PRIVATE & CONFIDENTIAL
FOR EQUITY SHAREHOLDERS &
EMPLOYEES ONLY
(Not for Circulation)

15 15
13+15=28
3+4=7
31 50

I.M.P.

Reliance Industries Limited

Regd. Office: 3rd Floor, Maker Chambers IV, 222, Nariman Point, Bombay 400 021.

LETTER OF OFFER

		Rs. in Crores
Series-H	– 12.5% Secured Redeemable Partly Convertible Debentures	478.80
Series-J	– 14% Secured Redeemable Non Convertible Debentures attached with Detachable Warrant entitling the Warrant holders to apply for Equity Share(s)	114.00
Series-K	– 17.5% Secured Redeemable Non Convertible Debentures	265.50
		858.30

HIGHLIGHTS

- The first world scale Cracker Project in the Private Sector in India.
- Cracker Project to manufacture basic raw material for a wide range of import substitutes.
- Phased increase in Equity Capital by only a maximum of Rs. 45.45 crores in a capital outlay of Rs. 1232 crores.
- One Equity Share at only Rs. 55 on part conversion of Series-H Debenture at the end of 18 months from the date of allotment.

  The closing Share Price on Bombay Stock Exchange on 29th November, 1991 on Ex Rights, Ex Dividend basis was Rs. 156.
- Warrant-holders will have a Right on the expiry of 24 months from the date of allotment of Debentures of Series J to apply for one Equity Share per Warrant at a price to be fixed by the CCI not exceeding Rs. 70 per Share.
- CRISIL Rating "**AA+**", indicating high degree of Safety regarding timely payment of Interest and Principal.
- Easy Payment Terms – (for Resident Indians)
  25% on Application
  25% on Allotment and
  balance in two or more calls.
- Easy liquidity – Listing at Bombay, Ahmedabad, Delhi, Calcutta, Madras, Bangalore, Kanpur, Pune and Cochin Stock Exchanges.

a SPECIAL *issue* *for* SPECIAL *people* *at a* SPECIAL *price*

RISKS

The risks perceived by the Management of the Company are: * Variations in the administered price and supply of feedstocks for the projects. * Impact of exchange fluctuations. * Changes, if any, in policies relating to excise, customs and imports.

OFFER OPENS ON TUESDAY, 10th DECEMBER, 1991

RELIANCE RIGHTS

Last date for receiving request(s) for Split Forms
THURSDAY, 26th DECEMBER, 1991

Last date for receiving Composite Application Forms
TUESDAY, 7th JANUARY, 1992

LEAD MANAGERS

The Industrial Credit and Investment Corporation of India Limited
Merchant Banking Division
163, Backbay Reclamation
Bombay 400 020

SBI Capital Markets Limited
202, Maker Tower-E
Cuffe Parade, Bombay 400 005

Canbank Financial Services Ltd
(A wholly owned subsidiary of Canara Bank)
Capital Markets Group
115, Atlanta, 11th Floor,
Nariman Point
Bombay 400 021

J.M. Financial & Investment Consultancy Services Limited
141 Maker Chambers III
Nariman Point
Bombay 400 021

Bank of Baroda
Merchant Banking Division
Jeejeebhoy Tower
16th floor, Dalal Street
Bombay 400 023

BOI Finance Limited
(A wholly owned subsidiary of Bank of India)
24th Floor,
Stock Exchange Building
Dalal Street, Fort
Bombay 400 023.

Reliance Capital & Finance Trust Ltd
(Corporate Office)
10th Floor, Tulsiani Chambers
212, Nariman Point
Bombay 400 021

CO-MANAGERS

Enam Financial Consultants Pvt. Ltd.
24, B.D. Rajabhadur Compound
Hamam Street
Bombay 400 001

PNB Capital Services Limited
(Wholly owned subsidiary of
Punjab National Bank)
Maker Tower 'E' Wing, Cuffe Parade
Bombay 400 005

Ind Bank Finance Services Ltd.
(Wholly owned by Indian Bank)
Maker Tower 'F'
17th Floor, Cuffe Parade
Bombay 400 005

Allbank Finance Limited
(A wholly owned subsidiary of
Allahabad Bank)
18 Gopaldas Deshmukh Marg
Bombay 400 026

Indian Overseas Bank
Merchant Banking Bureau
Maker Tower 'E'
Cuffe Parade
Bombay 400 005

Trustees for the Debentureholders

The Industrial Credit and Investment Corporation of India Limited
163, Backbay Reclamation
Bombay 400 020

REGISTRAR & TRANSFER AGENT TO THE ISSUE

Reliance Consultancy Services Ltd.
56 Mogra Village Lane
Old Nagardas Road
Andheri (E), Bombay 400 069

Consent of the Central Government has been obtained by Reliance Industries Limited (hereinafter referred to as "the Company") to this offer vide order of Controller of Capital Issues ('CCI') No. R-906/10/CCI/90 dated 26th August, 1991 as amended vide their letters No. R-906/10/CCI/91/4430 and R-906/10/CCI/90 dated 11th September, 1991 and 8th November, 1991 respectively, of which complete copies are open for inspection at the Registered Office of the Company. It must be distinctly understood that in giving this consent the Central Government do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the statements made or opinions expressed with regard to them.

The Company has obtained Letter of Intent bearing No. LI-734 (988)/Regn. No. 176(85)-Comp/SCS dated 25.11.1988 for the Cracker Complex. The Company has undertaken expansion of its PTA plant to Minimum Economic Size under the guidelines issued by the Central Government.

The Central Government vide their Order No. 2/17/88-M-III dated 25.11.1988 and amended order No. 3/3/90-M-III dated 19.2.1990 has granted permission under Section 22(3)(a) of MRTP Act, 1969 for setting up the Cracker Complex in the State of Gujarat.

In principle approval of the Reserve Bank of India, vide its letter Ref. No. EC.CD.FID(ii)NRIC. 2041/883-91/92 dated 20th November, 1991, has been obtained for the issue of the Debentures to the NRI Shareholders of the Company.

The Company has obtained environmental clearance from Gujarat Pollution Control Board vide their letter No. PC/NOC/SRT-262/4441 dated March 13, 1991.

The members, at an Extraordinary General Meeting held on 13th November, 1990 have passed special resolution under Section 81 (1A) of the Companies Act, 1956, approving the issue of Series-H and Series-J Debentures; the Board of Directors, at its meeting held on 13th November, 1990 and subsequent meetings have passed resolutions approving the issue of Series-K Debentures.

NOTES:

a) Please read this Letter of Offer and the instructions contained herein carefully. The instructions contained in the accompanying Composite Application Forms are an integral part of this Letter of Offer and must be carefully followed. Applications not conforming to the instructions are liable to be rejected.

b) All enquiries in connection with this Letter of Offer should be addressed either to the Company's Registrar and Transfer Agent, or the Investor Relation Centres of the Company (IRC) whose addresses are given hereinafter in this Letter of Offer quoting the Offer Number, and the Master Folio Number as mentioned in the Composite Application Form(s).

c) The CCI in his consent Order dated 26th August, 1991 and as amended by his letter dated 8th November, 1991 stipulated under condition (t) that the issue shall be proceeded with only after obtaining resolution from the Shareholders and Debentureholders of Larsen & Toubro Limited (L&T) in accordance with the provisions of the Companies Act, 1956, as amended upto date, (hereinafter referred to "the Act") approving the revised scheme of deployment of proceeds of L&T's Issue of Debentures of Rs. 820 crores and after modifications are made in L&T's said Issue.

The Shareholders and the Debentureholders of L&T in accordance with the provisions of the Companies Act, 1956 as amended upto date, have passed the necessary resolutions at their respective meetings held on 20th September, 1991.

By a letter No. R.552/T/CCI/89 dated 8th November, 1991 of CCI addressed to L&T, modifications have been made in L&T's said issue of Rs. 820 crores consented to vide Consent Order dated 29th August, 1989. A copy of the said letter dated 8th November, 1991 has also been endorsed by CCI to the Company. The Company having complied with the said condition (t) imposed by CCI, as aforesaid, as also condition (u) in obtaining credit rating, is now eligible to proceed with the present issue.

If the Company does not receive the minimum subscription of 90% of the issue amount, the entire subscription will be refunded to the applicants within 90 days from the closure of this issue. If there is a delay in refund of such amount by more than 10 days, the Company will pay interest at the rate of 15% per annum for the delayed period.

Dear Member(s)

Offer of:

A. Series-H Debentures :

i) 3,04,00,00012.5% Secured Redeemable Partly Convertible Debentures of the face value of Rs.150 each for cash at par aggregating Rs. 456.00 crores, to the Equity Shareholders of the Company on Rights basis; and

ii) 15,20,000 12.5% Secured Redeemable Partly Convertible Debentures of the face value of Rs.150 each, for cash at par aggregating Rs. 22.80 crores, to the Employees (including Indian Working Directors) / Workers of the Company on equitable basis;

Debentures referred to in A(i) and A(ii) above are hereinafter collectively referred to as "Series-H Debentures".

B. Series-J Debentures:

76,00,000 14% Secured Redeemable Non Convertible Debentures of the face value of Rs.150 each for cash at par aggregating Rs. 114 crores attached with a Detachable Warrant, to the Equity Shareholders of the Company on Rights basis, entitling the Warrantholders to apply for Equity Share(s) (hereinafter referred to as "Series-J Debentures").

C. Series-K Debentures:

2,65,50,000 **17.5%** Secured Redeemable Non Convertible Debentures of the face value of Rs.100 each for cash at par aggregating Rs. 265.50 crores, to the Equity Shareholders of the Company on Rights basis (hereinafter referred to as "Series-K Debentures").

The offers of Series-H, Series-J and Series-K Debentures are three separate and distinct offers though part of a composite issue. Applications for the Debentures for each series should be made separately on respective Composite Application Forms which are enclosed. A member is entitled to apply for any one, two or all of the aforesaid series of Debentures.

Wherever context permits Series-H Debentures, Series-J Debentures and Series-K Debentures are referred to collectively as "the Debentures" and holders of Series-H Debentures, Series-J Debentures and Series-K Debentures as "the Debenture holders" respectively and the detachable warrant(s) as "the Warrant(s)".

BRIEF HISTORY OF THE COMPANY :

THE COMPANY :

A predecessor of the Company was incorporated under the name Reliance Textile Industries Private Limited in Maharashtra, India, on 11th February, 1966 and converted into a public limited company in 1975, when its name was changed to Reliance Textile Industries Limited. Pursuant to a scheme of amalgamation, effective as of 1st July 1975, the property rights and powers of the aforementioned company were vested in, and its liabilities, duties and obligations assumed by Mynylon Limited (Mynylon), a company incorporated in the state of Karnataka, on 8th May, 1973.

In 1977, Mynylon's name was changed to Reliance Textile Industries Limited and its Registered Office was transferred to the state of Maharashtra. Pursuant to a scheme of amalgamation, the Company assumed the operations of Sidhpur Mills Company Limited in 1981. In 1985, the name of the Company was changed to Reliance Industries Limited.

The Company has wholly owned subsidiaries viz. (a) Devti Fabrics Limited which is engaged in manufacturing, processing and trading of yarn and fabrics; (b) Trishna Investments & Leasings Limited, engaged in investments and leasing activities; and (c) Reliance Europe Limited, mainly engaged in marketing the products manufactured by the Company in the world market. Reliance Petrochemicals Limited has ceased to be a subsidiary of the Company with effect from 27.10.91. The Company has no other subsidiary.

The Company has its operations of manufacturing synthetic fabrics and yarn processing at Naroda, Gujarat. With various diversification and modernisation programmes taken up at this plant, the fabric division is presently producing a wide range of synthetic fabrics like dress material, sarees, suitings, shirtings and furnishing fabrics.

The manufacturing facilities for synthetic fibre and yarn were installed in 1982 at Patalganga, Maharashtra. Later at this location, with a view towards backward integration, the Company set up a plant for the manufacture of Purified Terephthalic Acid (PTA). The Company has also set up a plant for the manufacture of Linear Alkyl Benzene (LAB). The Company is presently engaged in expanding the capacity of its PTA plant to minimum economic size (MES) of 2,00,000 tpa. It has also mechanically completed implementation of the front-end project for LAB so as to enable kerosene to be used for the manufacture of LAB as against n-paraffin which is now being used. The Company has also taken up improvement of the associated site facilities at Patalganga complex.

PRESENT ACTIVITIES AND OPERATIONS OF THE COMPANY :

The Company started its operations as a manufacturer of Synthetic Fabrics and processor of Yarn and has over the decade grown into an integrated Petrochemical Complex manufacturing Polyester Filament Yarn (PFY), Polyester Staple Fibre (PSF), Purified Terephthalic Acid (PTA), Linear Alkyl Benzene (LAB) and now as stated hereinafter is engaged in setting up the Cracker Project at Hazira (Gujarat State). The licenced and installed capacity and actual production figures as per audited accounts for the year ended 31st March, 1991 of the Company are as under:

PRODUCTS	UNIT	LICENSED CAPACITY	INSTALLED CAPACITY	PRODUCTION OF FINISHED GOODS MEANT FOR SALE
POLYESTER FILAMENT YARN	M.T.	32300A	25125++	67653
POLYESTER CHIPS		Included in PFY/PSF	-	13739
POLYESTER STAPLE FIBRE	M.T	60000 @	45000	48485
MAN-MADE FIBRE	Nos.	20000	12494	
SPUN YARN ON WORSTED SYSTEM (SPINDLES)				
MAN-MADE FABRICS (LOOMS)	Nos.	450	450	505.81mtrs.
(KNITTING MACHINES)	Nos.	22	20	(in lacs)
PURIFIED TEREPHTHALIC ACID	M.T.	200000 @	100000B	58576
LINEAR ALKYL BENZENE	M.T.	80000@	60000	66950
PARAXYLENE	M.T.	Included in PTA		3400
SYNTHETIC FILAMENT YARN INCLUDING INDUSTRIAL YARN / TYRE CORD	M.T.	2000*	—	
ETHYLENE	M.T.	320000*	—	
PROPYLENE	M.T.	155000*	—	
BUTADIENE & OTHER C4s	M.T.	98000*	—	
ACRYLIC FIBRE	M.T.	20000*	—	
POLYPROPYLENE	M.T.	100000*	—	
STYRENE	M.T.	80000*	—	
POLYSTYRENE	M.T.	40000*	—	
STYRENE BUTADIENE RUBBER	M.T.	100000@	—	
LINEAR LOW DENSITY POLYETHYLENE	M.T.	100000*	—	
ACRYLONITRILE	M.T	70000*	—	
BUTYL RUBBER	M.T.	25000*	—	
EXPORT ORIENTED UNIT				
PARAXYLENE	M.T.	270000*	—	
PURIFIED TEREPHTHALIC ACID	M.T.	200000*	—	

* On the basis of Letter of Intent received

++ Based on average Denier of 40

@ Approved under MES

Installed Capacity based on Certificate of the Management.

A Subject to automatic re-endorsement of capacity. Further 15000 tonnes p.a. has been approved under applicable broad-banding scheme.

B MES capacity of 200000 M.T. p.a. of PTA under implementation.

CAPITAL MOBILISATION :

Since the Company got listed as Public Company on the Bombay Stock Exchange in January, 1978, the Company has made the following Issues in the Capital Market:

Sr. No.	Year of the Issue	Type of Security	Nature of Issue	Quantum of Issue (Rs. in crores)
01	1979	Partly Convertible Debentures (Series-I)	Public Issue	7.00
02	1979	Equity Shares	Rights Issue	1.62
03	1980	Partly Convertible Debentures (Series-II)	Rights/Preferential Issue	10.80
04	1981	Partly Convertible Debentures (Series-III)	Public/Rights/ Preferential Issue	24.00
05	1981	Equity Shares	Rights Issue	6.00

Sr. No.	Year of the Issue	Type of Security	Nature of Issue	Quantum of Issue (Rs. in crores)
06	1982	Partly Convertible Debentures (Series-IV)	Rights/Preferential Issue	50.00
07	1982	Preference Shares	Rights Issue	5.50
08	1984	Partly Convertible Debentures (Series-E)*	Rights/Preferential Issue	80.00
09	1985	Non Convertible Debentures(Series-F)*	Rights/Preferential Issue	270.00
10	1986	Fully Convertible Debentures (Series-G)	Public/Rights Issue	500.00
11	1987	Equity Shares	Rights Issue	189.43

The Company has received an overwhelming response to all these Issues.

As a result of the aforesaid issues of securities, the Company's family of Shareholders has grown from an initial 59,000 to 16 lacs, the second largest in India. The number One position is occupied by Reliance Petrochemicals Limited with a shareholder base of 23 lacs.

Against the aforesaid Public / Rights Issue of Debentures, the total outstanding amount aggregate to Rs.323 crores against 'E' and 'F' Series of Debentures.

* The Credit Rating Information Services of India Limited (CRISIL) has rated the Non Convertible portion of Debentures of Series-E and the Cumulative Debentures of Series-F as "AAA (SO)" indicating the highest degree of certainty regarding timely payment of financial obligations on the instruments. The Non Cumulative Debentures of Series-F has been ranked by CRISIL as "P1+" indicating that the degree of safety regarding timely payment on the instrument is very strong.

FINANCIAL HIGHLIGHTS:

The Financial highlights based on the audited accounts of the Company are as under: **[Rs. in Crores]**

	1990-91	1989-90	1988-89 9 months	1987-88 18months	1986	1985	1984	1983	1982	1981
Sales	2098.34	1840.66	1112.45	1770.74	905.48	733.14	622.01	520.35	421.03	312.22
Profit before Interest, depreciation & tax	487.02	424.20	257.75	282.92	129.39	133.25	117.89	91.42	62.26	47.46
Profit after tax	125.55	90.50	79.37	80.77	14.17	71.34	61.10	38.52	29.16	19.70
Gross Block	2186.42	1998.79	1871.76	1862.66	1137.55	735.68	530.93	394.88	356.71	133.46
Depreciation	703.85	529.78	368.98	278.58	188.09	128.88	104.65	73.42	42.10	27.90
Equity Capital	152.12	152.12	152.11	152.10	51.61	51.61	46.18	36.15	18.60	16.67
Borrowings	840.22	815.39	774.55	713.65	689.90	597.06	321.79	275.45	283.45	99.53
Gen.Reserves	49.48	36.48	56.84	51.84	40.84	38.84	33.74	30.31	29.09	16.55
Share Premium	673.17	673.17	673.15	673.08	84.40	84.40	62.48	0.87	8.43	5.55
Other Reserves	272.88	219.41	183.41	139.30	128.88	130.47	98.19	56.73	29.61	18.01
Dividend pay out (%)	45.64 (30%)	45.64 (30%)	45.64 (30%)	56.06 (55%)	12.90 (25%)	24.89 (50%)	15.44 (40%)	9.40 (30%)	5.20 (30%)	4.80 (35%)
Earnings per share	8.20	5.89	5.18	5.23	2.58	13.66	13.04	10.42	15.22	11.60
Cash earning per share (Rs.)	19.66	16.54	10.88	11.24	14.39	20.91	20.45	19.10	22.83	18.39
Book value per share (Rs.)	75.36	70.99	69.97	66.74	59.00	58.92	51.83	33.98	45.44	33.33
* Market price: (Rs)										
High	245.00	158.00	216.00	277.00	392.00	252.00	147.00	183.00	186.00	117.00
Low	57.00	50.00	112.00	69.00	182.00	120.00	108.00	100.00	118.00	63.00
Average	151.00	104.00	164.00	173.00	287.00	186.00	127.50	141.50	152.00	90.00
Average market capitalisation Rs. in crores	2297.01	1582.05	2494.60	2631.33	1481.21	959.95	588.80	511.52	282.72	150.03

Market capitalisation as on 29th November, 1991 is Rs. 2373.07 crores. Taken at closing Ex Rights, Ex Dividend price of the same date at Rs.156.00.
* (Source for Market Prices: Bombay Stock Exchange Directory and Capitaline Series Data)

Presently in the Indian private sector the Company is rated the second largest in terms of net fixed assets and fourth largest in terms of net profit and sales. (Source: Business India, September 30 - October 13, 1991).

Note:

1. The aforesaid figures given in the Financial Highlights should be read in conjunction with the footnotes appearing in the Audited Balance Sheets of the respective Accounting Years. Some of the Notes to the Accounts pertaining to various accounting years are reproduced below:

Accounting Year 1982:

Note No. 13: There has been a change in the mode of computation of depreciation in the current year as referred to in Note (g) of Schedule 'E' (mentioned hereinbelow). Had depreciation for the year been provided on the same basis as in the previous year, the depreciation charged in the Profit & Loss Account would have been higher by Rs. 1633.56 lacs.

Note (g) of Schedule E:

"Depreciation is provided in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956. The Company has hitherto been providing depreciation for the full year on addition to fixed assets, even-though assets were installed and commissioned for part of the year. However, in view of legal opinion, depreciation has been provided on the fixed assets installed during the year on pro-rata basis with reference to the period of use."

Note No.14: The Company until last year used to capitalise interest on long term loans/debentures/deferred payment arrangements obtained for procuring fixed assets till the date of commissioning of the assets. In the current year, the Company has capitalised:

a. Interest for the entire contracted period of such loans availed of, for acquisition of fixed assets of Polyester Yarn Project at Patalganga.

b. Interest for the entire contracted period of loans availed of during the current year for acquisition of fixed assets of the Naroda Unit at

Ahmedabad on the following assumptions:

i. interest accrues at the time of availment of the loan till the date of repayment of the said loan

ii. all loans shall be repaid on due dates, and

iii. for Euro-Currency Loans, procured on flucuating rates of interest based on LIBOR, the rate of interest will be (a) the rate prevailing on 31st December, 1982 in respect of Naroda Unit at Ahmedabad and (b) the rate prevailing on 31st October, 1982 in respect of Polyester Yarn Project at Patalganga.

As a result of the above change in the method of accounting, the charge to the Profit & Loss Account on account of depreciation is higher by Rs. 100.84 lacs and on account of interest is lower by Rs. 183.22 lacs.

Accounting Year 1983:

Note No. 11 - The Company has continued during the year to capitalise interest on Long Term Loans/Deferred Payment Arrangments obtained for procuring Fixed Assets for the entire contracted period of such loans availed of during the year on the following assumptions:

i. Interest accrued at the time of availment of the loan till the date of repayment of the said Loan.

ii. All loans shall be repaid on due dates, and

iii. For Euro-Currency loans, procured on fluctuating rates of interest based on LIBOR, the rate of interest will be the rate prevailing on the relevant dates of respective years.

The total amount of future interest capitalised till date is Rs. 9368.08 lacs (Previous Year Rs. 9007.76 lacs). Consequently the charge to profit and loss account on account of:

i. depreciation is higher by Rs. 612.20 lacs (Previous Year Rs. 100.84 lacs).

ii. interest is lower by Rs. 788.82 lacs (Previous Year Rs. 183.22 lacs).

Accounting Year 1984:

Note No. 9(d) - Accordingly, the charge to the Profit & Loss Account on account of depreciation is higher by Rs. 397.20 lacs (Previous year Rs. 612.20 lacs) and interest is lower by Rs. 955.10 lacs (Previous year Rs. 788.82 lacs).

Accounting Year 1985:

Note No. 14(a) - From 1st January, 1982 to 31st December, 1984, the Company had capitalised a sum of Rs. 190.72 crores in respect of interest on long term borrowings availed for procuring fixed assets for the entire contracted period of such borrowings. In view of the proposed amendment to Section 43 of Income Tax Act, 1961 vide Finance Bill 1986, the Company has decided to capitalise interest on the said borrowings only upto the date of commissioning of the Plant. Accordingly the Company has recalculated the cost of Fixed Assets from 1st January, 1982 and its consequent effect on depreciation, interest and on sale of assets for the years 1982 to 1984 have been adjusted in accounts as under:

		(Rs. in crores)
Short provision of interest for the past years		19.27
Less: a. Excess provision for depreciation written back	11.10	
b. Net adjustment on sale of assets	0.04	11.14
Net debit to profit and loss account		8.13

Note No. 14(d) - Had the Company continued the said practice of capitalisation of interest in the current year, the figures of Fixed Assets, Reserves and Current Liabilities for the year would have been higher by Rs. 504.38 crores, Rs. 9.43 crores and Rs. 473.28 crores respectively and the charge to Profit and Loss account on account of depreciation would have been higher by Rs. 10.73 crores and on account of interest lower by Rs.11.09 crores.

Accounting Year 1986:

Note No. 13 - The Company until last year used to account for disposal of waste generated in the course of production on cash basis. During the year, one of the Waste Recovery Plants was commissioned for recycling of Polyester yarn and Fibre waste as raw material. Therefore, such usable waste lying with the Company to the extent of 4040 tonnes at the end of the year has been booked at the price equivalent to cost of raw materials after deducting recycling cost. Had this not been done, the figures of raw materials consumption would have been higher by Rs. 11.72 Crores and correspondingly the Profits for the year would have been lower by the said amount.

Note No. 14 - Until last year inventories were valued at cost. During the current year, the Company has changed the method of valuation of inventories and accordingly, these are valued at cost or market value whichever is lower. Had the same method been continued, inventories and profit would have been higher by Rs. 5.10 crores.

Accounting Year 1987-88:

Note No.4 - The Company has, during the financial year, in line with the recent amendment to section 209(3) of the Companies Act, 1956, accounted on 'accrual basis' (a) liability in respect of maturity value in excess of initial investment of Cash Certificates issued by the Company under Fixed Deposit Scheme (b) income on investments and (c) Excise Duty set-off, which, as per the accepted practice, were hitherto accounted for on cash basis. As a result, the profit for the year is lower by Rs. 1.19 crores. Since it is not possible to ascertain with reasonable accuracy, the quantum to be provided for in respect of (i) Export incentives and other claims (ii) Claims for refunds of customs duty, sales tax, insurance, octroi, etc. (iii) Interest on overdue bills and delayed payment charges (iv) Performance incentives on sales (v) Premium on redemption of Debentures (vi) disposal of sundry items other than usable waste of POY/PSF (vii) Exchange difference arising on repayment of foreign currency loans, deferred credit facilties, and (ix) interest on letters of credit outstanding till the end of accounting period, the same are continued to be accounted on cash basis.

Note No.15(c) - Had the Company continued the same practice during the current financial year, depreciation would have been higher by Rs.28.91 crores and the closing inventory would have been higher by Rs.4.37 crores and the net profits would have been lower by Rs.24.54 crores.

Accounting Year 1988-89:

Note No.12(c) - There has been a change in the method of accounting in the current financial year in respect of difference on account of fluctuation in rates of exchange on repayment of loans and deferred payment liabilities which in the previous years was charged to the Profit and Loss account in the year of repayment. The Company has decided to treat the same as capital expenditure with effect from 1st January, 1982, in view of various Court Judgements. Accordingly, the Company has adjusted the same and has provided depreciation at applicable rates for the said relevant years. Consequently, effect on the accounts is, as under:

Excess provision written back	Rs. 21.16 crores
Less: Provision for depreciation	Rs. 5.98 crores
Net Credit to Profit and Loss account	Rs. 15.18 crores

Had the Company continued its past practice, in respect of the above, the profit (net) for the year would have been lower by Rs. 4.11 crores and Reserve and Surplus and Net Fixed Assets would have been lower by Rs. 19.29 crores and Rs. 20.66 crores respectively, and the closing inventory would have been higher by Rs. 1.37 crores.

II. Accounting year 1990-91:

1. Exchange losses:

a. The Company has been accounting foreign currency loans availed to acquire plant and machinery at the exchange rates prevailing on relevant dates.

b. No effect has been given in the accounts to the increased liability of Rs. 62.27 crores on account of fluctuation in the rates of exchange at the year end with regard to outstanding balances of foreign currency loans.

c. During the year, the Company has capitalised payments made on account of fluctuations in the rates of exchange on repayment of loans and the cost of roll over charges on forward contracts to respective fixed assets and depreciation thereon has accordingly been provided for in the accounts.

2. Accumulated losses on fully owned subsidiaries

i. Devti Fabrics Limited	Rs.	3.18 crores
ii. Trishna Investments & Leasings Limited	Rs.	6.35 crores
iii. Reliance Europe Limited (Profit of US $ 19,584)		Nil

PROJECTS:

CRACKER PROJECT:

The Company is implementing a cracker project for the manufacture of ethylene (320,000 tpa), propylene (155,000 tpa), butadiene and other C_4 products (98,000 tpa) in the initial phase, at Hazira (Gujarat state), which are basic raw materials for wide range of import substitutes. This project would be the first world scale cracker project in the private sector in India.

Technical Collaborator:

The Company has received Government approval for entering into a technical collaboration agreement with Stone & Webster Engineering Corporation, U.S.A. The proposed collaborator is an established technology supplier in the world for cracker plants. The proposed collaboration envisages transfer of the latest technology, procurement and supply of critical imported machinery, expatriate assistance during detailed engineering, construction and commissioning stages, safety audit and certification to ensure compliance of engineering and construction to highest international standards, sharing of technological improvements throughout the tenure of ten years of the agreement. The proposed Collaborator would provide guarantee for performance of the plant.

Process:

The Cracker Plant will consist of cracking furnaces, heat recovery section, primary fractionation, compression, chill down and product separation section supported by cascade refrigeration system.

In the cracking furnaces, feedstock will be cracked at controlled process conditions to get ethylene, propylene, butadiene and co-products at desired yield. The cracked gas from the furnaces is cooled, compressed, dried, chilled down and fractionated to obtain the products.

Plant and Machinery:

The required plant and machinery including bulk materials for the project will be procured from sources in India as well as abroad. The Company has received the import licence for import of certain equipment for the project.

Feedstock:

The Cracker plant will be designed to use the feedstock which is available indigenously and received through pipelines.

Power and Water:

The Company has made necessary arrangements for adequate supply of power and water for the Project.

Schedule of Implementation:

The Company has already established facilities essential for timely completion of the project, such as, land filling, project / construction infrastructure including labour colony for 10,000 people, heavy duty roll on jetty for receiving large equipment on barges, 200 KV power receiving and distribution facilty, gas for captive power and steam generation, compressed air and nitrogen supply, and recruitment of skilled experienced personnel for project/construction. Barring unforeseen circumstances, the Company expects to complete trial runs and go into commercial production in the next 40/48 months.

Nature of Products/End-uses:

Product	Major Consumer	End-use Industry
Ethylene	Polyethylene	— Plastics
	Mono Ethylene Glycol	— Synthetic Fibre
	Ethylene Oxide	— Chemicals
	Polyvinyl Chloride	— Plastics
	Styrene	— Raw materials for plastics, Synthetic Rubber.
Propylene	Polypropylene	— Plastics
	Acrylonitrile	— Raw material for Acrylic Fibre, ABS resin.
Butadiene	Styrene Butadiene Rubber	— Synthetic Rubber
	Poly Butadiene Rubber	— Synthetic Rubber

PATALGANGA COMPLEX EXPANSION PROJECT:

The Company has undertaken expansion of its Purified Terephthalic Acid (PTA) plant to 200,000 tpa and other associated site facilities at its Patalganga complex Maharashtra State.

Technical Collaborator:

The technology back-up for PTA expansion is being obtained under the continuing agreement with John Brown Engineers & Constructors Ltd., U.K.

Process:

The process for the manufacture of PTA involves manufacture of Paraxylene from Naphtha followed by oxidation of Paraxylene under controlled conditions to yield Terephthalic Acid. Terephthalic Acid is catalytically purified to obtain PTA.

Plant and Machinery:

The required plant and machinery including bulk materials for the Project are being procured from sources within India.

Feedstock:

Naphtha is used as the basic feedstock for the manufacture of PTA. The Company's requirement for Naphtha would be met indigenously.

Infrastructure:

The existing infrastructural facilities of the Company at Patalganga are considered adequate for the PTA expansion project.

Schedule of Implementation:

The expansion of PTA project is in an advanced stage of completion and is expected to go into commercial production in the current financial year.

The Cracker Project and Patalganga Complex Expansion Project are hereinafter collectively referred to as "Projects".

COST OF THE PROJECTS:

The capital cost of the cracker project and the Patalganga complex expansion project, as appraised by the Financial Institutions have been estimated at Rs.900 crores and Rs.332.21 crores respectively.

FINANCIAL PLAN:

The total expenditure for the Projects, estimated at Rs.1232.21 crores, is planned to be financed as follows:-

(Rs. in crores)

• Proceeds of Series-H Debentures (excluding Employee quota but including retention upto 15% of over-subscription)	524.40
• Proceeds of Series-J Debentures (including retention upto 15% of over-subscription)	131.10
• Proceeds of Series-K Debentures	265.50
• Foreign currency loans	199.22
• Cash accruals and cash balance	111.99
	1232.21

In the event of the Company not receiving 15% over-subscription, the shortfall, if any, will be made up by the Company through leasing/asset credit schemes/suppliers' credit/buyers' credit/term borrowings from/issue of non-convertible debentures to Financial Institutions and/or Banks/cash accruals or such other sources as the Board may deem fit.

The Capital outlay of Rs.900 crores for the cracker project includes foreign exchange requirement. The capital outlay of the cracker project and the financial plan aforesaid were appraised by the Financial Institutions before the recent major upward revisions in the foreign exchange rates took place. As a result, the rupee equivalent of the aforesaid foreign exchange loan sanction (US $ 113 million) have now increased, notionally, from Rs.199.22 crores to about Rs.293 crores at the exchange rate as of date. Consequently there is rupee cost escalation in terms of higher import duty of around Rs.75 crores.

The proceeds of:

i) Issue of Series-H Debentures to the Employees/Workers of the Company (including 15% over-subscription, if any, amounting upto Rs. 26.22 crores),

ii) Over-subscription, if any, on Series-K Debentures, amounting to Rs. 39.83 crores (arising out of retention upto 15% over-subscription of Series-K Debentures of Rs.265.50 crores), and

iii) Subscription to Equity by exercising of warrants mobilising a maximum of Rs.61.18 crores

in all will aggregate to a maximum of Rs.127.23 crores against the escalation in the cost of the cracker project due to higher import duty amounting to Rs.75 crores. Therefore, the Company will be in a position to finance the Rupee cost escalation and/or towards augmenting long term resources (including working capital needs) out of the aforesaid amounts aggregating to a maximum of Rs.127.23 crores.

In the event of the Company receiving amounts less than mentioned in (i), (ii) and (iii) above, the shortfall will be made up by the Company through leasing/asset credit schemes/suppliers' credit/buyers' credit/term borrowings from/issue of non-convertible debentures to Financial Institutions and/or Banks/cash accruals or such other sources as the Board may deem fit.

In due course, the Company will undertake widening the scope of its cracker manufacturing range in consultation with and approval of its Technical Collaborator and the Financial Institutions

PRODUCTS:

The output of the cracker project will include Ethylene, Propylene, Butadiene and other co-products like Benzene, Pyrolysis Gasoline, Carbon Black feedstock. These, in turn, have applications in producing Polyethylenes, Poly Vinyl Chloride (PVC), Styrene, Polystyrene, Mono Ethylene Glycol, Polypropylene, Acrylonitrile, Synthetic rubbers, etc. The Report of the Committee for Perspective Planning of Petrochemical Industry (1986-2000 AD) constituted by the Government of India in April 1986 under the **Chairmanship of Shri D.V.Kapur,** is indicative of demand and gap projections for these major end-use products as follows:

(x 1000 tonnes)

End-use products Year --->	Demand projections		Projected Gaps	
	1995	2000	1995	2000
Polyethylenes (LDPE/LLDPE/HDPE)	860	1263	462	873
Poly Vinyl Chloride	485	713	273	501
Styrene	117	171	81	135
Polystyrene	82	120	43	81
Mono Ethylene Glycol	165	264	34	133
Polypropylene	286	420	150	284
Acrylonitrile	140	215	66	110
Synthetic Rubbers	156	212	88	138

Based on these as well as other end-use products, the Report has indicated demand and gap projections for Ethylene, Propylene and Butadiene as follows :

(x 1000 tonnes)

Cracker-based Products Year --->	Demand projections		Projected Gaps	
	1995	2000	1995	2000
Ethylene	1371	2023	847	1419
Propylene	600	884	297	565
Butadiene	102	140	52	89

The output of the Cracker Project mainly Ethylene can be made available to Reliance Petrochemicals Limited (RPL), a Company in the same group at market prices. The Company, however, does not envisage any difficulty in marketing the products, particularly viewing the scenario of demand - supply gaps referred to above.

Purified Terepthalic Acid (PTA) is used for the manufacture of Polyester Staple Fibre (PSF)/ Polyester Filament Yarn (PFY). The demand for PTA is expected to be 328000 tpa by the year 1995, according to the aforesaid Report. At present, the Company is the only producer of PTA in the country. Part of its production would be utilised for captive consumption while the balance would be available for merchant sale.

FUTURE PROSPECTS:

As stated earlier in this Letter of Offer under the heading "PRODUCTS" there exist demand gaps for the Company's products. Keeping in view the demand for the products, barring unforeseen circumstances, the Company does not envisage any problem in marketing its products and it is expected that the Company would be in a position to sustain reasonable growth and profitability.

The Company proposes to call the amounts due on Debentures in installments which would be monitored by the monitoring Financial Institution. Hence the creation of debt would also be in a phased manner till the projects go on stream. Besides the interest during the period of implementation of the project would be capitalised and would be included in the capital cost of the projects. After the projects go into commercial production the debt would be serviced from the cash flow generated out of the projects.

RISKS AS PERCEIVED BY THE MANAGEMENT :

As regards the capital intensive projects, there are certain risk factors which have to be borne in mind. The risk factors as perceived by the Management of the Company are stated below. The statements herein made are as a measure of abundant and extraordinary caution in the interest of the prospective investors.

a) The feedstock for the Projects is controlled by the Government. Any possible variation in the quality, quantity and administered price of the same may have an impact on the profitability of the Projects.

b) Any upward revision in foreign exchange rates will have corresponding impact on the cost of the Projects, which is ascertainable only after all the payments are effected.

c) Change in the policies relating to excise, customs and imports may lead to a change in the cost of the Projects. The Company would endeavour to fund escalations, if any, inter alia, through internal accruals and borrowings, wherever considered necessary

d) In the eventuality of the import duty on the products of the Projects being reduced by the Central Government and the international prices of the imported products becoming competitive, the profitability of the Company is likely to be affected.

MAJOR OUTSTANDING LITIGATIONS AND DISPUTED LIABILITIES:

1. The Superintendent of Stamps, Central Stamp Office, Bombay had issued Demand Notices on the Company aggregating to Rs.15.40 Crores being the alleged differential stamp duty payable under the Bombay Stamp Act, in respect of Debenture Trust Deeds executed in the State of Gujarat by the Company in favour of Debenture Trustees to secure Debentures of Series 'F' and Series 'G'. Pursuant to the interim order of the Bombay High Court, the Company has furnished Bank Guarantees aggregating Rs.3.85 crores in favour of the Prothonotary and Senior Master of the High Court, Bombay and has covenanted not to further encumber the immovable properties of the Company aggregating Rs.11.55 crores till the matter is disposed by a Division bench of the Bombay High Court. The Company is advised that there would be no liability in this regard.

2. The Company has received a show cause notice from excise authorities making various allegations in regard to non-payment of duty aggregating Rs.27.23 crores. The liability has been disputed. The Company has been advised that there would be no liability on this account.

3. With regard to the show cause notice received from the customs authorities demanding differential duty/penalty of Rs.119.64 crores, the Company successfully challenged the said notice in adjudication proceedings before the Collector of Customs. The Collector of Customs dropped the charges in the show cause notice and finalised the assessment of the project import. The customs department has preferred an appeal to the Customs, Excise and Gold Control Appellate Tribunal against which the Company has filed a writ petition in the Honourable High Court at Delhi. The Company is advised that there would be no liability on this account.

4. The Income Tax assessments of the Company have been completed upto Assessment year 1988-89. The total demands raised by the Income Tax Department upto the said assessment years are Rs.21.36 crores which are disputed. Based on the decisions of the First Appellate Authorities and other relevant provisions, the Company has been advised that the liability would not exceed Rs.12.58 crores. Accordingly, a provision for Rs.12.58 crores has been made in this respect in the accounts.

5. The Company has received show cause notice from customs authorities alleging import of PTA plant of higher capacity and consequently have claimed Rs.174.03 crores by way of differential customs duty. The Company is disputing the demand. The Company has been advised that there would be no liability on this account.

OBJECTS AND QUANTUM OF OFFER:

In order to part finance the Cracker Project and the Patalganga Complex expansion as referred to above as also to augment the long term resources of the Company, the Board of Directors of the Company (hereinafter referred to as "the Board"), pursuant to the resolutions passed by the Shareholders and the Board and approval of the Controller of Capital Issues, do hereby offer, in terms of this Letter of Offer, Debentures as indicated below:-

[Rs.in crores]

Offer	Series-H Debentures	Series-J Debentures	Series-K Debentures
a) To the Equity Shareholders of the Company on Rights basis	456.00	114.00	265.50
b) To the Employees (including Indian Working Directors)/Workers of the Company on equitable basis	22.80	—	—
	478.80	**114.00**	**265.50**

RETENTION OF OVERSUBSCRIPTION:

The Company's intention to retain oversubscription upto 15% of the issues comprised in this Offer has been duly noted by the Controller of Capital Issues vide his letter No.R- 906/10/CCI/90 dated 26th August, 1991. In the event of oversubscription, the Company will apply for formal consent of the Controller of Capital Issues for retaining the oversubscribed portion.

EMERGING CAPITAL BASE:

On allotment of shares from conversion of Series "H" Debentures, the addition to the Equity Capital of the Company would be Rs.36.71 crores and to the share premium account Rs.165.19 crores. As a result of exercise of right attached to the Detachable Warrants in case of Series "J" Debentures, addition to the Equity Capital would be Rs.8.74 crores and to the share premium account Rs.52.44 crores. The total addition to the Equity Capital of the Company would be Rs.45.45 crores and to the Share Premium Account would be Rs.217.63 crores. The Debt would be Rs.785.15 crores, comprising Series-J Debentures, Series-K Debentures and Non Covertible portion of Series-H Debentures.

The aforesaid figures are worked out on the basis of retention of 15% over-subscription. The addition to the Share Premium Account as a result of exercise of right attached to Warrants is worked out on the basis of share price being Rs.70/- per Equity Share

MINIMUM SUBSCRIPTION:

The minimum subscription to be raised by offer of the Debentures is of the face value of Rs.772.47 crores being 90% of the face value of the Issue amount of Rs.858.30 crores. The Board will proceed to allot the debentures upon receipt of the money required to be paid at the time of application in the manner mentioned under the caption **"Terms of Payment".**

In the event of the Company not receiving minimum subscription, the subscription money in respect of the Debentures will be refunded to the applicants within 90 days from the closure of this offer; if there is a delay in refund of such amount by more than 10 days, the Company will pay interest at the rate of 15% per annum for the delayed payment.

CRISIL RATING:

The Credit Rating Information Services of India Limited (CRISIL) has assigned **"AA+"** rating to the proposed Debentures indicating high degree of safety regarding timely payment of interest and principal.

BASIS OF OFFER AND ENTITLEMENT:

i) The Debentures of Series-H, J and K are being offered to the members of the Company whose names appear on the Register of Members at the close of business hours on 12th October, 1991 (hereinafter referred to as "the Record Date") in the following manner.

Particulars of Debentures	*Ratio of Offer*	
	Entitlement of Debenture	For Equity Shares held
1	2	3
Series - H	ONE	EVERY FIVE SHARES
Series - J	ONE	EVERY TWENTY SHARES
Series - K	ONE	EVERY SIX SHARES

The fractional entitlement will be rounded off to the nearest integer.

As an Equity Shareholder of the Company as on record date, you are entitled to the Rights Offer of the Debentures as shown in Part "A" of the enclosed Composite Application Form.

Members holding less than the requisite number of shares as mentioned in Column (3) of the Box above will not be entitled to any Debenture. However, the Company has attached the Composite Application Forms showing NIL entitlement to enable such members to apply for "the Debentures" under the Additional Debentures column of the respective Composite Application Forms in which event, the Company will allot at least one such Debenture.

ii) **Additional Debentures:**

In the case of each of the aforesaid series of Debentures, you are eligible to apply for additional Debentures over and above the number of Debentures you are offered, provided you have applied for all the Debentures offered to you as per your entitlement in the respective Series, without renouncing them in whole or in part in favour of any other person.

iii) **Renunciation:**

You may renounce all or any of the Debentures in each Series offered to you in favour of individuals, limited companies or statutory corporations/institutions or registered societies, in the manner hereinafter stated.

Renunciation by or in favour of Non-Resident Indians/persons of Indian Origin Resident abroad (hereinafter referred to as NRI) is subject to the Renouncer(s) obtaining the necessary permission(s) of the Reserve Bank of India. The said permission(s) should be attached to the respective Composite Application Form. In case of NRI Shareholders renouncing their Rights without consideration, in favour of other NRIs/residents, the renounciation will be subject to payment of Gift Tax, if any, and a declaration to that effect should be attached to the respective Composite Application Form, failing which the application is liable to be rejected. Allotment to Renouncee(s), who are NRI, will be subject to the approval of the Reserve Bank of India.

Renouncees are NOT eligible to apply for additional Debentures.

Further, the right of renunciation for each offer is subject to the express condition that the Board shall be entitled in its absolute discretion to reject the application from renouncee(s), without assigning any reason therefor.

Part-A of each Composite Application Form must not be used by any of the person(s) in whose favour the offer has been renounced. This will render the application invalid.

Only the person(s) to whom this Offer has been addressed and NOT a renouncee shall be entitled to obtain split forms.

Your attention is drawn to the fact that the Company will NOT consider applications for allotment of Debentures renounced in favour of

a) more than three persons as joint Applicants, or

b) Trust (unless the Trust is registered under the Societies Registration Act, 1860 or other similar law and is authorised under its constitution to hold Debentures of a Company); or

c) Minor, Partnership firm or their nominees.

iv) To renounce in whole:

If you wish to renounce all the Debentures offered under Series-H or Series- J or Series-K, please complete **Part-B** of the respective Composite Application Form. In the case of joint holdings, all joint holders must sign. The person(s) in whose favour your offer has been renounced should complete and sign **Part-C** of the respective Composite Application Form. In the case of joint renouncees, all renouncee(s) must sign.

v) To renounce in part:

If you wish to either accept the offer in part and renounce the balance or renounce the offer in favour of two or more renouncee(s) (or set of renouncee(s)) the respective Composite Application Form must first be split by applying either to the Registrar and Transfer Agent or to the Investor Relation Centres. Requests for Split Forms should be for a minimum of 10 Debentures or multiples thereof and one Split Form for the balance Debenture(s). Please indicate your requirements of Split Forms in the space provided for this purpose in **Part-D** of each Composite Application Form and return the entire Composite Application Form either to the Registrar and Transfer Agent or to the Investor Relation Centres so as to reach them latest by the close of business hours on 26th December, 1991. If you wish to apply for Debentures jointly with any person or persons who is/are not already joint holder(s) with you, then it will amount to renunciation and the procedure as above shall have to be followed

BASIS OF ALLOTMENT(S):

The Board will proceed to allot Debentures in the following order of priority -

i) Full allotment(s) to the Shareholders who have applied for their rights entitlement either in full or in part and also the renouncee(s) who have applied for the Debentures renounced in their favour either in full or in part (subject to other provisions contained under the paragraph titled "Renunciation").

ii) Allotment(s) of one Debenture to those Shareholders whose entitlements were Nil and have applied for Debentures as Additional Debentures.

iii) Allotment(s) to the Shareholders who having applied for all the Debentures offered to them have also applied for additional Debentures. Allotment(s) to them will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date.

iv) To any other person(s) as the Board may in its absolute discretion deem fit, provided there is a surplus after making full allotment under (i), (ii) and (iii) above.

In the event of oversubscription the basis of allotment(s) will be finalised in consultation with the Stock Exchange at Bombay.

PRINCIPAL TERMS OF DEBENTURES:

Debentures being offered are subject to the terms of this Letter of Offer, the relevant Composite Application Form(s), the Memorandum and Articles of Association of the Company and the terms and conditions contained in the CCI Consent and the Companies Act, 1956 (hereinafter referred to as "the Act"). Debentures shall also be subject to such other terms and conditions as may be contained in Debenture Trust Deed(s), relevant Debenture Certificate(s) and other relevant document(s). Subject as aforesaid, the principal terms are as under:

i) Face Value:

Each Series-H Debenture will have a face value of Rs.150/- and shall consist of two parts: Part-A being convertible portion of Rs.55/- and Part-B being non- convertible portion of Rs. 95/-.

Each Series-J Debenture will have a face value of Rs. 150/-

Each Series-K Debenture will have a face value of Rs. 100/-

ii) Terms of Payment :

For Resident Applicants: (Rs. per Debenture)

	Series-H	Series-J	Series-K
On Application	37.50	37.50	25.00
On Allotment	37.50	37.50	25.00
For Employees:			
On Application	37.50	—	—
On Allotment	37.50	—	—

Any excess Application Money in respect of Debentures under Series-H, or Series-J or Series-K Debentures will be adjusted against allotment money due on Debentures under respective series.

The remaining 50% amount will be called up in two or more calls after satisfaction of the monitoring agency viz. The Industrial Credit and Investment Corporation of India Limited, about use of funds already collected.

For Non-Resident/Minor Applicants:

Full amount payable on	Series-H	Series-J	Series-K
Application per Debenture	Rs.150.00	Rs.150.00	Rs.100.00

iii) Appropriation of amount paid on Debentures :

The amount paid on application and allotment will be appropriated towards Part-A (Convertible Portion) and Part-B (Non-Convertible Portion) of Series-H Debentures as under:-

Amount payable on	Debenture Series - H				Total(Rs.)
	Part - A			Part - B	
	Prior to conversion	On conversion		Face value of Debenture	
		Face value of Share	Share premium		
Application	7.50	2.50	5.00	30.00	37.50
Allotment	7.50	2.50	5.00	30.00	37.50

The Board will appropriate the amount payable on each call towards the Face Value of Equity Capital, Premium and Non Convertible part of Series-H Debentures in such manner as it may deem fit.

The amount paid on Application, Allotment and Call(s) on Series-J and Series-K Debentures will be appropriated towards the Face Value of respective series of Debentures.

iv) Forfeiture :

Failure to pay the amount due on allotment and/or on calls on or before the date appointed for payment thereof or such extended date shall render the allottee liable to pay interest at the rate of 5% per annum over and above the respective coupon rate of interest applicable to each series of Debentures mentioned herein below on the amount outstanding from the appointed date to the date of actual payment.

Failure to pay the amount(s) as aforesaid shall also render the allotment(s) of the Debentures and the amount paid thereon and shares if any issued liable to forfeiture pursuant to the provisions contained in the Articles of Association for the time being of the Company. The Board shall be at liberty to re-issue Debentures and /

or Shares so forfeited to any other person or persons. No interest shall be payable on Debentures forfeited.

v) Coupon rate of Interest :

a) On Application Money:

Interest shall be payable on the Application Money for Debentures at 12.5% p.a. on Series-H, 14% p.a. on Series-J and 17.5% p.a. on Series-K (subject to deduction of Income Tax at the rate, prescribed from time to time under the Income Tax 1961, or any statutory modification, re-enactment thereof), and will be paid for the period from the Friday, following the day of lodgement of Application with the Bankers to the Offer before the last date for the receipt of Composite Application Forms, till the date(s) of allotment.

In case, Allotment/call(s) money remains due and unpaid, Interest Warrants relating to such Debenture(s) will not be mailed until arrears of allotment/call(s) money are paid in full together with overdue interest. Such Debenture(s) will not be entitled for transfer till over due payment on allotment/call(s) money are paid with interest as mentioned aforesaid.

Interest warrants relating to Interest payment on Application Money for Debentures of Series-H, Series-J and Series-K applied for shall be sent along with the Allotment Letter(s) / Debenture Certificate(s).

b) On Debentures :

Debentures will carry interest (subject to deduction of Income Tax at the rate, prescribed from time to time under the Income Tax Act, 1961, or any statutory modification, re-enactment thereof), at the rate mentioned below from the date(s) of allotment and will be payable half-yearly to the Debentureholders in the following manner:-

Series	Rate of Interest per annum	Due date of Interest	Due date of First payments
H	12.5%	30th June and 31st December.	30th June, 1992
J	14%	31st March and 30th September.	30th September, 1992
K	17.5%	31st March and 30th September	30th September, 1992

Interest on Part-A and Part-B of Series-H Debentures shall be paid separately. The interest will be paid on the paid-up value of Debentures outstanding from time to time to the Registered Debentureholders only. No interest whatsoever will be payable on the Debentures forfeited (refer Clause with regard to Forfeiture).

vi) Conversion of Series-H Debentures :

Part-A of Series-H Debenture shall, subject to what is hereinafter stated, carry an obligation on the part of the Company to compulsorily issue and allot at the end of 18 months from the date of allotment of Series-H Debentures, one New Equity Share of the face value of Rs.10 each at a premium of Rs. 45 per Share without any further act or application by the holders of the Part-A of Series-H Debenture. The Board will appropriate the amount paid-up on Part-A of the Series-H Debenture in issuing the new Equity Share as fully paid-up or as partly paid-up (if the Board so decide) by appropriating such amount (as mentioned in clause relating to Appropriation of Amount paid on Debentures) towards Equity Capital Account and Premium Account. By terms of offer of the Debentures, Debenture holders shall be deemed to have authorised the Company to enter his/their name(s) as member(s) on allotment of Equity Shares on conversion. Equity Shares so allotted on conversion of Debentures as stated above shall be subject to the provisions of the Memorandum and Articles of Association for the time being of the Company.

Holders of Part-A of Series-H Debentures will not be entitled as of right to conversion of the Debentures on the date of conversion mentioned hereinabove, it being specifically noted that unless the amount due on the said Debentures are paid in accordance with the due payment of Allotment Money / Call Money(s), the obligation of the Company to issue Equity Shares will not arise or deem to arise to the end and intent that the Holder of Part-A of Series-H Debenture would not be entitled to claim as of right such conversion if the amount(s) due on the Part-A of Series-H Debentures are not duly paid up on the respective due date(s).

In the case of Part-A of Series-H Debentures in respect of which Allotment and Call Money are overdue, the Board will have discretion not to consider Part-A of Series-H Debentures while deciding to confer any benefits as mentioned in clause relating to Bonus/Rights Issue to the holders of Part-A of Series-H Debentures which are fully paid or on which Allotment Money/ Call Money are not over due.

The Board shall be at liberty to advance, prepone, accelerate or otherwise alter the date of conversion of Part-A of Series-H Debentures subject to such approvals as may be required under law, but without any further consent of the holders of Part-A and/or Part-B of Series-H Debentures

vii) Warrants Attached to Series-J Debentures:

Series-J Debenture will have a Detachable Warrant which is proposed to be listed for trading. The Warrant will be issued only to the original allottees of the Series-J Debentures. Against each Warrant, the holder thereof will be entitled to apply for One Equity Share of the face value of Rs.10 for cash at a price to be fixed by the CCI not exceeding Rs.70/- (inclusive of premium of Rs.60/-), on the expiry of 24 (Twenty four) months from the date of allotment of the Series-J Debentures. The Board by giving reasonable advance written notice shall call upon all warrant holders to exercise their right to apply for equity share(s) on the expiry of the said period of 24 months.

viii) Ranking of Equity Shares :

The Equity Shares to be issued/allotted upon the conversion of Part-A of Series-H Debentures and the Shares to be allotted to the Warrantholders as a result of exercise of right attached to the Warrants issued with the Series-J Debentures shall rank pari passu in all respects with the then existing Equity Shares of the Company and shall rank for dividend in proportion to the amount paid up thereon and pro rata for the period such amount is paid up thereon.

ix) Bonus / Rights Issue :

In the event of the Company making a Bonus Issue of Shares, in whatever proportion, by way of capitalisation of its profits and/or reserves, prior to the allotment of Equity Shares on conversion of Part-A of Series-H Debentures and to the holders of Warrants in the manner aforesaid, the entitlement of the holders of Part-A of Series-H Debentures as also of the holders of Warrants, shall stand augmented in the same proportion in which the Equity Share Capital of the Company increases as a consequence of such Bonus Issue, subject to such approvals as are required

In the event of the Company issuing Rights Shares / Rights Debentures, prior to the allotment of Equity Shares on conversion of Part-A of Series-H Debentures and to the holders of Warrants as aforesaid, the Company shall reserve such Rights Offer on such terms and conditions and manner as may be directed by such authorities whose approvals may be required.

x) Redemption :

a) Part-B of Rs.95 each of Series-H Debentures will be redeemed on the expiry of 10 years from the date of allotment with an option to the Board to redeem the same at any time after 7 years from the date of allotment.

b) The NCDs (Series-J Debentures) of Rs.150 each will be redeemed on the expiry of 10 years from the date of allotment with an option to the Board to redeem the same at any time after 7 years from the date of allotment.

c) The NCDs (Series-K Debentures) of Rs.100 each will be redeemed on the expiry of 10 years from the date of allotment with an option to the Board to redeem the same at any time after 7 years from the date of allotment.

The Company shall be at liberty to advance or prepone the date of redemption of principal amount of Part-B of Debenture Series-H and/or Debenture Series-J and / or Debenture Series-K as the Board may deem fit, subject to such approvals as may be required under law but without any further consent of the Debentureholders.

xi) Debenture Redemption Reserves :

The Company shall create Debenture Redemption Reserves for the Debentures to the extent and in the manner required under the guidelines issued by the Government of India.

xii) Trustees :

The Industrial Credit and Investment Corporation of India Limited (ICICI), having its Registered Office at 163-Backbay Reclamation, Bombay 400 020, (hereinafter referred as "the said Trustees") have agreed to act as Trustees for the Debentureholders.

The Debentureholders shall without any further act or deed be deemed to have irrevocably given their consent to and authorised the said Trustees or any of their agents appointed by the said Trustees or authorised officials to do, inter alia, all acts, deeds, matters and things in respect of or relating to the security to be created for securing the Debentures, including the right to substitute or release any property charged in their favour and/or to create a charge on additional properties in their favour including the rights of the said Trustees to release, accept redemption and/or substitute relevant title deeds in respect thereof. All rights and remedies under the Debenture Trust Deed(s) and/or other security documents shall vest in and be exercised by the said Trustees without having it referred to the Debentureholders.

xiii) Security :

The redemption of the principal amount of the Debentures together with payments of interest, remuneration of the said Trustees and all other amounts in respect thereof shall be secured by a mortgage/charge in favour of the said Trustees on all or any of the immovable and/or movable properties of the Company both present and future upon such terms and conditions and in such form and manner as the Board may determine in consultation with the said Trustees and the Lead Financial Institution but specifically excluding the current assets, receivables, inventories, book debts (present and future), residential quarters and such other specific items of machinery and equipments as are specifically charged and / or to be charged to any other lenders.

The Company will be entitled to create a mortgage and/or charge in favour of the said Trustees in one or more forms and in one or more tranches and through one or more security document(s) as may be decided by the Board in consultation with the said Trustees who are empowered to agree to and accept such security at their discretion without requiring any confirmation from the Debentureholders.

The security will be created by the Company as aforesaid in favour of the Trustees within 3 months or such extended period as may be permitted by the Company Law Board but not exceeding 12 months from the date(s) of allotment of Debentures on such of the assets for which the Company obtains, after all due diligence and efforts, the requisite consents and permissions applicable under the law or in accordance with the conditions of holding of such assets to create the abovementioned mortgage/charge. The implementation by the Company of this provision shall be sufficient compliance of the Company's obligations to create security. For the remaining assets, mortgage/charge will be created within such extended period as may be agreed upon by the said Trustees and pending such creation of mortgage/charge the Company shall not without the prior approval of the said Trustees create any further charge/mortgage thereon. In the event the Company is not able to create the required security within 12 months as aforesaid, the Company shall be liable to pay penal interest as prescribed by the Government guidelines.

Notwithstanding the above the Debentureholders are required to note that:

The mortgage(s)/charge(s) to be created to secure Series-H Debentures, Series-J Debentures and Series-K Debentures shall be by way of first mortgage and/or charge ranking pari passu with the mortgages/charges created/to be created by the Company in favour of Financial Institutions, Banks/Trustees and/or other person(s), for securing Debentures issued/ to be issued loans raised/to be raised and/or other financial facilities of whatsoever nature availed/to be availed by the Company on first charge basis.

Provided however, the Company shall maintain, until the redemption of Series-H Debentures, Series-J Debentures and Series-K Debentures security cover not less than 1.25 times in respect of the outstanding amount for Series-H Debentures, Series-J Debentures and Series-K Debentures. For this purpose the said Trustees shall be entitled to take into consideration all such assets in whatever form including the funds deployed by the Company pending utilisation and/or created/to be created out of or referable to the funds raised by the Company out of this issue of Debentures.

xiv) Rights of Debentureholders :

a) All Debentures under each Series H, J and K *per se*, shall rank pari passu without any preference or priority of one over the other or others of them.

b) The Debentureholders will be entitled to their Debentures free from equities or cross claims by the Company against original or any intermediate holders thereof.

c) The interest on Debentures will be paid to the registered holder of Debentures only and in case of joint holders to the one whose name appears first in the Register of Debentureholders.

d) The Debentures shall not confer upon the holders thereof a right to receive a notice of or to attend and vote in person or by proxy at General Meetings of the Company or to receive the Annual Reports.

e) The Debentureholders shall have rights as specified herein and as may be specified in the Debenture Trust Deed(s) / Debenture Certificate(s) and/or other relevant document(s).

f) Save as otherwise provided herein, the rights privileges and conditions attached to each Series of Debentures may be varied, modified and / or abrogated with the consent in writing of the holders of at least three-fourths of the amounts outstanding on the Debentures under each series or with the sanction by a Special Resolution passed at a separate meeting of the holders of the respective series of Debentures.

g) The Debentures shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as per the provisions of the Articles of Association for the time being of the Company.

h) On every resolution placed before the respective meetings of the Debenture holders of Series-H or Series-J or Series-K Debentures, holders of such Debentures shall be entitled to one vote on a show of hands and voting rights on a poll shall be in proportion to the outstanding nominal value of each Debenture of respective Series held. The quorum for all such meeting(s) shall be atleast five Debenture holders of Series-H or Series-J or Series-K personally present.

POWER TO REPURCHASE AND REISSUE DEBENTURES:

Subject to the provisions of Section 121 of the Act, the Board shall have the power exercisable at its absolute discretion from time to time to repurchase all or any part of Part-B of Series-H Debentures, Series-J Debentures and Series-K Debentures at any time prior to the specified dates of redemption and may re-issue the same or may cancel them.

Where the Company has redeemed or repurchased any of the Debentures, the Company shall have and shall be deemed always to have had the right to keep such Debentures alive for the purpose of reissue and in exercising such right the Company shall have and shall be deemed always to have had the power to reissue such Debentures either by reissuing the same Debentures or by issuing other Debentures in their place.

FUTURE ISSUE / BORROWING:

The Company will, in consultation with the said Trustees, be entitled to make further borrowings and raise any further loans and issue any further debentures by prospectus/private placement/rights basis or any other manner or to obtain any deferred payment credits/guarantees or to issue any commercial paper or such other instruments and to obtain any financial facilities of any nature whatsoever and to secure the same in priority or pari passu with or subsequent to the mortgages/charges to be created in favour of the said Trustees without requiring any prior approval or consent of the holders of the Debentures. Provided, however, the Company shall, maintain until the redemption of Series-H Debentures, Series-J Debentures and Series-K Debentures security cover not less than 1.25 times in respect of the outstanding amount of Series-H Debentures, Series-J Debentures and Series-K Debentures. For this purpose the said Trustees shall be entitled to take into consideration the specific assets in whatever form including the funds deployed by the Company pending utilisation and/or created/to be created out of or referable to the funds raised by the Company out of this issue of Debentures on which mortgage/ charge has been created/to be created in favour of the Debentureholders.

OFFER TO THE EMPLOYEES:

15,20,000 - Series-H Debentures are reserved for the Employees (Employees quota). Application by Employees must be made in the prescribed Application Form accompanying this Letter of Offer and completed in full in accordance with the instructions contained in the Application Form and is liable to be rejected if not so made.

Initial allotment of Series-H Debentures shall not exceed 200 Debentures per employee so that Equity Shares accrued on conversion under Employees quota shall not exceed 200 Shares per individual. Series-H Debentures still remaining unsubscribed under this category would be allotted on equitable basis to Employees who have applied for additional Debentures subject to a maximum accretion of 500 shares per employee on conversion of such Debentures. Unsubscribed portion still if any out of Employees quota will lapse.

The terms and conditions of Issue of Series-H Debentures contained in this Letter of Offer shall mutatis mutandis apply to Debentures offered to the Employees (including Indian working Directors)/Workers of the Company.

The Non Convertible portion of the Series-H Debentures allotted to the Employees as aforesaid would be freely transferable after the conversion takes place on these Debentures. On conversion of Series-H Debentures, the Equity shares so converted shall not be transferred/sold/ hypothecated for a minimum period of 3 years from the date of allotment.

ODD LOTS:

Allotment of Debentures of Series-H and Series-J is likely to create number of odd lots of Equity Shares on conversion of Debentures of Series-H and on exercise of right attached to the Warrants. The Company has not made any arrangements to increase the marketability of such securities.

UNDERWRITING ARRANGEMENTS:

The Company has made firm underwriting / standby arrangements with the Investment Institutions / Banks / Mutual Funds/ Merchant Bankers for offer of Debentures Series-J and Series-K. The Company shall pay necessary commission as a result of such underwriting/standby arrangements, permissible in accordance with the law.

INSTRUCTIONS FOR SHAREHOLDERS:

i) How to apply:

Composite Application Forms for each series of Debentures for the respective category of Applicants as mentioned herein are enclosed.

Series of Debentures	Colour of Ink used in Application Form(s)	
	Resident Shareholders	NRI Shareholders
H	BLUE	PINK
J	GREEN	RED
K	BLACK	BROWN
H	For "Employees" in ORANGE	

The Composite Application Forms should be completed in all respects in entirety before submission to the Bankers to the offer Composite Application Form should not be detached under any circumstances.

ii) Payments - Where to be made:

After completion, the relevant Composite Application Form should be forwarded together with the remittances to any of the nominated branches of the Bankers to the Offer mentioned therein. APPLICATION(S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS , CO-MANAGERS, COMPANY'S REGISTRAR & TRANSFER AGENTS, INVESTOR RELATION CENTRES OF THE COMPANY OR BY THE COMPANY DIRECTLY AT ANY OF THEIR OFFICES.

iii) Payments - How to be made:

a) Resident Shareholders:-

Payment must be made in cash or by cross A/c. Payee cheque or draft. In case of Series-H Debentures, cheque/draft should be marked **"RIL - PCD Series-H "** In case of Series-J Debentures, cheque/draft should be marked **"RIL - NCD Series-J "** In case of Series-K Debentures, cheque/draft should be marked **"RIL - NCD Series-K "**

b) Employees :

In case of Series-H Debentures, payment must be made in cash or by cross A/c. payee cheque/draft and should be marked **"RIL - PCD Series-H Employees".**

c) Non-Resident Indian Shareholders :

The Company has obtained from the Reserve Bank of India 'in principle' approval under the provisions of the Foreign Exchange Regulation Act, 1973, for issuing Debentures and the Non-Resident Shareholders are not required to obtain separate approval for subscribing to the Debentures.

Applications received from NRIs, for the allotment of Debentures shall be, inter alia, subject to the conditions as may be imposed from time to time by the Reserve Bank of India under the Foreign Exchange Regulation Act, 1973, in the matter of refund of Application Monies, allotment of Debentures, issue of Letters of Allotment/Debenture Certificates, issue and allotment of Equity Shares on conversion, issue of Share Certificates, payment of interest, dividend, redemption, etc.

a. In case of applications on repatriation basis, payment must be made through NRE/FCNR cheque/draft/direct payment by purchase of draft from abroad for an amount in Indian Rupees marked:
   i. Series-H Debenture(s) as RIL-PCD Series-H - NRI - Repatriable.
   ii. Series-J Debenture(s) as RIL-NCD Series-J - NRI - Repatriable.
   iii. Series-K Debenture(s) as RIL-NCD Series-K - NRI - Repatriable.

b. In case of applications on Non-Repatriation basis, payment by NRI(s) must be made through NRE/FCNR/NRO cheque/ draft/direct payment by purchase of draft from abroad for an amount in Indian Rupees marked:
   i. Series-H Debenture(s) as RIL-PCD Series-H-NRI-Non-Repatriable.
   ii. Series-J Debenture(s) as RIL-NCD Series-J-NRI-Non-Repatriable.
   iii. Series-K Debenture(s) as RIL-NCD Series-K-NRI-Non-Repatriable.

Notes:

1. Repatriable means repatriation outside India of Interest/Dividend/Sale proceeds derived from the Investments subject to tax as applicable according to Indian Income Tax Act.
2. Non-Repatriation means incomes such as Interest/Dividend/Sale proceeds derived from the investments which cannot be repatriated outside India.

A separate cheque or draft must accompany each Composite Application Form. If payment is made by cheque or draft, it must be drawn on any Bank (including a Co- operative Bank) which is situated and is a member or sub-member of the Bankers' Clearing House in the city/town at which the Composite Application Form is submitted. Application accompanied by out-station cheque or draft will be liable to be rejected. However, at centres all over India, where no branches have been appointed by the Company to collect application monies, State Bank of India and Bank of Baroda have agreed that their branches in each such centre will issue free of charge Demand Drafts on clearance of the applicant's cheque(s), favouring the Debenture issue of the Company at a particular designated collection centre. Separate Demand Drafts should be obtained for each composite application form as also related to each of the series of Debentures. The relative composite application(s) together with the said Demand Draft(s) should be forwarded by the applicant, at his cost, to the collection centre on which the Demand Draft(s) is/are drawn.

The last date for receipt of Composite Application Forms by the Banker to the Offer together with the amount payable on application is 7th January, 1992. The Board will have the right to extend the Offer of Series-H Debenture or Series-J Debenture or Series-K Debenture or all for such period(s) as it may determine not exceeding 60 days from the date of opening of the Offer. If the relevant Composite Application Form(s) together with the amount payable thereunder is not received by the Banker to the Offer on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board, the offers contained in this Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose off the Debentures hereby offered as provided under the provision 'Basis of Allotment'.

DISPOSAL OF APPLICATION AND APPLICATION MONEY:

No receipt will be issued for Application Money. However, the Bankers to the Offer receiving the Composite Application Form(s) will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Composite Application Form.

The Board reserves its full, unqualified and absolute discretion to accept or reject any application in whole or in part and in either case without assigning any reason therefor. In case an application is rejected in full, the whole of the Application Money received will be refunded and where an application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Debentures allotted, will be refunded to the applicants.

Subscription received against Rights Issue will be kept in a specific bank account and the Company would not have access to such funds and no allotment or utilisation will be made unless it has received an approval for allotment from the Bombay Stock Exchange and also the listing approvals from each of the other Stock Exchanges (as referred under the head "Listing").

The proceeds of the Issue, till deployment as mentioned in the Objects of the Offer, will be invested only in Fixed Duration Deposits, instruments with Co-operative/Nationalised Banks/UTI/Financial Institutions/Public Sector Undertakings (other than Public Sector Bonds) and will be used directly for the requirement of the Projects/activities mentioned in the objects of the Offer.

REFUND/ALLOTMENT:

Refunds will be made by cheque or by pay order drawn on any of the Bankers and will be despatched by Registered post / such other manner, which may be agreeed by the Bombay Stock Exchang, at the applicant's risk. Such cheques or pay orders will be payable at par at all centres where the applications are received or such places as may be approved by the Stock Exchange at Bombay. In case of joint applications, refund orders, if any, will be addressed to the person whose name appears first on the Composite Application Form.

In case of NRI(s) who remit their application money from funds held in NRE/FCNR Account/Direct remittance, Refunds and other disbursements, if any, will be made by way of Indian Rupee cheques payable to the credit of NRE Accounts or Foreign Currency Draft in US $ (as the case may be) at the rates of exchange prevailing at such time subject to the permission of the Reserve Bank of India

Allotment Letter(s)/Debenture Certificate(s) or Letter(s) of Regret together with refund cheque(s) or pay order(s), if any, will be despatched by Registered post/such other manner, which may be agreed by the Bombay Stock Exchange, at the applicant's risk within six weeks of the closing of the Offer or in the event of unforeseen circumstances, within such period as may be extended by the Stock Exchange at Bombay.

ISSUE OF DEBENTURE CERTIFICATES:

Debenture Certificate(s) will be delivered within three months from the date of allotment in exchange of Allotment Letter(s) issued, if any, or within such further time as may be allowed by the Company Law Board as per the provisions of Section 113 and other relevant provisions of the Act. The allottees should carefully preserve the relevant Letter(s) of Allotment, if any, to be exchanged later for the relevant Debenture Certificate(s).

Non-Resident Indians:

a) Allotment of;
   (i) Debentures/Equity Shares on part conversion of Debentures of Series-H.
   (ii) Debentures with detachable warrants and allotment of Equity Shares against subscription to the warrants on the expiry of 24 months from the date of allotment of Series- J and
   (iii) Debentures of Series-K

b) Export of Letters of Allotment/Debenture Certificates;

   to NRIs, with or without repatriation rights would be subject to the approval of Reserve Bank of India under the Foreign Exchange Regulation Act, 1973.

   The Company will make requisite applications to the Reserve Bank of India India in this regard at appropriate times.

LISTING:

Applications will be made to the Stock Exchanges at Bombay, Ahmedabad, Calcutta, Bangalore, Delhi, Madras, Kanpur, Cochin and Pune for permission to deal in and for official quotation for the Part-A and Part-B of Series-H Debentures, and for Equity Shares to be allotted on conversion of Part-A of Series-H Debentures, Series-J Debentures, Detachable Warrants, Series-K Debentures and the Equity Shares to be allotted upon exercise of right attached to the detachable warrants.

Until the conversion is effected, the Part-A and Part-B of Series-H Debentures would be traded separately.

GENERAL:

a) Please read the instructions in the enclosed Composite Application Forms carefully.

b) Applications should be made for the respective Series of Debentures on the respective Composite Application Form provided by the Company and should be complete in all respects. Composite Application Forms found incomplete with regard to any of the particulars required to be given therein and/or those which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid in respect thereof will be refunded without interest.

c) No person shall make an application for subscription to the Debentures in cash, if on the date of making the application, the applicant has any deposit or loan (including Debentures) whether originally paid in cash or otherwise remaining unpaid (whether payment has fallen due or not) which by itself or taken together with the present application is Rs.20,000/- or more, in terms of Section 269 SS of the Income Tax Act 1961.

d) In the case of applications under Power of Attorney or by limited companies or corporate bodies, the relevant authority to make application, as the case may be, a duly certified copy thereof must be attached with the Composite Application Form or lodged separately with the Company's Registrar and Transfer Agent simultaneously with the submission of the Form, unless already submitted in which case the Serial number of the registration under which the Power of Attor-

ney has been registered by the Company must be mentioned just below the signature of the applicant.

e) ALL COMMUNICATIONS IN CONNECTION WITH YOUR APPLICATION FOR THE DEBENTURES INCLUDING ANY CHANGE IN YOUR REGISTERED ADDRESS SHOULD BE ADDRESSED EITHER TO THE COMPANY'S REGISTRARS AND TRANSFER AGENTS OR TO THE INVESTOR RELATION CENTRES.

f) Your attention is drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

"Any person who -

a) makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or

b) otherwise induces a company to allot, or register any transfer of, shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years".

g) Information as required by Government of India, Ministry of Finance, Circular No.F2/5/SE/76 dated 5th February, 1977 as amended vide their circular of even number dated 8th March, 1977, is given below:

1. Working results of the Company for the 6 month period ended September, 1991 (unaudited).

		(Rs.in crores)
i)	a) Sales/Turnover	1066.49
	b) Other income	3.25
ii)	Estimated Gross Profit (excluding depreciation and taxes)	185.98
iii)	a. Provision for Depreciation	95.93
	b. Provision for Taxes	—
iv)	Estimated Net Profit	83.10

2. There are no material changes and commitments affecting the financial position of the Company since the accounting year ended on 31st March 1991.

3. (a) Week-end prices of Equity Shares of the Company for the last four weeks on the Stock Exchange at Bombay.

Week ending on	Closing Price Ex-Right-Ex-Dividend (Rs.)
1st November, 1991	168.50
8th November, 1991	167.50
15th November, 1991	156.50
22nd November, 1991	160.00

(b) Current Market price of Equity Shares of the Company on the Stock Exchange at Bombay as on 29th November 1991 was Rs.156 (on Ex Rights, Ex Dividend basis).

(c) Highest and lowest price during the period 01.04.1991 to 30.09.1991

2nd August, 1991	Rs. 204 (High)
4th July, 1991	Rs. 118 (Low)

Yours faithfully,
By the Order of the Board
B.L. CHATTERJEE
Vice President - Secretarial & Legal

Dated: 30th November, 1991

Registered Office:
3rd Floor, Maker Chambers IV,
222, Nariman Point,
Bombay 400 021

INVESTOR RELATION CENTRES OF THE COMPANY

Acting through Reliance Consultancy Services Limited
(Registrar and Transfer Agents)
56, Mogra Village Lane, Old Nagardas Road,, Andheri (East), Bombay 400 069

Below mentioned Investor Relation Centres will assist the applicants of this offer in their respective area in the following manner:

1. All enquiries in connection with this Letter of Offer, quoting Offer No., Master Folio No. as mentioned in the Composite Application Form.
2. Issue of duplicate Composite Application Form.
3. To entertain request for Split Forms.
4. To deliver Letters of Allotment/Debenture Certificate(s).
5. To handle post issue enquiry.

RELIANCE CONSULTANCY SERVICES LIMITED
Avdesh House, III Floor
Pritam Nagar, 1st Slope, Ellisbridge
Ahmedabad 380 006
Tel. No. 78021/78470

RELIANCE CONSULTANCY SERVICES LIMITED
Court House, Ground floor
Next to Metro Cinema
Dhobi Talao
Bombay 400 002
Tel No. 310321

GEMINI CONSULTANCY SERVICES
Mahavir Shopping Complex
No.8 Kempegowda Street
Above Kids Kemp
Bangalore 560 009
Tel No. 269491

SHAH PATEL SERVICES
78 A, Urmi Society, Productivity Road
Baroda 390 005
Tel. No. 329394

SWAPMIL CONSULTANTS
Air Survey Business Center,
Room No.3, 31 Chitaranjan Avenue
Calcutta 700 012
Tel. No. 264747

RAWAT & CO.
Opp.Bombay wala Hospital
Kishan Pole Bazar
Jaipur 302 001
Tel. No. 78351

TIRUPATHI CONSULTANTS
14/76 Civil Lines
Near Merchant Chamber of Commerce
Kanpur 208 001
Tel No. 210341

COMPUTER AGE MANAGEMENT SERVICES PVT LTD
609 A & B Laxmi Bhavan
Anna Salai, Near Sapphire Theatre
Madras 600 006
Tel. No. 866617

PLACEWELL COMMUNICATIONS PRIVATE LIMITED
B-422 Ansal chamber
3 Bhikaji Cama Place
New Delhi 110 066
Tel. No. 6876551

ADITYA ENTERPRISES
Kalptaru Plaza, III Floor
Off No.B/314 , 224, BHavani Peth
Behind Ramoshi Gate, Police Chowki
Pune 411 042
Tel. No. 656978

SHREENATH CONSULTANCY SERVICES
214 / 216, Shri Jai Khodiar Comm. Centre,
II Floor , Rajputpura Main Road
Rajkot 360 001
Tel. No. 28159/22137

PRAVIRA CONSULTANCY SERVICES
201 Karan Centre , Sarojini Devi Road
Secunderabad 500 003
Tel. No. 842790

SHAH PATEL SERVICES
110 1st Floor, Orion House
Behind Resham Bhavan,
Lal Darwaza
Surat 395003
Tel. No. 25062