

## Reliance Jio, RCom, Ambani brothers on the same page?



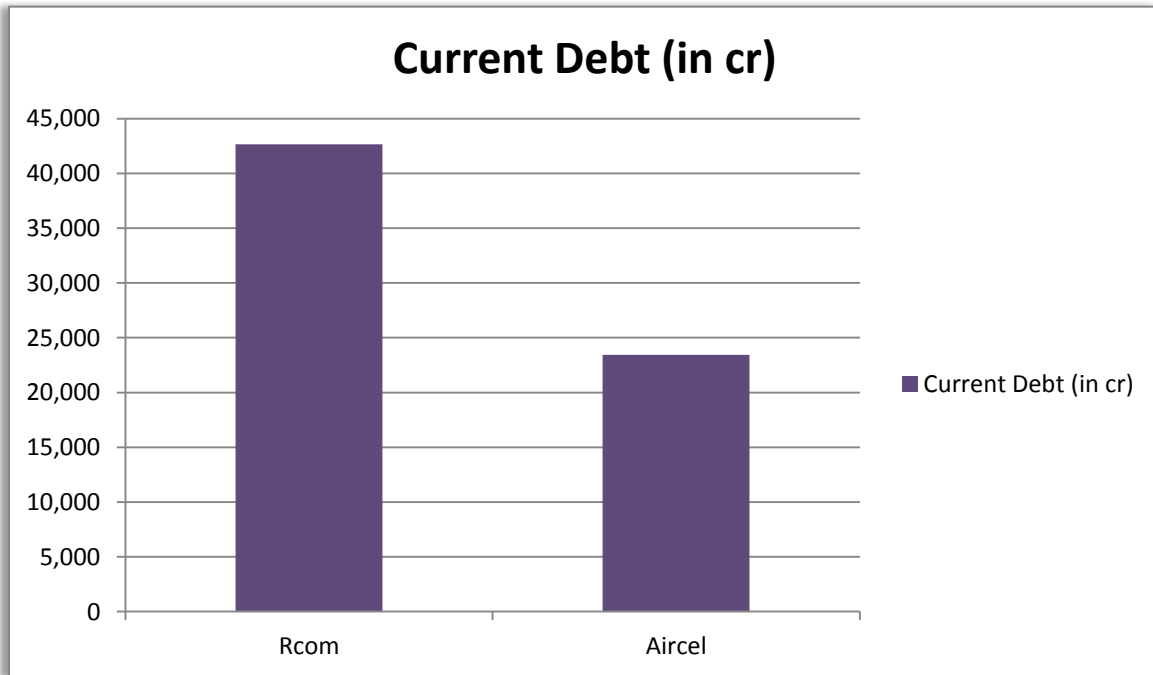
Reliance Jio may have aided in bridging the gap between the Ambani brothers. At an RCom - Reliance Communications shareholder meet recently, Anil Ambani uttered good words for his brother Mukesh, inkling at softening relations between the two. Anil commented on RCom's association with Reliance Jio. He stated that both the brothers were working hand-in-hand to accomplish the dream of their late father Dhirubhai Ambani. He also added that the association has given birth to a virtual merger between Reliance Jio and RCom.

The Reliance Group had split after Dhirubhai's demise over a feud for control. However, in 2005, they made peace. Mukesh took reign over oil and gas and petrochemicals while Anil took control of electricity, telecoms and financial services. Anil further added that the company already had the spectrum they needed for 2G, 3G and 4G, plus spectrum trading and sharing with Jio, the merger would help in beefing it up. He also added that the collaboration would bring down the expenditure substantially and help in surviving in such a competitive environment.

Wrestling with the mountain of debt, RCom said that it was planning to pare the Rs.42,650-cr burden by up to 75% over the next one year. The debt would reduce by Rs.20,000 cr. Anil described the three-way merger to be the largest ever collaboration in the domestic telecommunication industry. He added that this would create a formidable operator with the 2<sup>nd</sup> largest holder of spectrum, aggregating 448 MHz across the 850, 900, 1,800 and 2,100 MHz bands. Not to forget it would also make RCom one of the largest and valued corporates with a massive asset base of more than Rs.65,000 cr and networth of Rs.35,000 cr, he said. Once accomplished, the merger would make RCom the 4<sup>th</sup> largest telecom player with close to 180 million subscribers.

In early September, RCom had gone into a definitive agreement with Aircel for the merger of wireless businesses with itself. A definitive agreement is a document defining the final terms of an agreement between the buyer and seller, typically of a firm's assets or stock. RCom and Aircel will have equal stake in the merged entity. Along with RCom's total

debt of Rs.42,651cr which will reduce by Rs.20,000 cr, the merger will also reduce Aircel's debt which will come down by Rs.4,000 cr from Rs.23,436 cr.



However, the company informed the investors and market analysts that even post the merger, the novel entity will have debt of Rs.35,000 cr, including Rs.7,000 cr in the face of deferred spectrum payment liabilities. This stands higher than its previous statement that the novel entity's debt will be confined to Rs.28,000 cr.

Anil Ambani concluded the RCom shareholder meet by stating that the company will very soon announce monetization of its tower business, which has been in the making for donkey's years now.

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