



Reliance Communications Limited
Dhirubhai Ambani Knowledge City
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September 15, 2016

The General Manager
Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai 400 001
Fax No.: 2272 2037/39/41/61/3121/3719

The Manager
National Stock Exchange of India Ltd.
Exchange Plaza, C/1, Block G
Bandra - Kurla Complex, Bandra (East)
Mumbai 400 051
Fax No.: 2659 8237 / 38/8347/48 /
66418124/25/26

BSE Scrip Code: 532712

NSE Symbol: RCOM

Dear Sir,

Pursuant to provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, we wish to inform that the Board of Directors ("**Board**") of the Reliance Communications Limited ("**Company**") and the Board of its subsidiary, Reliance Telecom Limited ("**RTL**") at their respective meetings held on September 14, 2016, subject to the approval of their respective Shareholders, Creditors, High Court and Statutory and Regulatory Authorities, approved the scheme of arrangement ("**Scheme**"), which provides for (a) demerger, transfer and vesting of the Wireless Business Undertaking of the Company and RTL into Aircel Limited ("**AL**") and its subsidiary, Dishnet Wireless Limited ("**DWL**"); (b) amalgamation of South Asia Communications Private Limited and Deccan Digital Networks Private Limited into AL, (c) conversion of shareholder loans and redeemable preference shares issued by AL into equity shares of AL, (d) cancellation and reduction of share capital of AL. In relation to the Scheme, the Board of the Company and the Board of RTL have also approved the execution of a Framework Merger Agreement and other transaction documents to be entered into between the Company, RTL, AL, DWL and other parties.

We enclose herewith the relevant information pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, in relation to the following as **Annexure A**, **Annexure B** and **Annexure C**, respectively.

1) Scheme; 2) Framework Merger Agreement; and 3) Shareholders Agreement.

Thanking you,
Yours faithfully,
For **Reliance Communications Limited**

Prakash Shenoy
Company Secretary
Encl: As above

ANNEXURE A

SCHEME OF ARRANGEMENT

a) Brief details of the division(s) to be demerged:

Scheme of Arrangement between the Company, Reliance Telecom Limited ("RTL"), Aircel Limited ("AL"), Dishnet Wireless Limited ("DWL"), Deccan Digital Networks Private Limited ("Deccan"), South Asia Communications Private Limited ("SACPL") and their respective shareholders and creditors in respect of (a) transfer and vesting of the Wireless Business Undertaking of the Company and RTL (including certain subsidiaries) into AL and its subsidiary, DWL; (b) the amalgamation of SACPL and Deccan (group companies of AL) into AL, (c) conversion of shareholder loans and redeemable preference shares issued by AL into equity shares of AL, (d) cancellation and reduction of share capital of AL.

In relation to the Scheme, the Board of the Company and the Board of RTL have approved the execution of a Framework Merger Agreement and other transaction documents to be entered into between the Company, RTL, AL, DWL, Deccan, SACPL and other parties.

b) Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year:

Particulars	Turnover (Rs. Crore) as on March 31, 2016	% to the total turnover of the Company as on March 31, 2016
Wireless Business Undertaking	Rs.10,605	47.96%

c) Rationale for the demerger:

The demerger and vesting of the Wireless Business Undertaking of the Company and RTL to AL and DWL will result into following benefits:

- (i) consolidation of the wireless telecom business of the Company and RTL with AL and DWL provides an opportunity to the Company to acquire equity interest in AL;
- (ii) further expanding the business of AL and DWL into growing markets of India, thereby creating greater value for the shareholders of AL and DWL;
- (iii) availability of increased resources and assets which can be utilised for strengthening the customer base of AL and DWL and servicing existing as well as new customers of AL and DWL innovatively and efficiently;



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- (iv) augmenting the infrastructural capability of AL and DWL to effectively meet future challenges in the ever-evolving wireless telecom business;
- (v) the combination of (a) the Company and RTL, and (b) AL and DWL, is a strategic fit for serving existing market and for catering to additional volume linked to new consumers;
- (vi) synergies in operational process and logistics alignment leading to economies of scale for AL and DWL and creation of efficiencies and benefitting customers as well as optimization of operation and capital expenditure;
- (vii) assisting AL and DWL and the Company and RTL in strengthening their assets base while also enhancing their financial flexibility;
- (viii) enhance competitive strength, achieve cost reduction, efficiencies and productivity gains by pooling the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of AL and DWL and the Company and RTL thereby significantly contributing to future growth and maximizing shareholders value;
- (ix) reducing the direct and indirect foreign shareholding in AL; and
- (x) to achieve an optimal capital structure which duly represents the intrinsic value of AL, through a capital reorganization exercise which will also involve conversion of certain shareholders loans into equity shares and thereby strengthening the balance sheet of AL and DWL for future growth and expansion and to create a capital structure which is geared to take advantage of possible growth opportunities.

d) Brief details of change in shareholding pattern (if any) of all entities:

There will be no change in the shareholding pattern of the Company, RTL and DWL pursuant to the Scheme.

Towards consideration of the transfer and vesting of the Wireless Business Undertaking of the Company and RTL, including agreed capex as currently proposed, AL will issue and allot to the Company, 15,950,000,000 fully paid up equity shares of AL aggregating to 50% of the fully paid up equity share capital of AL on fully diluted basis. After completion of the Scheme, AL and DWL will be operated and managed jointly by the Company and the existing shareholders of AL as a joint venture company.



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In view of the above, the change in shareholding pattern of AL is described as below:

Sr. No.	Name of Shareholders	Number of shares of AL	% of share capital of AL
1	Reliance Communications Limited	15,950,000,000	50
2	Global Communication Services Holdings Limited	15,886,099,183	49.8
3	Sindya Securities & Investments Private Limited	63,900,817	0.2
Total		31,900,000,000	100

e) In case of cash consideration – amount or otherwise share exchange ratio:

There will be no cash consideration being paid under the Scheme. As mentioned above, AL will issue and allot to the Company 15,950,000,000 fully paid up equity shares of AL aggregating to 50% of the fully paid up equity share capital of AL on fully diluted basis towards consideration for the transfer of the Wireless Business Undertaking of the Company and RTL including certain debts to AL and DWL.

f) Whether listing would be sought for the resulting entity:

The Scheme does not contemplate any immediate listing of the shares of AL and DWL, the entities in which the Wireless Business Undertaking of the Company and RTL will be transferred and vested.

ANNEXURE B

Framework Merger Agreement:

Sr. No.	Items for Disclosure	Description
1.	Name of the target entity, details in brief such as size, turnover etc	Aircel Limited (" AL ") and its subsidiaries Turnover – Rs. 11010.50 crore for the Financial Year 2014-15.
2.	Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arms length"	Pursuant to the Scheme, as consideration for the transfer and vesting of the Wireless Business Undertaking of the Company and its subsidiary Reliance Telecom Limited (" RTL ") into AL and its subsidiary, Dishnet Wireless Limited, AL shall issue and allot to the Company, such number of fully paid up equity shares of AL aggregating to 50% of the fully paid up equity share capital of AL on fully diluted basis. In relation to the Scheme, parties are entering into a Framework Merger Agreement (" FMA "). Under the FMA, AL will issue additional equity shares to the Company and Global Communication Services Holdings Limited (" GCSHL ") against the amount to be contributed by them. The acquisition of shares of AL is not a related party transaction. The promoters/ promoter group of the Company do not have any interest in AL.
3.	Industry to which the entity being acquired belongs	AL belongs to the telecom industry.
4.	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity)	The acquisition will (i) help the Company and RTL reducing of debt and interest outgo as well as creation of value for the shareholders; (ii) consolidate the telecom wireless business of Company and RTL with Aircel Limited and its subsidiary Dishnet Wireless Limited. The Scheme provides other rationale for the proposed transaction.
5.	Brief details of any governmental or regulatory	The proposed transaction is subject to receipt of following regulatory approvals:



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Sr. No.	Items for Disclosure	Description
	approvals required for the acquisition	1) High Courts or National Company Law Tribunal having jurisdiction over the parties; 2) Stock Exchanges; 3) Competition Commission of India; 4) Department of Telecom; 5) Tax Authorities; 6) Reserve Bank of India; 7) Other regulatory approvals as specified into the FMA.
6.	Indicative time period for completion of the acquisition	6- 12 months from the date of signing of the FMA
7.	Nature of consideration - whether cash consideration or share swap and details of the same	Under the Scheme, the shares will be issued by AL to RCOM as consideration for the transfer and vesting of the Wireless Telecom Undertaking of the Company and RTL to AL and Dishnet Wireless Limited. Under the FMA, AL will issue additional equity shares to the Company and GCSHL against the amount to be contributed by them.
8.	Cost of acquisition or the price at which the shares are acquired	Please refer to point 7 above.
9.	Percentage of shareholding / control acquired and / or number of shares acquired	50% of the total issued and outstanding equity shares of AL on fully diluted basis.
10.	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief)	AL is engaged in wireless telecom business in India. AL was incorporated on 20 th December 1994. The turnover of AL during last 3 financial years is Rs.10,207.73 crore (31 st March 2013), Rs.9552.80 crore (31 st March 2014) and Rs.11010.50 crore (31 st March 2015) respectively.

ANNEXURE C

SHAREHOLDERS AGREEMENT

Sr. No.	Items for Disclosure	Description
1.	Name(s) of parties with whom the agreement is entered	Reliance Communications Limited (" Company "), Global Communication Services Holdings Limited (" GCSHL "), Sindya Securities & Investments Private Limited (" SSIPL ") and Aircel Limited (" AL ")
2.	Purpose of entering into the agreement	The Company, GCSHL, SSIPL and AL are entering into the Shareholders Agreement (" SHA ") for regulating their respective rights in AL and its subsidiaries as shareholders, and their relationship with each other and management of AL.
3.	Shareholding, if any, in the entity with whom the agreement is executed	The Company presently does not hold any shares in AL.
4.	Significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.	<u>Effective Date:</u> The SHA will effective from date of completion under the Framework Merger Agreement. <u>Directors:</u> The Company and GCSHL are entitled to nominate 2 non-Independent Directors on the Board of AL. <u>Issuance of securities:</u> The Company and GCSHL have pre-emptive rights on issue of securities by AL in the manner provided in the SHA. <u>Shares Transfers:</u> Any transfer of shares of AL by the Company or GCSHL are subject to rights of first offer, rights of first refusal, tag along rights, and drag along rights as provided in the SHA. <u>Reserved Matters:</u> Certain reserved matters are provided in the SHA for which prior written approval of each of the Company and GCSHL would be required.
5.	Whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of	No, the parties to the SHA are not related to the promoters, promoter group or group companies of the Company.

Sr. No.	Items for Disclosure	Description
	relationship	
6.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length"	No, the proposed transaction would not fall within the related party transactions.
7.	In case of issuance of shares to the parties, details of issue price, class of shares issued	Under the Scheme, AL will issue and allot to the Company, such number of fully paid up equity shares of AL aggregating to 50% of the fully paid up equity share capital of AL on fully diluted basis. Under the FMA, AL will issue additional equity shares to the Company and GCSHL against the amount to be contributed by them.
8.	Any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc.	Not applicable
9.	In case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s): a) name of parties to the agreement; b) nature of the agreement; c) date of execution of the agreement; d) details of amendment and impact thereof or reasons of termination and impact thereof.	Not Applicable