)(2) of the Regulations, there could be other persons, including some of the persons earlier disclosed as acting in concert with RIL and holding equity shares of RCL, who might otherwise generally be deemed to be acting in concert with AAA and /or ADA. However, they are not acting in concert for the purposes of the Offer.

Details of the proposed Offer

13. In accordance with regulation 14(1) of the Regulations, the Acquirer has made a Public Announcement on June 21, 2005, being within four working days of Board of Directors of the Target Company resolving to make the preferential allotment to the Acquirers and other financial investors (viz. four working days from June 19, 2005). This PA was published in all the editions of Financial Express, Loksatta, the Ahmedabad edition of Gujarat Samachar and Sandesh and the Jansatta. A copy of the Public Announcement and this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) is expected to be available on SEBI's website (www.sebi.gov.in). The Acquirers also made a Corrigendum to the PA on August 9,2005. This Corrigendum PA was published in all the editions of Financial Express, Loksatta, the Ahmedabad edition of Gujarat Samachar and Sandesh and the Jansatta. A copy of the Corrigendum PA is expected to be available on SEBI's website (www.sebi.gov.in).
14. Pursuant to this Offer, the Acquirer proposes to acquire 5,14,61,249 shares of the Target Company representing 21.04% of the equity capital (post Preferential Issue) of the Target Company at a price of Rs. 231 (Rupees two hundred and thirty one only) for each Offer Shares to be paid in cash in accordance with the Regulations. This Offer is not conditional upon any minimum level of acceptance or any differential pricing.
15. As on August 2, 2005, the Acquirers have pursuant to the Preferential Issue acquired 6,00,00,0000 shares.
16. To the extent of the Offer Size, all the Offer Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirers.
17. Any Offer Shares to be acquired under this Letter of Offer are to be free from all lien, charge and encumbrance and will be acquired together with all rights attached thereto.
18. The Letter of Offer is being sent to those equity shareholders of the Target Company whose name(s) appeared in the Register of Members of the Target Company at the close of business hours on June 24, 2005, being the Specified Date, as required under the Regulations.
19. This Offer is made to all shareholders of the Target Company except the Acquirers.

Object of the acquisition / offer

20. The Target Company is mainly focused on funding of projects in the infrastructure and other sectors while supporting the growth of businesses of its subsidiary and affiliate companies – Reliance Capital Asset Management Ltd., Reliance Capital Trustee Co. Ltd., Reliance General Insurance Company Ltd. and Reliance Life Insurance Company Ltd. The Acquirers consider the Target Company to be of strategic importance in the financial services sector, which is one of the key growth sectors of the economy.

III. Background of the Acquirers (including disclosure under regulation 21(3))

21. **AAA** was incorporated on December 30, 2004 and was promoted by ADA.
22. The details of AAA are as follows

Name	AAA Enterprises Private Limited
Address	3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055
Telephone No.	91-22-30099311
Group	AAA is part of the Anil Dhirubhai Ambani Enterprises Group
Relationship with ADA	ADA holds 98% of equity capital of AAA and the balance being held by his immediate family members. ADA and Smt. Tina A. Ambani are the only directors of AAA. AAA proposes to raise long term resources by issue of further equity shares to entity(ies), directly or indirectly controlled by ADA. Such issue of shares will not result in any change in control of AAA.
Primary Business	AAA is yet to commence business

23. The shareholding pattern of AAA as on the date of PA is as follows:-

Sr. No.	Shareholder's Category	No. and percentage of shares held
1.	Promoters (ADA and associates)	10,000 (100%)
2.	FII / Mutual-Funds/ FIs/ Banks	NIL
3.	Public	NIL
	Total Paid Up Capital	10,000 (100%)

24. The addresses of the Board of Directors of AAA are given below

Name	Date of Appointment on the Board of Directors	Address
Anil D. Ambani	January 17, 2005	Sea Wind, 39, Cuffe Parade, Colaba, Mumbai 400 005
Tina A. Ambani	January 17, 2005	Sea Wind, 39, Cuffe Parade, Colaba, Mumbai 400 005

25. ADA was inducted on the Board of the Target Company on June 19, 2005 and designated as Chairman of RCL. Since then, as required under Regulation 22(9), ADA has recused himself from the Board of the Target Company and has not participated in any matter concerning or relating to the Offer.

26. The details of experience and qualifications of the Board of Directors of AAA are given below:

Shri Anil D. Ambani is the Chairman of RCL, Reliance Infocomm Limited and Reliance Communication Infrastructure Limited and is the 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 Shri Dhirubhai H. Ambani (1932-2002). Shri Anil D. Ambani 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 depositary 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.

Tina A. Ambani, is wife of ADA. She is actively involved in social service activities and has been instrumental in the launch of the "Harmony", an initiative for senior citizens.

27. AAA's financials for the period ended March 31, 2005 are as below:

Profit & Loss Statement	**Rs. Lakhs**
Income	Nil
Total Expenditure	(0.39)
Profit After Tax	(0.39)

Balance Sheet	**Rs. Lakhs**
Sources of Funds	
Paid up Share Capital	1.00
Reserves & Surplus	(0.39)
NetWorth	0.61
Total	061
Uses of Funds	
Net Current Assets	0.61
Total	0.61

Other Financial Data

Dividend (%)	0%
Earnings Per Share	(3.90)
Return on Networth (on Networth at inception)	- 39.02%
Book Value Per Share	6.10

As mentioned in paragraph 21 and 22, AAA was incorporated on December 30, 2004. AAA has not commenced business till the date of the PA and thus has no significant financials for the period prior to March 31, 2005.

28. Significant accounting policies of AAA

    a. Basis of preparation of financial statements

    The financial statements are prepared under the historical cost convention, on accrual basis of accounting and in conformity with the accounting principles generally accepted in India. The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reported period.

    b. Taxation

    Provision for current income tax is measured based on the amount expected to be paid to the taxation authorities using the applicable tax rates and tax laws.

    Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets other than on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax, depreciation, and unabsorbed tax losses are recognized only to the extent that there is virtual certainty of their realization supported by convincing evidence.

    c. Formation expenses

    Formation expenses are charged to profit and loss account in the year in which it is incurred.

29. AAA has not commenced business till the date of the PA and has no significant contingent liabilities or litigations pending against it.

30. AAA has not promoted any company since inception.

31. The details of **ADA** are as follows:

Name	Anil D. Ambani
Address	Sea Wind, 39, Cuffe Parade, Colaba, Mumbai 400 005
Telephone No.	91-22-22180132
Group	ADA heads the Anil Dhirubhai Ambani Enterprises Group
Relationship with AAA	Owns 98% of equity capital of AAA and is a director on the board of AAA.AAA proposes to raise long term resources by issue of further equity shares to entity(ies), directly or indirectly controlled by ADA. Such issue of shares will not result in any change in control of AAA.
Experience	ADA (46) is an MBA from the Wharton School, University of Pennsylvania, USA. He has work experience of 22 years and is currently the Chairman and Managing Director of Reliance Energy Limited. He is also Chairman of Reliance Infocomm Limited and Reliance Communication Infrastructure Limited. He is also a Member of Parliament (Rajya Sabha).

32. Net worth of Shri Anil D. Ambani
As of June 20, 2005, the Networth of Shri Anil D. Ambani is Rs. 22006.99 lakhs.
(Certified by Chaturvedi & Shah, signing partner Mr. C.D. Lala having membership no. 35671,
Contact no. +91-22-30616100,
Address: A-3 Laxmi Towers, 1st Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051).

33. ADA as on the date of the PA was a director on the following listed companies:-
    i. Reliance Energy Limited (Chairman and Managing Director)
    ii. Reliance Capital Limited (Chairman)

34. As on the date of this PA, ADA holds 180,933 equity shares of RCL (representing 0.14% of the present fully paid-up equity capital of the Target Company). These shares were acquired by ADA in the initial public offering and through subsequent rights issues.

35. ADA earlier, in his capacity as the Vice Chairman and Managing Director, was deemed to be a person acting in concert with RIL, the promoters of RCL. As stated in paragraphs 9 to 12, pursuant to ADA ceasing to be the Vice Chairman and Managing Director of RIL and the proposed reorganization of businesses by RIL, ADA has ceased to be and is not deemed to be a person acting in concert with RIL. During the past period when ADA was deemed to be a person acting in concert with RIL, provisions under Chapter II of the Regulations were complied with by RIL.

36. Neither AAA, nor ADA is a promoter, nor do they have a controlling stake in any listed/public company. Brief Financials of certain other companies promoted by ADA are available as the documents for inspection.

37. As of date of the PA, the Acquirers do not have any plans in the next two years to dispose off or otherwise encumber any assets of the Target Company except in the ordinary course of business of the Target Company, and except to the extent required for the purpose of restructuring and/or rationalization, reorganization, arrangements of operations, assets, investments, liabilities or otherwise of the Target Company. Notwithstanding the above, the Board of Directors of the Target Company may take appropriate decisions in these matters as per the requirements of business and in line with the opportunities from time to time.

38. Other than in the ordinary course of business, the Acquirers undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company.

39. Disclosure under regulation 21(3)

    Pursuant to this Offer, the public shareholding (i.e. shareholding of all other persons except the Acquirers and Smt. Tina A. Ambani) will not reduce to 25% or less of the voting equity capital of the Target Company.

IV. Background of the Target Company (based on public information and information provided by the Target Company)

40. Reliance Capital Limited, formerly known as Reliance Capital and Finance Trust Limited, promoted by RIL was incorporated on March 5, 1986, under the Companies Act, 1956, presently having its registered office at Village Meghpar/Padana, Taluka Lalpur, District Jamnagar – 361 280 (Tel. No. 91-288-3011556 & Fax No.: 91-288-3011598). Its corporate office is situated at Fosbery Road, Off Reay Road Station (E), Mumbai –400 033 (Tel. No. 91-22-30411771 & Fax No.: 91-22-30411067). The name Reliance Capital and Finance Trust Limited was changed to Reliance Capital Limited on January 5, 1995.

41. RCL is mainly focused on funding of projects in the infrastructure and other sectors, while supporting the growth of the businesses of its subsidiary and affiliate companies – Reliance Capital Asset Management Limited, Reliance Capital Trustee Co. Limited, Reliance General Insurance Company Limited and Reliance Life Insurance Company Limited.

42. The company operates in the financial services sector from Mumbai.

43. Share Capital of the Company as on the date of PA.

	Number of shares / voting rights (in lacs)	**% of shares / voting rights**
Fully paid up equity shares	1,273.06	100
Partly paid up equity shares	-	-
Total paid up equity shares	1,273.06	100
Total voting rights in the Target Company	1,273.06	100

44. Build-up of the current capital structure of the Company since inception is as under:

Date of allotment	**No. of shares issued**	**Cumulative paid-up capital**	**Mode of allotment**	**Identity of allottees**	**Status of compliance**
05.03.1986	7000	7000	Initial Subscription	Initial Subscrbers	Complied
14/21.06.1990	19993000	200 00 000	Public issue	Public	Complied
28.08.1992	18 70 000	2 18 70 000	Issued upon amalgamation of Arasina Hotels Limited	Shareholders of amalgamating company	Complied
10.02.1993	2 18 77 500	4 37 47 500	Rights issue	The then existing shareholders	Complied
29.10.1994	2 02 00 000	6 39 47 500	Preferential	Promoters	Complied
18.07.1994	72 00 000	7 11 47 500	Preferential	Promoters	Complied
20..01.95	1 77 10 642	8 88 58 142	Public Issue	Public	Complied
17.02.95	2 56 86 950	11 45 45 092	Public Issue	Public	Complied
29.03.95	1 40 01 970	12 85 47 062	Rights Issue	The then existing shareholders	Complied
11.07.95	42 790	12 85 89 852	Allotment of shares in abeyance	Rights Issue	Complied
13.11.95	13 280	12 86 03 132	Allotment of shares in abeyance	Rights Issue	Complied
09.02.96	9 620	12 86 12 752	Allotment of shares in abeyance	Rights Issue	Complied
29.06.96	12 400	12 86 25 152	Allotment of shares in abeyance	Rights Issue	Complied
31.03.97	25 298	12 86 50 450	Allotment of shares in abeyance	Rights Issue	Complied

Date of allotment	**No. of shares issued**	**Cumulative paid-up capital**	**Mode of allotment**	**Identity of allottees**	**Status of compliance**
04.11.96	1 23 400	12 85 27 050	Forfeiture of Shares		Complied
27.04.00	12,61,455	12 72 65 595	Forfeiture of Shares		Complied
27.04.00 to 29.07.03	40 649	12 73 06 244	Annulment of forfeited shares		Complied

45. As on the date of PA, there are no convertible instruments outstanding.

46. The shares of the Target Company are listed & traded on BSE and NSE. The Target Company has complied with the listing requirements and no penal / punitive actions have been taken by the Stock Exchanges.

47. The Acquirers have not 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, 1992.

48. The Target Company has complied with Chapter II of the Regulations.

49. The Board of Directors of the Target Company, as of the date of the PA, is as under:

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

50. The experience and qualifications of the Board of Directors of the Target Company are as given below

Anil D. Ambani

Shri Anil D.Ambani is the Chairman of RCL, Reliance Infocomm Limited and Reliance Communication Infrastructure Limited, and is the 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 Shri Dhirubhai H. Ambani (1932-2002). Shri Anil D. Ambani 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 depositary 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.

Rajendra P. Chitale

Shri 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.

S. S. Thakur

Shri 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, including 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 BSE and the Non-Executive Chairman of the Central Depository Services (India) Ltd.

Amitabh Jhunjhunwala

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

51. There were no mergers, demergers and / or spin-offs involving the Target Company during the last three years.

52. The audited financials of the Target Company on standalone basis (i.e. non-consolidated basis) are as follows:

(Rs. Lacs)	Year ending		
Year ending	**31-Mar-05**	**31- Mar-04**	**31- Mar-03**
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 Expenditure	15,671	20,891	26,450
Profit before Depreciation and tax	**13,898**	14,788	19,428
Depreciation	2,777	4,209	9,165
Profit before Tax	**11,121**	10,579	10,263
Provision for Tax	540	-	-
Profit After Tax	**10,581**	10,579	10,263

(Rs. Lacs)	31- Mar-05	31- Mar-04	31- Mar-03
Sources of funds			
Paid up share capital	12,784	12,797	12,783
Reserves and Surplus	1,31,008	1,27,184	1,20,850
Net worth	1,43,792	1,39,981	1,33,633
Secured loans	-	-	1,000
Unsecured loans	1,31,308	1,63,347	1,76,045
Total	2,75,147	3,03,328	3,10,678

Uses of funds			
Net fixed assets	22,659	27,607	44,476
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	31-Mar-05	31- Mar-04	31- Mar-03
Dividend Declared (%)	30%	29%	29%
Earning Per Share (Rs.)	8.31	8.31	8.06
Return on Net worth (%)	7.36%	7.56%	7.68%
Book Value Per Share (Rs.)	112.37	109.40	104.51

53. Contingent liabilities for the Target Company (as at March 31, 2004) (Rs. Lacs)

- Guarantees to Bank and financial institutions on behalf of third parties - 22,327
- Claims against the company not acknowledged as debt - 6
- Unexpired letters of credit - 2,773
- The income tax assessments of the company have been completed upto assessment year 2001-02. The total demand raised by Income tax department upto the said assessment year is Rs. 3,504 lacs, which is disputed. Based on precedent, the company has been advised that no provision for tax is required

54. The reasons for the rise and fall of net sales and PAT of the Target Company is as given below:

Financial year 2004 v/s 2003

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

Financial year 2003 v/s 2002

RCL's gross income for the year was Rs.45,878 lacs compared to Rs 54,859 lacs in the previous financial year. Correspondingly, interest expenses for the year were also lower at Rs. 25,281 lacs, compared to Rs. 37,343 lacs last year. The decline in level of gross income and interest expenses was on account of reduction in the level of advances/ investments, and corresponding reduction in the borrowings of RCL. Gross profit for the year was up 24.22% at Rs. 19,428 lacs, as against Rs. 15,640 lacs in the previous year. Depreciation was higher at Rs.9,165 lacs (Previous Year Rs. 5,518 lacs), on account of additional depreciation of Rs. 3,738 lacs, arising out of the difference between the market value and the written down value of assets for own use.

55. Pre and post Offer share holding pattern of the Target Company is as follows:

Shareholders' Category	Shareholding & voting rights prior to the preferential allotment [1]		Shareholding & voting rights acquired under preferential allotment [2]		Shareholding and voting rights to be acquired in the Offer (assuming full acceptance)		Shareholding & voting rights after the acquisition and Offer		Shareholding and voting rights after the acquisition, the Offer and after exercise of all the warrants	
	A		B		C		A+B+C=D		A+B+C+D=E	
	No.	%	No.	%	No.	%	No.	%	No.	%
1 Promoter (including persons acting in concert) (i.e. RIL & its associates)	6,09,45,968	47.87	-	-	-	-	6,09,45,968	29.94%	60,945,968	24.92%
2 Acquirers										
(a) AAA	-	-	60,000,000	29.47%	51,461,249	25.28%[3]	111,461,249	54.75%	152,461,249	62.34%[5]
(b) ADA and his Associates [4]	3,61,866	0.28%	-	-	-	-	3,61,866	0.18%	361,866	0.15%
3. Institutions										
Domestic Financial Institutions	25,695	0.02%					This will depend on response from and within each category of (3) and (4)		This will depend on response from and within each category of (3) and (4)	
Banks & Mutual Funds	1,687,792	1.33%								
Indian Corporate Bodies	6,361,753	5.00%	16,260,001	7.99%	-	-				
FIIs	26,835,349	21.08%								
							30,797,162	15.13%	30,797,162	12.59%
4. Public (Other than 1 to 3)	31,087,821	24.42%								
	127,306,244	100%	76,260,001	37.46%	51,461,249	25.28%	203,566,245	100%	244,566,245	100.00%

[1] Shareholding Pattern as on June 17, 2005 as per the data supplied by the Target Company

[2] Percentages calculated based on post issue share capital

[3] Shares to be acquired under the Offer (assuming full acceptance) would be 21.04% of the equity capital post Preferential Issue, in case the entire Warrants are exercised before 15 days of closure of the Offer.

[4] Associates represent shareholding of Smt. Tina A. Ambani, wife of ADA, who holds 180,933 equity shares of RCL. Subject to the provisions of Chapter XIII of the DIP Guidelines, all shareholders (except the Acquirers and Smt. Tina A. Ambani) are eligible to participate in the Offer.

[5] Conversion of Warrants will be in accordance with the applicable provisions of the Regulations, depending on the response to the Open Offer.

56. There is no change in the shareholding of Promoters i.e. RIL in the last five years before the date of the PA.

57. Corporate Governance: The Company is committed to a system of good corporate governance, as it firmly believes that good corporate governance signifies good corporate practices aimed at increasing value for its shareholders, customers, employees, the government and all other stakeholders. Corporate governance of the Company accords high importance for compliance with laws, rules and regulations at all times. The Company's internal control measures help ensure the reliability of financial statements.

58. The Target Company has informed the Acquirers that it is registered as a Non Banking Finance Company (NBFC)

with the Reserve Bank of India and is in compliance with all circulars issued by the Reserve Bank Of India in this regard.

59. Pending Litigations
The Target Company has no material litigation pending against it in any Court in India or abroad.

60. Compliance Officer: Mr. V. R. Mohan, Company Secretary and Manager; Address: Fosbery Road, Reay Road (East), Sewree, Mumbai - 400033; Telephone: + 91-22-30411771; Fax: +91-22-30411067; email: mohan_vellore@ril.com.

V. Offer Price and Financial Arrangements

Justification of Offer Price

61. The shares of the Target Company are not infrequently traded on BSE and NSE.

62. The Acquirer has made a PA on June 21, 2005. The annualized trading turnover during the period December 2004 to May 2005, the six calendar months prior to June 2005 (the month in which PA was made), is as follows:

Name of the Stock Exchange	Total number of shares traded during the preceding 6 calendar months prior to the month of the Public Announcement (six months ending May 2005) (in lacs)	Total number of listed shares (in lacs)	Annualised trading turnover (as % of total number of listed shares)
BSE	719.98	1,278.36	112.64 %
NSE	1,199.64	1,278.36	187.68 %

Source: Official data from BSE and NSE

63. As the annualized trading turnover (by number of shares) on BSE and NSE is more than 5% of the total number of listed shares of the Target Company, the shares of the Target Company are deemed to be frequently traded as per the explanation to regulation 20(5) of the Regulations.

64. The Offer Price of Rs. 231 per Offer Shares is justified in terms of regulation 20 of the Regulations as it is higher than:

a)	The average of the weekly high and low of closing prices for shares of the Target Company on NSE for the 26 weeks before the date of the Public Announcement	Rs. 169.17per share
b)	The average of the daily high and low of the shares of the Target Company on NSE for the two week period before the date of the Public Announcement	Rs. 228.61 per share
c)	The highest price paid by the Acquirer or persons acting in concert with him for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the 26 weeks before the date of the Public Announcement	N. A.
d)	The negotiated price	N. A.
e)	Proposed Preferential Issue	Rs. 228 per share

Source: Official data from NSE

65. The details of closing prices and volume on NSE for the 26-week period prior to the date of the Public Announcement are as under:

Week Number	Week-ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Total Volume (Number of shares in Lacs)
1	24-Dec-04	135.40	132.10	133.75	1.83
2	31-Dec-04	133.40	132.10	132.75	1.74
3	7-Jan-05	140.90	134.80	137.85	4.23
4	14-Jan-05	137.45	135.25	136.35	1.51
5	20-Jan-05	137.10	134.15	135.63	0.83
6	28-Jan-05	144.15	134.75	139.45	1.28
7	4-Feb-05	146.00	144.00	145.00	1.50
8	11-Feb-05	153.15	143.40	148.28	2.60
9	18-Feb-05	169.65	154.70	162.18	6.77
10	25-Feb-05	174.25	164.25	169.25	5.14
11	4-Mar-05	174.10	165.70	169.90	2.29
12	11-Mar-05	181.90	173.95	177.93	3.13
13	18-Mar-05	177.55	159.95	168.75	1.77
14	24-Mar-05	175.20	153.05	164.13	11.50
15	1-Apr-05	195.50	175.40	185.45	11.07
16	8-Apr-05	199.85	187.80	193.83	13.64
17	15-Apr-05	186.00	181.65	183.83	5.63
18	22-Apr-05	194.35	183.60	188.98	7.32
19	29-Apr-05	192.05	167.10	179.58	9.55
20	6-May-05	171.40	168.90	170.15	3.36
21	13-May-05	170.55	167.50	169.03	2.59
22	20-May-05	174.50	170.90	172.70	2.51
23	27-May-05	190.00	174.30	182.15	7.58
24	3-Jun-05	209.20	184.00	196.60	12.93
25	10-Jun-05	224.45	214.95	219.70	0.42
26	17-Jun-05	240.90	229.85	235.38	1.74
	Average			169.17	

Source: Official data from NSE

The Target Company announced a dividend of Rs. 3 per share on April 25, 2005 and the shares of the Target Company started trading on an ex-dividend basis from May 30, 2005. Hence, in compliance with regulation 20 (11), cum-dividend quotations between periods April 25, 2005 and May 30, 2005 have been adjusted for the dividend amount of Rs.3 per share as under:

Period	Weeks Ending	Average (Rs.)	Adjusted Average (Rs.)	Number of Weeks
I	Fri, 22-Apr-05	159.63	162.63 (159.63+3)	18
II	Fri, 27-May-05	174.72	174.72	5
III	Fri, 17-June-05	217.23	220.23 (217.23+3)	3
	Weighted Average		**171.60**	
	Average Market Price		**168.60 (171.60-3)**	

Note: Price for weeks ending before April 22, 2005 and for the weeks falling between May 27, 2005 and June 17, 2005 has been adjusted for cum-dividend for Rs.3/share by adding Rs 3 to average prices.

The details of intra-day price and volume on NSE for the 2-week period prior to the date of the Public Announcement are as under:

Day No.	Date	High (Rs)	Low (Rs)	Average (Rs)	Volume (Number of shares in Lacs)
1	6-Jun-05	219.40	211.50	215.45	40.93
2	7-Jun-05	225.90	212.30	219.10	37.54
3	8-Jun-05	227.90	221.65	224.78	30.87
4	9-Jun-05	229.35	222.65	226.00	22.80
5	10-Jun-05	228.25	219.15	223.70	16.62
6	13-Jun-05	231.50	220.10	225.80	18.98
7	14-Jun-05	239.55	228.85	234.20	33.42
8	15-Jun-05	242.80	233.85	238.33	31.47
9	16-Jun-05	246.20	239.40	242.80	38.85
10	17-Jun-05	242.80	229.15	235.98	69.60
		Average		**228.61**	

Source: Official data from NSE

66. There is no non-compete agreement entered into by the Acquirers with respect to the preferential issue of shares and warrants that resulted in this Offer.

67. Based on the above and in the opinion of the Managers to the Offer and the Acquirers, the Offer Price is justified as per the Regulations.

68. As per the Regulations, the Acquirer can revise the Offer Price upwards upto 7 working days prior to the closure of this Offer and the revision, if any, in the Offer Price would be announced in the same newspapers where the PA has appeared and the revised price will be paid for all Offer Shares acquired pursuant to this Offer.

69. If the Acquirer acquires shares after the date of Public Announcement upto 7 working days prior to the close 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.

Financial Arrangements

70. The total financial resources required for this Offer, assuming full acceptance will be Rs. 1188,75,48,519 (Rupees one thousand one hundred and eighty eight crore, seventy five lakhs forty eight thousand five hundred and nineteen only) (“Maximum Consideration”). In accordance with regulation 28 of the Regulations, an escrow account has been created in the form of deposit of securities. ADA has procured a pledge in favour of the Manager to the Offer, of 30,00,000 (Thirty lakhs only) fully paid equity shares of RIL, having a face value of Rs. 10 each and closing market price of Rs. 630.50 per equity share as on June 20, 2005 (Source: NSE website). 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. In terms of Regulation 28 (8) the Manager to the Offer will not return the securities to the Acquirers till the completion of all obligations under the Regulations. The Acquirers have also made a cash deposit of Rs.13,50,00,000 (Rupees thirteen crore fifty lakhs

only) with ICICI Bank Limited 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 Regulations.

71. The Acquirers confirm that the shares of RIL pledged in favour of the Manager to the Offer, are free from any lien or other encumbrances. These shares are beneficially held by ADA and his wife Smt. Tina A. Ambani under four folios and carry voting rights. Kotak Securities Limited, as the depositary participant for these shares has confirmed on June 20, 2005 that the shares are pledged in favour of the Manager to the Offer. As stated in paragraph 70 above, the market price of these securities as on June 20, 2005 i.e. on the date of creation of the escrow was Rs. 630.50 per share aggregating to a total value of Rs. 189.15 crores, representing a margin of 41% above the escrow requirement under the Regulations.

72. The Acquirers have made firm financial arrangements for the Maximum Consideration by way of personal resources including net worth of ADA and domestic borrowings. M/s Chaturvedi & Shah Chartered Accountants (signing partner Mr. C.D. Lala having membership no. 35671, contact no. +91-22-30616100) ("Accountants"), have confirmed vide their letter dated June 20, 2005 that the Acquirers have made the firm arrangements for meeting their obligations under the Regulations. Based on the certificates from the Accountants, the Manager to the Offer confirms that adequate funds are available with the Acquirers through verifiable means to implement this Offer in full.

VI. Terms and Conditions of the Offer

73. This Offer is made to all shareholders of the Target Company and also to persons who acquire shares before or during the Offer and tender these shares into the offer so as to credit those shares to the account designated for the Offer on or before September 6, 2005, except the Acquirers. The Letter of Offer together with the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be mailed to the shareholders of the Target Company whose names appear on the Register of Members of the Target Company and the beneficial owners of the shares of the Target Company, whose names appear as beneficiaries on the records of the respective Depositories, on June 24, 2005, except to the Acquirers. Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

74. The Acquirers will acquire the Offer Shares, free from all lien, charge and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter. There are no locked-in shares in the Target Company, except those issued in the Preferential Issue in accordance with the DIP Guidelines.

75. To the extent of the Offer Size, all the shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by AAA.

76. The Regulations provides for an upward revision of the Offer Price and the number of shares to be acquired, at any time upto 7 working days prior to the closure of the Offer viz. upto August 26, 2005 and allows withdrawal of the Offer under certain circumstances. Any such revision / withdrawal would be informed by way of an announcement in the same newspapers where the original Public Announcement appeared. In case of revision, the revised price will be payable by the Acquirer for all the Offer Shares that are validly tendered pursuant to the Offer.

77. Each equity shareholder of the Target Company to whom this Offer is being made is free to offer his shareholding in the Target Company in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.

78. Shareholders who hold shares in physical form and who wish to tender their shares will be required to send the form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in the section of this Letter of Offer entitled "Procedure for Acceptance and Settlement", to the Registrar to the Offer at any of its collection centers, mentioned under section VII of this Letter of Offer, either by hand delivery during Business Hours or by registered post so that the same are received on or before the closing date i.e. September 6, 2005

79. In respect of dematerialised shares the credit for the shares tendered must be received in the special account (as specified in section VII) on or before 3 p.m. Indian Standard Time on September 6, 2005. If the Shareholders hold their shares through CDSL, their Depository Participant Instruction will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their shares in favour of the Special Depository Account with NSDL as mentioned in section VII below.

80. The Acquirer will not be responsible in any manner for any loss of share certificate(s) and/or Offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.

81. In case of non-receipt of the document, the eligible shareholder may send his consent, to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, distinctive numbers, folio number, number of shares offered, along with the necessary documents (as mentioned in section VII) so as to reach the Registrar to the Offer on or before the closure of the Offer.

82. The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgement constitute part of the terms of this Letter of Offer.

Statutory Approvals

83. The Statutory Approvals pertaining to the Offer are as under:

- The Offer is subject to the receipt of approval from 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.
- No approvals are required from Financial Institutions/ banks for the Offer. To the best of knowledge of the Acquirer and as on the date of the Public Announcement, there are no other statutory approvals required to acquire the shares that are validly tendered pursuant to this Offer. If any other statutory approvals become applicable, the Offer would be subject to such statutory approvals. The Acquirer will have a right not to proceed with the Offer in the event the statutory approvals indicated above are refused in terms of regulation 27 of the Regulations.
- It may be noted that in case of non-receipt of statutory approvals within time, SEBI has a power to grant extension of time to the Acquirer for payment of consideration to shareholders subject to the Acquirer paying interest for the delay beyond 30 days from the date of the closure of the Offer, as directed by SEBI under regulation 22(12) of the Regulations. In case of extension of time for payment of consideration, interest will be payable as per the provisions of regulation 22(12) of the Regulations.

VII. Procedure for Acceptance and Settlement

84. The Shareholders of the Target Company, who wish to avail of and accept this Offer should deliver the documents mentioned below as soon as possible by Registered Post with acknowledgement due or in person or by courier, so as to reach the Registrar to the Offer or the Registrar's Collection Centers at the addresses mentioned in paragraph 94 before 3 pm Indian Standard Time on September 6, 2005 or such other extended date in case there is any competitive bid. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respect otherwise the same is liable to be rejected. In the case of dematerialized shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the close of the offer. The Form of Acceptance-cum-Acknowledgment of such dematerialised shares not credited in favour of the special depository account before the close of the Offer is liable to be rejected.

85. Documents to be delivered by all shareholders

    (a) For shares held in the DEMATERIALIZED FORM

        (i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the shares, as per the records of the Depository Participant ("DP").

(ii) Photocopy of the Delivery Instruction in “Off-market” mode or counterfoil of the delivery instruction slip in “Off-market” mode, duly acknowledged by the DP. The details of the special depository account are as follows:

DP Name	Karvy Consultants Limited
DP ID Number	IN300394
Account name	KCL Escrow Account – RCL Open Offer
Beneficiary Account Number	15379438
ISIN	INE013A01015
Market	Off-Market
Date of credit	On or before September 6, 2005

Please note the following:

(i) For each delivery instruction, the beneficial owner should submit a separate Acceptance Form.

(ii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding shares have not been credited to the above special account as on the date of closure of the Offer.

(b) In case of shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders. In case of shares held in joint names, names should be filled up in the same order in which they hold shares in the Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;

(ii) Original equity share certificate(s); and

(iii) Valid equity share transfer form(s) duly signed by transferor (by all the equity shareholders in case the shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s).

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.

(c) In case of shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein;

(ii) Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and

(iii) Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the shares being tendered in this case.

(iv) In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company / its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Company/ its transfer agents, of the share certificate(s) and the transfer deed(s).

(v) No indemnity is required from persons not registered as shareholders.

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.

86. Non-resident shareholders should, in addition to above, enclose copy(ies) of permission(s) received from Reserve Bank of India to acquire Offer Shares held by them in the Target Company.

87. Shareholders who have sent their physical shares for dematerialization may participate in the Offer by submitting the Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialization request form duly acknowledged by the Depository Participant. Shareholders who have sent their physical shares for dematerialization need to ensure that the process of getting their shares dematerialized is completed well in time so that the credit in the special depository account duly instructed by the shareholder should be received on or before the close of the Offer i.e. September 6, 2005, else the application will be rejected.

88. In case of non-receipt of the Letter of Offer, the eligible shareholders may obtain a copy of the Letter of Offer from the SEBI website www.sebi.gov.in, or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the shares. Alternatively those desirous of tendering their shares to the Acquirer may participate in the Offer as follows:

(a) In case shares are held in the dematerialized form

by sending their consent in writing on a plain paper to the Registrar to the Offer, such that it is received by the Registrar to the Offer before 3 p.m. Indian Standard Time on September 6, 2005, stating the name, address, no. of shares held, no. of shares offered, DP name, DP ID, beneficiary account number along with a photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the DP, in favour of "KCL Escrow Account – RCL Open Offer " filled as specified in paragraph 85 above.

(b) In case of shares held in the physical mode

by sending their consent in writing to the Registrar to the Offer, on a plain paper stating the name, address, no. of shares held, no. of shares offered, distinctive nos., folio no., the original contract note issued by a registered share broker of a recognized stock exchange through whom such shares were acquired, along with the original share certificate(s) and transfer deed(s) duly signed (as specified in paragraph 85 above), either by hand delivery or by Registered Post or courier, such that these are received by the Registrar to the Offer before 3 p.m. Indian Standard Time on September 6, 2005.

89. All the shareholders should provide all relevant documents, which are necessary to ensure transferability of the shares in respect of which the acceptance is being sent. 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).

90. In case the number of shares validly tendered in the Offer by the shareholders of the Target Company are more than the shares to be acquired under the Offer, the acquisition of shares from each shareholder will be, as per the provisions of regulation 21(6) of the Regulations, on a proportional basis in such a way that the acquisition from any shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the shares trade in the compulsory dematerialized settlement segment of BSE, the minimum marketable lot for the shares is 1 (one).

91. In terms of the Regulations, shareholders desirous of withdrawing their acceptances tendered in the offer can do so upto three working days prior to the close of the Offer i.e. upto September 1, 2005. The withdrawal option can only be exercised by submitting the Form of Withdrawal as per the instructions below so as to reach the Registrar to the Offer at its address Karvy Computershare Private Limited, "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 either by hand delivery or by registered post

92. As per the current provisions of Section 195(1) of the IT Act, and in accordance with an opinion obtained from independent tax counsel, any person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum chargeable to tax is required to deduct tax at source (including surcharge) at the rates in force. Since, under the current provisions of the IT Act, the consideration payable under the Offer would be chargeable to capital gains under Section 45 of the IT Act, the Acquirers will need to deduct tax at source (including surcharge) at the rates in force on the gross consideration payable. Some of the categories of Shareholders, who are not tax residents of India and the tax to be deducted on the gross consideration payable, are as given below:

- **Non-resident Indians:** The Acquirers will deduct tax at source at the rate of 30.6% on the Offer Price in the case of short-term capital gains or business profits, and at the rate of 20.4% on the Offer Price in the case of long-term capital gains. In the event that the aforesaid amount exceeds Rs. 8,50,000/- the aforesaid rate will be increased by a surcharge of 10.2% of the sum.

- **Overseas Corporate Bodies / Non-domestic companies:** The Acquirers will deduct tax at source (including surcharge) at the rate of 41.82% on the Offer Price in the case of short-term capital gains or business profits, and at the rate of 20.91% (including surcharge and education cess) on the Offer Price in the case of long-term capital gains.
- **Foreign Institutional Investors:** The Acquirers will not deduct tax at source from income by way of capital gains, whether short-term or long-term, arising from the transfer of shares payable by the Acquirer to a foreign institutional investor, if the FII tenders a tax residency certificate from the tax authorities of the country of residence of the FII. If the same is not available, a certificate stating that the FII does not have any permanent establishment in India as defined in the Double Taxation Avoidance Agreement between India and the country of residence of the FII shall be submitted.

The expression 'rates in force' in relation to an assessment year or financial year has been defined under the IT Act to inter-alia mean for the purposes of deduction of tax under Section 195, the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant year or the rate or rates of income-tax specified in an agreement entered into by the Central Government under Section 90, whichever is applicable by virtue of the provisions of Section 90.

Under Indian law, capital gains are treated as long-term only for shares that are deemed to have been held for more than twelve (12) months immediately prior to their sale. For the purpose of determining as to whether the capital gains are short-term or long-term in nature, the Acquirers shall take the following actions based on the information obtained from the Company:

- In the case of shares held in physical form that are registered with the Company in the name of the Shareholder, the date of registration of the shares with the Company shall be taken as the date of acquisition.
- In the case of shares held in a physical form and where the Shareholder is not the registered Shareholder, the capital gain shall assumed to be short-term in nature.
- In the case of dematerialised shares, the date of credit of the shares to the Shareholders demat account shall be taken as the date of acquisition.
- In case of any ambiguity, incomplete or conflicting information or the information not being available with the Company/Acquirers regarding the same, the capital gain shall be assumed to be short-term in nature.

Those categories of Shareholders who may be eligible to obtain certificate regarding no deduction of tax or certificate regarding deduction of tax at lower rates may obtain the relevant certificate from the concerned Income Tax authorities under Section 195(3) of the IT Act, or under Section 197(1) and submit the same to the Acquirers while submitting the Bid Form. On failure to produce such certificate from the Income Tax authorities, the Acquirers will deduct tax at the rates in force, and a certificate in the prescribed form shall be issued to that effect.

No tax will be deducted at source for Shareholders, who are tax residents of India.

Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirers or the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

93. Subject to the Statutory Approvals as stated in paragraph 83 above, the Acquirer intends to complete all formalities, including the payment of consideration within a period of 15 days from the closure of the Offer, i.e. September 21, 2005 and for the purpose open a special account as provided under regulation 29, provided that where the Acquirer is unable to make the payment to the shareholders who have accepted the Offer before the said period of 15 days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any wilful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders for delay beyond 15 days, as may be specified by SEBI from time to time.

94. The Form of Acceptance-cum-Acknowledgement along with all the relevant documents should be submitted at any of the collection centers below.

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	Edward	edward@karvy.com	079-26420422/ 26400527/28	079-26565551	Hand Delivery
2.	Bangalore	TKN ComplexNo. 51/2 Vanivilas Road Opp National College Basavanagudi, Bangalore 560 004	Kishore	nkishore@karvy.com	080-26621193/ 26621192	080-26621169	Hand Delivery
3.	Chennai	G-1 Swathi Court, 22 Vijay Raghava Road, T. Nagar Chennai 600 017	Gunashekhar	chennaiirc@karvy.com	044-28153445/ 28151034/ 28153658	044-28153181	Hand Delivery
4.	Hyderabad	46, Avenue 4, Street No 1Banjara Hills, Hyderabad 500034	AAnitha	irchyd@karvy.com	040-23312454	040-23311968	Hand Delivery / Registered Post
5.	Kolkata	49 Jatindas Road, Nr.Deshpriya Park Kolkata 700 029	Sujit Kundu	sujitkundu@karvy.com	033-24634787-89	033-24644866/ 24634787	Hand Delivery
6.	Mumbai	7, Andheri Industrial Estate, Off Veera Desai Road, Andheri(W) Mumbai 400 053	Vishakha Shringarapure	vishakhats@karvy.com	022-26730799/ 153	022-26730152	Hand Delivery
		16-22 Bake House Maharashtra Chmb. of Comm. Lane, Opp. MSC Bank, Fort Mumbai 400 023	Nutan Shirke	nutan.shirke@karvy.com	022-56382666	022-56331135	Hand Delivery
7.	New Delhi	105-108, Arunachal Building19 Barakhamba Road, Conn. Place, New Delhi 110 001	Michael George	michaelg@karvy.com	011-23324401/ 23353835/981	011-23324621	Hand Delivery

Working Hours: Monday to Friday 11.00 am to 3 pm Saturday 11 am to 1 pm
Holidays: Sundays and Bank Holidays

NO SHARES OR DOCUMENTS SHOULD BE SENT DIRECTLY TO THE ACQUIRER / TARGET COMPANY / MANAGER TO THE OFFER

95. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the shareholders’ sole risk. shares, to the extent unaccepted, held in dematerialized form will be credited back to the beneficial owners’ depository account with the respective depository participant as per details furnished in the Form of Acceptance.

96. Applicants who cannot hand deliver their documents at the collection centers referred to above, may send the same by registered post, at their own risk and cost, to the Registrar to the Offer at its address Karvy Computershare Private Limited, “Karvy House”, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034.

97. The Registrar to the Offer will hold in trust the share certificates, credit of dematerialized shares, form of acceptance duly filled in and the transfer deed(s) on behalf of the shareholders of the Target Company who have accepted the Offer, till such time as the Acquirers completes the obligations under the Offer.

98. The payment of consideration for accepted applications will be made by the Acquirer in cash through account payee cheques, drafts, warrants, etc. sent by Registered Post for amounts exceeding Rs. 1,500 and otherwise by UPC in accordance with the Regulations, and the same will be drawn in the name of the first named person in case of joint shareholders. It is desirable that shareholders provide bank details in the Form of Acceptance-cum-Acknowledgement, so that the same can be incorporated in the cheque / demand draft / pay order.

99. A copy of this Letter of Offer (including the Form of Acceptance cum Acknowledgement) is expected to be available on SEBI's web-site (www.sebi.gov.in) during the period the Offer is open. Eligible shareholders can make an application in the Offer in the form downloaded from SEBI's website as one of the alternatives for applying in the Offer.

100. 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:

    (a) In case of physical shares: Name, address, distinctive numbers, folio nos. number of shares tendered/withdrawn

    (b) In case of dematerialized shares: Name, address, number of shares tendered/withdrawn, DP name, DP ID, Beneficiary account no. and a photocopy of 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 Depository Escrow Account

VIII. Documents for Inspection

Copies of the following documents will be available for inspection at the office of the Manager to the Offer at 3rd floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021 on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 1:00 pm from the date of opening of the Offer upto the closure of this Offer.

- Certified true copies of certificate of incorporation and the Memorandum and Articles of Association of AAA.
- Audited Financial Statements of AAA for year ended March 31, 2005.
- Certificate from Chaturvedi & Shah, dated June 20, 2005, certifying the networth of ADA as on June 20, 2005.
- Certificate from Chaturvedi & Shah, dated June 20, 2005, stating that the Acquirers have adequate financial resources for fulfilling all their obligations under the Offer for a value upto Maximum Consideration.
- Letter from ICICI Bank Limited, confirming the amount kept in an escrow account and empowering the Manager to the Offer in accordance with the Regulations.
- Details of securities (details including name, quantity, face value, paid up value, market price on the date of creation of escrow, etc) pledged with Kotak Securities Limited, alongwith a confirmation from Kotak Securties confirming the pledge of the securities kept in escrow and empowering the Manager to the Offer in accordance with the Regulations.
- Certified true copy of the board resolution of Reliance Capital Limited authorizing the issue of shares and Warrants on preferential basis.
- Notice of Extraordinary General Meeting of shareholders of RCL to be held on July 19, 2005, to approve by way of a special resolution under Section 81(1A) of the Companies Act, 1956 and other applicable provisions, the Preferential Issue and other related matters.
- A published copy of the Public Announcement & the Corrigendum to the Public Annoucement.
- SEBI's observation letter dated August 3, 2005.
- Agreement regarding the special depository account.
- The audited Annual Reports of RCL for the last three financial years.
- Brief financials for certain companies promoted by ADA

IX. Declaration by the Acquirer

The Boards of Directors of AAA and ADA accept full responsibility, jointly and severally, for the information (except for the information relating to the Target Company, which has been compiled from publicly available sources) contained in this Letter of Offer as evidenced by the signature of their authorized representative for this purpose. The Acquirer would be responsible for ensuring compliance with the Regulations.

Signed by

For AAA Enterprise Private Limited

Name	:	Anil D. Ambani
Designation	:	Director
Date	:	August10, 2005
Place	:	Mumbai

Signed by

Anil D. Ambani

Date	:	August 10, 2005
Place	:	Mumbai

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

Reliance Capital Limited Open Offer

From	**OFFER OPENS ON**	**August 18, 2005 (Thursday)**
Folio No./DP ID No./Client ID No.:	**OFFER CLOSES ON**	**September 6, 2005 (Tuesday)**

Tel.: **Fax:** **E-mail:**

To
The Acquirers – Reliance Capital Limited Open Offer
Karvy Computershare Private Limited
"Karvy House", 46, Avenue 4, Street No. 1
Banjara Hills, Hyderabad - 500 034.

Dear Sir,

Sub: Open Offer by AAA Enterprises Private Limited ("AAA" or the "Acquirer") and Shri Anil D. Ambani ("ADA" and, collectively with AAA, the "Acquirers") to the shareholders of Reliance Capital ("Target Company") ("Offer")

I/We refer to the public announcement dated June 21, 2005, the corrigendum public announcement dated August 9, 2005 and the Letter of Offer dated August 10, 2005 for acquiring the equity shares held by me/us in Reliance Capital Limited. I/We, the undersigned have read the aforementioned public announcements and Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

☐ **SHARES 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 Shares as detailed below.

Sr. No.	Ledger Folio No(s)	Certificate No(s)	Distinctive No(s)		No. of Shares
			From	To	
1.					
2.					
3.					
4.					
5.					
(In case the space provided is inadequate, please attach a separate sheet with details.) **Total No. of Equity Shares**					

I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed in trust for me/us until the time the Acquirers dispatch the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

☐ **SHARES IN DEMATERIALIZED FORM**

I/We, holding Shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my Shares as detailed below:

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

I/We have executed an off-market transaction for crediting the Shares to the special depository account as per the details below

☐ via a delivery instruction from my account with NSDL
☐ via an inter-depository delivery instruction from my account with CDS

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

ACKNOWLEDGEMENT SLIP

Reliance Capital Limited Open Offer

Received from Mr./Ms. ______________________ residing at ______________________ a Form of Acceptance cum Acknowledgement for ____________ shares along with:

☐ copy of depository instruction slip from DP ID ____________ Client ID ____________

☐ ________ Share certificate(s) ________ transfer deed(s) under folio number(s) ________ for accepting the Offer made by the Acquirers.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	

DP Name	Karvy Consultants Limited
DP ID Number	IN300394
Beneficiary Account Number	15379438
ISIN	INE013A01015
Market	Off-market
Execution Date	On or before September 6, 2005

I/We note and understand that the Offer Shares would lie in the special depository account until the time the Acquirers dispatch the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

For NRIs/ OCBs/ FIIs/ Foreign Shareholders:
I/We have enclosed the following documents:

☐ No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities.

☐ RBI approvals for acquiring Shares of Reliance Capital Limited hereby tendered in the Offer.

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

I/We authorize the Acquirers to accept the Shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirers to return to me/us, share certificate(s)/Shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

I/We authorize the Acquirers and the Registrar to the Offer and the Manager to the Offer to send by Registered Post/UPC as may be applicable at my/our risk, the draft/cheque/warrant, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below. In case I have tendered my Shares in dematerialized form, I authorize Acquirers and the Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

I/We authorize the Acquirers to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirers to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirers are hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Yours faithfully,
Signed and Delivered

	Full Name(s) of the shareholders	**Signature**
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder ____________________

Place:

Date:

Bank Details
So as to avoid fraudulent encashment in transit, the shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in electronic form, the Bank account as obtained from the beneficiary position download to be provided by the depositories will be considered and the warrants will be issued with the said Bank particulars.

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

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

Note : All future correspondence, if any, should be addressed to following address :
Karvy Computershare Private Limited
“Karvy House”, 46, Avenue 4, Street No. 1
Banjara Hills, Hyderabad - 500 034.

No.	Collection Centre	Address of Collection Centre	Contact Person	Email Address	Phone No.	Fax	Mode of delivery
1.	Ahmedabad	201–203 “Shail” Opp Madhusudhan New Navrangpura Tel. Exchange Off CG Road, Ahmedabad 380 006	Edward	edward@karvy.com	079-26420422/ 26400527/28	079-26565551	Hand Delivery
2.	Bangalore	TKN ComplexNo. 51/2 Vanivilas Road Opp National College, Basavanagudi, Bangalore 560 004	Kishore	nkishore@karvy.com	080-26621193/ 26621192	080-26621169	Hand Delivery
3.	Chennai	G-1 Swathi Court, 22 Vijay Raghava Road, T. Nagar, Chennai 600 017	Gunashekhar	chennaiirc@karvy.com	044-28153445/ 28151034/28153658	044-28153181	Hand Delivery
4.	Hyderabad	46, Avenue 4, Street No 1 Banjara Hills, Hyderabad 500034	A Anitha	irchyd@karvy.com	040-23312454	040-23311968	Hand Delivery / Registered Post
5.	Kolkata	49 Jatindas Road, Nr. Deshpriya Park Kolkata 700 029	Sujit Kundu	sujitkundu@karvy.com	033-24634787-89	033-24644866/ 24634787	Hand Delivery
6.	Mumbai	7, Andheri Industrial Estate, Off Veera Desai Road, Andheri(W) Mumbai 400 053	Vishakha Shringarapure	vishakhats@karvy.com	022-26730799/ 153	022-26730152	Hand Delivery
		16-22 Bake House, Maharashtra Chmb. of Comm. Lane, Opp. MSC Bank, Fort, Mumbai 400 023	Nutan Shirke	nutan.shirke@karvy.com	022-56382666	022-56331135	Hand Delivery
7.	New Delhi	105-108, Arunachal Building19 Barakhamba Road, Conn. Place, New Delhi 110 001	Michael George	michaelg@karvy.com	011-23324401/ 23353835/981	011-23324621	Hand Delivery

Working Hours: Monday to Friday 11.00 am to 3 pm Saturday 11 am to 1 pm
Holidays: Sundays and Bank Holidays

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRERS OR TO THE MANAGER TO THE OFFER

(1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer.

(2) **Shareholders holding registered Shares** should submit the Form duly completed and signed in accordance, by the holders of the Shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed.

(3) **Shareholders holding Shares in dematerialised form** should submit the Form duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant (“DP”).

(4) **In case of shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Counter Offer.

(5) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.

(6) **Persons who own Shares (as on the Specified Date or otherwise) but are not the registered holders** of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and transfer deed(s). Persons under this clause should submit their acceptance and necessary documents by registered post or courier or in person to the Registrar at their offices as mentioned above.

The sole/first holder may also mention particulars relating to savings/current account number and the name of the bank and branch with whom such account is held in the respective spaces allotted in the Form, to enable the Registrar to print the said details in the cheques after the name of the payee.

(7) **Non-resident Shareholders** should enclose copy(ies) of permission received from Reserve Bank of India to acquire Shares held by them in the Target Company.

(8) **Non-resident Shareholders** are advised to refer to the clause on taxation in Section VII of the Letter of Offer regarding important disclosures regarding the taxation of the consideration to be received by them.

(9) **In case of bodies corporate**, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

(10) **All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

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

(b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).

(c) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

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FORM OF WITHDRAWAL

Reliance Capital Limited Open Offer

From

Folio No./DP ID No./Client ID No.:

OFFER OPENS ON	**August 18, 2005 (Thursday)**
LAST DATE OF WITHDRAWAL	**September 1, 2005 (Thurday)**
OFFER CLOSES ON	**September 6, 2005 (Tuesday)**

Tel.: **Fax:** **E-mail:**

To
The Acquirers – Reliance Capital Limited Open Offer
Karvy Computershare Private Limited
"Karvy House", 46, Avenue 4, Street No. 1
Banjara Hills, Hyderabad - 500 034.

Dear Sir,

Sub: Open Offer by AAA Enterprises Private Limited ("AAA" or the "Acquirer") and Shri Anil D. Ambani ("ADA" and, collectively with AAA, the "Acquirers") to the shareholders of Reliance Capital ("Target Company") ("Offer")

I/We refer to the public announcement dated June 21, 2005, the corrigendum public announcement dated August 9, 2005 and the Letter of Offer dated August 10, 2005 for acquiring the equity shares held by me/us in Reliance Capital Limited. I / We, the undersigned have read the aforementioned Public Announcement and the Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

I / We hereby consent unconditionally and irrevocably to withdraw my / our Shares from the Offer and I / we further authorize the Acquirers to return to me / us, the tendered Share Certificate(s) / Share(s) at my / our sole risk.

I / We note that upon withdrawal of my / our 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 on or before the last date of withdrawal i.e. September 1, 2005

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

I / We also note and understand that the Acquirers will return the original share certificate(s), share transfer deed(s) / Shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

Sr. No.	Ledger Folio No(s)	Certificate No(s)	Distinctive No(s)		No. of Shares
			From	To	
1.					
2.					
3.					
4.					
5.					
(In case the space provided is inadequate, please attach a separate sheet with details.) **Total No. of Equity Shares**					

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ACKNOWLEDGEMENT SLIP

Reliance Capital Limited Open Offer

Received from Mr./Ms. ______________________ residing at ______________________ a Form of Acceptance cum Acknowledgement for ____________ Shares along with:

☐ copy of depository instruction slip from DP ID ____________ Client ID ____________

☐ copy of acknowledgement slip issued when depositing dematerialized Shares

☐ copy of acknowledgement slip issued when depositing physical Shares for withdrawing from the Offer made by the Acquirers.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	

I / We hold the following Shares in dematerialized form and had executed an off-market transaction for crediting the Shares to the “KCL Escrow Account – RCL Open Offer”. Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my / our Shares have been tendered are as follows:

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

I / We note that the Shares will be credited back only to that depository account, from which the 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 dematerialized Shares, I / we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,
Signed and Delivered

	Full Name(s) of the shareholders	Signature
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder____

Place:

Date:

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Note : All future correspondence, if any, should be addressed to following address :
Karvy Computershare Private Limited
“Karvy House”, 46, Avenue 4, Street No. 1
Banjara Hills, Hyderabad - 500 034.

No.	Collection Centre	Address of Collection Centre	Contact Person	Email Address	Phone No.	Fax	Mode of delivery
1.	Ahmedabad	201–203 "Shail" Opp Madhusudhan New Navrangpura Tel. Exchange Off CG Road, Ahmedabad 380 006	Edward	edward@karvy.com	079-26420422/ 26400527/28	079-26565551	Hand Delivery
2.	Bangalore	TKN ComplexNo. 51/2 Vanivilas Road Opp National College, Basavanagudi, Bangalore 560 004	Kishore	nkishore@karvy.com	080-26621193/ 26621192	080-26621169	Hand Delivery
3.	Chennai	G-1 Swathi Court, 22 Vijay Raghava Road, T. Nagar, Chennai 600 017	Gunashekhar	chennaiirc@karvy.com	044-28153445/ 28151034/28153658	044-28153181	Hand Delivery
4.	Hyderabad	46, Avenue 4, Street No 1 Banjara Hills, Hyderabad 500034	A Anitha	irchyd@karvy.com	040-23312454	040-23311968	Hand Delivery / Registered Post
5.	Kolkata	49 Jatindas Road, Nr. Deshpriya Park Kolkata 700 029	Sujit Kundu	sujitkundu@karvy.com	033-24634787-89	033-24644866/ 24634787	Hand Delivery
6.	Mumbai	7, Andheri Industrial Estate, Off Veera Desai Road, Andheri(W) Mumbai 400 053	Vishakha Shringarapure	vishakhats@karvy.com	022-26730799/ 153	022-26730152	Hand Delivery
		16-22 Bake House, Maharashtra Chmb. of Comm. Lane, Opp. MSC Bank, Fort, Mumbai 400 023	Nutan Shirke	nutan.shirke@karvy.com	022-56382666	022-56331135	Hand Delivery
7.	New Delhi	105-108, Arunachal Building19 Barakhamba Road, Conn. Place, New Delhi 110 001	Michael George	michaelg@karvy.com	011-23324401/ 23353835/981	011-23324621	Hand Delivery

Working Hours: Monday to Friday 11.00 am to 3 pm Saturday 11 am to 1 pm
Holidays: Sundays and Bank Holidays

(1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer.

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