

**RELIANCE COMMUNICATIONS ANNOUNCES FIRST CONSOLIDATION
IN INDIAN TELECOM SECTOR**

**WIRELESS BUSINESS OF SISTEMA SHYAM TELESERVICES LTD.
CARRIED ON IN INDIA UNDER MTS BRAND
TO BE DEMERGED INTO RCOM**

**RCOM TO ACQUIRE APPROX. 9 MN CUSTOMERS
AND REVENUES OF AROUND RS 1,500 CRORE ANNUALLY**

**RCOM TO ACQUIRE MOST VALUABLE AND SUPERIOR
800 / 850 MHZ BAND SPECTRUM IDEAL FOR 4G LTE SERVICES**

**RCOM TO BE LARGEST HOLDER OF 800 / 850 BAND FOR 4G LTE
AGGREGATING 148.75 MHZ**

**RCOM TO EXTEND VALIDITY OF 800 / 850 MHZ BAND SPECTRUM
IN 8 CIRCLES INCL. DELHI, GUJARAT, KOLKATA, KARNATAKA,
TAMILNADU, AND KERALA BY 12 YEARS FROM 2021 TO 2033**

**CONSIDERATION TO BE PAID IN RCOM STOCK
AND LIABILITY OF DOT INSTALMENTS FOR SSTL SPECTRUM
PAYABLE OVER 10 YEARS**

SSTL TO HOLD 10% OF RCOM'S FULLY DILUTED EQUITY CAPITAL

**SSTL INTENDS TO PAY OFF ITS EXISTING DEBT
PRIOR TO CLOSING OF THE TRANSACTION**

**SSTL TO BE 'PERSON ACTING IN CONCERT' (PAC)
UNDER VOTING AGREEMENT WITH RCOM PROMOTER GROUP**

**TRANSACTION SUBJECT TO APPLICABLE REGULATORY
AND OTHER APPROVALS**

Mumbai, November 2, 2015: Reliance Communications Ltd. (RCOM), one of India's leading fully-integrated telecommunications service providers, and Sistema JSFC, a publicly-traded diversified holding company in Russia and the CIS, today announced the signing of definitive documents for demerger of Sistema's Indian wireless business, carried on by Sistema Shyam Teleservices Ltd. (SSTL) under the MTS brand, into RCOM.

RCOM will acquire approx. 9 million customers and approx. Rs. 1,500 crore of annual revenues by virtue of the transaction.

In addition, RCOM will acquire SSTL's most valuable and superior 800 / 850 MHz band spectrum, ideally suited for 4G LTE services, to complement its own unique nationwide footprint of minimum 5 MHz contiguous 800 / 850 MHz spectrum aggregating 148.75 MHz.

This will extend the validity of RCOM's spectrum in 800 / 850 MHz band in 8 important circles by a period of 12 years from 2021 till 2033 (Delhi, Gujarat, Tamil Nadu, Karnataka, Kerala, Kolkata, UP (West) and West Bengal).

As result of the demerger, SSTL will acquire and hold a 10% equity stake in RCOM. In addition, RCom will assume the liability to pay the DoT instalments for SSTL's spectrum, amounting to Rs. 392 crore per annum for the next 10 years.

Prior to Closing of the Transaction, SSTL intends to pay off its existing debt. An appropriate payment / earn-out mechanism has been agreed in relation to disputed spectrum contiguity charges claimed by DoT.

Mr Gurdeep Singh, President & Chief Executive Officer, Consumer Business, Reliance Communications, said, "We are delighted to welcome Sistema Shyam TeleServices Ltd. as a valued shareholder and partner in Reliance Communications Ltd.

The combination of our wireless businesses, through the demerger of SSTL wireless business into RCOM for stock consideration, will generate significant capex and opex synergies for mutual benefit.

The Indian data market is witnessing explosive growth, and SSTL's proven strengths in that space will further enhance RCOM's capabilities in delivering a superior experience to our valued customers. **We are pleased that the addition of SSTL's valuable spectrum holdings in the 800 - 850 MHz band will strengthen RCOM's spectrum portfolio, and extend our ability to provide world class 4G LTE services to our customers in 8 important circles in the country till the year 2033, he added."**

Mr Mikhail Shamolin, President and CEO of Sistema, said, "The merger of SSTL and RCOM's telecom businesses is a milestone event. Despite the numerous challenges the sector faced in recent years, the combination of two leading data service providers is a clear sign of progress for the Indian telecom industry. **We are confident that SSTL's entry into the equity capital of RCOM as a strategic investor will strengthen the competitive position of the combined company and provide subscribers with superior experience by fast-tracking the growth of LTE technology in India.**

Moreover, we believe the completion of this transaction will serve as an example of growing business ties between Russia and India and encourage other investments between the two countries,” added Mr. Shamolin.

“We believe this transaction underscores SSTL’s track record in building the fastest-growing data services provider. This is an exciting new chapter for India’s telecom industry and we look forward to leveraging our companies’ combined experience for the development of LTE in India”, said **Mr. Sergey Savchenko, CEO of Sistema Shyam TeleServices Ltd.**

The Closing of the transaction, expected in the second quarter of 2016, is subject to customary conditions precedent, including inter alia applicable corporate, regulatory and other approvals.

Post Closing of the deal, minority investors of SSTL will be given an option to exchange their shares in SSTL with the pro-rata RCOM shares held by SSTL.

About Reliance Communications

Reliance Communications Limited, founded by the late Shri Dhirubhai H Ambani (1932-2002), is the flagship company of the Reliance Group. The Reliance Group currently has a net worth in excess of Rs 91,500 crore (US \$15.3 billion), cash flows of Rs 10,200 crore (US \$1.7 billion) and net profit of Rs 4,700 crore (US\$ 0.8 billion).

Reliance Communications is India's foremost and truly integrated telecommunications service provider. The Company has a customer base of over 118 million, including over 2.6 million individual overseas retail customers. Reliance Communications corporate clientele includes over 39,000 Indian and multinational corporations including small and medium enterprises and over 290 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-in-class services spanning the entire communications value chain, covering over 21,000 cities and towns and over 400,000 villages. Reliance Communications owns and operates the world's largest next generation IP enabled connectivity infrastructure, comprising over 280,000 kilometers of fiber optic cable systems in India, USA, Europe, the Middle-East and the Asia-Pacific region.

Website: www.rcom.co.in



Reliance Mobile



@RelianceMobile

About Sistema

Sistema is a publicly-traded diversified holding company in Russia and the CIS, which invests in and is a major shareholder of companies serving over 100 million customers in the sectors of telecommunications, high technology, radars and aerospace, banking, retail, mass-media, tourism and healthcare services. Founded in 1993, the Company reported revenues of RUB 164.0 billion for the second quarter of 2015, and total assets of RUB 1,175.7 billion as at June 30, 2015. Sistema’s global depository receipts are listed under the symbol “SSA” on the London Stock Exchange. Sistema’s ordinary shares are listed under the symbol “AFKS” on the Moscow Exchange. Website: www.sistema.com



Media Release

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