

Minutes of the proceedings of the meeting No.05/2015-16 of the Board of Directors of Reliance Communications Limited held on Tuesday, the 22nd December, 2015 at 11.00 a.m. at Board Room, 3rd Floor, Reliance Centre, Walchand Hirachand Marg, Ballard Estate, Mumbai – 400 001.

Directors Present

Shri Anil D. Ambani	-	Chairman
Prof. J. Ramachandran	-	Director
Shri A. K. Purwar	-	Director
Shri R. N. Bhardwaj	-	Director
Smt. Manjari Kacker	-	Director

In Attendance

Shri Prakash Shenoy	-	Company Secretary and Manager
Shri Manikantan Iyer	-	Chief Financial Officer
Shri Suresh Rangachar	-	President – Commercial

Chairman

Shri Anil D. Ambani, Chairman of the Board, occupied the Chair.

The Chairman informed the Board that due to urgency and for consideration of unpublished price sensitive matter, this meeting was convened at a shorter notice than required as agreed by the Directors at the meeting of the Board of Directors held on May 29, 2015.

- 1. Leave of absence:** Leave of absence was granted to Shri Deepak Shourie, Director, who had requested for the same.
- 2. To peruse and approve the Minutes of the proceedings of the meeting of the Board of Directors of the Company held on 4th December, 2015.**
Minutes of the proceedings of the meeting of the Board of Directors of the Company, held on 4th December, 2015, circulated to the Directors and placed before the meeting, were confirmed by the Board and signed by the Chairman.
- 3. To consider and approve the potential combination of Wireless Business of the Company with Aircel.**
The Chairman at the outset appraised the Board for overall debt reduction initiatives taken by the Company and provided information on current status.

Shri Suresh Rangachar, President – Commercial informed the Board that the Company is in discussion with Maxis Communications Berhad (MCB) and Sindya Securities and Investments Private Limited, the shareholders of Aircel Limited (“Aircel”), in the matter of potential combination of the Indian wireless business of the Company and Aircel to mutually derive substantial benefits of in-country consolidation, including opex and capex synergies and revenue enhancement.

Shri Suresh Rangachar further stated that the India operations of the Company comprises of: (i) wireless telecommunications services to retail customers through CDMA and GSM technology based networks across India, including 3G services. The Company also provides a diverse array of mobile and fixed wireless voice, data, and value-added services in our wireless telecommunications business; (ii) voice, long-distance services and broadband access to enterprise customers; (iii) managed internet data centre services; and (iv) DTH business.

The Company provides 3G services across 13 circles covering 334 cities, including the metropolitan circles of Mumbai, Delhi and Kolkata. Additionally, it provides 3G services in five circles of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Uttar Pradesh (East) through ICR arrangements, thus increasing 3G coverage to 18 circles. The customer base of Company's Wireless business is 118 million.

Shri Suresh Rangachar further stated that Aircel Limited is one of India's wireless service providers having pan-India 2G operation with 3G service in 13 circles, BWA spectrum in 8 circles. Aircel customer base is around 83 million.

Shri Suresh Rangachar presented in detail the proposed structure on combination of wireless business of the Company and Aircel into a separate company (Merged co). He further stated that the merging of wireless business of the Company with Aircel will have following unique advantages:

- Merged co will have MHz 900 spectrum in 6 circles
- MHz 2100 spectrum in 18 circles
- Validity of MHz 1800 spectrum will be till 2026 compared to as till 2021, adding 5 years to the life of network.
- Merged co would have a unique advantage in having access to R JIO's infra and ecosystem.
- Merged co will have significant spectrum advantage, improved utilization and a competitive network footprint.
- Can consider liberalizing a spectrum in select circles for strategic considerations post detailed assessment.
- Incremental revenue run rate of Rs. 3000-4500 crores in 18 months, primarily driven by RMS increase in first 2 categories dominant circles within reach of #1 i.e; TN, J&K, Assam, Northeast, Kolkata and Strong #2: Odisha, HP, Bihar, Mumbai, Improved: WB, Delhi, MP. The above circles adding 45% of market.
- 5 circles with scope to beat no. 3 player: Rajasthan, UP-E, Karnataka, Punjab, AP with 30% of market.
- Very far from no. 3 player selective play Maharashtra, Gujarat, UP-W, Haryana, Kerala with 25% of market.
- Wireless operations to be consolidated – network, manpower, etc.
- Sustainable levels of debt to be brought in by each company.
- Further investments to be funded through equity contribution.
- With potential to deliver EBITDA of ~Rs. 6,700 crore. Cost synergies of Rs. 2250 crore leading to an EBITDA impact of Rs. 1900 crore.

He further stated that Maxis Communications Berhad has agreed to evaluate the combination of wireless business of the Company with Aircel into a separate company and signing a non binding term sheet with the Company for 90-day exclusivity period.

The following Indian business of the Company will not be part of this transaction:

- a) Wimax and LMDS spectrum used by Enterprise business.
- b) Wireless towers, optic fibre cabling, data centres and wireline.

He further stated that Aircel's 4G spectrum /BWA spectrum and related business will also not be part of the transaction.

Shri Suresh Rangachar also informed that the Company will sign the term sheet, Formulate a 3 year business plan, Design a demerger program to formulate a new wireless company, finalise definitive documents in next 75-90 days and complete implementation including all approvals by September, 2016 to realise the benefits as envisaged.

A copy of the Term sheet was also placed before the Board.

Shri Suresh Rangachar further stated that the potential combination will exclude RCOM's towers and optical fibre infrastructure, for which the Company is proceeding with an asset sale, as announced on December 4, 2015.

The Board discussed the matter in detail and passed the following resolution:

"RESOLVED THAT the Company do accept the terms and conditions of Non Binding Term Sheet to be executed between the Company and Maxis Communications Berhad, a shareholder of Aircel Limited.

RESOLVED FURTHER THAT Shri Prakash Shenoy, Company Secretary and Manager be and is hereby authorised to discuss, negotiate, amend, finalise and sign the Term Sheet on behalf of Company and do all such other acts, deeds, things, matters as may be considered necessary or required for giving effect to the above resolution, including any filings required to be made with any governmental or regulatory authorities for the transactions contemplated under the Term sheet, on behalf of the Company.

RESOLVED FURTHER THAT Shri Prakash Shenoy, Company Secretary and Manager be and is hereby authorised to delegate any powers conferred hereinabove, to any Executive or such other fit and proper person, as also to execute such documents, writings etc. as may be necessary in the discretion of any of them in order to give effect to this resolution."

4. To consider and approve the spectrum sharing with Reliance Jio Infocomm Limited.

Shri Suresh Rangachar, President –Commercial informed the Board that TRAI has allowed spectrum trading sharing as below:

- All access spectrum i.e. 800/900/1800/2100/2300/2500 MHz will be sharable, provided that both the licensees are having spectrum in the same band. Leasing of spectrum is not allowed.
- If any one of the two licensees, , has administratively assigned spectrum in that band then after sharing will be permitted to only those services which can be provided through administratively held spectrum.
- If both the licensees are sharing the auctioned spectrum (year 2010 or afterwards), or on which the licensee has already paid the prescribed market value to the Government, they can offer services using all those technologies namely GSM, CDMA, WCDMA, LTE etc, which they can independently provide through their own spectrum holding.

- For applying the prescribed market cap i.e. (25 per cent of the total spectrum assigned and 50 per cent in the respective band), 50 per cent of the spectrum held by the other licensee shall be counted to determine the spectrum cap of respective band.
- Spectrum acquired through an auction in the year 2010 or afterwards, or on which the Telecom Service Provider (TSP) has already paid the prescribed market value is allowed to be traded.

He further stated that the Company is in talks with Reliance Jio Infocomm Limited (RJio) for spectrum trading and RJio is in principle agreed for entering into agreement with the Company for spectrum trading. The Company will have following benefits from spectrum trading:

- Single RAN (one common Radio Access Network) can be used by two operators resulting in saving in CAPEX & Opex for the Company through use of R Jio RAN for 4G products.
- Combined 800/850 MHz portfolio gives immense 4G competitive advantage.
- The gain in spectral efficiency increases non-linearly with the quantum of spectrum.

As an example, with 5 MHz of paired spectrum (for GSM technology), it is possible to carry 33.03 Erlang traffic, whereas 10 MHz of paired spectrum can carry 138.6 Erlang traffic. Therefore two operators, having 5MHz spectrum each, can carry 33.03 Erlang traffic each (total 66.06 Erlang). If these operators share their spectrum with each-other, they will be able to carry 138.6 Erlangs of traffic which is more than double the sum of their individual capacities.

- Improvement in coverage and Quality of Service for customers - A unique offering in sub 1GHz band.
- Opens options for better utilization of spectrum through Sharing/Trading.
- Will help in faster rolling out of 4G services.
- Likely to reduce regulatory cash outflow in future auctions as competitive intensity should be benign, as these policies provide alternate avenues of acquiring spectrum for the operators.
- R Jio has 800 MHz spectrum in 10 Circles, where sharing can be done with the Company . In rest of the Circles, Spectrum Trading and then sharing planned.
- Proceeds from trading to be utilised for payment of liberalisation amounts. The Company will benefit by spectrum sharing and trading of approx. Rs.6000 crore.

A draft spectrum sharing and trading agreement was then placed before the Board. Shri Suresh Rangachar stated that the draft agreement is presently pending for approval from RJio's Board of Directors.

The Board discussed the matter in detail and passed the following resolution:
“RESOLVED THAT the approval of the Board be and is hereby given for

signing spectrum sharing and trading agreement with Reliance Jio Infocomm Limited as per draft of the Agreement placed before the Board.

RESOLVED FURTHER THAT Shri Prakash Shenoy, Company Secretary and Manager and Shri Manikantan Iyer, Chief Financial Officer and Shri Punit Garg, Shri Suresh Rangachar, Shri Amit Mathur, being the persons authorized in this behalf, (Authorised Signatories) be and are hereby severally authorized on behalf of the Company to negotiate, amend, finalise, sign and execute the spectrum sharing and trading agreement and related documents pursuant to the spectrum sharing and trading agreement (including any amendments thereto) and do all such other acts, deeds, things, matters as may be considered necessary or required for giving effect to the above resolution, including any filings required to be made with any governmental or regulatory authorities for the transactions contemplated under the spectrum sharing and trading agreement, on behalf of the Company.

RESOLVED FURTHER THAT Shri Manikantan Iyer, Chief Financial Officer and Shri Prakash Shenoy, Company Secretary and Manager be and are hereby severally authorised to delegate any powers conferred hereinabove, to any Executive or such other fit and proper person, as also to execute such documents, writings etc. as may be necessary in the discretion of any of them in order to give effect to this resolution.

RESOLVED FURTHER THAT the Common Seal of the Company be affixed, if necessary, to the documents, including, applications, declarations, deeds and other writings as may be required to be executed for this purpose in the presence of any of the abovementioned Authorised signatories including persons delegated with powers pursuant to this resolution, who shall sign the same in authentication thereof, in accordance with the Company's Articles of Association.

RESOLVED FURTHER THAT any of the Authorised Signatories be and is hereby authorised to certify a copy of this resolution and issue the same to the concerned parties."

There being no further business to transact, the meeting ended with a vote of thanks to the Chair.

The meeting was concluded at 1.10 p.m.

Chairman

Entered on: 07.01.2016

Signed on: