

Public Announcement to the Shareholders of Reliance Capital Limited

This public announcement (this "PA") is being issued by Kotak Mahindra Capital Company Limited (the "Manager to the Offer") for and on behalf of AAA Enterprises Private Limited ("AAA" or the "Acquirer") and Shri Anil D. Ambani ("ADA" and, collectively with AAA, the "Acquirers") acting in concert with each other pursuant to and in compliance with, among others, Regulation 10 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI").

The Offer

1. This open offer (this "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 and Other Approvals required for this Offer" (see paragraph 28 below).

2. On June 19, 2005, the Board of Directors of the Reliance Capital Limited ("RCL" or "Target Company") has 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 ("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 ("Preferential Issue") to the Acquirers in accordance with the guidelines for Preferential Issue of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the subsequent amendments thereto ("Guidelines").

The Target Company also proposes to issue up to 2,90,00,000 equity shares of Rs. 10/- each of the Target Company to financial investors not connected to the Acquirers.

The subscription and allotment of the Preferential Issue is subject to various condition precedents being fulfilled, including approval of the shareholders of the Target Company. The Target Company will convene an Extraordinary General Meeting of its shareholders and the Preferential Issue will need to be passed by way of a special resolution under Section 81(1A) of the Companies Act, 1956 and other applicable provisions.

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. Shri D. Chaturvedi, Shri Anand Jain, Shri D. J. Kapadia, Shri Sandeep Junnarkar, and Shri Alok Agarwal, ceased to be directors of RCL. These changes have been intimated to the Stock Exchanges.

3. The Acquirers, as a result of the above preferential allotment of 6,00,00,000 Shares, will acquire maximum of 32.03% or minimum of 27.74% of the voting rights of the Target Company depending on the number of shares issued to the financial investors. 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). AAA does not hold any equity shares in RCL as on date of this PA. Smt. Tina A. Ambani, another director of AAA holds 180,933 equity shares of RCL (representing 0.14% of the present fully paid-up equity capital of the Target Company).

4. Pursuant to this Offer, the Acquirers propose to acquire 5,14,61,249 fully paid up equity shares ("Shares") of the Target Company (the "Offer Size") representing 20% of the fully expanded voting equity capital of the Target Company (including the entire share allotment as well as warrants) at a price of Rs. 231 (Rupees two hundred and thirty one only) for each Share of the Target Company (such price, the "Offer Price"), to be paid in cash in accordance with the Regulations.

5. This Offer is not subject to any minimum level of acceptance.

6. The Shares of the Target Company are listed on The Stock Exchange, Mumbai ("BSE") and the National Stock Exchange of India Limited ("NSE").

7. The Acquirers have not acquired or been allotted any Shares of the Target Company in the last 12 months.

8. The Manager to the Offer holds 4,27,900 equity shares and a corresponding short futures position for the same number of the Target Company, as on the date of this PA.

9. The Shares of the Target Company are frequently traded in terms of the Regulations. This Offer is being made at Rs. 231 (Rupees two hundred and thirty one only) for each Share in terms of the Regulations. This Offer Price is highest of the (a) the average of the weekly high and low of closing prices for Shares of the Target Company on NSE for the last 26 weeks (b) the average of the daily high and low of prices for Shares of the Target Company on NSE for last two week period (c) the highest price paid by the Acquirers 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 last 26 weeks, (d) the negotiated price, if any, and (e) the price at which shares of the Target Company are being proposed to be issued to the Acquirers under the Preferential Issue. The price is justified in accordance with Regulation 20(11) read with explanation (i) to the same.

10. The Acquirers, as on the date hereof, do not hold any Shares of the Target Company, except as described in paragraph 3 above.

11. 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.

12. The Acquirers are permitted to revise this Offer upward up to seven working days prior to the date of closure of the Offer. In the event of such revision, an announcement will be made in the same newspapers where the PA has appeared and the revised offer price would be paid for all the equity shares tendered anytime during the Offer.

The Background

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

14. The Board of Directors of RIL at its meeting held on June 18, 2005 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. As part of the reorganization, the Acquirers may acquire additional shares of the Target Company.

15. 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.

16. While AAA and ADA are the Acquirers and are acting in concert with each other for the purposes of this Offer, they are not acting in concert with RIL. RIL is not acting in concert or deemed to be acting in concert with AAA or ADA. Due to the operation 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.

Information about Acquirers

17. The details of AAA are as follows:

Name	AAA Enterprises Private Limited, a private limited company incorporated on December 30, 2004 under the Companies Act, 1956
Address	3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400055
Group	AAA is part of the Anil Dhirubhai Ambani Enterprises Group
Relationship with ADA	AAA is held 98% by ADA, the balance being held by his immediate family members. ADA and Smt. Tina A. Ambani are the only directors of AAA.
Primary Business	AAA has yet to commence business

18. The details of ADA are as follows:

Name	Anil D. Ambani
Address	Sea Wind, 39, Cuffe Parade, Colaba, Mumbai - 400 005
Group	ADA heads the Anil Dhirubhai Ambani Enterprises Group
Relationship with AAA	Owns 98% of AAA and is a director on the board 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 a Member of Parliament (Rajya Sabha).

19. The financial details of the Acquirers are as follows:

	AAA * Year ending March 31, 2005 Rs lakhs
Sales Turnover	Nil
Net income (loss)	(0.39)
Networth	0.61
Paid up capital	1.00
Book Value per share (Rs)	6.1

*Audited financials;

	ADA As at June 20, 2005 Rs lakhs
Networth *	22006.99

* 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.

Information about the Target Company

(The disclosures mentioned under this section have been sourced from publicly available sources)

20. The Target Company was incorporated on March 5, 1986, under the Companies Act, 1956 having its registered office at Village Meghpar/Padana, Taluka Lalpur, District Jamnagar - 361 280. It is mainly focused on the areas of funding of projects in the infrastructure sector while supporting the growth of its subsidiary companies - Reliance Capital Asset Management Ltd., Reliance Capital Trustee Co. Ltd., Reliance General Insurance Company Ltd. and Reliance Life Insurance Company Ltd.

21. As per the audited figures for the year ended March 31, 2004, RCL had paid-up equity share capital of Rs.12,784 lakhs, comprising 12,73,06,244 fully paid-up equity shares of face value Rs. 10/- each, and Rs. 53 lakhs on account of forfeited equity shares. The issued and subscribed capital was Rs 12,878 lakhs consisting of equity capital of Rs 12,865 lakhs and 5% redeemable cumulative preference shares of Rs 13 lakhs, comprising 12,500 preference shares of Rs. 100 each. As on the date of this PA, there are no partly paid-up equity shares or outstanding convertible instruments of RCL. As at March 31, 2004, total net worth of RCL was Rs. 1,39,981 lakhs. For the year ended March 31, 2004, RCL has reported total income of Rs. 35,679 lakhs, profit after tax of Rs. 10,579 lakhs, return on net worth 7.56%, book value Rs. 109.95 per equity share, and EPS Rs. 8.31. The above figures are for the standalone legal entity - on non consolidation basis.

22. As per the figures reported to the Stock Exchanges, as at March 31, 2005, RCL had a paid-up equity share capital of Rs.12,784 lakhs, comprising 12,73,06,244 fully paid-up equity shares of face value Rs. 10/- each, and Rs. 53 lakhs on account of forfeited equity shares. As on the date of this PA, there are no partly paid-up equity shares or outstanding convertible instruments of RCL. For the year ended March 31, 2005, RCL has reported total income of Rs. 29,569 lakhs, profit after tax of Rs. 10,581 lakhs, EPS Rs. 8.31 and its PE multiple was 35.44 as on the date preceding this PA. The above figures are for the standalone legal entity - on non consolidation basis. The financial figures stated above are audited and as reported to the Stock Exchanges.

23. The Shares of the Target Company are listed on BSE and NSE.

Reasons for the Acquisition and Future plan about Target Company

24. As stated in paragraphs 2 and 3 (see above), on June 19, 2005 pursuant to the Preferential Issue the Acquirers propose to acquire maximum of 32.03% or minimum of 27.74% of the voting rights of the Target Company. Hence, this Offer is pursuant to Regulation 10 and other applicable provisions of the Regulations involving substantial acquisition of shares or voting rights without change in control or management.

25. As of date of this PA, the Acquirers do not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years 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 immediately preceding sentence, the Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the opportunities from time to time.

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.

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

27. Pursuant to this Offer, the public shareholding will not reduce to 25% or less of the voting equity capital of the Target Company.

Statutory and Other Approvals required for this Offer

28. 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.

29. To the best of knowledge and belief of the Acquirers, as of the date of this PA, there are no other statutory approvals required to acquire the equity shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. The Acquirers will not proceed with the Offer in the event that such statutory approvals that are required are refused in terms of Regulation 27 of the Regulations. No approvals are required from FIs/Banks for the Offer.

30. It may be noted that in case of non-receipt of statutory approvals within time, SEBI has a power to grant an extension of time to the Acquirers for payment of consideration to shareholders subject to the Acquirers agreeing to pay interest for the delay, as directed by SEBI under regulation 22(12) of the Regulations. Further, if the delay occurs due to willful default of the Acquirers in obtaining the requisite approvals, Regulation 22(13) of the Regulations will also become applicable.

31. The Acquirers shall complete all procedures relating to the Offer within a period of 15 days from the date of closure of the Offer. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12), SEBI may, if satisfied that the non receipt of approvals was not due to willful default or negligence on part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers paying interest to the shareholders, at such rates as may be specified by SEBI.

Financial Arrangements

32. 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 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. The Acquirers have also made a cash deposit of Rs.13,50,00,000 (Rs. 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.

33. 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.

Other terms of this Offer

34. A letter of offer (the "Letter of Offer") specifying the detailed terms and conditions of this Offer along with the Form of Acceptance cum Acknowledgement (the "Form of Acceptance") will be mailed to all the shareholders, except the Acquirers, of the Target Company whose names appear on the register of members of the Target Company at the close of business hours on June 24, 2005 (the "Specified Date"). A copy of the Letter of Offer (including Form of Acceptance) is expected to be available on SEBI's website (<http://www.sebi.gov.in>) during the period the Offer is open and may also be downloaded from the site.

35. The Offer Programme is as under:

Activity	Date	Day
Specified Date	24 June, 2005	Friday
Last date for dispatch of Letter of Offer to the shareholders of the Target Company	August 1, 2005	Monday
Offer Opens on	August 11, 2005	Thursday
Offer Closes On	August 30, 2005	Tuesday
Last date for a competitive bid, if any	July 11, 2005	Monday
Last date for revising the Offer Price / Offer Size	August 19, 2005	Friday
Last date for withdrawing acceptance of the Offer	August 25, 2005	Thursday
Last date for communicating acceptance (in full or part) and rejection of applications and payment of consideration for applications accepted	September 14, 2005	Wednesday

36. The shareholders of the Target Company who wish to tender their Shares pursuant to this Offer will be required to communicate their acceptance in the form and manner specified in the Letter of Offer together with their share certificate(s), transfer deed or a photocopy of the delivery instruction to the Depository Participant and such other documents as may be specified in the Letter of Offer and the Form of Acceptance to the Registrar to the Offer in accordance with the instructions contained in the Letter of Offer and Form of Acceptance. In case of non-receipt of the Letter of Offer, shareholder may download the same from the SEBI website 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 said Shares.

37. In case the shareholders of the Target Company hold the Shares in dematerialized form, those desirous of participating in this Offer may send their application to the Registrar to the Offer, such that the applications are received by the Registrar to the Offer, on or before the closing date of this Offer, stating the name, address, number of Shares held, number of Shares offered, Depository Participant ("DP") name, DP ID

number, 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 in as per instructions given under:

DP Name	Karvy Consultants Limited
DP ID Number	IN300394
Beneficiary Account Number	15379438
ISIN	INE013A01015
Market	Off-market
Execution Date	On or before August 30, 2005

Shareholders should ensure credit of their shares in favour of the depository account above before the closure of the Offer.

38. In addition to the above mentioned address of the Registrar to the Offer, all owners of equity shares of RCL, registered or unregistered who wish to avail of and accept the Offer can also hand deliver the Form of Acceptance-cum-Acknowledgement along with all the relevant documents at any of the collection centres mentioned below in accordance with the procedure as set out in the Letter of Offer. All centres mentioned herein below would be open on all working days as follows:

No.	Collection Centre	Address of Collection Centre	Contact Person	Email Address	Phone No.	Fax	Mode of delivery
1.	Ahmedabad	201-203 "Shail" Opp Madhusudan 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 Complex No. 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 22Vijay Raghava Road, T. Nagar Chennai - 600 017	Gunashakar	chennai@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	040-233212454	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	vishakhs@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 Building 19 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

39. Persons who have acquired Shares of the Target Company (irrespective of the date of purchase) but whose names do not appear in the register of members of the Target Company on the Specified Date or those who have not received the Letter of Offer (LOF), may also participate in this Offer by submitting an application on a plain paper giving details regarding their shareholding and confirming their agreement to participate in this Offer as per the terms and conditions of this Offer. This is to be sent to Karvy Computershare Private Limited, acting as the "Registrar to the Offer" together with the relevant share certificate(s) and transfer deeds if the Shares are held in physical form, photocopy of the DP Instruction slip duly acknowledged by the DP in case of Shares held in dematerialized form, the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired and/or such other documents as may be specified. No indemnity would be required from unregistered shareholders.

40. If the Shares tendered in this Offer by the shareholders of the Target Company are more than the Shares to be acquired under this Offer, the acquisition of Shares from each shareholder will be on a proportionate basis as per provisions of the Regulation 21(6) of the Regulations such that the acquisition from each shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot.

41. The Registrar will hold in trust the Acceptance Form, Shares, share certificates, transfer deed(s) and/or other documents on behalf of the shareholders of the Target Company who have accepted this Offer, till the cheques/drafts for the consideration are despatched and unaccepted share certificates/ Shares, if any are despatched/ returned to the relevant shareholders.

42. Shareholders who are holding equity shares in physical form and wish to tender their equity shares will be required to send the Form of Acceptance-cum-Acknowledgement, original Share Certificate(s) and transfer form(s) duly signed & witnessed to Karvy Computershare Private Limited, 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034, acting as the Registrar to the Offer, in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance so that the same are received on or before the close of the Offer, i.e. August 30, 2005. In case the registered shareholders do not send the aforesaid documents, but send the original share certificate(s) and transfer form(s) duly signed, which then are duly received by the Registrar to the Offer shall be deemed to be accepted.

43. The payment of consideration for accepted applications will be made by the Acquirers in cash through account payee cheques, drafts, warrants, etc. sent by registered post for amount exceeding Rs. 1,500 and otherwise by UPC in accordance with the Regulations. The Acquirers are required to deduct tax on source, as may be applicable.

44. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the shareholders' sole risk. Unaccepted 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 received from their depository participant.

General

45. Shareholders who have accepted this Offer by tendering the requisite documents, in terms of the PA / Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of the closure of this Offer.

46. As per the Regulations, the Acquirers can revise the Offer Price upwards up to 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 this PA has appeared and the revised price would be paid to all shareholders who tender their Shares in this Offer.

47. If there is competitive bid:

- The public offers under all the subsisting bids shall close on the same date.
- As the offer price can not be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.

48. 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.

49. This PA is expected to be available on the SEBI website at <http://www.sebi.gov.in>

50. Pursuant to Regulation 13 of the Regulations, the Acquirers have appointed Kotak Mahindra Capital Company Limited as the Manager to the Offer. The Acquirers have appointed Karvy Computershare Private Limited as the Registrar to the Offer (Address: "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034; Ph.No. 040- 3312454/ 3320751; Fax No.3311968; email: murali@karvy.com; Contact Person: Mr. Murali Krishna; Contact Number 040-2343 1553).

51. The Board of Directors of AAA and ADA accept full responsibility for the information (except that which pertains to the Target Company and has been compiled from publicly available sources) contained in this PA and also accept responsibility for the obligations of acquirers laid down in the Regulations.

Issued by the Manager to the Offer For and on behalf of the Acquirers



Kotak Mahindra Capital Company Limited

Bakhtawar, 3rd Floor
229 Nariman Point
Mumbai - 400 021

Tel. No. : +91-22-5634 1100
Email : rcl.offer@kotak.com

Contact Person: Mr. Ajay Vaidya
Vice President (Compliance) and Company Secretary

Dated : June 21, 2005

Place : Mumbai