

Reliance Capital Limited
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November 11, 2019

Vistra ITCL (India) Limited ("Trustee")

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 18, 2019 addressed by you ("Letter") in relation to the revocation of Consent Letters

Reference : Letter

1. We acknowledge receipt of your Letter dated October 18, 2019.
2. At the outset, we strongly deny the averments in your Letter, especially the averments made in paragraphs 3 and 4 thereof. With regards to the contents of paragraph 3 of the Letter, we state that we are not aware of any instruction issued by the Trustee not to alienate any of our assets / subsidiaries / group companies. Such averments are a gross misrepresentation on your part. Further, as regards to the contents of paragraph 4 of the Letter, we expressly deny that we have omitted to provide any clarity and / or information on our "Receivables". We state that we have duly complied with all our obligations as a listed company and have made all the necessary disclosures to BSE Limited and National Stock Exchange of India Limited (together "**Stock Exchanges**") as required under applicable laws. The same are available in the public domain.
3. As you would also be aware, recently, the credit rating agency "CARE" downgraded the credit rating of Reliance Capital Limited ("**RCAP**") from "BB" ("stable") to "D" (default) ("**Downgrade**"). This Downgrade was made despite no overdues on principal and / or interest payment by RCAP to any lender and RCAP remaining current on all its debt servicing obligations. The cascading effect of the Downgrade precipitated wherein certain lenders of RCAP, 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* its letter dated October 11, 2019, RCAP intimated the Stock Exchanges and through them, the public at large that as a direct consequence of the Downgrade and the subsequent Acceleration, the debt servicing of RCAP 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 the debt servicing ability of RCAP in the short term.
5. Strictly as a part of monetization of the assets and solely with the *bona fide* intent to make payments towards its creditors, RCAP has taken various measures towards monetising the assets of RCAP and / or its subsidiaries. We are confident that these measures initiated by RCAP will not only help in the expeditious and efficacious resolution of stress in RCAP but also ensure that the outstanding liabilities of RCAP towards its creditors will be settled in a fair and equitable manner. Further, you will appreciate that RCAP has regularly made disclosures to the Stock Exchanges with respect to any of the measures taken pursuant to the monetization of the assets, thereby demonstrating its *bona fides* and that there is no default of any regulatory obligation towards you or any other stakeholders in RCAP as necessary information was already disclosed in the public domain.
6. We are deeply disappointed that despite being cognizant of all the foregoing facts you have addressed us the Letter. We categorically deny that we have contravened any of our obligations under law and / or contract. Further, based on the Consent Letters (as such term is defined in the Letter), RCAP has already taken actions to create charge over its shareholding in Reliance Nippon Life Asset Management Limited and Reliance General Insurance Company Limited ("**Shareholding**") in favour of our other creditors. In other words, we have already acted upon the Consent Letters and have taken measures towards creating third party interests over our Shareholding in terms of the express approval under the Consent Letters.
7. Any action sought to be taken by you including by your Letter, cannot affect the security and rights created in good faith and in a bona fide manner, in favour of third parties, pursuant to your Consent Letters. In light of this, you are estopped from withdrawing the Consent Letters *post facto*. Needless to say, such *post facto* rescission of Consent Letters is not only illegal and inequitable but also have deleterious repercussions on RCAP (and for which we reserve the right to claim damages) and the third-party creditors in whose favour the security interest was created over the Shareholding.
8. We state as a matter of record that no charge was created on our shareholding in Reliance Home Finance Limited.
9. In light of the above, we hereby call upon you to withdraw the Letter and cease and desist from taking any actions whatsoever towards rescinding the Consent Letters.
10. This letter is issued 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. Further, please note that the contents of this letter are not to be deemed as paragraph-wise responses to each of the paragraphs set out in the Letter.

Thanking you

Yours faithfully,

For Reliance Capital Limited



Atul Tandon

Company Secretary & Compliance Officer