

MEDIA RELEASE

**SCHEME OF ARRANGEMENT FOR DEMERGER OF OPTIC FIBER DIVISION OF
RELIANCE COMMUNICATIONS LIMITED TO RELIANCE INFRATEL LIMITED
APPROVED BY THE SHAREHOLDERS OF RCOM**

Mumbai, May 26, 2009: The Equity shareholders of Reliance Communications Limited (RCOM) at their Meeting convened as per the Order of the Hon'ble High Court of Judicature at Bombay, held on 26th May, 2009, have approved the Scheme of Arrangement (Scheme) between RCOM and Reliance Infratel Limited for demerger of the Optic Fiber Division of RCOM to Reliance Infratel Limited under Sections 391 to 394 of the Companies Act, 1956, with the requisite majority. Reliance Infratel is the Subsidiary of RCOM.

The demerger of Optic Fiber Division of RCOM would benefit the respective companies and the stakeholders on account of:

- (a) Reduced set-up and operating costs resulting in cost efficiency coupled with a greater financial flexibility;
- (b) Segregation of the business of providing telecommunication services and the business of providing Infrastructure on a consolidated basis, thereby enabling each of the companies to concentrate on its core business activities;
- (c) Promote high valued standalone business by conversion of cost-centric assets to revenue-centric ones by sharing of the Infrastructure of Reliance Infratel Limited with other wireless service providers operating in the same field.

The said Scheme is now subject to requisite approvals and sanctions, inter-alia of Hon'ble High Court of Judicature at Bombay.

About Reliance Communications

Reliance Communications Limited founded by the late Shri Dhirubhai H Ambani (1932-2002) is the flagship company of the Reliance Anil Dhirubhai Ambani Group. The Reliance Anil Dhirubhai Ambani Group currently has 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).

Reliance Communications is India's foremost and truly integrated telecommunications service provider. The Company, with a customer base of over 77 million including over 2 million individual overseas retail customers, ranks among the Top 10 Telecom companies in the world by number of customers in a single country. Reliance Communications corporate clientele includes 2,100 Indian and multinational corporations, and over 800 global, regional and domestic carriers.

Reliance Communications has established a pan-India, next generation, integrated (wireless and wireline), convergent (voice, data and video) digital network that is capable of supporting best-of-class services spanning the entire communications value chain, covering over 20,000 towns and 450,000 villages. Reliance Communications owns and operates the world's largest next generation IP enabled connectivity infrastructure, comprising over 175,000 kilometers of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region.