

MEDIA RELEASE

RELIANCE ANIL DHIRUBHAI AMBANI GROUP TO INVEST APPROX. RS 4,300 CRORE (US\$ 913 MN) IN RELIANCE INFRA EQUITY SHARES

**NET WORTH TO INCREASE TO OVER RS 16,000 CRORE (US\$ 3.4 BN) –
AMONG TOP 10 PRIVATE SECTOR COMPANIES**

**NEW EQUITY CAPITAL INFUSION AT A PRICE OF AROUND RS 1,000
PER SHARE – EFFECTIVE COST APPROX. RS 1,183 PER SHARE**

**PREMIUM OF 83% TO AVERAGE MARKET PRICE OF LAST 3 MONTHS
PREMIUM OF 26% TO LAST 2 WEEKS AVERAGE PRICE**

**COMPANY NET DEBT FREE - INCREASE IN BORROWING CAPACITY
FROM RS 24,000 CRORE TO 32,000 CRORE**

**RELIANCE INFRA UNIQUELY POSITIONED TO PARTICIPATE
IN UPCOMING MEGA INFRASTRUCTURE GROWTH OPPORTUNITIES**

Mumbai, May 25, 2009: The Board of Directors of Reliance Infrastructure Limited (Rel Infra) today approved a proposal for **new equity capital infusion of approximately Rs. 4,300 crore (US\$ 913 Mn) into the Company.**

The equity capital will substantially enhance Rel Infra's net worth to over Rs. 16,000 crore, and further augment its borrowing capabilities to Rs. 32,000 crore at even a debt:equity ratio of 2:1, thereby enabling greater participation in mega growth opportunities in high growth infrastructure areas, thereby generating superior returns for its over 1.6 million shareholders.

Commenting on the development, Shri Anil Dhirubhai Ambani, Chairman, Reliance Infrastructure Ltd., said:

“We have a great sense of excitement at the unprecedented opportunities unfolding before Reliance Infrastructure, in high growth areas of power and infrastructure development. The new equity capital infusion reflects our strong confidence in future growth prospects of the Company.”

The new equity capital infusion is proposed through a preferential offer of warrants to be converted into 42.9 Mn equity shares, to the promoters, Reliance Anil Dhirubhai Ambani Group, Life Insurance Corporation, and other insurance companies, who have been long-term shareholders of the Company over the past several decades and who collectively hold approx. 20% of equity, will be provided an opportunity to participate in the proposed offering, on the same terms and conditions.

The preferential offer, which is subject to necessary approvals from shareholders, will be made at a price of around Rs. 1,000 per share. As per current SEBI guidelines, Reliance Infrastructure will receive 25% of the amount on allotment, through an upfront payment of around Rs 1,075 crore (US\$ 228 Mn), and the balance upon conversion.

Simultaneously, the Board has approved cancellation of 43 million equity warrants issued to the promoter group on 20 January, 2008. **The upfront payment of Rs. 783 crore made earlier by the promoter group against those warrants, has accrued directly to the Company's reserves.**

The effective purchase cost to the promoter group, after taking into consideration the upfront payment of Rs 783 crore already received on warrants issued earlier, which have now been cancelled, works out to approx. Rs 1,183 per share - representing a premium of 83% to the average price of the preceding 3 months.

The promoter group's holding will increase from 38% to 48%, as a result of the new equity capital infusion of approx. Rs. 4,300 crore. (US\$ 913 Mn)

Benefits for Reliance Infrastructure

The proposed infusion of new equity capital will lead to the following benefits for Reliance Infrastructure:

- The Company will rank among the top 10 private sector companies in India in terms of net worth, reflecting the company's inherent financial strength
- Substantial increase in the net worth from Rs. 11,907 crore (US\$ 2.5 Bn) to over Rs. 16,000 crore (US\$ 3.4 Bn), an increase of nearly 34%
- Further strengthening of the Company's already strong credit rating profile
- An increase in borrowing ability from Rs. 24,000 crore to Rs 32,000 crore, at a debt : equity level of even 2:1
- An increase in Book Value per share, from Rs. 517 per share to around Rs. 600 per share
- Enhanced ability to the Company to actively participate in forthcoming large growth opportunities in the infrastructure sector

Reliance Infrastructure Limited

Reliance Energy Centre,
Santa Cruz (East)
Mumbai 400 055, India
Tel: +91 22 3009 9999
Fax: +91 22 3009 9763

Background:

In the power sector, the company is involved in generation, transmission, distribution and trading of electricity and constructing power plants as EPC contractor, having strong order book position of Rs 21,510 crores (US\$ 4.6 Bn).

In the infrastructure space, the company is developing Roads, Metro projects and also pursuing other Infrastructure verticals like Ports, Airports, SEZ and Real Estate.

Reliance Infrastructure is developing 11 infrastructure projects worth Rs 12,800 crores and there are 3 projects worth Rs 16,800 crores which are awarded or the company is the preferred bidder. A large number of new mega infrastructure projects are also soon being put to bid, to provide further impetus to the country's rapidly accelerating economic growth.

India is estimated to need US\$ 514 Bn over next 5 years to shore up its infrastructure and sustain the economy's growth rates (*Source: Planning Commission*)

Reliance Infrastructure Limited is part of Reliance Anil Dhirubhai Ambani Group. The group currently has a market capitalization of around Rs 1,65,000 crore (US\$ 35.1 Bn), net worth in excess of Rs 64,000 crore (US\$ 13.6 Bn), operating cash flow of Rs 13,000 crore (US\$ 2.8 Bn) and net profit of around Rs 8,400 crore (US\$ 1.8 Bn).