



Reliance Energy Limited

Registered Office: Reliance Energy Centre, Santa Cruz (E), Mumbai 400 055

NOTICE

Notice is hereby given that an **Extraordinary General Meeting** of the Members of **Reliance Energy Limited** will be held on Monday, March 22, 2004 at 11.00 a.m. at the Reliance Energy Auditorium, Near Reliance Energy Centre, Guru Narayan Road, Santa Cruz (E), Mumbai 400 055 to transact the following Special Businesses:

SPECIAL BUSINESS

1. Re-classification of Authorised Share Capital

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT in supersession of the resolution passed by the Members in the 73rd Annual General Meeting of the Company held on 21st September, 2002 and pursuant to the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, the Authorised Share Capital of the Company of Rs.350,00,00,000 (Rupees Three hundred fifty crore) divided into 20,00,00,000 Equity Shares of Rs. 10 each and 1,50,00,000 Redeemable Cumulative Preference Shares of Rs.100 each be and is hereby re-classified into 25,00,00,000 Equity Shares of Rs.10 each, 5,00,00,000 Redeemable Cumulative Preference Shares of Rs.10 each, 80,00,000 Equity Shares of Rs 10 each, with differential rights (differential rights as to dividend, voting or otherwise) and 4,20,00,000 Unclassified Shares of Rs 10 each; with the power to the Board to decide on the extent of variation in such rights and to classify and re-classify from time to time such shares into any class of shares.

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

‘V. The Capital of the Company is Rs. 350,00,00,000 (Rupees Three hundred fifty crore) divided into 25,00,00,000 Equity Shares of Rs.10 each, 5,00,00,000 Redeemable Cumulative Preference Shares of Rs.10 each, 80,00,000 Equity Shares of Rs 10 each, with differential rights (differential rights as to dividend, voting or otherwise) and 4,20,00,000 Unclassified Shares of Rs 10 each, with the power to the Board to decide on the extent of variation in such rights and to classify and re-classify from time to time such shares into any class of shares.’

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard.”

2. Alteration of Articles of Association

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company be and is hereby altered by substituting the existing Article 3 by the following new Article 3:

‘3. The Capital of the Company is Rs. 350,00,00,000 (Rupees Three hundred fifty crore) divided into 25,00,00,000 Equity Shares of Rs.10 each, 5,00,00,000 Redeemable Cumulative Preference Shares of Rs.10 each, 80,00,000 Equity Shares of Rs 10 each, with differential rights (differential rights as to dividend, voting or otherwise) and 4,20,00,000 Unclassified Shares of Rs 10 each, with the power to the Board to decide on the extent of variation in such rights and to classify and re-classify from time to time such shares into any class of shares.’

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard.”

3. Alteration of Articles of Association

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Articles of Association of the Company be and is hereby altered by inserting the following new Article as Article 4A:

‘4A Subject to the applicable provisions of the Act and/or any other applicable Rules, Guidelines or other statutory provisions, the Company acting through its Board of Directors shall have power to issue equity share capital with differential rights as to dividend, voting and/or otherwise in such manner and on such terms and conditions as may be prescribed by the resolution authorising such issue.’

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard.”

4. **Alteration of Article 131(a) of the Articles of Association**

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Articles of Association of the Company be and are hereby altered in the following manner:

The existing Article 131(a) be deleted substituting in its place the following Article:

‘131(a)(i) Notwithstanding anything contained in any other provisions of Articles of this Articles of Association including the provisions of Article 104-A, so long as the Reliance Group holds twenty six per cent or more of the paid-up voting equity share capital of the Company and are the single largest shareholder in the Company, Shri Anil D. Ambani (or in his absence, such other person as nominated by him in writing) shall be the Chairman of the Board of Directors as also of the Company and shall be entitled to appoint one third of the total number of Directors (including himself), for the time being and also appoint and designate one or more Directors to be the Vice Chairman / Vice-Chairmen of the Board of Directors and of the Company and to determine the period for which each of them to hold such office; and Reliance Group shall deemed to be the promoter of the Company as defined under any statute, rules, regulations, including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and shall exercise control over the Company, as defined under the said Regulations including any amendments, modifications or re-enactment thereof.

Explanation: For the purpose of this Article, Reliance Group shall at any time mean Reliance Industries Limited and/or any of its subsidiaries and/or any company/entity which is directly or indirectly controlled by Reliance Industries Limited and/or any company in which it holds at least 20% of the issued, subscribed and paid-up capital and/or any company / entity which is declared by Reliance Industries Limited as its group company.

131(a)(ii) Apart from the Directors appointed under clause (i) above, Shri Anil D Ambani shall also be entitled to nominate such number of Directors so that the directors so appointed/nominated constitute majority on the Board of the Company.’

A new Article 131(aa) be inserted after Article 131(a) (ii), as under:

‘131(aa) Notwithstanding anything contained in any other provisions of Articles of this Articles of Association including the provisions of Article 104-A, Shri Anil D Ambani and the director(s) appointed by him shall not be liable to retire by rotation and Shri Anil D. Ambani (or in his absence, such other person as nominated by him in writing) shall be entitled to appoint and designate any one or more of such Directors (including himself), as Managing Director(s) of the Company and to determine the period for which each of them to hold such office.’

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard.”

5. **Raising of Funds through Issue of Equity and Equity Linked Securities**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to any approval, consent, permission and / or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or Bodies (hereinafter collectively referred to as “the appropriate authorities”), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and / or

sanction (hereinafter referred to as "the requisite approvals"), and which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to create, offer, issue and allot, from time to time in one or more tranches, Equity Shares and/or warrants entitling to apply for equity shares or other securities convertible into or exchangeable with equity shares (hereinafter referred to as the "Securities") to domestic / foreign institutions, institutional investors, banks, mutual funds, companies, bodies corporate or other entities, whether or not such investors are Members of the Company, under a preferential issue through offer letter and/or circular and/or information memorandum and/or such other documents / writings, in such a manner and on such terms and conditions as may be determined by the Board in its absolute discretion; provided that the price of the equity shares so issued shall not be less than Rs.640 (including a premium of Rs.630) per equity share of Rs.10 each being the price with respect to the Relevant Date (as prescribed under Guidelines for Preferential Issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and the aggregate amount of the securities so issued shall not exceed Rs.2,500 crore.

RESOLVED FURTHER THAT the equity shares allotted in terms of this resolution shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to effect to the issue or allotment of aforesaid securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue and allotment of any of the said securities and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors, or the Chairman & Managing Director or any one or more whole-time Directors or officers of the Company to give effect to the aforesaid resolution."

6. Raising of Funds through Issue of securities in the international markets

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

- (a) "RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or Bodies (hereinafter collectively referred to as "the appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as "the requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot, in domestic / International offerings any securities including Global Depository Receipts and / or American Depository Receipts convertible into equity shares, preference shares whether Cumulative / Redeemable / Convertible at the option of the Company and / or the option of the holders of the security and / or securities linked to equity shares / preference shares and / or any instrument or securities representing convertible securities such as convertible debentures, bonds or warrants convertible into equity shares / preference shares (hereinafter referred to as "Securities") to be subscribed by foreign / domestic investors/institutions and / or corporate bodies including mutual funds, banks, insurance companies and / or individuals or otherwise, whether or not such persons/entities/investors are Members of the Company whether in Indian currency or foreign currency, such issue and allotment to be made at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion think fit, in consultation with the Lead Managers, Underwriters, Advisors or other intermediaries; provided however that the issue of securities as above shall not result in increase of the issued and subscribed equity share capital of the Company by more than 80,00,000 equity shares of the face value of Rs. 10 each.
- (b) RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms including as to conditions in relation to payment of interest, additional interest, premia on redemption, prepayment and any other debt service payments whatsoever, and all such others as are provided in Securities offerings of this nature including terms for issue of such Securities or variation of the conversion price of the Security during the duration of the Securities and the Company is also entitled to enter into and execute all such arrangements as the case may be with any lead managers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or payment of their remuneration for their services or the like, and also to seek the listing of such Securities on one or more stock exchanges including international Stock Exchanges, wherever permissible.
- (c) RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorised by the Company for the issue of Securities in registered or bearer form with such features and attributes as are prevalent in capital

markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the domestic and / or international practice and regulations, and under the forms and practices prevalent in securities markets.

- (d) RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by applicable laws.
- (e) RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorised to issue and allot such number of shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares being pari passu with the then existing shares of the Company in all respects, excepting such right as to dividend as may be provided under the terms of the issue and in the offering document.
- (f) RESOLVED FURTHER THAT such of these securities to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in the best interest of the Company and as is permissible at law.
- (g) RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, as described in paragraph (a) above, the Board or any Committee thereof be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and depository arrangement and institution / trustees / agents and similar agreements / and to remunerate the Managers, underwriters and all other agencies / intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.
- (h) RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage / charges under Section 293(1)(a) of the said Act in respect of the aforesaid Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.
- (i) RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or the Chairman and Managing Director or any Whole-time Director or any other Officer or Officers of the Company to give effect to the aforesaid resolution.”

7. Increase in limits for FII Investment

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as “the Board”), the consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors including their sub-accounts (hereinafter referred to as the “FIIs”), in the shares or debentures convertible into shares of the Company, by purchase or acquisition from the market under the Portfolio Investment Scheme under FEMA, subject to the condition that the total holding of all FIIs put together shall not exceed 49 per cent of the paid up equity share capital or paid up value of the respective series of the convertible debentures of the Company as may be applicable or such other maximum limit as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

Registered Office :

Reliance Energy Centre
Santa Cruz (E)
Mumbai 400 055
Dated: February 23, 2004

By Order of the Board
For **Reliance Energy Limited**

Ramesh Shenoy
Company Secretary

Notes:

1. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out material facts is annexed hereto.
3. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on all working days except Sundays between 11.00 a.m. and 1.00 p.m., up to the date of the ensuing Extraordinary General Meeting.
4. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
5. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.

ANNEXURE TO NOTICE**Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated February 23, 2004****Item Nos. 1 and 2 Re-classification of Authorised Share Capital**

The Company plans to raise funds by issue of securities to part finance the project development activities including the projects for generation, transmission, distribution and trading of power as may be decided by the Board, and deemed expedient and in the interest of the Company.

The proposed issue of securities will require re-classification of the Company's Authorised Share Capital of Rs.350 crore which currently consist of 20,00,00,000 Equity Shares of Rs. 10 each, 1,50,00,000 Cumulative Redeemable Preference Shares of Rs.100 each as stated in the resolution and consequently, the Memorandum and Articles of Association of the Company are proposed to be altered as indicated in the resolutions at Item Nos. 1 and 2. In terms of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, any amendment to the Memorandum and Articles of Association requires approval of the members by way of a special resolution.

The Board of Directors accordingly recommend the resolution at item Nos. 1 and 2 for the approval of Members. None of the Directors of the Company is, in any way, concerned or interested in the said resolutions.

Item No. 3 Alteration of Articles of Association

It is proposed to insert new Article as Article 4A in the Articles of Association of the Company to enable the Company to issue equity shares with differential rights (differential rights as to voting, dividend or otherwise). In terms of Section 31 of the Companies Act, 1956, any amendment to the Articles of Association requires approval of the members by way of a special resolution.

The Board of Directors recommend the Resolution at Item No. 3 for the approval of Members. None of the Directors of the Company is, in any way, concerned or interested in the said Resolution.

Item No. 4 Alteration of Article 131(a) of the Articles of Association

It is proposed to delete the existing Article 131(a) of the Articles of Association of the Company and insert in its place new Article 131(a)(i) and (ii). It is also proposed to insert new Article as Article 131(aa) as mentioned in the Resolution under Item No 4 of the Notice, which is self explanatory. In terms of Section 31 of the Companies Act, 1956, any amendment to the Articles of Association requires approval of the Members by way of a special resolution.

The Board of Directors recommend the Resolution at Item No. 4 for the approval of Members. S/Shri Anil D. Ambani, Satish Seth, Amitabh Jhunjhunwala, S. C. Gupta and J. P. Chalasani, being the representatives of the Reliance Group on the Board of Directors of the Company, may be deemed to be concerned or interested in the resolution. No other Director of the Company is, in any way, concerned or interested in the said Resolution.

Item No. 5 Raising of Funds through Issue of Equity / Equity Linked Securities

The Company proposes to make substantial investments over the next few years in the areas of generation, transmission, distribution and trading of power including modernisation / expansion of existing power stations / distribution and transmission networks, and

investment in associate / affiliate companies. This will involve an estimated capital outlay of up to Rs. 20,000 crore over the period of next few years. To further strengthen the Company's financial position, and to generate resources for the above plans, as also to meet the working capital requirements of the Company and for general corporate purposes, as may be decided by the Board in the best interests of the Company, it is proposed to issue equity shares / other securities convertible into / exchangeable with the equity shares to institutional investors and promoter group companies on a preferential allotment basis in terms of the Guidelines for Preferential Issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as the "Preferential Issue Guidelines"), as referred to in the resolution set out at item No. 5 of the accompanying Notice.

The details of the issue and other particulars as required in terms of the Preferential Issue Guidelines are given as under:

- (i) **Securities to be issued:** The resolution set out at Item No. 5 of the accompanying Notice is an enabling resolution, entitling the Board to issue equity shares (ordinary) or other securities convertible into or exchangeable with the equity shares (ordinary) as may be deemed appropriate in the best interest of the Company.
- (ii) **Pricing of Equity Shares:** Each equity share (ordinary) of the face value of Rs. 10, including the equity shares arising out of the exercise of option attached with warrants shall be issued at a price of Rs. 640 (including a premium of Rs. 630) per share. Such price has been arrived at with respect to the Relevant Date as prescribed under the said Preferential Issue Guidelines.
- (iii) **Terms of Warrants:** The Board may allot warrants at a price of Rs. 640 each, which will entitle the holder to subscribe for one equity share (ordinary) of the face value of Rs 10, at a price of Rs. 640 (including a premium of Rs 630) per share of the Company, against each warrant. An amount, as may be decided by the Board of Directors, not being less than 10% of the issue price (i.e Rs. 64 per warrant) shall be payable upon subscription to the warrants. The warrants would be allotted on the following terms:
- ❖ The holder of warrants will be entitled to apply for and be allotted 1 (one) equity share of the Company per warrant any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, upon at least ten days' advance notice given by the Company. On receipt of the notice from the Company, the warrant holders shall be liable to make the payment of balance sum per warrant towards subscription to each equity share, as may be applied.
 - ❖ Upon receipt of the payment as above, the Board (or a Committee thereof) shall allot one equity share per warrant by appropriating Rs. 10 towards equity share capital and the balance amount of Rs. 630 paid against each warrant, towards the securities premium.
 - ❖ If the entitlement against the warrants to apply for the equity share is not exercised within 18 months from the date of allotment, then such warrants along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
 - ❖ The warrant holders shall also be entitled to any future bonus/rights issue(s) of equity shares by the Company, in the same proportion and manner as any other shareholders of the Company for the time being.
 - ❖ The warrant by itself does not give to the holder(s) thereof any rights of the shareholders of the Company.
 - ❖ The equity shares issued as above shall rank pari passu in all respects with the then existing Equity shares of the Company. The warrants and equity shares shall be subject to the Memorandum and Articles of Association of the Company.
- (iv) **Lock in:** The securities issued as above to the promoters/promoter group shall be locked in for a period of three years from the date of allotment. The securities issued to persons or entities other than the promoters/promoter group shall be locked in for a period of one year from the date of allotment. The lock in on the shares allotted on exercise of option attached to warrants, if any, shall be reduced to the extent the warrants have already been locked in.
- (v) **Particulars of subscribers:** The promoter/promoter group and other entities have agreed to subscribe to the equity shares/warrants under the said preferential issue resulting into an aggregate of up to 3,90,62,450 equity shares, as per the details given below:

Investor entity	Category	Number of Equity Shares (Not Exceeding)
Reliance Power Ventures Limited	Promoter Group	2,39,32,450
Life Insurance Corporation of India	Financial Institution	55,00,000
General Insurance Corporation of India	Financial Institution	5,00,000
National Insurance Company Limited	Financial Institution	10,00,000
The New India Assurance Company Limited	Financial Institution	10,00,000
The Oriental Insurance Company Limited	Financial Institution	10,00,000
United India Insurance Company Limited	Financial Institution	6,00,000
Certain Accounts managed by Capital International Inc.	Foreign Institutional Investor	48,30,000
Sloane Robinson Investment Management	Foreign Institutional Investor	7,00,000
	Total	3,90,62,450

Any of the equity shares issued as above, that may remain unsubscribed for any reason whatsoever, may be offered and allotted by the Board in its absolute discretion to any other person/entity/investor within the same category/class, on the same terms and conditions.

- (vi) **Shareholding Pattern:** The Shareholding pattern giving present position as also considering full allotment of equity shares arising out of the Securities issued as above, is given below:

Sr No	Names of shareholders	Pre-issue shareholding		Post Issue shareholding	
		No. of shares	%	No. of shares	%
1	Promoters group				
a.	Reliance Power Ventures Limited	5,30,43,618	33.59	7,69,76,068	39.08
b.	Reliance Industrial and Investment Holdings Limited	1,36,22,707	8.63	1,36,22,707	6.91
c.	Reliance Industries Limited	15,51,649	0.98	15,51,649	0.79
d.	Reliance Capital Limited	1,19,95,139	7.60	1,19,95,139	6.09
e.	Reliance Capital Trustee Co Limited A/c Reliance Vision Fund	300	0.00	300	0.00
	Total-Promoters Group	8,02,13,413	50.80	10,41,45,863	52.87
2	Financial Institutions				
a.	Life Insurance Corporation of India	1,86,42,536	11.80	2,41,42,536	12.26
b.	The Oriental Insurance Company Limited	35,39,318	2.24	45,39,318	2.30
c.	The New India Assurance Company Limited	32,02,883	2.03	42,02,883	2.13
d.	National Insurance Company Limited	31,89,158	2.02	41,89,158	2.13
e.	United India Insurance Company limited	19,97,130	1.26	25,97,130	1.32
f.	General Insurance Corporation of India	16,18,792	1.03	21,18,792	1.08
g.	Unit Trust of India	21,891	0.01	21,891	0.01
h.	IFCI Limited	50	0.00	50	0.00
	Total-Financial Institutions	3,22,11,758	20.39	4,18,11,758	21.23
3	State Government Holding	1,600	0.00	1,600	0.00
4	Foreign Holdings				
a.	Certain Accounts managed by Capital International Inc.	0	0.00	48,30,000	2.45
b.	Sloane Robinson Investment Management	19,14,294	1.21	26,14,294	1.33
c.	Global Depository Receipts / Other Foreign Institutional Investors / Non-Resident Indians / Overseas Corporate Bodies	2,94,22,063	18.63	2,94,22,063	14.93
	Total- Foreign Holdings	3,13,36,357	19.84	3,68,66,357	18.71
5	Banks and Mutual Funds	14,78,347	0.94	14,78,347	0.75
6	Other Corporate Bodies	7,61,819	0.48	7,61,819	0.39
7	Indian Public	1,19,21,419	7.55	1,19,21,419	6.05
	Total	15,79,24,713	100.00	19,69,87,163	100.00

Notes :

- Currently, Foreign Currency Convertible Bonds (FCCBs) aggregating US\$17.65 million are outstanding which in the event of conversion, it will result in allotment of further 34,82,585 equity shares.
- Apart from the issue of equity shares in terms of this resolution, the Company is also contemplating issue of equity accompanying shares with differential rights as to voting, dividend or otherwise to the promoter group (as per resolution as set out in the accompanying Notice dated February 23, 2004 issued by the Company seeking approval of the Members by way of postal ballot) and/or issue of securities in the international markets (as per resolution at item No. 6 of this Notice), which may result in increase of the issued and subscribed share capital of the Company by 80,00,000 equity shares of Rs. 10 each of the Company.
- The above shareholding pattern shall stand correspondingly changed in the manner given hereinabove.
- The fully diluted equity share capital of the Company considering the shares arising out of conversion of outstanding FCCBs as referred to in Note 1 above, issue of securities in the international markets and issue of equity shares with differential rights as referred to in Note No. 2 above and the allotment of equity shares on preferential basis in terms of this resolution, shall not exceed 20.85 crore equity shares.

The Company shall complete the allotment of securities in terms of the resolution set out at item No. 5 of the accompanying Notice on or before June 21, 2004.

S/Shri Anil D Ambani, Satish Seth, Amitabh Jhunjunwala, S C Gupta and J P Chalasani, directors/nominees of the promoter group companies and Shri Gautam Doshi and Shri V R Galkar, representatives of General Insurance Corporation of India and Life Insurance

Corporation of India respectively, to whom the above equity shares under preferential issue are proposed to be allotted, may be deemed to be concerned or interested in the said resolution. Except these Directors, none of the other directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 6 Raising of Funds through Issue of securities in the international markets

As stated in the Explanatory Statement for Item No. 5 of the accompanying Notice, the Company needs to augment long term resources to strengthen its financial position, to meet its growth objectives, as also to meet the working capital requirements and for general corporate purposes. It is accordingly proposed to issue securities in the international markets as contemplated in the resolution set out at item No. 6 of the accompanying Notice, as may be decided by the Board and found to be expedient and in the interests of the Company.

The detailed terms and conditions of the Issue as and when made will be determined by the Board of Directors in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with the terms of approval of the Government of India, Reserve Bank of India, Financial Institutions who have lent or agreed to lend monies for the Company's projects and such other authorities as may be required.

The proposed domestic and/or international issue of securities as above may be made in one or more tranches, which may result in an increase of the issued and subscribed equity share capital of the Company by not more than 80,00,000 equity shares of the face value of Rs. 10 each of the Company. The issue price of the security to be issued in the proposed offerings will be determined by the Board of Directors at the time of the offer depending on the then prevailing market conditions. The securities will be listed on such international / Indian Stock Exchanges as the Board may be advised.

Section 81 of the Companies Act, 1956, provides, inter alia, that where it is proposed to increase the Subscribed Share Capital of the Company by allotment of further shares, such further shares shall be offered to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion to the capital paid up on those shares as of that date unless the shareholders in a General Meeting decide otherwise. The Listing Agreements executed by the Company with the various Stock Exchanges also provide that the Company shall issue or offer in the first instance all Securities to the existing Equity Shareholders of the Company unless the Shareholders in a General Meeting decide otherwise. The Special Resolution seeks the consent of the Shareholders authorising the Board of Directors to make the proposed issue of securities and in the event it is decided to issue Securities convertible into Equity Shares, to issue to the holders of such Convertible Securities in such manner and such number of Equity Shares on conversion as may be required to be issued in accordance with the terms of the issue.

This Special Resolution gives (a) adequate flexibility and discretion to the Board to finalise the terms of the issue, in consultation with the Lead Managers, Underwriters, Legal Advisors and experts or such other authority or authorities as need to be consulted including in relation to the pricing of the Issue which will be a free market pricing and may be at premium or discount to the market price in accordance with the normal practice and (b) powers to issue and market any securities issued pursuant to the international offer including the power to issue such Securities in such tranche or tranches with / without voting rights.

The Board of Directors recommends the resolution set out at item No. 6 of the accompanying Notice for the approval of the Members. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 7 Increase in limits for FII Investment

Pursuant to the recent liberalisation measures mooted by the Government of India, the Reserve Bank of India, by amending the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, has raised the limit of investment by Foreign Institutional Investors (FIIs), up to the sectoral cap / statutory limit as applicable to the Indian companies, subject to the approval of the Board of Directors and approval of Members of the Company by way of a special resolution.

The Board of Directors of the Company at its meeting held on February 22, 2004, inter alia, approved, subject to the approval of Members by way of a special resolution, to enhance the said FII investment limit to 49 per cent of the paid up Equity Capital or paid-up value of the respective series of the convertible Debentures of the Company. The increase in the FIIs limit to 49 per cent will result in increased weightage of the Company's share in benchmarking international stock market indices. Large number of FIIs direct their investment on the basis of these benchmark indices and accordingly, the increase in FIIs limit will be beneficial to the Company.

The resolution set out at Item 7 of the accompanying Notice will enable the FIIs, who are considered to be prudent investors, to acquire shares of the Company through authorised dealers within the revised ceiling under the portfolio investment scheme of Reserve Bank of India.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors of the Company are, in any way, concerned or interested in the resolution.

Registered Office :
Reliance Energy Centre
Santa Cruz (E)
Mumbai 400 055
Dated: February 23, 2004

**By Order of the Board
For Reliance Energy Limited**

Ramesh Shenoy
Company Secretary