

MEDIA RELEASE

**DEMERGER OF PASSIVE INFRASTRUCTURE DIVISION RELIANCE
COMMUNICATIONS AND RELIANCE TELECOM APPROVED BY
THE BOMBAY HIGH COURT**

Mumbai, March 19, 2007: The Hon'ble High Court of Judicature at Bombay approved the Scheme of Arrangement between Reliance Communications Limited (RCOM) and Reliance Telecom Limited (RTL) and Reliance Telecom Infrastructure Limited (RTIL) by way of demerger of the Passive Infrastructure inter alia consisting of the wireless towers (CDMA and GSM) and related infrastructure of RCOM and RTL to RTIL. RTIL is a subsidiary of RCOM.

The demerger of passive infrastructure would benefit the respective companies and the stakeholders on account of:

1. Reduced set-up and operating costs resulting in cost efficiency coupled with a greater financial flexibility;
2. Segregation of the business of providing telecommunication services and the business of providing the Passive Infrastructure facilities, thereby enabling the companies to concentrate on its core business activities;
3. Improved quality of services to its customers by establishing highest service standards through operational agreements; and
4. Promote high valued standalone business by conversion of cost-centric assets to revenue-centric ones by sharing of the Passive Infrastructure of the Resulting Company with other wireless service providers operating in the same field.

Background:

Reliance Communications Limited (RCOM) is part of the Reliance – Anil Dhirubhai Ambani Group. RCOM is India's largest integrated communications service provider in the private sector with over 32 million individual consumer, enterprise, and carrier customers.

We operate pan-India across the full spectrum of wireless, wireline, and long distance, voice, data, and internet communication services. We also have an extensive international presence through the provision of long distance voice, data and internet services and submarine cable network infrastructure globally.