

Reliance Capital Limited
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November 12, 2019

Vistra ITCL (India) Limited

The IL&FS Financial Centre,
Plot No. C-22, G Block, 7th Floor,
Bandra Kurla Complex,
Bandra (East), Mumbai 400 051

Dear Sir(s),

Subject : Reply to the letter dated October 14, 2019 addressed by you ("Letter") in relation to the sale of stakes in Reliance Securities and Reliance Financial Limited

Reference : Letter

1. We acknowledge receipt of your Letter dated October 14, 2019.
2. At the outset, we strongly and categorically deny the averments in your Letter, including the averments made in paragraphs 5 and 4(i) thereof. We are not aware of any such instruction and such averments are a gross misrepresentation on your part.
3. As you would also be aware, recently, the credit rating agency "CARE" downgraded our credit rating from "BB" ("stable") to "D" (default) ("**Downgrade**"). This Downgrade was made despite no overdues on principal and / or interest payment by us to any of our lenders and we being current on all its debt servicing obligations. The cascading effect of the Downgrade precipitated wherein certain of our lenders, such as Life Insurance Corporation of India, accelerated the amounts due and payable to them on the ground that the Downgrade amounts to an "Event of Default" under the terms of the transaction documents ("**Acceleration**"). Subsequently, *vide* our letter dated October 11, 2019, we intimated the Stock Exchanges and through them, the public at large that as a direct consequence of the Downgrade and the subsequent Acceleration, our debt servicing abilities in relation to the accelerated amounts and otherwise will be delayed.
4. We would like to bring the above facts, which are already in public domain, to your specific attention and reaffirm that the impact of the Downgrade has resulted in certain lenders accelerating their respective facilities which has consequently impacted our debt servicing ability

in the short term. We further understand that making any payment to any lender at this stage may be considered preferential in nature and open to challenge and scrutiny later.

5. We are confident that the monetisation of assets will not only help in the expeditious and efficacious resolution of our stress but also ensure that our outstanding liabilities towards our creditors will be settled in a fair and equitable manner. Needless to say, a quick, systematic and efficacious resolution of stress in RCAP greatly benefits the banking sector and the loan market in India at large and *a fortiori*, is in public interest.
6. We would also like to bring to your kind attention that we have executed a share purchase agreement with Quantum Benefit Trust dated October 11, 2019 ("**Share Purchase Agreement**") and any failure on our part to deliver on our binding obligations under the Share Purchase Agreement would result in a breach under the Share Purchase Agreement which may severely affect the interests of all our creditors. We request you to desist from taking any steps that may derail the monetisation of assets as we continue to take steps towards an amicable resolution plan for the benefit of all our creditors.
7. Kindly note that the Stake Sale transaction is as per fair value arrived at by an independent external expert and on arms length basis. You would appreciate that the disclosures made by us to BSE and NSE on October 11, 2019 with respect to the stake sale in Reliance Securities Limited and Reliance Financial Limited ("**Stake Sale**") demonstrates our *bona fides*. You would further note that we have made necessary disclosure on the Stake Sale and such Stake Sale would be subject to requisite regulatory approvals. The proceeds of such Stake Sale would be utilised in a manner benefitting our creditors.
8. This letter is issued is without prejudice to all rights and remedies available to us in law or equity or under the terms of any documents including any letters, correspondences, emails, or such other agreements, deeds or undertakings.

Thanking you.

Yours faithfully,
For **Reliance Capital Limited**



Atul Tandon
Company Secretary & Compliance Officer