

Press Release



RIC/MR/2005/09

February 15, 2005

No RIC Shares with Ashish Deora companies

As a part of the sustained campaign to malign Reliance Infocomm Ltd. (RIC) and its leadership, vested interests have tried to sensationalize the question of allocation of shares to individuals and companies by RIC.

This disinformation campaign focused in the beginning on allotment of shares with a view to spread the canard that the shares were allotted to certain companies and individuals at Rs.1 per share while RIL had to pay many times more. This is totally false, as no shares to Reliance Industries Ltd. have been issued at a premium till date. Now the campaign is focused on disinformation being spread about normal business transactions.

On January 13th 2005, through a media release, the company had disclosed the equity pattern of Reliance Communications Infrastructure Ltd. (RCIL) and RIC and made it clear that there was no discrimination in the share allotments by these two companies and there was no differential price to the detriment of RIL shareholders.

Notwithstanding the unambiguous clarification given in the media release, attempts to spread confusion continue unabated. The company wishes to make it abundantly clear that:

- All RCIL and RIC shares are in accordance with the shareholding pattern, which has already been publicly disclosed.
- The shares transferred to a trust, intended for the benefit of employees and business associates have been and will be used for the purposes for which these have been allotted. The Trust is authorized to sell their shares to business associates of Reliance.

As a part of the anti-Reliance Infocomm campaign, allotment of shares to Mr. Ashish Deora has also been presented in a totally distorted fashion. Mr. Ashish Deora is closely related to Mr. Kantibhai Gowani, a reputed builder in Mumbai who has been a close business associate of the Reliance Group for over two decades.

Since Mr. Ashish Deora had prior expertise and experience in obtaining in-building permissions and associated Right-of-Way permissions, his services were retained by RIC as part of their fiber-optic/broadband project in Greater Mumbai.

RIC agreed to compensate Mr. Ashish Deora by way of a nominal compensation per building upfront and the remaining via appreciation on equity shares of RIC to be sold to him or his nominees by the Trust. Using this methodology, RIC was able to link compensation to performance. The Trust retained the option to purchase back the shares at par. In the meantime, Mr. Ashish Deora was not permitted to sell / pledge / deal with the shares. Pursuant to this understanding, the Trust sold equity shares to three nominee companies controlled by Mr. Ashish Deora.

However, Mr. Ashish Deora was not able to fulfill his commitments. As a result, the shares were returned to the Trust. **The three companies or Mr. Ashish Deora do not hold any shares of RIC.** This should set at rest all attempts to distort the issue of allocation of shares to Mr. Deora or his companies.

Reliance Infocomm Ltd., a Reliance group company, is India's largest private telecom service provider with a subscriber base of over 10 million. Reliance Infocomm has established a pan-India, high - capacity, integrated (wireless and wireline) and convergent (voice, data and video) digital network to offer services spanning the entire Infocomm value chain - infrastructure, services for enterprises and individuals, applications and consulting. The Reliance Group, founded by Shri Dhirubhai H. Ambani (1932-2002), is India's largest business house with total revenues of over Rs 99,000 crore (US\$ 22.6 billion), cash profit of Rs 12,500 crore (US\$ 2.8 billion), net profit of Rs 6,200 crore (US\$ 1.4 billion) and exports of Rs 15,900 crore (US\$ 3.6 billion).

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