

**“Mehtas addressed letter to Custodian protesting that he had not accounted for 29 lac shares of Reliance Industries Ltd. valued at Rs.435 Crores which were lying with the company on account of bonus issue of shares made in 1997 in the ratio of 1:1 which fact was discovered by Mehtas after taking inspection of Custodian’s records since Custodian succeeded in selling all the offices and was pressing for sale of residential flats by stating that liabilities were greater than assets and by understating the assets by Rs.435 Crores.”**

ASHWIN S. MEHTA

32, Madhuli, Dr. Annie Beasant Road, Worli, Mumbai 400 018

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9<sup>th</sup> June, 2006

To

Shri N.K. Srivastava (Advisor),  
The Office of Custodian,  
10<sup>th</sup> Floor, Nariman Bhavan,  
Nariman Point, Mumbai 400 021.

Dear Sir,

Sub: Before the Hon’ble Supreme Court of India, Civil Appeal No.667-671 of 2004  
Mr. Ashwin S. Mehta & Anr. Versus The Custodian & Others with Civil  
Appeal No.671-675, 676-680 and 681 of 2004

1. As you are aware, the process of inspection of records is continuing and on 01.06.2006, our representative was handed over a sheet disclosing holding particulars in M/s Reliance Industries Limited. I am pleased to enclose a copy of this sheet. In this regard, I wish to state as under :-
2. On perusing through the holdings of notified entities in M/s Reliance Industries Limited we find that the total quantity reported by the company is 43,22,076 shares. Earlier, your kindself have confirmed after conducting enquiry at our instance, the holding of registered shares in M/s Reliance Industries Ltd. of all notified entities of about 29,00,000 shares valued at approx. Rs.435 crores which had earlier not been accounted for by you in your previous affidavit of October, 2003.
3. On perusal of the sheet, we find that the company has reported holding of 808780 shares in the name of Custodian, Government of India and the break-up of the same has been furnished. We discussed that these shares have not been included in the disclosures made by you in your recent affidavit nor have you informed us about it through any correspondence.
4. We became curious to ascertain whether there were more holdings of notified parties than what you were reporting as we have always been apprehending and conveying to your office. We also became curious by the fact as to how there could be shares standing in the name of the custodian.

5. Since sometime, we have also been making efforts to reconcile our holdings as compared to those reported by your kind selves. We find that in case of M/s Reliance Industries Limited, our actual holding ought to be far greater than what is being reported by you. This is due to the fact that we had not only purchased the shares of M/s. Reliance Industries Limited but we had also subscribed to M/s. Reliance Industries Ltd. "H" and "J" Series Debentures which also entitled us to receipt of shares against each of Debentures. We had also purchased vast quantities of M/s. Reliance Petrochemicals Ltd. "B" & "C" type of Debentures which were converted into equity shares of M/s. Reliance Petrochemicals Ltd. In the year 1992, M/s. Reliance Petrochemicals Ltd. got merged into M/s. Reliance Industries Limited and in exchange of M/s Reliance Petrochemicals Ltd. shares, we were also entitled to receipt of shares of M/s Reliance Industries Ltd. Thus the cumulative holdings of notified entities in my family and of corporate entities promoted by us is very large and the quantity is for greater than what is being reported by you.
6. We have now learnt that you had also filed same application before the Hon'ble Special Court against M/s Reliance Industries Ltd. seeking disclosure from them of shares of M/s. Reliance Industries Ltd. Our enquiries with M/s. Karvy Consultants Ltd. have also given us to understand that post bonus issue in the ratio of 1:1, the holdings in Custodian Govt. Of India account was somewhere in the region of about 23 lac shares whereas in your above sheet, you have disclosed a holding of only about 8,08,780 shares. Thus there is a clear possibility of the company holding a very vast quantity of shares in M/s Reliance Industries Limited on behalf of the notified entities. In fact, in your application filed before the Hon'ble Special Court in respect of missing shares (since withdrawn). You have reported a far greater holding than the actual shares available on hand which supports our contention.
7. We also understand that M/s. Karvy Consultants Limited have been forwarding you dividends year after year in your own name on behalf of several notified entities and even all other benefits are flowing to you accordingly. The value of above 22 lac shares together with the accrued benefits, could easily be in the region of above Rs.300 crores which is over and above the discovery of M/s. Reliance Industries Ltd. shares made earlier of an amount of about Rs.435 crores.

8. It is obviously within your knowledge that the above shares of M/s. Reliance Industries Limited in respect of which you have filed some applications could also be properties of notified entities in my family or belonging to corporate entities promoted by us, but surprisingly you have not disclosed this vital fact within your knowledge either in your affidavit filed in October 2003 in the above matter nor in your affidavit dated 01.03.2006 and 22.03.2006 filed by you recently.
9. You are aware that we have pointed out to your office through several letters about the fact that you were not accounting large quantities of shares belonging to the notified entities and only through our persistent efforts, you have now come to disclose shares of approx. value Rs.439 crores. The total cumulative value of these shares will have a vital implication and bearing on the proceedings in the present case and it is evident that you are with-holding the above facts both from the Hon'ble Special Court as well as the notified entities.
10. Under the circumstances, we call upon you to immediately inform us the status of above shares and your present knowledge about the same. In case the company and its Registrars have not yet provided the details about the break-up of ownership of above shares, even despite passage of a period of more than twelve years, we urge you to take immediate steps and obtain these details. Kindly let us know the amount of benefits received on the above shares and their present cumulative value in the form of several benefits accrued on them by way of dividends, rights, bonus and shares which have recently accrued on them by split between the Ambani brothers where shares of four other companies have also been issued to the share holders of M/s. Reliance Industries Limited. We also call upon you to make available to us copy of application filed by you before the Hon'ble Special Court in respect of above shares and grant us inspection of all the original documents in regard to the above holdings and proceedings. Please also be informed that besides making the grievance of suppression of facts, we are also going to urge before the Hon'ble Special Court that a proper enquiry with regard to the above shares be made and facts may be placed so as to arrive at and properly determine the asset position of each of the notified party before proceeding any further with the hearing in the above matter.

11. We expect an urgent reply from you as you will appreciate that the above matter has been posted for hearing on 14.06.2006 and it is at an advanced stage of hearing and that we wish not to cause any delay in the hearing of the case.

Thanking you,

Yours faithfully,

Sd/-

(Ashwin S. Mehta)

Representative of Appellants

Encl: As above