

# RELIANCE COMMUNICATION VENTURES LIMITED

Registered Office: 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

## COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS

Day : Saturday  
Date : 3rd June, 2006  
Time : 10.30 a.m.  
Venue : Shri Bhaidas Maganlal Sabhagriha  
U-1 Juhu Development Scheme,  
Vile Parle (West), Mumbai 400 056.

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## EXTRAORDINARY GENERAL MEETING OF THE EQUITY SHAREHOLDERS

Day : Saturday  
Date : 3rd June, 2006  
Time : 12.00 noon or soon after the conclusion of the Court Convened Meeting of the Equity Shareholders whichever is later  
Venue : Shri Bhaidas Maganlal Sabhagriha  
U-1 Juhu Development Scheme  
Vile Parle (West), Mumbai 400 056.

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**  
**ORIGINAL JURISDICTION**  
**COMPANY APPLICATION NO. 584 OF 2006**

In the matter of Scheme of Amalgamation and Arrangement under Sections  
391 to 394 of the Companies Act, 1956

AND

In the matter of Scheme of Amalgamation and Arrangement of  
Reliance Infocomm Limited and Reliance Communications Infrastructure  
Limited and Reliance Communications Solutions Private Limited and Reliance  
Software Solutions Private Limited and Reliance Communications Technologies  
Limited and Ambani Enterprises Private Limited and Reliance Business  
Management Private Limited and Formax Commercial Private Limited and  
Panther Consultants Private Limited with Reliance Communication Ventures  
Limited and their respective shareholders and creditors

**RELIANCE COMMUNICATION VENTURES LIMITED**, a Company incorporated under  
the Companies Act, 1956 and having its registered office at 'H' Block, 1st Floor, Dhirubhai  
Ambani Knowledge City, Navi Mumbai 400 710. ) ... Applicant Company

**NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF**  
**RELIANCE COMMUNICATION VENTURES LIMITED, THE APPLICANT COMPANY**

To,

The Equity Shareholders of Reliance Communication Ventures Limited ("the Applicant Company")

**TAKE NOTICE** that by an Order made on the 28th April, 2006, in the above Company Application, the Hon'ble High Court of Judicature at Bombay directed that a meeting of the Equity Shareholders of the Applicant Company be convened and held at Shri Bhaidas Maganlal Sabhagriha, U-1 Juhu Development Scheme, Vile Parle (West), Mumbai 400 056 on Saturday, the 3rd June, 2006 at 10.30 a.m., for the purpose of considering and, if thought fit, approving with or without modification(s), the scheme of Amalgamation and Arrangement between Reliance Infocomm Limited and Reliance Communications Infrastructure Limited and Reliance Communications Solutions Private Limited and Reliance Software Solutions Private Limited and Reliance Communications Technologies Limited and Ambani Enterprises Private Limited and Reliance Business Management Private Limited and Formax Commercial Private Limited and Panther Consultants Private Limited with Reliance Communication Ventures Limited, the Applicant Company and their respective shareholders and creditors ("the Scheme").

**TAKE FURTHER NOTICE** that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of the Applicant Company will be convened and held at Shri Bhaidas Maganlal Sabhagriha, U-1 Juhu Development Scheme, Vile Parle (West), Mumbai 400 056 on Saturday, the 3rd June, 2006 at 10.30 a.m., at which place, day, date and time you are requested to attend.

**TAKE FURTHER NOTICE** that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you, or your authorised representative, is deposited at the registered office of the Applicant Company at 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, not later than 48 hours before the said meeting.

The Hon'ble Court has appointed Shri M.H. Kania (Former Chief Justice of India), and failing him Shri S.P. Talwar, Director to be the Chairman of the said meeting.

A copy of the Scheme, the Statement under Section 393 of the Companies Act, 1956, Attendance Slip and a Form of Proxy are enclosed.

Sd/-

**M.H. Kania**

(Former Chief Justice of India)  
Chairman appointed for the meeting

Dated: 28th April, 2006.

Registered Office:

'H' Block, 1st Floor,  
Dhirubhai Ambani Knowledge City,  
Navi Mumbai 400 710.

**Notes:** 1. All alterations made in the Form of Proxy should be initialled.

2. Only registered shareholders of the Applicant Company may attend and vote (either in person or by proxy) at the shareholders meeting.

Enclosure: As above

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
ORIGINAL JURISDICTION  
COMPANY APPLICATION NO. 584 OF 2006**

In the matter of Scheme of Amalgamation and Arrangement under Sections 391 to 394 of the Companies Act, 1956;

-AND-

In the matter of Scheme of Amalgamation and Arrangement of Reliance Infocomm Limited and Reliance Communications Infrastructure Limited and Reliance Communications Solutions Private Limited and Reliance Software Solutions Private Limited and Reliance Communications Technologies Limited and Ambani Enterprises Private Limited and Reliance Business Management Private Limited and Formax Commercial Private Limited and Panther Consultants Private Limited with Reliance Communication Ventures Limited and their respective shareholders and creditors.

**RELIANCE COMMUNICATION VENTURES LIMITED** a Company incorporated under the Companies Act, 1956 and having its registered office at 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

} Applicant Company

**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956**

1. Pursuant to the Order dated 28th April, 2006 passed by the Hon'ble High Court of Judicature at Bombay, in the Company Application referred to herein above, a meeting of the Equity Shareholders of the Applicant Company is convened at Shri Bhaidas Maganlal Sabhagriha, U-1 Juhu Development Scheme, Vile Parle (West), Mumbai 400 056 on Saturday, the 3rd June, 2006 at 10.30 a.m., for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation and Arrangement of Reliance Infocomm Limited and Reliance Communications Infrastructure Limited and Reliance Communications Solutions Private Limited and Reliance Software Solutions Private Limited and Reliance Communications Technologies Limited and Ambani Enterprises Private Limited and Reliance Business Management Private Limited and Formax Commercial Private Limited and Panther Consultants Private Limited with Reliance Communication Ventures Limited and their respective shareholders and creditors.

**2. BACKGROUND OF THE COMPANIES**

**2.1. Reliance Communication Ventures Limited**

2.1.1. Reliance Communication Ventures Limited (hereinafter referred to as "RCOVL" or "the Transferee Company" or "the Applicant Company" or "the Company") was

incorporated on the 15th July, 2004 under the Companies Act, 1956 under the name "Reliance Infrastructure Developers Private Limited". With effect from 25th July, 2005 the Company was converted into a public limited company and the word "Private" was deleted from the name of the Company. Subsequently the name of the Applicant Company was changed to "Reliance Communication Ventures Limited" with effect from 3rd August, 2005.

2.1.2. The Registered Office of the Applicant Company is situated at 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai- 400 710. The Share Capital of RCOVL as on 31st March, 2006 was as under:

<b>Authorised</b>	<b>Amount Rs. in Crore</b>
200,00,00,000 Equity Shares of Rs. 5 each	1000.00
100,00,00,000 Unclassified Shares of Rs. 5 each	500.00
<b>TOTAL</b>	<b>1500.00</b>
<b><u>Issued, Subscribed &amp; Paid-up</u></b>	
122,31,30,422 Equity Shares of Rs. 5 each	611.56
<b>TOTAL</b>	<b>611.56</b>

2.1.3. The equity shares of the Applicant Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1.4. The objects of the Applicant Company are set out in the Memorandum of Association. The primary objects are, inter-alia, :

- a) To carry on and undertake the business of finance, investment, loan and guarantee company and to invest in acquire, subscribe, purchase, hold, sell, divest or otherwise deal in securities, shares, stocks, equity linked securities, debentures, debenture stock, bonds, commercial papers, acknowledgements, deposits, notes, obligations, futures, calls, derivatives, currencies and securities of any kind whatsoever, whether issued or guaranteed by any person, company, firm, body, trust, entity, government, state, dominion sovereign, ruler, commissioner, public body or authority, supreme, municipal, local or otherwise, whether in India or abroad. The Company will not carry on any activity as per Section 45 1A of RBI Act, 1934.
- b) To carry on and undertake the business of financial services like financial restructuring / reorganization, investment counseling, portfolio management and all activities and facilities of every description including

all those capable of being provided by bankers, stockbrokers, merchant-bankers, investment bankers, portfolio managers, trustees, agents, advisors, consultants, providing other financial or related services and to carry on the activities of hire-purchase, leasing and to finance lease operations of all kinds, purchasing, selling, hiring or letting on hire all kinds of plant and machinery and equipment and to assist in financing of all and every kind and description of hire- purchase or deferred payment or similar transactions and to subsidize, finance or assist in subsidizing or financing the sale and maintenance of any goods, articles or commodities of all and every kind and description upon any terms whatsoever and to purchase or otherwise deal in all forms of movable property including plant and machinery, equipments, ships, aircrafts, automobiles, computers, and all consumer, commercial, medical and industrial items with or without security and to lease or otherwise deal with them including resale thereof, regardless of whether the property purchased and leased is new and/or used and from India or abroad.

- c) To carry on and undertake the business of acting as agent of any person, public or private sector enterprises, financial institutions, banks, central government and state governments and to do financial research, design and preparation of feasibility study reports, project reports and appraisal report in India and abroad.
- d) To carry on, manage, supervise and control the business of telecommunication, infrastructure, telecommunication system, telecommunication network and telecommunication services of all kinds including and not limited to setting up telephone exchange, coaxial stations, telecommunication lines and cables of every form and description, transmission, emission, reception through various forms, maintaining and operating all types of telecommunication service and providing data programmes and data bases for telecommunication.

The Applicant Company is presently engaged in the business of providing telecommunication services through investee companies.

## **2.2. Reliance Infocomm Limited**

2.2.1. Reliance Infocomm Limited ("RIC") was incorporated on the 31st July, 2002 under the Companies Act, 1956 under the name "Reliance Information and Communications Private Limited". With effect from 11th November, 2002 the Company was converted into a public limited company and the word "Private" was deleted from the name of the Company. Name of the Company was changed to "Reliance Infocomm Limited" on 24th December, 2002.

2.2.2. The Registered Office of RIC is situated at Reliance House, Near Mardia Plaza, Off. C. G. Road, Ahmedabad 380 006, Gujarat.

2.2.3. The objects of RIC are set out in the Memorandum of Association. The primary objects are, inter-alia, :

- a) To plan, establish, develop, provide, operate, manage, maintain, deal, supply, take on lease, give on lease, hire or let on hire and to carry on the business of running (whether under license or otherwise) telecommunication infrastructure, telecommunication systems, telecommunication networks and telecommunication services, of all kinds, within India as well as outside India, including but not limited to telephony, telex, wireless, data communication, telematic and other like forms of communication, transmission, emission or reception through the agency of electricity or electromagnetism, or light, or otherwise, of signs, signals, writing, images, sounds or intelligence of any nature by wire, radio, optical or other electromagnetic systems whether or not such signs, signals, writing, images, sound or intelligence have been subjected to rearrangement, computation or other processes by any means in the course of their transmission, emission or reception and of all kinds.
- b) To carry on all or any of the businesses of building, developing, maintaining, supplying, operating, managing and dealing in services, facilities and infrastructure for communications of all kinds, within India as well as outside India, such as telephony, data transmission, information technology and video services and facilities which incorporate, use, or are used in conjunction with in connection with or ancillary to telecommunication systems or telecommunication apparatus and equipment and to plan, establish, develop, provide, operate, buy, sell, deal in, take on lease, give on lease, hire, let on hire, franchise and maintain all types of telecommunication services including, telephone exchanges, telegraph offices, coaxial stations, microwave stations, landing stations, repeater stations, telecommunications lines, cables, submarine cables, sub-sea cables, dark fibre, right of way, duct space, towers, bandwidth, or any other equipment, plant, machinery connected with design, development, construction, maintenance and operation of telecommunications services and conveniences, within India as well as outside India, which may seem calculated directly or indirectly to advance the interests of the Company and to subsidise, contribute to or otherwise assist or take part in doing any of these things, and/or to join or partner with any other person and/or company and/or acquire, takeover any other company or body

corporate or collaborate with any organisation or company or with any Governmental authority in doing any of these things.

- c) To design, develop, install, provide, supply, deal, franchise, take on lease, give on lease, hire, let on hire, maintain and operate basic long distance services, cellular and value added telecommunications services, including but not limited to, providing broadband services, Wireless Applications Protocol (WAP) services, ISP services, internet based services, intelligent networks (IN) services, ISDN services, paging services and other value added services, global mobile telecommunications, electronic mail services, e-commerce transactions, globally managed data networks, internet data centers (IDCs), call centers, web-stores, data telecomm networks, virtual private networks (VPNs), video conferencing, international gateway networks, satellite networks, in India as well as outside India, to meet the demands of the customers, or otherwise as being appropriate from time to time either by way of formation of subsidiaries or Joint Venture Partnerships with Indian or Foreign Partners or otherwise.
- d) To establish, maintain, develop, conduct, procure, buy, sell, import, export, trade, or otherwise deal in, or to act as service providers of every kind in the fields of engineering, technology, technical know how, chemical, mechanical, electrical, electronics, civil, industrial, commercial, statistical, financial, accountancy, medical, legal, educational, production, marketing, distribution, materials, personnel, planning, computers, software and software solutions of all kinds, system integration, data processing, multimedia services, direct to home services, entertainment media, cable television services, interactive television services, content for various uses, electronic media, Cellular Mobile Telephone Services (CMTS), National Long Distance Operator Services (NLDO), International Long Distance Operations Services (ILDO), Fixed Telephone Services (FTS), Cable Service Provider, Basic Telephone Services (BTS) with or without the use of Wireless Local Loop (WLL) Technology, VSAT Services, Internet Service Provision (ISP), Global Mobile Personal Communications by Satellite (GMPCS), wireline and wireless systems and other value added services including Paging Services, Radio Paging Service Providers, Public Mobile Radio Trunking Service Provider, DTM, communication methods, telecommunication, basic and cellular telephone, voice mail, internet, electronic mail, data communication services, intranet, internet connectivity, internet telephoning, interconnect and intra-face services, applications like tele-banking, tele-

medicine, tele-education, tele-trading, e-commerce, e-governance, e-business and system design, kiosks, management information systems and other types of management including spectrum management, social or other value added services like providing end to end integrated solutions, netserv solutions, network connectivity solutions, cost effective solutions, other allied solutions for data transfer, administrative and effective communication.

- e) To carry on the business, buy, sell, deal, take on lease, give on lease, hire, let on hire and otherwise participate in the launching of satellites as well as the provision of all associated services, for communications, Geographical Information Systems (GIS) services, Global Positioning Systems (GPS) services, Satellite Imaging, Remote Sensing for various applications and usage, other commercial use, or otherwise and to promote, seek investment, partner, participate in joint ventures and to invest in such ventures, within India as well as outside India and for similar such projects in the field of telecommunications and to carry on all or any of the businesses of running, operating, managing and supplying data processing and information systems, including videotext, view data and tele-text systems and systems utilising, or utilising in, or for the capture, storage, retrieval, processing, conversion, transmission, receipt or presentation of messages and signals including but not limited to, data, sounds and visual images, with the aid of, in conjunction with, or in anyway whatsoever utilising computers or similar equipment and computer programs and databases and to carry on the businesses of operating, managing, supplying and dealing in services and facilities of all kinds which incorporate, use or are used in conjunction with, in connection with, or ancillary to, systems of such descriptions as aforesaid or any of the apparatus and equipment comprised therein.

- 2.2.4. RIC is a fully integrated telecommunication company offering services that *inter-alia* covers the entire information and communication value chain of infrastructure, services for enterprises, and consumer applications. RIC provides CDMA based mobile services in almost whole of India. RIC also provides enterprise broadband services, International Long Distance services, and National Long Distance services. RIC also provides related value added services like internet surfing, web based applications for entertainment / gaming/ information through its wholly owned subsidiary Reliance Webstores Limited. RIC also owns FLAG Telecom Group Limited, which has submarine cable systems in international waters. FLAG provides services to about 200 global carrier customers and has points of presence in about 28 countries.

### 2.3. Reliance Communications Infrastructure Limited

2.3.1. Reliance Communications Infrastructure Limited ("RCIL") was incorporated on the 17th July, 1997 under the Companies Act, 1956 in the name of "Sukhkarta Fintrade Private Limited". With effect from 15th February, 1999 the name of company was changed to "Macronet Private Limited". With effect from 3rd November, 2000 the name of company was changed to "Reliance Infocom Private Limited" and the word "Private" was deleted on 4th November, 2000 consequent to change in the status of the Company. Subsequently with effect from 7th March, 2002 the name of the company was changed to "Reliance Communications Infrastructure Limited". With effect from 18th June, 2004 the registered office of the company was transferred from the state of Maharashtra to the state of Gujarat.

2.3.2. The Registered Office of RCIL is situated at Reliance House, Near Mardia Plaza, Off. C. G. Road, Ahmedabad 380 006, Gujarat.

2.3.3. The objects of RCIL are set out in the Memorandum of Association. The primary objects are, inter-alia, :

- a) To plan, establish, develop, provide, operate, manage, maintain, deal, supply, take on lease, give on lease, hire or let on hire and to carry on the business of running (whether under license or otherwise) telecommunication infrastructure, telecommunication systems, telecommunication networks and telecommunication services of all kinds, within India as well as outside India, including but not limited to telephony, telex, wireless, data communication, telematic and other like forms of communication, transmission, emission or reception through the agency of electricity or electromagnetism or light, or otherwise of signs, signals, writing, images, sounds or intelligence of any nature by wire, radio, optical or other electromagnetic systems whether or not such signs, signals, writing, images, sound or intelligence have been subjected to rearrangement, computation or other processes by any means in the course of their transmission, emission or reception of all kinds.
- b) To carry on all or any of the businesses of building, developing, maintaining, supplying, operating, managing and dealing in services, facilities and infrastructure for communications of all kinds, within India as well as outside India, such as telephony, data transmission, information technology and video services and facilities which incorporate, use, or are used in conjunction with in connection with or ancillary to telecommunication systems or telecommunication apparatus and equipment and to plan, establish,

develop, provide, operate, buy, sell, deal in, take on lease, give on lease, hire, let on hire, franchise and maintain all types of telecommunication services including telephone exchanges, telegraph offices, coaxial stations, microwave stations, landing stations, repeater stations, telecommunications lines, cables, submarine cables, sub-sea cables, dark fibre, right of way, duct space, towers, bandwidth or any other equipment, plant, machinery connected with design, development, construction, maintenance and operation of telecommunications services and conveniences, within India as well as outside India, which may seem calculated directly or indirectly to advance the interests of the Company and to subsidise, contribute to or otherwise assist or take part in doing any of these things and/or to join or partner with any other person and/or company and/or acquire, takeover any other company or body corporate or collaborate with any Organisation or company or with any Governmental authority in doing any of these things.

- c) To design, develop, install, provide, supply, deal, franchise, take on lease, give on lease, hire, let on hire, maintain and operate basic long distance services, cellular and value added telecommunications services, including but not limited to providing broadband services, Wireless Applications Protocol (WAP) services, ISP services, internet based services, intelligent networks (IN) services, ISDN services, paging services and other value added services, global mobile telecommunications, electronic mail services, e-commerce transactions, globally managed data networks, internet data centers (IDCs), call centers, web-stores, data telecom networks, virtual private networks (VPNs), video conferencing, international gateway networks, satellite networks, in India as well as outside India, to meet the demands of the customers or otherwise as being appropriate from time to time either by way of formation of subsidiaries or Joint Venture Partnerships with Indian or Foreign Partners or otherwise.
- d) To establish, maintain, develop, conduct, procure, buy, sell, import, export, trade or otherwise deal in or to act as service providers of every kind in the fields of engineering, technology, technical know how, chemical, mechanical, electrical, electronics, civil, industrial, commercial, statistical, financial, accountancy, medical, legal, educational, production, marketing, distribution, materials, personnel, planning, computers, software and software solutions of all kinds, system integration, data processing, multi-media services, direct to home services, entertainment media, cable television services,

- interactive television services, content for various uses, electronic media, Cellular Mobile Telephone Services (CMTS), National Long Distance Operator Services (NLDO), Fixed Telephone Services (FTS), Cable Service Provider, Basic Telephone Services (BTS) with or without the use of Wireless Local Loop (WLL) Technology, VSAT Services, Internet Service Provider (ISP), Global Mobile Personal Communications by Satellite (GMPCS), wireline and wireless systems and other value added services including Paging Services, Radio Paging Service Providers, Public Mobile Radio Trunking Service Provider, DTM, communication methods, telecommunication, basic and cellular telephone, voice mail, internet, electronic mail, data communication services, intranet, internet connectivity, internet telephoning, interconnect and intraface services, applications like tele-banking, tele-medicine, tele-education, tele-trading, e-commerce, e-governance, e-business and system design, kiosks, management information systems and other types of management including spectrum management, social or other value added services like providing end to end integrated solutions, net-server solutions, network connectivity solutions, cost effective solutions, other allied solutions for data transfer, administrative and effective communication.
- e) To carry on the business, buy, sell, deal, take on lease, give on lease, hire, let on hire and otherwise participate in the launching of satellites as well as the provision of all associated services for communications, Geographical Information Systems (GIS) services, Global Positioning Systems (GPS) services, Satellite Imaging, Remote Sensing for various applications and usage, other commercial use or otherwise and to promote, seek investment, partner, participate in joint ventures and to invest in such ventures, within India as well as outside India and for similar such projects in the field of telecommunications and to carry on all or any of the businesses of running, operating, managing and supplying data processing and information systems, including videotext, viewdata and teletext systems and systems utilising or utilising in or for the capture, storage, retrieval, processing, conversion, transmission, receipt or presentation of messages and signals including but not limited to data, sounds and visual images, with the aid of, in conjunction with, or in anyway whatsoever utilising computers or similar equipment and computer programs and databases and to carry on the businesses of operating, managing, supplying and dealing in services and facilities of all kinds which incorporate, use or are used in conjunction with, in connection with, or ancillary to systems of such descriptions as aforesaid or any of the apparatus and equipment comprised therein.
- f) To set up, operate, manage, deal in run the business of professional television /cable TV / audio / video / cine studios for production of entertainment shows, sponsored programmes, advertising films, educational films, feature films including transfer of films to video cassettes and to produce TV programmes, TV news coverage, educational programmes, sports coverage and computer software for programmes connected therewith and to import and export programmes for TV networks and other films for exhibition and to pay or earn royalties from TV/film/music shows.
- 2.3.4. RCIL is presently engaged in the business of telecommunications including, in particular providing telecommunication infrastructure services such as optic fibre network, internet data centre, R-Connect (wireless data applications platform), R-World and other data applications. RCIL also provides certain services to RIC viz. purchase and sale of handsets, marketing, billing and collection.
- 2.4. Reliance Communications Solutions Private Limited**
- 2.4.1. Reliance Communications Solutions Private Limited ("RCSPL") was incorporated on the 23rd August, 2000 under the Companies Act, 1956 under the name of "Netizen Pondicherry Private Limited". Subsequently the name of the Company was changed to "Reliance Communications Solutions Private Limited" with effect from 3rd September, 2002.
- 2.4.2. The Registered Office of RCSPL is situated at 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai- 400 710.
- 2.4.3. The objects of RCSPL are set out in the Memorandum of Association. The primary objects are, inter-alia, :
- a) To carry on the business of providing all kinds of services including management consulting, systems development, systems integration, systems management, process management and rendering management services, services relating to E Governance, Community Internet Centres, Internet Kiosks, services relating to semi- government, public utilities, services of operation & maintenance, facility management, spectrum management, customer relation management, knowledge management & strategic enterprises management, supply chain management, BOOT, BSOT, BOLT, electronic business, networking, e-commerce, e-business, system design, net-telephony, information technology, intranet, internet services, portals, assess providers, internet connectivity, internet protocols, other communication related services, solutions and applications including application of systems and

products in the fields of business, entertainment, education, health care, public services, engineering, technology, technical know how, chemical, mechanical, electrical, electronics, civil, industrial, commercial, statistical, banking and financial, accountancy, medical, legal, production, marketing, distribution, materials, personnel planning, transportation, tourism, computers, data processing, data base creation and to do the above business on turnkey basis or J V basis or otherwise and to provide provisioning, commissioning and operation of infrastructure facilities including training of manpower, setting up, operating and maintaining schools and training centers, required for providing / marketing of the above facilities and services.

- b) To plan, establish, develop, manufacture, produce, trade, buy, sell, promote, use, operate, conduct, procure, to provide all kinds of services related to software, hardware, programmes consultancy services, computers and data processing, being services related to preparation and maintenance of accounting, statistical, scientific, or mathematical, information and reports, data processing, preparing, collecting, storing, processing, and transmitting information and data of every kind and description, systems analysis and machine services for solving or aiding industry, commerce, administration and for scientific and research problem and providing experience and skill to all person entities, Government, private or public bodies over internet and collection of all types of service charges, revenue, rewards remuneration, income, proceeds, receipts, profits, deposits for providing aforesaid services from citizens, corporate, end user, Consumers, clients, customers and other users.

2.4.4. RCSPL is presently holding investments in the company providing telecommunication and information technology services.

## **2.5. Reliance Software Solutions Private Limited**

2.5.1. Reliance Software Solutions Private Limited ("RSSPL") was incorporated on the 27th July, 2000 under the Companies Act, 1956 under the name "REBIZ Software Solutions Private Limited". Subsequently with effect from 26th March, 2002 the name of the company was changed to "Reliance Software Solutions Private Limited".

2.5.2. The Registered Office of RSSPL is situated at 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai- 400 710.

2.5.3. The objects of RSSPL are set out in the Memorandum of Association. The primary objects are, inter-alia, :

- a) To design, develop, import, procure, sell, provide, license and market in India or abroad information technology services consulting, manufacture, assemble, produce, repair, procure, import, sale supply, export (directly, indirectly or through third parties), render service, extend customer support or otherwise deal in computers with computer system both hardware and software, business recovery services, professional consulting services, availability services, hardware maintenance, software support, system integration, value added network services, managed operation, international procurement operation, customer software training, project management, application software services, network related services, site services, information kiosk services.
- b) To establish, maintain, and conduct customer software training centres, fees based education system, programs in the field of information technology and in connection with the use, purchase, sale, import, export, license, distribution, design, manufacture or rental of the machines, apparatus, appliances, systems and merchandise and of article required in the use thereof or used in connection therewith, to provide consultancy services related to the preparation and maintenance of accounting, conducting Information and Technology audits, statistical, scientific or management information and reports, data processing, programming, collecting storing, processing and transmitting the information and data of every kind and to make investments and provide technology and technical assistance to and in companies and ventures related to the aforesaid objects and to carry on the business of advisors and consultants on all matters and problems relating to the administration, organization, financial management, personnel, commencement or expansion of industry and business (including construction of plants and buildings, production, purchase, sales, marketing, advertisement, publicity, personnel, export and import), and of institutions, concerns, bodies, associations (incorporated or unincorporated), departments and services of the Government, public or local authorities, trust, scientific research and development centers.

2.5.4. RSSPL is presently engaged in holding investments in the company providing telecommunication and information technology services.

## **2.6. Reliance Communications Technologies Limited**

2.6.1. Reliance Communications Technologies Limited



("RCTL") was incorporated on the 16th April, 2001 under the Companies Act, 1956 under the name "Reliance Communications Uttar Pradesh Private Limited". With effect from 27th November, 2003 the status of the Company was changed from Private Limited to Public Limited Company. Subsequently with effect from 3rd March, 2004 the name of the company was changed to "Reliance Communications Technologies Limited".

2.6.2. The Registered Office of RCTL is situated at 'E' Block, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

2.6.3. The objects of RCTL are set out in the Memorandum of Association. The primary objects are, inter-alia, :

- a) To plan, establish, develop, provide, operate, manage, maintain, deal, supply, take on lease, give on lease, hire or let on hire and to carry on the business of running ( whether under license or otherwise) telecommunication infrastructure, telecommunication systems, telecommunication networks and telecommunication services, of all kinds, within India as well as outside India, including but not limited to telephony, telex, wireless, data communication, telematic and other like forms of communication, transmission, emission or reception through the agency of electricity or electromagnetism, or light, or otherwise, of signs, signals, writing, images, sounds or intelligence of any nature by wire, radio, optical or other electromagnetic systems whether or not such signs, signals, writing, images, sound or intelligence have been subjected to rearrangement, computation or other processes by any means in the course of their transmission, emission or reception and of all kinds and to carry on all or any of the businesses of building, developing, maintaining, supplying, operating, managing and dealing in services, facilities and infrastructure for communications of all kinds, within India as well as outside India, such as telephony, data transmission, information technology and video services and facilities which incorporate, use, or are used in conjunction with in connection with or ancillary to telecommunication systems or telecommunication apparatus and equipment and to plan, establish, develop, provide, operate, buy, sell, deal in, take on lease, give on lease, hire, let on hire, franchise and maintain all types of telecommunication services including, telephone exchanges, telegraph offices, coaxial stations, microwave stations, landing stations, repeater stations, telecommunications lines, cables, submarine cables, sub-sea cables, dark fibre, right of way, duct space, towers, bandwidth, or any other equipment, plant, machinery connected with design, development, construction, maintenance and

operation of telecommunications services and conveniences, within India as well as outside India, which may seem calculated directly or indirectly to advance the interests of the Company and to subsidise, contribute to or otherwise assist or take part in doing any of these things, and/or to join or partner with any other person and/or company and/or acquire any other company or body corporate or collaborate with any organisation or company or with any Governmental authority in doing any of these things.

- b) To design, develop, install, provide, supply, deal, franchise, take on lease, give on lease, hire, let on hire, maintain and operate basic long distance services, cellular and value added telecommunications services, including but not limited to, providing broadband services, Wireless Applications Protocol (WAP) services, ISP services, internet based services, intelligent networks (IN) services, ISDN services, paging services and other value added services, global mobile telecommunications, electronic mail services, e-commerce transactions, globally managed data networks, internet data centres (IDCs), call centers, web-stores, data telecom networks, virtual private networks (VPNs), video conferencing, international gateway networks, satellite networks, in India as well as outside India, to meet the demands of the customers, or otherwise as being appropriate from time to time either by way of formation of subsidiaries or Joint Venture Partnerships with Indian or Foreign Partners or otherwise and to establish, maintain, develop, conduct, procure, buy, sell, import, export, trade, or otherwise deal in, or to act as service providers of every kind in the fields of engineering, technology, technical know how, chemical, mechanical, electrical, electronics, civil, industrial, commercial, statistical, financial, accountancy, medical, legal, educational, production, marketing, distribution, materials, personnel, planning, computers, software and software solutions of all kinds, system integration, data processing, multi-media services, direct to home services, entertainment media, cable television services, interactive television services, content for various uses, electronic media, Cellular Mobile Telephone Services (CMTS), National Long Distance Operator Services (NLDO ), Fixed Telephone Services (FTS), Cable Service Provider, Basic Telephone Services (BTS) with or without the use of Wireless Local Loop (WLL) Technology, VSAT Services, Internet Service Provision (ISP), Global Mobile Personal Communications by Satellite (GMPCS), wireline and wireless systems and other value added services including Paging Services, Radio Paging Service

- Providers, Public Mobile Radio Trunking Service Provider, DTM, communication methods, telecommunication, basic and cellular telephone, voice mail, internet, electronic mail, data communication services, intranet, internet connectivity, internet telephoning, interconnect and intraface services, applications like tele-banking, tele-medicine, tele-education, tele-trading, e-commerce, e-governance, e-business and system design, kiosks, management information systems and other types of management including spectrum management, social or other value added services like providing end to end integrated solutions, netserv solutions, network connectivity solutions, cost effective solutions, other allied solutions for data transfer, administrative and effective communication.
- c) To carry on the business, buy, sell, deal, take on lease, give on lease, hire, let on hire and otherwise participate in the launching of satellites as well as the provision of all associated services, for communications, Geographical Information Systems (GIS) services, Global Positioning Systems (GPS) services, Satellite Imaging, Remote Sensing for various applications and usage, other commercial use, or otherwise and to promote, seek investment, partner, participate in joint ventures and to invest in such ventures, within India as well as outside India and for similar such projects in the field of telecommunications and to carry on all or any of the businesses of running, operating, managing and supplying data processing and information systems, including videotext, viewdata and teletext systems and systems utilising, or utilising in, or for the capture, storage, retrieval, processing, conversion, transmission, receipt or presentation of messages and signals including but not limited to, data, sounds and visual images, with the aid of, in conjunction with, or in anyway whatsoever utilising computers or similar equipment and computer programs and databases and to carry on the businesses of operating, managing, supplying and dealing in services and facilities of all kinds which incorporate, use or are used in conjunction with, in connection with, or ancillary to, systems of such descriptions as aforesaid or any of the apparatus and equipment comprised therein and to set up, operate manage, deal, in run the business of professional television /cable TV / audio / video / cine studios for production of entertainment shows, sponsored programmes, advertising films, educational films, feature films including transfer of films to video cassettes and to produce TV programmes, TV news coverage, educational programmes, sports coverage and computer software for programmes connected therewith and to import and export programmes for TV networks and other films for exhibition and to pay or earn royalties from TV/film/music shows.
- 2.6.4. RCTL is presently holding investments in the company providing telecommunication and information technology services.
- 2.7. Ambani Enterprises Private Limited**
- 2.7.1. Ambani Enterprises Private Limited ("AEPL") was incorporated on the 30th December, 2004 under the Companies Act, 1956.
- 2.7.2. The Registered Office of AEPL is situated at 3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055.
- 2.7.3. The objects of AEPL are set out in the Memorandum of Association. The primary objects are, inter-alia, :
- a) To carry on business to own, operate, lease, install, develop, promote, manage, maintain projects in the infrastructure sectors and also setting up of plant, machinery, equipment, handling equipment, loading equipment and any other work to support any of the infrastructure projects either singly or jointly with others, and either by or through agents, contractors, sub-contractors, trustees or otherwise
- 2.7.4. AEPL is presently engaged in providing telecommunication and information technology services through its investee companies.
- 2.8. Reliance Business Management Private Limited**
- 2.8.1. Reliance Business Management Private Limited ("RBM") was incorporated on the 9th May, 2005 under the Companies Act, 1956.
- 2.8.2. The Registered Office of RBM is situated at 3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055.
- 2.8.3. The objects of RBM are set out in the Memorandum of Association. The primary objects are, inter-alia, :
- a) To carry on the business as managers/advisers on the administration and organisation of any business and industry and the training and utilisation of personnel for business and industry, and to carry on all or any of the businesses of industrial, business and personnel managers, and to advise on the extending, developing and improving of all types of businesses or industries and all systems or processes relating to the production, storage, distribution, marketing and sale of goods or the rendering of services relating to manage business and industry any where in India or abroad.
- 2.8.4. RBM is presently engaged in providing telecommunication and information services through it's investee companies.

## **2.9. Formax Commercial Private Limited**

2.9.1. Formax Commercial Private Limited ("Formax") was incorporated on the 30th March, 2000 under the Companies Act, 1956 under the name "Formax Trading Private Limited". Subsequently with effect from 14th November, 2000 the name of the company was changed to "Formax Commercial Private Limited".

2.9.2. The Registered Office of Formax is situated at 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

2.9.3. The objects of Formax are set out in the Memorandum of Association. The primary objects are, inter-alia, :

- a) To carry on the trading business as merchants, traders, buyers, sellers, importers, exporters, dealers, and to import, export, buy, sell, or otherwise trade and deal in commodities, including purchase, crop, minerals, raw materials, semi and manufactured products, goods, plant, machinery of all kinds, tools, equipment, Computer hardware, software, books, stationery drawings, equipments, advertising and campaign materials, photography and filming materials, precious and semi-precious, metals, Gems, diamonds and jewelry of all kinds, fabrics, garments, apparel goods beverages, canned provisions, cotton, jute, yarn, wool, silk, handloom, textiles, linen, cottage industries ware, cotton waste, tea, minerals and ores, ferrous and non-ferrous metals, pipes fittings, pumps, valve plates, structures, and such other engineering goods, coffee, tobacco, spices, shoes and leather ware, timber, automobiles, diesel engines, pumps agricultural implement, electrical motors, transformers, switchgears and accessories, building hardware, furniture, electrical appliances, and type of computer, accounting machines, photo-copy machines, teleprinter, studio equipments, paper and paper products, machinery and machine tools, dyes, chemicals and petro-chemicals paints, varnishes, colors glassware, pottery, tableware, cement and building materials, scientific instruments, bicycle, spare parts, synthetic products, handicrafts, rubber, tyres, cords

2.9.4. Formax is the holding company of Campion Properties Limited, a company which holds immovable property in New Delhi.

## **2.10. Panther Consultants Private Limited**

2.10.1. Panther Consultants Private Limited ("PCPL") was incorporated on the 21st September, 2005 under the Companies Act, 1956.

2.10.2. The Registered Office of PCPL is situated at 3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055.

2.10.3. The objects of PCPL are set out in the Memorandum of Association. The primary objects are, inter-alia, :

- a) To carry on the business or vocation of acting as advisers and consultants in India or abroad, on all matters relating to engineering, technology, technical know how, execution of turnkey projects, chemicals, process know how, mechanical, electrical, electronics, power, energy, petrochemicals, refined oil, extracting by-products, pipes and pipelines for the transportation of gas, petrol and other petroleum products, energy, oil and gas sector, industrial sector, commercial sector, statistics, civil, administration, finance, factoring, accountancy, medical fields, legal, education, and organisation management, taxation, administration, secretarial, accounting, information systems, market research, operations research, financial and project engineering studies, techniques of production, procurement, administration, recruitment, in order to obtain optimum use of the factors of production, commencement or expansion of industry, purchasing techniques and business (including construction of plants and buildings), production, purchases, sales, materials and cost control, marketing, distribution, advertisement, publicity, personnel, labour, planning, computers, data processing, multi-media services, direct to home services, entertainment media, electronic media, exports and imports to and for any concerns, bodies, associations (incorporated or unincorporated) departments and services of the Government, public or local authorities, trusts, scientific research and Development Centers, and to be appointed as technical, financial, legal, economic, public relation, sales promotion, industrial administration, civil consultants, provide training in consultancy and any other consultancy services including consultancy services for the projects sponsored by international organisations, Government of India or Government of any other country, as the Company may from time to time deem fit.
- b) To carry on and provide consultancy services in the areas of computer management and engineering covering computerized information systems, feasibility studies, system design and development, computer based management information system, on line real time systems, process control, data base design, industrial engineering applications and all other related areas of computer technology and to act as advisers in management, personal/corporate investment, direct and indirect tax, finance portfolio managers, to perform all activities relating to share transfer, share registration, and other secretarial work.

2.10.4. PCPL is presently engaged in providing telecommunication and information services through

it's investee companies.

3. RIC, RCSPL, RSSPL, RCTL, AEPL, RBM, Formax and PCPL are hereinafter collectively referred to as the Transferor Companies. The other definitions contained in the Scheme will apply to this Explanatory Statement also.
4. A copy of the Scheme setting out the terms and conditions of the amalgamation and arrangement between RIC, RCIL, RCSPL, RSSPL, RCTL, AEPL, RBM, Formax, PCPL with RCOVL and their respective shareholders and creditors, which has been approved by the Board of Directors of RCOVL at its meeting held on March 12, 2006, forms part of this Explanatory Statement.
5. The share capital structure of all the companies is set out in Clause 2 of the Scheme.
6. The equity shareholding pattern of all the Companies is annexed hereto and marked as **Annexure A**.
7. The details of Directors and the Manager of respective companies along with their shareholding in the companies forming a part of the Scheme is annexed hereto and marked as **Annexure B**

#### 8. **BACKGROUND TO THE AMALGAMATION**

RCOVL, part of the Reliance - Anil Dhirubhai Ambani Group ('the Group') is vested with the Telecommunication Undertaking of Reliance Industries Limited ("RIL") pursuant to the Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 approved by the High Court of Judicature at Bombay vide order dated 9th December, 2005 and effective from 21st December, 2005. RCOVL is also vested with the telecommunications undertaking, constituting inter-alia investments in the following operating companies viz. 319,25,85,350 equity shares of Re. 1 each, of RIC constituting 45.34% of its paid-up capital; 90,00,00,000 equity shares of Re.1 each of RCIL, constituting 45.00% of its paid-up capital; 70,95,130 equity shares of Rs. 10 each of Reliance Telecom Limited ("RTL") constituting 35.60% of its paid-up equity capital and 4,50,00,000 Preference shares of Rs. 10 each of RTL constituting 100% of its paid-up preference share capital.

#### 9. **RATIONALE OF THE AMALGAMATION**

- 9.1. Presently, RCOVL holds less than 50% equity shareholding in the operating companies' viz. RIC, RCIL and RTL. The ownership interests in these companies do not provide RCOVL with ability to control all actions that require shareholder's approval on account of substantial shareholding being controlled by AEPL, RBM and PCPL. The current structure of holding / ownership of Infocomm

Companies {i.e. RIC, RCIL, RTL, Formax, and Reliance Infocomm Infrastructure Pvt. Ltd. (RIIPL)} is inter-locked / complex. The Scheme is expected to rationalize and simplify the structure of holding / ownership of Infocomm companies so that there would be an alignment of interests of all shareholders in a single listed entity viz. RCOVL. The Scheme is likely to create synergies by consolidating ownership and will result in achieving a simple and transparent ownership structure of all facets of telecommunications business. It will also eliminate areas of potential conflict of interest and ease considerably related party transactions.

- 9.2. The Resulting Company will be able to leverage on large asset base, reserves and cash flows to enhance the shareholder value. The Scheme is likely to increase the financial strength and flexibility of the Resulting Company and enhance its capabilities to face competition in the market place more effectively. The Resulting Company will benefit from improved organizational capability, arising from the combination of people who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry. The Resulting Company will be better positioned to retain the talent pool and will also benefit from the proven leadership and management ability of the Infocomm companies in all facets of the telecommunication business.
- 9.3. The amalgamation will secure for the Resulting Company, competitive advantage for meeting future growth opportunities, provide greater cost savings and economics and thereby significantly enhancing its earnings potential. The Scheme will help to achieve better and more efficient and economical control and conduct of companies.

- 9.4. The Scheme does not entail any cash outgo to the Resulting Company as the Scheme envisages issuance of its shares in lieu of acquisition of balance controlling interests in the Infocomm companies.

An integrated and synergistic approach will be essential to function more effectively in a competitive environment. Therefore the Board of Directors of Transferor Companies and Transferee Company believed that the amalgamation and arrangement more fully set out in the Scheme are desirable.

#### 10. **SALIENT FEATURES OF THE SCHEME**

- 10.1. The Scheme envisages the following:-
  - 10.1.1. Cancellation of fully paid-up Equity Shares and Preference Share capital of RIC held by RCIL and consequent reduction of capital of RIC with effect from 1st January, 2006,
  - 10.1.2. Amalgamation of AEPL, RBM, Formax, RCSPL, RCTL

- and RSSPL with RCOVL with effect from 1st January, 2006;
- 10.1.3. Amalgamation of PCPL with RCOVL with effect from 1st March, 2006;
- 10.1.4. Amalgamation of RIC with RCOVL with effect from 31st March, 2006;
- 10.1.5. Demerger of the 'Network Division' of RCIL into RCOVL with effect from 31st March, 2006;
- 10.1.6. Re-organisation of Capital and Accounting Treatment in the books of RCOVL and recasting of the Balance Sheet of each of RIC and RCIL;
- 10.1.7. Reduction of Securities Premium account appearing in the books of RCIL by adjusting it against the amount of the debit balance in Profit and Loss Account and book value of Investments in shares of RIC.
- 10.2. The salient features of the Scheme are as follows:-
- 10.2.1. With effect from respective Appointed Date as provided in the Scheme, RIC shall be deemed to have cancelled part of its Issued, Subscribed and Fully Paid-Up Equity Share Capital to the extent of 101,34,63,800 Equity Shares of Re. 1 each fully paid-up, representing 14.39% of the Equity Share Capital of RIC, being the shares held as on the date of cancellation by RCIL.
- 10.2.2. With effect from respective Appointed Date as provided in the Scheme RIC shall, be deemed to have cancelled, its Issued, Subscribed and Fully Paid-Up Preference Share Capital to the extent of 30,00,00,000 9% Cumulative Redeemable Preference Shares of Re. 1 each fully paid-up, held as on the date of cancellation by RCIL.
- 10.2.3. With effect from the respective Appointed Dates the entire Undertaking of each of RIC, AEPL, RBM, Formax, RCSPL, RCTL, RSSPL and PCPL shall be transferred and vested in RCOVL so as to become the undertakings, estates, assets, properties, liabilities, obligations, rights, title and interest of RCOVL.
- 10.2.4. With effect from the respective Appointed Dates all debts, liabilities, duties and obligations of whatsoever nature of RIC, AEPL, RBM, Formax, RCSPL, RCTL, RSSPL and PCPL shall be transferred to and vest in and be assumed by RCOVL so as to become the debts, liabilities, duties and obligations of RCOVL.
- 10.2.5. RIC, AEPL, RBM, Formax, RCSPL, RCTL, RSSPL and PCPL shall be dissolved without being wound up.
- 10.2.6. With effect from the Appointed Date, the Network Division of RCIL shall be transferred to and vested in RCOVL so as to become the properties of RCOVL.
- Consequently the IRC Agreement (as defined in the Scheme) shall be deemed to be terminated.
- 10.2.7. Upon the coming into effect of this Scheme the Transferee Company shall allot:
- (a) 55,63,29,165 Equity Shares of the face value of Rs. 5 /- (Rupees Five only) each to the equity share holders of AEPL; and
- (b) 26,51,55,403 Equity Shares of the face value of Rs. 5 /- (Rupees Five only) each to the equity share holders of PCPL.
- 10.2.8. The Scheme provides that an amount as may be determined by the Board of Directors of RCOVL but not exceeding Rs. 3,000 crores, shall be credited to and held as Provision for Business Restructuring to meet the related costs, expenses and losses;
- 10.2.9. The Scheme provides that the Financial Accounts of RIC and RCIL for the year ended 31st March, 2005, shall be deemed to be recast as if the expenses, write-offs and provisions, recorded in the accounts of RIC and RCIL on or after 31st March, 2005 and identified by the Board of Directors of RIC or RCIL (as the case may be) as relatable to the year ended 31st March, 2005 had actually been debited, written off or provided in the Accounts of the Financial Year ended 31st March, 2005, provided that the aggregate of such expenses, write-offs and provisions shall not exceed Rs. 2,400 crores in case of RIC and Rs. 2,100 crores in the case of RCIL.
- 10.2.10. All the employees of the Transferor Companies and RCIL, in relation to the Network Division, in service on the Effective Date shall become the employees of the Transferee Company.
- 10.2.11. As regards the costs, the Scheme provides that all costs, charges taxes including duties and levies and all other expenses incurred in connection with implementation of this scheme shall be borne by RCOVL.
- The features set out above being only the salient features of the Scheme; the members are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof.**
11. The rights and interests of the members and the creditors of the Applicant Company, RCIL and the Transferor companies will not be prejudicially affected by the Scheme. The Applicant Company will be able to meet and pay its debts as and when they arise.
12. The Scheme of Amalgamation and Arrangement was approved by the Board of Directors of the Applicant Company on 12th March, 2006.

13. No investigation proceedings have been instituted or are pending in relation to the Applicant Company under Sections 235 to 250A of the Act.

14. On the Scheme of Amalgamation and Arrangement being approved as per the requirements of Section 391 of the Act, the Applicant Company, RCIL and the Transferor Companies will seek the sanction of the Hon'ble High Court of Judicature at Bombay and the Hon'ble High Court of Gujarat at Ahmedabad, as may be applicable.

15. The Applicant Company is not a subsidiary of RCIL or any Transferor company in any manner whatsoever as provided in Section 4 of the Companies Act, 1956.

16. The Financial position of the Applicant Company will not be adversely affected by the Scheme. The financial position of Applicant Company will continue to remain strong and it will be able to meet and pay its debts as and when they arise.

17. The Applicant Company has received no objection letters from all the Stock Exchange's where the Applicant Company is listed.

18. The Scheme provides that in the event of the Scheme failing to take effect within 12 months of the first filing with the High Court of Judicature at Bombay or the High Court of Gujarat at Ahmedabad, whichever is later, or by such later date as may be agreed by the respective Boards of Directors of the Transferor Companies, RCIL and the Transferee Company, the Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such case each Company shall bear its own costs or as may be mutually agreed.

The Directors and Managers of the Applicant Company, RCIL and the Transferor Companies may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the Companies, or to the extent the said directors are common directors in the Companies, or to the extent the said directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the Companies.

19. The post amalgamation shareholding pattern of the Applicant Company would be as under:

SN	Description	Post-merger shareholding	
		Equity Shares (Crores)	%
<b>A Promoters</b>			
1.	- Promoters	128.96	63.07
	- Persons acting in concert	1.65	0.81
<b>Sub-total (A)</b>		<b>130.61</b>	<b>63.88</b>
<b>B Banks / Mutual Funds/ Financial Institutions/ Government holdings</b>			
1.	Banks and Mutual funds	2.62	1.28
2.	Financial Institutions	7.81	3.82
3.	Central / State Government	0.11	0.05
<b>Sub-total (B)</b>		<b>10.54</b>	<b>5.15</b>
<b>C Foreign and non-resident holding</b>			
1.	FII's	29.13	14.25
2.	Bank of New York as depository for GDRs	6.37	3.12
3.	Other non-resident holdings	1.30	0.63
<b>Sub-total (C)</b>		<b>36.80</b>	<b>18.00</b>
<b>D Others</b>			
1.	Private Corporate Bodies	6.67	3.26
2.	Indian Public	19.84	9.71
<b>Sub-total (D)</b>		<b>26.51</b>	<b>12.97</b>
<b>Grand Total (A + B + C + D)</b>		<b>204.46</b>	<b>100.00</b>

20. The post amalgamation capital structure of the Applicant Company will be as under:

Particulars	Rs. in Crores
<b>Authorised</b>	
300,00,00,000 Equity Shares of Rs. 5 each	1,500.00
<b>TOTAL</b>	<b>1,500.00</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
2,04,46,14,990 Equity Shares of Rs. 5 each fully paid-up	1,022.31
<b>TOTAL</b>	<b>1,022.31</b>

21. Inspection of the following documents may be had at the Registered Office of the Applicant Company upto one day prior to the date of the meeting between 11.00 a.m. and 4.00 p.m. on all working days (except Saturday):

- Certified copy of the Order dated 28th April, 2006 of the High Court of Judicature at Bombay, passed in Company Application No. 584 of 2006, directing the convening of the meeting of the Equity Shareholders

of the Applicant Company.

- b) Scheme of Amalgamation and Arrangement.
- c) Memorandum and Articles of Association of the Applicant Company, RCIL and the Transferor Companies.
- d) Latest Audited accounts of the Companies where available and latest unaudited accounts of companies whose audited accounts are not available.
- e) No objection letters to the Scheme received from Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- f) Exchange Ratio Report of KPMG India Private Limited and JM Morgan Stanley Private Limited.

This statement may be treated as an Explanatory Statement under Section 393 of the Companies Act,

1956. A copy of the Scheme and Explanatory Statement may be obtained from the Registered Office of the Applicant Company and / or at the office of the Advocates for the Applicant Company, M/s. Rajesh Shah & Co, 16, Oriental Building, 30, Nagindas Master Road, Flora Fountain, Mumbai - 400 001 and M/s. Mulla & Mulla & Craigie Blunt & Caroe, Mulla House, 51, Mahatama Gandhi Road, Fort, Mumbai - 400 001.

Sd/-

**M.H. Kania**

(Former Chief Justice of India)  
Chairman appointed for the meeting

Dated : 28th April, 2006.

Registered Office:

'H' Block, 1st Floor,  
Dhirubhai Ambani Knowledge City,  
Navi Mumbai 400 710.

#### ANNEXURE A

1. The pre amalgamation shareholding pattern of AEPL is as under

Category	Equity Shareholding (in Lakhs)	%
A Promoters holding	10.00	100
B Non-promoters holding	-	-
<b>Grand Total</b>	<b>10.00</b>	<b>100</b>

2. The pre amalgamation shareholding pattern of RBM is as under

Category	Equity Shareholding (in Lakhs)	%
A Promoters holding	10.00	100
B Non-promoters holding	-	-
<b>Grand Total</b>	<b>10.00</b>	<b>100</b>

3. The pre amalgamation shareholding pattern of Formax is as under

Category	Equity Shareholding (in Lakhs)	%
A Promoters holding	0.10	100
B Non-promoters holding	-	-
<b>Grand Total</b>	<b>0.10</b>	<b>100</b>

4. The pre amalgamation shareholding pattern of PCPL is as under

Category	Equity Shareholding (in Lakhs)	%
A Promoters holding	0.10	100
B Non-promoters holding	-	-
<b>Grand Total</b>	<b>0.10</b>	<b>100</b>

5. The pre amalgamation shareholding pattern of RIC is as under

Category	Equity Shareholding	
	(in Crores)	%
A Promoters holding	704.10	100
B Non-promoting holding	-	-
<b>Grand Total</b>	<b>704.10</b>	<b>100</b>

6. The pre amalgamation shareholding pattern of RCIL is as under

Category	Equity Shareholding	
	(in Crores)	%
A Promoters holding	200.00	100
B Non-promoters holding	-	-
<b>Grand Total</b>	<b>200.00</b>	<b>100</b>

7. The pre amalgamation shareholding pattern of RCSPL is as under

Category	Equity Shareholding	
	(in Lakhs)	%
A Promoters holding	2.50	100
B Non-promoters holding	-	-
<b>Grand Total</b>	<b>2.50</b>	<b>100</b>

8. The pre amalgamation shareholding pattern of RSSPL is as under

Category	Equity Shareholding	
	(in Lakhs)	%
A Promoters holding	2.50	100
B Non-promoters holding	-	-
<b>Grand Total</b>	<b>2.50</b>	<b>100</b>

9. The pre amalgamation shareholding pattern of RCTL is as under

Category	Equity Shareholding	
	(in Lakhs)	%
A Promoters holding	2.50	100
B Non-promoters holding	-	-
<b>Grand Total</b>	<b>2.50</b>	<b>100</b>

10. The pre amalgamation shareholding pattern of RCOVL is as under

Sr.No.	Description	Pre-merger shareholding	
		No. of Equity Shares (in Crores)	%
<b>A</b>	<b>Promoters</b>		
	- Promoters	46.81	38.27
	- Persons acting in concert	1.65	1.35
	<b>Sub-total (A)</b>	<b>48.46</b>	<b>39.62</b>
<b>B</b>	<b>Banks / Mutual Funds/ Financial Institutions/ Government holdings</b>		
1.	Banks and Mutual funds	2.62	2.14
2.	Financial Institutions	7.81	6.39
3.	Central / State Government	0.11	0.09
	<b>Sub-total (B)</b>	<b>10.54</b>	<b>8.62</b>
<b>C</b>	<b>Foreign and Non-Resident holding</b>		
1.	FII's	29.13	23.82
2.	Bank of New York as depository for GDRs	6.37	5.21
3.	Other Non-Resident holdings	1.30	1.06
	<b>Sub-total (C)</b>	<b>36.80</b>	<b>30.09</b>
<b>D</b>	<b>Others</b>		
1.	Private Corporate Bodies	6.67	5.45
2.	Indian Public	19.85	16.22
	<b>Sub-total (D)</b>	<b>26.52</b>	<b>21.67</b>
	<b>Grand Total (A + B + C + D)</b>	<b>122.32</b>	<b>100.00</b>



## ANNEXURE B

1. The background of the Board of Directors of the Applicant Company and the extent of shareholding (singly or jointly) of the Directors and Manager of the Applicant Company in the Applicant Company, RCIL and Transferor Companies as on April 28, 2006 is as under:

Sr. No.	Name of the Director of the Applicant Company	Designation	Age (Years)	No. of shares held in the Applicant Company	No. of shares held in Transferor companies / RCIL
1	Shri Anil Dhirubhai Ambani	Chairman	46	18,59,271	AEPL - 1 RBM - 1
2	Prof. J. Ramachandran	Director	49	482	NIL
3	Shri S. P. Talwar	Director	65	NIL	NIL
4	Shri Hasit Shukla	Manager	44	9	NIL

2. The background of the Board of Directors of RIC and their extent of shareholding of the Directors and Manager in all the companies forming a part of the Scheme including the Applicant Company is as under:

Sr. No	Name of Director	Designation	Age (Years)	No. of shares held in the Applicant Company	No. of shares held in Transferor companies / RCIL
1	Shri Anil Dhirubhai Ambani	Chairman	46	18,59,271	AEPL - 1 RBM - 1
2	Prof. J. Ramachandran	Director	49	482	NIL
3	Shri Gautam Doshi	Director	53	43	NIL
4	Shri Anil C. Shah	Manager	43	2	NIL

3. The background of the Board of Directors of RCIL and their extent of shareholding of the Directors and Manager in all the companies forming a part of the Scheme including the Applicant Company is as under:

Sr. No	Name of Director	Designation	Age (Years)	No. of shares held in the Applicant Company	No. of shares held in Transferor companies / RCIL
1	Shri Anil Dhirubhai Ambani	Chairman	46	18,59,271	AEPL - 1 RBM - 1
2	Prof. J. Ramachandran	Director	49	482	NIL
3	Shri Gautam Doshi	Director	53	43	NIL
4	Shri Tulsi S. Dadlani	Manager	48	NIL	NIL

4. The background of the Board of Directors of RCSPL and their extent of shareholding in all the companies forming a part of the Scheme including the Applicant Company is as under:

<b>Sr. No</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Age (Years)</b>	<b>No. of shares held in the Applicant Company</b>	<b>No. of shares held in Transferor companies / RCIL</b>
1	Shri Surendra Pipara	Director	41	228	NIL
2	Shri Gaurang Shah	Director	45	NIL	NIL

5. The background of the Board of Directors of RSSPL and their extent of shareholding in all the companies forming a part of the Scheme including the Applicant Company is as under:

<b>Sr. No</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Age (Years)</b>	<b>No. of shares held in the Applicant Company</b>	<b>No. of shares held in Transferor companies / RCIL</b>
1	Shri Ramesh Shenoy	Director	56	108	NIL
2	Shri Tulsi Dadlani	Director	48	NIL	NIL
3	Shri Vinayak Joshi	Director	36	15	NIL

6. The background of the Board of Directors of RCTL and their extent of shareholding in all the companies forming a part of the Scheme including the Applicant Company is as under:

<b>Sr. No</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Age (Years)</b>	<b>No. of shares held in the Applicant Company</b>	<b>No. of shares held in Transferor companies / RCIL</b>
1	Shri Ramesh Shenoy	Director	56	108	NIL
2	Shri Surendra Pipara	Director	41	228	NIL
3	Shri Gaurang Shah	Director	45	NIL	NIL
4	Shri Samir Raval	Director	41	NIL	NIL

7. The background of the Board of Directors of AEPL and their extent of shareholding in all the companies forming a part of the Scheme including the Applicant Company is as under:

<b>Sr. No</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Age (Years)</b>	<b>No. of shares held in the Applicant Company</b>	<b>No. of shares held in Transferor companies / RCIL</b>
1	Shri Anil Dhirubhai Ambani	Chairman	46	18,59,271	AEPL - 1 RBM - 1
2	Smt. T. A. Ambani	Director	46	16,50,832	NIL
3	Shri Hasit Shukla	Director	44	9	NIL

8. The background of the Board of Directors of RBM and their extent of shareholding in all the companies forming a part of the Scheme including the Applicant Company is as under:

<b>Sr. No</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Age (Years)</b>	<b>No. of shares held in the Applicant Company</b>	<b>No. of shares held in Transferor companies RCIL</b>
1	Shri Anil Dhirubhai Ambani	Chairman	46	18,59,271	AEPL - 1 RBM - 1
2	Smt. T. A. Ambani	Director	46	16,50,832	NIL
3	Shri Hasit Shukla	Director	44	9	NIL

9. The background of the Board of Directors of Formax and their extent of shareholding in all the companies forming a part of the Scheme including the Applicant Company is as under:

<b>Sr. No</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Age (Years)</b>	<b>No. of shares held in the Applicant Company</b>	<b>No. of shares held in Transferor companies / RCIL</b>
1	Shri Surendra Pipara	Director	41	228	NIL
2	Shri Samir Raval	Director	41	NIL	NIL

10. The background of the Board of Directors of PCPL and their extent of shareholding in all the companies forming a part of the Scheme including the Applicant Company is as under:

<b>Sr. No</b>	<b>Name of Director</b>	<b>Designation</b>	<b>Age (Years)</b>	<b>No. of shares held in the Applicant Company</b>	<b>No. of shares held in Transferor companies / RCIL</b>
1	Smt. K. D. Ambani	Director	71	36,65,227	NIL
2	Shri Anil Dhirubhai Ambani	Director	46	18,59,271	AEPL - 1 RBM - 1

**SCHEME OF AMALGAMATION AND ARRANGEMENT  
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956**

**BETWEEN**

**RELIANCE INFOCOMM LIMITED**

**AND**

**RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED**

**AND**

**RELIANCE COMMUNICATIONS SOLUTIONS PRIVATE LIMITED**

**AND**

**RELIANCE SOFTWARE SOLUTIONS PRIVATE LIMITED**

**AND**

**RELIANCE COMMUNICATIONS TECHNOLOGIES LIMITED**

**AND**

**AMBANI ENTERPRISES PRIVATE LIMITED**

**AND**

**RELIANCE BUSINESS MANAGEMENT PRIVATE LIMITED**

**AND**

**FORMAX COMMERCIAL PRIVATE LIMITED**

**AND**

**PANTHER CONSULTANTS PRIVATE LIMITED**

**WITH**

**RELIANCE COMMUNICATION VENTURES LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**PREAMBLE**

**(A) Description of Companies:**

1. Reliance Communication Ventures Limited ("RCOVL") is vested with the Telecommunication Undertaking of Reliance Industries Limited ("RIL") pursuant to the Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 approved by the High Court of Judicature at Bombay on December 9, 2005 and effective from December 21, 2005. RCOVL is also vested with inter-alia investments in the following operating companies viz. 319,25,85,350 equity shares of Re. 1 each, of Reliance Infocomm Limited ("RIC") constituting 45.34% of its paid-up capital; 90,00,00,000 equity shares of Re.1 each of Reliance Communications Infrastructure Limited ("RCIL"), constituting 45.00% of its paid-up capital; 70,95,130 equity shares of Rs. 10 each of Reliance Telecom Limited ("RTL") constituting 35.60% of its paid-up equity capital and 4,50,00,000 Preference shares of Rs. 10 each of RTL constituting 100% of its paid-up preference share capital.
2. RIC is a fully integrated telecom company offering services that inter-alia covers the entire information and communication value chain of infrastructure, services for enterprises, and consumer applications. RIC offers the entire gamut of telecommunication services in wireless and wireline including voice, broadband, value added services, and international and domestic long distance services. RIC operates the said business directly and through various subsidiaries. Flag Telecom Group Limited, a wholly owned subsidiary of RIC, provides an International Gateway for carrying traffic of all Telecom service providers to various locations worldwide.
3. RCIL holds IP-I registration for providing telecommunication infrastructure services such as dark fiber to other telecom service providers in the country. It also holds a Category A-ISP license and also provides internet data centre service to the customers. RCIL has built an entire optic fibre network crisscrossing the country for a distance of approx. 80,000 kms. RCIL has executed an Indefeasible Right to Connectivity Agreement dated 30th April 2003 ("IRC Agreement") entered into between RCIL & RIC for providing part capacity in the optic fibre network to RIC. RCIL also holds 101,34,63,800 equity shares of Re. 1 each, of RIC constituting 14.39% of its paid-up capital. RCIL also holds 220,50,00,000 equity shares of Re. 1 each, of RIC constituting 31.32% of its paid-up capital through Reliance Communications Technologies Limited ("RCTL"), an affiliate company. RCIL holds 20% of the equity share capital of Reliance Communication Solutions Private Limited ("RCSPL"), Reliance Software Solutions Private Limited ("RSSPL") and RCTL. Besides above investments, RCIL holds 30,00,00,000, 9% Cumulative Redeemable Preference Shares of Re. 1 each in RIC.
4. RCSPL holds 40% of the equity share capital in each of RSSPL and RCTL.
5. RSSPL holds 40% of the equity share capital in each of RCSPL and RCTL.
6. RCTL holds 40% of the equity share capital of RSSPL and RCSPL. RCTL also holds 220,50,00,000 equity shares of Re. 1 each, of RIC constituting 31.32% of its paid-up capital.
7. Ambani Enterprises Private Limited ("AEPL") holds 37,80,00,004 equity shares of Re. 1 each, of RIC constituting 5.37% of its paid-up capital, 66,00,00,000 equity shares of Re. 1 each, of RCIL constituting 33% of its paid-up capital and 10,00,000 equity shares of Rs. 10 each, of Reliance Business Management Private Limited ("RBM") constituting 100% of its paid-up capital.

8. RBM holds, directly and through its wholly owned subsidiary viz. Reliance Infocomm Infrastructure Private Limited ("RIIPL"), 1,28,34,870 equity shares (64.40%) of RTL. RTL provides services in seven telecom circles in eastern and central India. RBM also holds 50,00,000 equity shares (100%) of RIIPL and 10,000 equity shares (100%) of Formax Commercial Private Limited ("Formax"). RIIPL owns Dhirubhai Ambani Knowledge City ("DAKC") property in which entire telecommunications operations are headquartered. DAKC is a fully integrated IT Park developed on a 134 acre plot with a built up area of about 23 lakh sq. ft. RIIPL also owns property with a built up area of 4 lakh sq. ft. at Millennium Business Park, at TTC Industrial Area, Thane-Belapur Road, Navi Mumbai. Formax holds commercial property at Maharaja Ranjeet Singhji Road, New Delhi. This property is intended to be used for telecommunication businesses.
9. Panther Consultants Private Limited ("PCPL") holds 25,19,99,996 equity shares of Re. 1 each, of RIC constituting 3.58% of its paid-up capital, and 44,00,00,000 equity shares of Re. 1 each, of RCIL constituting 22% of its paid-up capital

**(B) Rationale of Scheme of Amalgamation and Arrangement:**

1. Presently, RCOVL holds less than 50% equity shareholding in the operating companies viz. RIC, RCIL and RTL. The ownership interests in these company's do not provide RCOVL with ability to control all actions that require shareholder's approval on account of substantial shareholding being controlled by AEPL, RBM and PCPL. The current structure of holding / ownership of Infocomm Companies (i.e. RIC, RCIL, RTL, RIIPL, and Formax) is inter-locked / complex. The Scheme is proposed to rationalize and simplify the structure of holding / ownership of Infocomm companies so that there would be an alignment of interests of all shareholders in a single listed entity viz. RCOVL. This will also create synergies by consolidating ownership and will result in achieving a simple and transparent ownership structure of all facets of telecommunications business. It will also eliminate areas of potential conflict of interest and ease considerably related party transactions.
2. The Resulting Company will have the ability to leverage on its large asset base, reserves, cash flows, and vast pool of intellectual capital to enhance shareholder value.
3. The Scheme will also result in increasing financial strength and flexibility of the Resulting Company and enhance its capabilities to face competition in the market place more effectively.

4. Upon merger, RCOVL will benefit from unique competitive advantage for meeting future growth opportunities, also provide greater cost savings and economics which will significantly enhance its earnings potential. The Scheme will enable better and more efficient and economical control and conduct of companies.
5. Further, there will be no cash outgo to RCOVL as the Scheme envisages issuance of its shares in lieu of acquisition of balance controlling interests in the said Infocomm companies.

**(C) Purpose of the Scheme:**

1. This Scheme of Amalgamation and Arrangement ("the Scheme") provides for the amalgamation of RIC, AEPL, RBM, Formax, RCTL, RSSPL, RCSPL, and PCPL with RCOVL, pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956;
2. The Scheme also provides for the cancellation of equity shares of RIC as held by RCIL under Section 391 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956;
3. The Scheme also provides for the demerger of the Network Division of RCIL into RCOVL pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956; and
4. The Scheme also provides for various other matters consequential, supplemental, and/or otherwise integrally connected herewith.

**(D) Parts of the Scheme:**

1. The Scheme is divided into following parts:
  - a) **PART 1** deals with the Definitions and Share Capital;
  - b) **PART 2** deals with the cancellation of Equity Share Capital and Preference Share Capital of RIC held by RCIL;
  - c) **PART 3** deals with the Amalgamation of AEPL, RBM, Formax, RCSPL, RCTL, and RSSPL with RCOVL;
  - d) **PART 4** deals with the Amalgamation of PCPL with RCOVL;
  - e) **PART 5** deals with the Amalgamation of RIC with RCOVL;
  - f) **PART 6** deals with the demerger of the 'Network Division' of RCIL into RCOVL;
  - g) **PART 7** deals with the Re-organisation of Capital and Accounting Treatment in the books of RCOVL and recasting of the Balance Sheet of RIC and RCIL;
  - h) **PART 8** deals with the General Clauses that will be applicable to abovementioned parts of the Scheme; and
  - i) **PART 9** deals with the General Terms and Conditions that will be applicable to the entire Scheme.

## **PART 1**

### **DEFINITIONS AND SHARE CAPITAL**

#### **1) DEFINITIONS**

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1. **"Appointed Date"** means:
  - a) For the purposes of Part 2 of this Scheme, the 1st January, 2006, or such other date as the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad may direct / fix;
  - b) For the purposes of Part 3 of this Scheme, the 1st January, 2006, or such other date as the High Court of Judicature at Bombay may direct / fix;
  - c) For the purposes of Part 4 of this Scheme, the 1st March, 2006, or such other date as the High Court of Judicature at Bombay may direct / fix; and
  - d) For the purposes of Parts 5 and 6 of this Scheme, the 31st March, 2006, or such other date as the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad may direct / fix.
- 1.2. **"AEPL"** means Ambani Enterprises Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055;
- 1.3. **"Network Division"** means part undivided ownership as tenants in common in the connectivity fibers and associated properties entitling RIC to enjoy such rights, interests and benefits described under the IRC Agreement in its capacity as owner.
- 1.4. **"Net Assets Value"** shall be computed as the value of the Assets of the Transferor Companies transferred to the Transferee Company pursuant to this Scheme less the value of the liabilities becoming liability of the Transferee Company pursuant to this Scheme.
- 1.5. **"Formax"** means Formax Commercials Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710;
- 1.6. **"High Courts"** means the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad;
- 1.7. **"Part 3 Transferor Companies"** means AEPL, RBM, Formax, RCSPL, RCTL and RSSPL collectively;
- 1.8. **"PCPL"** means Panther Consultants Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055;
- 1.9. **"RIC"** means Reliance Infocomm Limited, a company incorporated under the Companies Act, 1956, having its registered office at Reliance House, Near Mardia Plaza, Off. C. G. Road, Ahmedabad 380 006, Gujarat;
- 1.10. **"RBM"** means Reliance Business Management Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 3rd Floor, Reliance Energy Centre, Santa Cruz (East), Mumbai 400 055;
- 1.11. **"RCSPL"** means Reliance Communications Solutions Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710;
- 1.12. **"RCTL"** means Reliance Communications Technologies Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 'E' Block, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710;
- 1.13. **"RSSPL"** means Reliance Software Solutions Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710;
- 1.14. **"RCOVL" or "the Transferee Company"** or the "Resulting Company" means Reliance Communication Ventures Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710;
- 1.15. **"RCIL" or "the Demerged Company"** means Reliance Communications Infrastructure Limited a company incorporated under the Companies Act, 1956, and having its registered office at Reliance House, Near Mardia Plaza, Off. C. G. Road, Ahmedabad, 380 006, Gujarat;
- 1.16. **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Amalgamation and Arrangement in its present form as submitted to the Honorable High Court of Judicature at Bombay and / or the High Court of Gujarat at Ahmedabad or this Scheme with such modification(s), if any made, as per Clause 19 of the Scheme;
- 1.17. **"The Act"** means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force;
- 1.18. **"The Effective Date"** or 'Coming into effect of this Scheme' means the later of the dates on which the certified copies of the Orders of the High Court of Judicature at Bombay and / or the High Court of Gujarat at Ahmedabad sanctioning the Scheme are filed with the Registrar of Companies, Maharashtra, Mumbai and Registrar of Companies, Gujarat respectively;

1.19. "**Transferor Companies**" means RIC, RCSPL, RCTL, RSSPL, AEPL, RBM, Formax, and PCPL collectively;

1.20. "**Undertaking**" means and includes all the undertakings, the entire business, all the properties (whether movable or immovable, tangible or intangible), plant and machinery, free hold land, lease hold land, buildings and structures, offices, residential and other premises, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, power lines, railway sidings depots, deposits, all stocks, assets, investments of all kinds (including shares, scrips, stocks, bonds, debenture stock, units or pass through certificates), cash balances with banks, loans, advances, contingent rights or benefits, receivables, benefit of any deposits, financial assets, leases, and hire purchase contracts and assets, lending contracts, benefit of any security arrangements, reversions, powers, authorities, allotments, approvals, permits and consents, quotas, rights, entitlements, contracts, licenses (industrial and otherwise), municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, leases, licenses, fixed and other assets, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests, other benefits (including tax benefits) and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Companies, including but without being limited to trade and service names and marks, patents, copyrights, and other intellectual property rights of any nature whatsoever, authorisations, permits, approvals, authorisations, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of all agreements, all records, files, papers, computer programmes, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records in connection with or relating to the Transferor Companies, and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Companies, whether in India or abroad;

1.21. "**Record Date**" means the date to be fixed by the Board of Directors of RCOVL or a committee thereof after the Effective Date for the purpose of issue of shares of RCOVL to the shareholders of AEPL and PCPL.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time;

## 2) SHARE CAPITAL

2.1. The Share capital of **RIC** as on February 28, 2006 is as under:

	Rs. in Crores
<b>Authorised</b>	
10,00,00,00,000 Equity Shares of Re. 1 each	1,000.00
5,00,00,00,00,000 Preference Shares of Re. 1 each	500.00
<b>TOTAL</b>	<b>1,500.00</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
704,10,49,150 Equity Shares of Re. 1 each fully paid-up	704.10
30,00,00,00,000 9% Cumulative Redeemable Preference Shares (Series -VIII)	30.00
<b>TOTAL</b>	<b>734.10</b>

2.2. The Share capital of **RCIL** as on February 28, 2006 is as under:

	Rs. in Crores
<b>Authorised</b>	
250,00,00,00,000 Equity Shares of Re. 1 each	250.00
<b>TOTAL</b>	<b>250.00</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
200,00,00,00,000 Equity Shares of Re. 1 each	200.00
<b>TOTAL</b>	<b>200.00</b>

2.3. The Share capital of **RCSPL** as on February 28, 2006 is as under:

	Rs. in Crores
<b>Authorised</b>	
2,50,000 Equity Shares of Rs. 10 each	0.25
<b>TOTAL</b>	<b>0.25</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
2,50,000 Equity Shares of Rs. 10 each fully paid-up	0.25
<b>TOTAL</b>	<b>0.25</b>

2.4. The Share capital of **RSSPL** as on February 28, 2006 is as under:

	Rs. in Crores
<b>Authorised</b>	
2,50,000 Equity Shares of Rs. 10 each	0.25
<b>TOTAL</b>	<b>0.25</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
2,50,000 Equity Shares of Rs. 10 each fully paid-up	0.25
<b>TOTAL</b>	<b>0.25</b>

2.5. The Share capital of **RCTL** as on February 28, 2006 is as under:

	Rs. in Crores
<b>Authorised</b>	
2,50,000 Equity Shares of Rs. 10 each	0.25
<b>TOTAL</b>	<b>0.25</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
2,50,000 Equity Shares of Rs. 10 each fully paid-up	0.25
<b>TOTAL</b>	<b>0.25</b>

2.6. The Share capital of **AEPL** as on February 28, 2006 is as under:

	Rs. in Crores
<b>Authorised</b>	
10,00,000 Equity Shares of Rs. 10 each	1.00
<b>TOTAL</b>	<b>1.00</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
10,00,000 Equity Shares of Rs. 10 each	1.00
<b>TOTAL</b>	<b>1.00</b>

2.7. The Share capital of **RBM** as on February 28, 2006 is as under:

	Rs. in Crores
<b>Authorised</b>	
14,40,000 Equity Shares of Rs. 10 each	1.44
<b>TOTAL</b>	<b>1.44</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
10,00,000 Equity Shares of Rs. 10 each fully paid-up	1.00
<b>TOTAL</b>	<b>1.00</b>

2.8. The Share capital of **Formax** as on February 28, 2006, is as under:

	Rs. in Crores
<b>Authorised</b>	
10,000 Equity Shares of Rs. 10 each	0.01
<b>TOTAL</b>	<b>0.01</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
10,000 Equity Shares of Rs. 10 each fully paid-up	0.01
<b>TOTAL</b>	<b>0.01</b>

2.9. The Share capital of **PCPL** as on February 28, 2006 is as under:

	Rs. in Crores
<b>Authorised</b>	
10,000 Equity Shares of Rs. 10 each	0.01
<b>TOTAL</b>	<b>0.01</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
10,000 Equity Shares of Rs. 10 each fully paid-up	0.01
<b>TOTAL</b>	<b>0.01</b>

2.10. The Share capital of **RCOVL** as on February 28, 2006 is as under:

	Rs. in Crores
<b>Authorised</b>	
130,00,00,000 Equity Shares of Rs. 5 each	650.00
<b>TOTAL</b>	<b>650.00</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
122,31,30,422 Equity Shares of Rs. 5 each	611.56
<b>TOTAL</b>	<b>611.56</b>

**Note :** Pursuant to the approval by the shareholders of RCOVL, by way of Postal Ballot, results whereof was announced on March 31, 2006, the Authorised Capital has been increased to Rs. 1500 Crores comprising 200 crores equity shares of Rs. 5 each and 100 crores unclassified shares of Rs. 5 each.

### 3) DATE OF TAKING EFFECT

Each part of the Scheme, set out herein in its present form or with any modifications(s) in accordance with Clause 19 of the Scheme shall be effective from the respective Appointed Dates specified for the respective parts but the Scheme as a whole shall be operative from the Effective Date.



## **PART 2**

### **CANCELLATION OF FULLY PAID-UP EQUITY SHARE CAPITAL AND FULLY PAID-UP PREFERENCE SHARE CAPITAL OF RIC HELD BY RCIL**

- 4.1 On the Scheme becoming effective, RIC shall, with effect from the Appointed Date, shall be deemed to have cancelled, pursuant to Section 100 of the Act, as also any other applicable provisions, part of its Issued, Subscribed and Fully Paid-Up Equity Share Capital to the extent of 101,34,63,800 Equity Shares of Re 1 each fully paid-up, representing 14.39% of the Equity Share Capital of RIC, being the shares held as on the date of cancellation by RCIL.
- 4.2 On the Scheme becoming effective, RIC shall, with effect from the Appointed Date, be deemed to have cancelled, pursuant to Section 100 of the Act, as also any other applicable provisions, its Issued, Subscribed and Fully Paid-Up Preference Share Capital to the extent of 30,00,00,000 9% Cumulative Redeemable Preference Shares (hereinafter referred to as Preference shares) of Re 1 each fully paid-up, held as on the date of cancellation, by RCIL.
- 4.3 On effecting the reduction of equity share capital of RIC as above, and without any further act or deed, the existing share certificates in respect of the Equity Shares of RIC of the face value of Re. 1/- each held by RCIL on the Appointed Date shall also be deemed to have been cancelled. In respect of the equity shares in electronic form, RIC would further give the appropriate instructions to the Depositories.
- 4.4 On effecting the reduction of preference share capital of RIC as above, and without any further act or deed, the existing share certificates in respect of the Preference Shares of the face value of Re. 1/- each held by RCIL on the Appointed Date shall also be deemed to have been cancelled.
- 4.5 On such cancellation as provided above:
  - a) The Issued, Subscribed and Fully Paid-Up Equity Share Capital shall stand reduced to extent of face value of the Equity Shares cancelled;
  - b) The sum of Rs. 101,34,63,800 being the total reduction in share capital of RIC as above, shall be added to the credit balance lying in the Profit and Loss Account;
  - c) The Issued, Subscribed and Fully Paid-Up 9% Cumulative Redeemable Preference Share Capital shall stand reduced to the extent of face value of the Preference Shares cancelled by RIC; and
  - d) The sum of Rs. 30,00,00,000 being the total reduction in Preference share capital of RIC as above, shall be added to the credit balance of the Profit and Loss Account.

- 4.6 The cancellation of the Equity Share Capital of RIC as above does not involve a diminution of liability in respect of any unpaid share capital or payment to any shareholder of any paid-up share capital or payment in any other form to the shareholders of RIC.
- 4.7 The reduction of the Equity Share Capital shall be effected as an integral part of the Scheme itself in accordance with the provisions of Sections 100, 102 and 103 of the Act and the order of the High Courts sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction. The provisions of Section 101 of the Act will not be applicable.

#### **4.8 Effect in the books of RCIL**

- 4.8.1 The book value of the Equity Shares held by RCIL as on the Appointed Date in RIC cancelled as above shall be debited to the Securities Premium Account of RCIL to the extent available and the balance shall be debited to the Profit and Loss Account.
- 4.8.2 The application and reduction of the Securities Premium Account as above, shall be effected as an integral part of the Scheme itself in accordance with the provisions of Sections 78 read with 100, 102 and 103 of the Act and as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Act are not applicable. However the order of the High Courts sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

## **PART 3**

### **AMALGAMATION OF PART 3 TRANSFEROR COMPANIES WITH RCOVL**

#### **5 TRANSFER AND VESTING OF UNDERTAKING**

- 5.1 With effect from the Appointed Date and upon the Scheme becoming effective, the entire Undertaking of each of the Part 3 Transferor Companies shall under the provisions of Sections 391 and 394 of the Act and pursuant to the orders of the High Courts sanctioning this Scheme and without any further act or deed be transferred and/or deemed to be transferred to and vested in RCOVL so as to become the undertakings, estates, assets, properties, liabilities, obligations, rights, title and interest of RCOVL.
- 5.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, duties and obligations of whatsoever nature of Part 3 Transferor Companies shall under the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act, and without any further act or deed be also transferred or be deemed to be transferred to and vest in and be assumed by the

Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to Part 3 Transferor Companies and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Clause.

- 5.3 Upon the Scheme becoming effective and upon the High Courts giving an Order under Section 394 of the Act, the Part 3 Transferor Companies shall be dissolved without being wound up.

#### **PART 4**

##### **AMALGAMATION OF PCPL WITH RCOVL**

#### **6 TRANSFER AND VESTING OF UNDERTAKING**

- 6.1 With effect from the Appointed Date and upon the Scheme becoming effective, the entire Undertaking of PCPL shall under the provisions of Sections 391 and 394 of the Act and pursuant to the orders of the High Courts sanctioning this Scheme and without any further act or deed be transferred and/or deemed to be transferred to and vested in RCOVL so as to become the undertakings, estates, assets, properties, liabilities, obligations, rights, title and interests of RCOVL.
- 6.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, duties and obligations of whatsoever nature of PCPL shall under the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act, and without any further act or deed be also transferred or be deemed to be transferred to and vest in and be assumed by the Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to PCPL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Clause.
- 6.3 Upon the Scheme becoming effective and upon the High Courts giving an Order under Section 394 of the Act, PCPL shall be dissolved without being wound up.

#### **PART 5**

##### **AMALGAMATION OF RIC WITH RCOVL**

#### **7 TRANSFER AND VESTING OF UNDERTAKING**

- 7.1 With effect from the Appointed Date and upon the Scheme becoming effective, the entire Undertaking of RIC shall under the provisions of Sections 391 and 394 of the Act and pursuant to the orders of the High Courts sanctioning this Scheme and without any further act or deed be transferred and/or deemed to be transferred to and vested in RCOVL so as to become the undertakings, estates, assets, properties, liabilities, obligations, rights, title and interest of RCOVL.
- 7.2 With effect from the Appointed Date, all debts, liabilities and upon the Scheme becoming effective, duties and obligations of whatsoever nature of RIC shall under the provisions of Sections 391 and 394 and all other applicable provisions, if any, of the Act, and without any further act or deed be also transferred or be deemed to be transferred to and vest in and be assumed by the Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to RIC and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Clause.
- 7.3 Upon the Scheme becoming effective and upon the High Courts giving an Order under Section 394 of the Act, RIC shall be dissolved without being wound up.

#### **PART 6**

##### **DEMERGER OF THE NETWORK DIVISION OF RCIL INTO RCOVL**

#### **8 VESTING OF NETWORK DIVISION**

- 8.1 With effect from the Appointed Date and upon the Scheme becoming effective, the Network Division of RCIL shall under the provisions of Sections 391 and 394 of the Act and pursuant to the orders of the High Courts sanctioning this Scheme and without any further act or deed, be transferred and/or deemed to be transferred to and vested in RCOVL so as to become the properties of RCOVL. Consequently the IRC agreement shall be deemed to be terminated.

## **PART 7**

### **REORGANISATION OF CAPITAL AND ACCOUNTING TREATMENT**

#### **9 ISSUE OF SHARES**

9.1 Upon the coming into effect of this Scheme and in consideration of shareholders of AEPL and PCPL agreeing to the extinguishment of their respective shareholding, consequent to the amalgamation of AEPL and PCPL in the Transferee Company as per Part 3 and Part 4 of the Scheme and the dissolution without winding up of the Transferor Companies in terms of the Scheme, and also considering that all shareholders of the Transferor Companies other than shareholders of AEPL and PCPL are Transferor Companies which under the Scheme are amalgamating with the Transferee Company, the Transferee Company shall without any further application, act, instrument or deed, issue and allot to the equity shareholders of AEPL and PCPL, whose names are recorded in the Register of Members (the "Members"), on the Record Date as follows:

- a) 55,63,29,165 shares to the equity share holders of AEPL in the ratio of 556.33 Equity shares of Rs. 5/- (Rupees Five only) each, credited as fully paid-up, in the Transferee Company for every 1(One) equity share of the face value of Rs. 10/- (Rupees ten only) each held in AEPL; and
- b) 26,51,55,403 shares to the equity share holders of PCPL in the ratio of 26,515.5 Equity shares of Rs. 5/- (Rupees Five only) each, credited as fully paid-up, in the Transferee Company for every 1 (One) equity share of the face value of Rs. 10/- (Rupees ten only) each held in PCPL.

(the above ratio in which the shares of the Transferee Company are to be allotted to the shareholders of the AEPL and PCPL by the Transferee Company are hereinafter collectively referred to as the "Share Exchange Ratio").

9.2 The equity shares to be issued by the Transferee Company pursuant to Sub-clause 9.1 above shall be issued in dematerialized form by the Transferee Company, unless otherwise notified in writing by the shareholders of AEPL and PCPL to the Transferee Company on or before such date as may be determined by the Board of Directors of AEPL and PCPL or a committee thereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of AEPL and PCPL, the equity shares shall be issued to such members in dematerialised form provided that the members of the Transferee Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other

confirmations as may be required. In the event that the Transferee Company has received notice from any member that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her /its account with a depository participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the Transferee Company, then the Transferee Company shall issue equity shares in physical form to such member or members.

9.3 On approval of the Scheme by the Members of the Transferor Company and the Members of the Transferee Companies pursuant to Section 391 of the Act, it shall be deemed that the said members have also resolved and accorded all relevant consent under Section 81(1A) of the Act or any other provisions of the Act to the extent the same may be considered applicable.

9.4 Equity shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall rank pari passu in all respects with the then existing equity shares of the Transferee Company, including in respect of dividends, if any, that may be declared by the Transferee Company, on or after the Effective Date.

9.5 Equity shares of the Transferee Company issued in terms of this Scheme shall be listed on the stock exchange/s in India, where the existing equity shares of the Transferee Company are presently listed.

9.6 The Transferee Company shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment of Equity Shares to the members of AEPL and PCPL under the Scheme.

#### **10 ACCOUNTING TREATMENT**

10.1 On the Scheme becoming effective, the Transferee Company shall account for the Scheme and its effects as follows:

- a) The face value of Equity Shares issued pursuant to Sub-clause 9.1 above will be recorded as Share Capital;
- b) The investments held by RCOVL in RIC as well as investments held by the Transferor Companies inter-se will stand cancelled and there shall be no further obligation/outstanding in that behalf;
- c) An amount as may be determined by the Board of Directors of RCOVL but not exceeding Rs. 3,000 crores, out of the excess of the Net Asset Value transferred to the Transferee Company over the face value of Equity Shares issued and allotted under the Scheme shall be credited to and held as Provision for Business

Restructuring to meet the costs, expenses and losses which may be suffered by RCOVL in carrying out such restructuring of the operations of RCOVL or any of its subsidiaries as RCOVL considers necessary or proper. The balance of the excess shall be transferred to and credited to the General Reserve Account of RCOVL and shall be available to RCOVL for such purposes as RCOVL at its own discretion considers proper including but not limited to declaration of dividends;

- d) All the assets recorded in the books of Transferor Companies and the Network Division of RCIL shall be recorded by the Transferee Company at their respective fair values. All the liabilities recorded in the books of Transferor Companies shall upon becoming the liabilities of the Transferee Company be recorded by the Transferee Company at their respective book values as appearing in the books of the Transferor Companies;
  - e) Inter-company balances if any, will stand extinguished including in particular the inter-company balances between RIC and RCIL under the IRC Agreement and any consequential credit shall be credited to General Reserve Account of the Company entitled to such credit and any consequential debit shall be debited to General Reserve Account, to the extent balance is available in General Reserve Account, and the balance, if any, shall be debited to the Profit and Loss Account; and
  - f) If considered appropriate for the purpose of application of uniform accounting methods and policies between the Transferor Companies, and the Transferee Company, the Transferee Company may make suitable adjustments and reflect the effect thereof in the General Reserve Account of the Transferee Company.
- 10.2 Upon the Scheme becoming effective, the debit balance in the Profit and Loss Account in the books of RCIL shall be adjusted first against the balance in the 'Securities Premium Account' and the balance if any against 'Capital Reserve Account'. The application and reduction of the Securities Premium Account, as above, shall be effected as an integral part of the Scheme itself in accordance with the provisions of Section 78 and Sections 100, 102 and 103 of the Act as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital and the order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction. The provisions of Section 101 of the Act will not be applicable.
- 10.3 On the Scheme becoming effective, the Financial Accounts of RIC and RCIL for the year ending March 31, 2005, shall be deemed to be recast as if the expenses, write-offs and provisions, recorded in the accounts of RIC and RCIL on or after March 31, 2005

and identified by the Board of Directors of RIC or RCIL (as the case may be) as relatable to the year ending March 31, 2005 had actually been debited, written off or provided in the Accounts of the Financial Year ending March 31, 2005 and for all purposes of the Act and matters related thereto and this Scheme, it shall be deemed that the accounts and Financial Statements as recast were the accounts and Financial Statements of RIC or RCIL (as the case may be) for the said Financial Year ending on March 31, 2005, provided that the aggregate of such expenses, write-offs and provisions shall not exceed Rs. 2,400 crores in case of RIC and Rs. 2,100 crores in the case of RCIL. As a corollary, the accounts of RIC and RCIL for subsequent years shall be restated appropriately. The Board of Directors of RIC and RCIL shall take such steps as in their opinion are necessary or required including but not limited to obtaining supplementary audit reports and filing / refiling of the accounts and Financial Statements for the purpose of giving effect to this Clause.

Consequently or otherwise, RCOVL shall, for the purposes of carrying out the Accounting Treatment specified in the Scheme, refer to and rely upon the accounts and Financial Statements of RIC and RCIL as recast in the manner provided in this Clause.

## **PART 8**

### **GENERAL CLAUSES**

#### **11 CONDUCT OF BUSINESS**

- 11.1 With effect from the Appointed Date and upto and including the Effective Date:
- a) The Transferor Companies and RCIL, in relation to the Network Division, shall carry on its business and activities with reasonable diligence and business prudence and shall not, undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its subsidiaries or group companies or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with the whole or part of the Business and Undertaking to be transferred pursuant to the Scheme, save and except in each case in the following circumstances:
    - i. if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Courts; or
    - ii. if the same is expressly permitted by this Scheme; or
    - iii. if written consent of the Transferee Company has been obtained.
  - b) The Transferee Company shall carry on its business

and activities with reasonable diligence and business prudence and shall not, undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for itself or on behalf of its subsidiaries or group companies or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with the undertaking save and except in each case in the following circumstances:

- i. if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Courts; or
  - ii. if the same is expressly permitted by this Scheme; or
  - iii. if written consent of the Transferor Companies and RCIL has been obtained.
- c) The Transferor Companies, RCIL and the Transferee Company shall not make any change in their respective capital structure either by any increase, (by issue of equity or shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organization, or in any other manner which may, in any way, affect or have the potential of affecting the Share Exchange Ratio (as defined in Sub-clause 9.1 above), except by mutual consent of the respective Board of Directors of the Transferor Companies, RCIL and the Transferee Company or except as may be expressly permitted under this Scheme. Any such change at prices or values determined as per the applicable laws rules or guidelines issued by SEBI or any other statutory authorities or at market determined prices, shall deemed not to affect or affecting the Share Exchange Ratio.

## **12 LEGAL PROCEEDINGS**

- 12.1 Upon the coming into effect of this Scheme, all suits, actions and proceedings by or against the Transferor Companies and / or RCIL but, in the case of RCIL limited to suits, actions and proceedings, in relation to the Network Division, pending and/or arising on or before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been pending and/or arising by or against the Transferee Company.
- 12.2 The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Companies, in relation to the Network Division of RCIL, referred to in Sub-clause 12.1 above transferred to its name and to have the same continued,

prosecuted and enforced by or against the Transferee Company.

## **13 CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

- 13.1 Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments (including all tenancies, leases, licenses and other assurances in favour of the Transferor Companies and RCIL, in relation to the Network Division, or powers or authorities granted by or to it) of whatsoever nature to which the Transferor Companies and RCIL, in relation to the Network Division, is a party or to the benefit of which the Transferor Companies and RCIL, in relation to the Network Division, may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Companies and RCIL, in relation to the Network Division, the Transferee Company had been a party or beneficiary or obligee thereto. The Transferee Company shall, at any time prior to the Effective Date, wherever necessary, enter into, and/or issue and/or execute deeds, writings, confirmations, any tripartite arrangements or novations to which the Transferor Companies and RCIL, in relation to the Network Division will, if necessary, also be a party in order to give formal effect to the provisions of this Clause.

- 13.2 The Transferee Company shall enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Companies and RCIL, in relation to the Network Division, is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and RCIL, in relation to the Network Division, to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Companies and RCIL, in relation to the Network Division.

## **14 STAFF, WORKMEN & EMPLOYEES**

On the Scheme becoming effective:

- 14.1 All the employees of the Transferor Companies and RCIL, in relation to the Network Division, in service on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions

as to remuneration not less favourable than those subsisting with reference to the Transferor Companies and RCIL, in relation to the Network Division, as on the said date. It is clarified that the employees of the Transferor Companies and RCIL, in relation to the Network Division, who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies, and shall not be entitled to avail of any schemes and benefits that are applicable and available to any of the employees of the Transferee Company, unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Transferor Companies and RCIL, in relation to the Network Division, with any union/employee of the Transferor Companies and RCIL, in relation to the Network Division.

- 14.2 The existing provident fund, gratuity fund, and pension and/or superannuation fund or trusts created by the Transferor Companies and RCIL, in relation to the Network Division or any other special funds created or existing for the benefit of the employees of the Transferor Companies and RCIL, in relation to the Network Division, shall at an appropriate stage be transferred to the relevant funds of the Transferee Company and till such time shall be maintained separately. In the event that the Transferee Company does not have its own fund with respect to any such matters, the Transferee Company shall create its own funds to which the contributions pertaining to the employees of Transferor Company shall be transferred.

## **15 DIVIDENDS, PROFITS, BONUS/RIGHTS SHARES**

- 15.1 With effect from the date of filing of this Scheme with the High Courts and upto and including the Effective Date, the Transferor Companies, RCIL and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective equity shareholders in respect of the accounting period prior to the Effective Date, provided that the Transferor Companies shall not make any such declaration, except with the prior approval of the Board of Directors of the Transferee Company.
- 15.2 Until the coming into effect of this Scheme, the holder of equity shares of the Transferor Companies, RCIL and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of

Association including the right to receive dividends.

- 15.3 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Companies, RCIL and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Board of Directors of the Transferor Companies, RCIL and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Companies, RCIL and the Transferee Company, respectively.

## **16 PERMISSIONS**

- 16.1 Any statutory licenses, permissions, approvals or consents to carry on the operations of the Transferor Companies shall stand vested in or transferred to RCOVL without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned in favour of RCOVL upon the vesting and transfer of the Undertakings pursuant to this Scheme. The benefit of all statutory and regulatory permissions, licenses, environmental approvals and consents, sales tax registrations or other licenses and consents shall vest in and become available to RCOVL pursuant to this Scheme. In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Transferor Companies are concerned, the same shall vest with and be available to RCOVL on the same terms and conditions.

## **17 SECURITY**

- 17.1 It is clarified that unless otherwise determined by the Board of Directors of RCOVL, in so far as the assets comprising the Undertakings of the Transferee Companies are concerned:
- (i) the security or charge relating to loans, debentures or borrowings of the Transferor Companies shall without any further act or deed continue to relate to the said assets after the Effective Date and shall not relate to or be available as security in relation to the borrowings of RCOVL; and
  - (ii) the assets of RCOVL shall not relate to or be available as security in relation to the said borrowings of the Transferor Companies.

## **PART 9**

### **GENERAL TERMS AND CONDITIONS**

#### **18 APPLICATION TO THE HIGH COURT**

- 18.1 The Transferor Companies, the Transferee Company and RCIL shall with all reasonable dispatch, make all applications/petitions under Sections 391 and 394 or under Sections 391 and 394 read with Sections 100-103, as the case may be and other applicable provisions of the Act to the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad, as the case may be, for sanctioning of this Scheme. The parties shall in the application also seek order for the dissolution without winding up of the Transferor Companies, excluding RCIL, under the provisions of law, and obtain all approvals as may be required under law.
- 18.2 The Transferee Company shall also with all reasonable dispatch, make all applications/petitions under Sections 391 and 394 and other applicable provisions of the Act to the High Court of Judicature at Bombay for sanctioning of this Scheme under the provisions of law, and obtain all approvals as may be required under law.

#### **19 MODIFICATION / AMENDMENT TO THE SCHEME**

- 19.1 The Transferor Companies, RCIL and the Transferee Company may assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to this Scheme or to any conditions or limitations which either the Board of Directors or any Director or other officer or a committee or committees of the concerned Board or any Director authorised in that behalf by the concerned Board of Directors (hereinafter referred to as the "Delegates") of the Transferor Companies, RCIL and the Transferee Company deem fit, or which the High Courts or any other authorities under law may deem fit to approve of or impose and which the Transferor Companies, RCIL and the Transferee Company may in their discretion deem fit and to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or to review the position relating to the satisfaction of the conditions to this Scheme and if necessary, to waive any of those (to the extent permissible under law) for bringing this Scheme into effect. (In the event that any of the conditions may be imposed by the Courts or other authorities which the Transferor Companies, RCIL and the Transferee Company may find unacceptable for any reason, then the Transferor Companies, RCIL and the Transferee Company are at liberty to withdraw the Scheme). The aforesaid powers of the Transferor Companies, RCIL and the Transferee Company may be exercised by the Delegates of the respective Companies. In particular and without prejudice to the generality of the foregoing the modifications and amendments referred to in this Sub-clause may include modifications and amendments relating to the mode by which the business undertaking assets and properties of the Transferor Companies and RCIL, in relation to the Network Division are transferred to the Transferee Company.

- 19.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegate of the Transferor Companies, RCIL and the Transferee Company may with the consent of all the other parties give and are authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

#### **20 CONDITIONS**

- 20.1 The Scheme is conditional upon and subject to the following:
- a) The Scheme being agreed to by the requisite majority of the members of the Transferor Companies, RCIL and the Transferee Company as required under the Act and the requisite orders of the High Courts being obtained;
  - b) Such other sanctions and approvals including sanctions of any governmental or regulatory authority, creditor, lessor, lenders, or contracting party as may be required by law or contract in respect of the Scheme or any of the transfers contemplated under or as a consequence of the Scheme being obtained; and
  - c) The certified copies of the orders of the High Courts being filed with the Registrar of Companies, Maharashtra, Mumbai and the Registrar of Companies, Gujarat.
- 20.2 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitute an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by the Transferor Companies, RCIL and the Transferee Company by their respective Board of Directors or any Committee constituted by them.

#### **21 EFFECT OF NON-RECEIPT OF APPROVALS**

- 21.1 In the event of this Scheme failing to take effect within 12 months of the first filing with the High Court of Judicature at Bombay or the High Court of Gujarat at Ahmedabad, whichever is later, or by such later date as may be agreed by the respective Board of Directors of the Transferor Companies, RCIL and the Transferee Company, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such case each Company shall bear its own costs or as may be mutually agreed.

#### **22 COSTS**

- 22.1 All costs, charges, taxes including duties, levies and all other expenses, if any of the Transferor Companies, RCIL in relation to Network Division and RCOVL arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by RCOVL.

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
ORIGINAL JURISDICTION**

**COMPANY APPLICATION NO. 584 OF 2006**

In the matter of Scheme of Amalgamation and Arrangement under Sections  
391 to 394 of the Companies Act, 1956

AND

In the matter of Scheme of Amalgamation and Arrangement between  
Reliance Infocomm Limited and Reliance Communications Infrastructure  
Limited and Reliance Communications Solutions Private Limited and  
Reliance Software Solutions Private Limited and Reliance Communications  
Technologies Limited and Ambani Enterprises Private Limited and Reliance  
Business Management Private Limited and Formax Commercial Private  
Limited and Panther Consultants Private Limited with Reliance  
Communication Ventures Limited and their respective shareholders and  
creditors

**RELIANCE COMMUNICATION VENTURES LIMITED** a )  
Company incorporated under the Companies Act, 1956 and )  
having its registered office at 'H' Block, 1st Floor, Dhirubhai )  
Ambani Knowledge City, Navi Mumbai 400 710. ) ..... Applicant Company

**FORM OF PROXY**

I/We the undersigned, being the Equity Shareholder(s) of Reliance Communication Ventures Limited, the Applicant Company do hereby appoint \_\_\_\_\_ of \_\_\_\_\_ and failing him / her \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to act for me/ us at the meeting of the Equity Shareholders of the Applicant Company to be held at Shri Bhaidas Maganlal Sabhagriha, U-1 Juhu Development Scheme, Vile Parle (West), Mumbai 400 056 on Saturday, the 3rd June, 2006 at 10.30 a.m. for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme of Amalgamation and Arrangement between Reliance Infocomm Limited and Reliance Communications Infrastructure Limited and Reliance Communications Solutions Private Limited and Reliance Software Solutions Private Limited and Reliance Communications Technologies Limited and Ambani Enterprises Private Limited and Reliance Business Management Private Limited and Formax Commercial Private Limited and Panther Consultants Private Limited with Reliance Communication Ventures Limited and their respective shareholders and creditors and at such meeting, and at any adjournment or adjournments thereof, to vote, for me/us and in my/our name(s) \_\_\_\_\_ (here, if for, insert 'for', if against, insert 'against', and in the latter case strike out the words "either with or without modifications" after the word "Amalgamation and Arrangement") the said arrangement embodied in the Scheme of Amalgamation and Arrangement either with or without modification(s) \* as my/our proxy may approve.

\* *strike out what is not necessary*

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2006

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

**Affix  
Rupee 1  
revenue  
stamp**

(For Demat holding)

DP ID. \_\_\_\_\_ Client ID. \_\_\_\_\_

(For Physical holding)

Folio No. \_\_\_\_\_ No. of Shares held : \_\_\_\_\_

**NOTES:**

1. Proxy need not be a member.
2. Alterations, if any, made in the Form of Proxy should be initialled.
3. Proxy must be deposited at the Registered Office of the Applicant Company, not later than **FORTY EIGHT** hours before the time scheduled / fixed for the said meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.





# RELIANCE COMMUNICATION VENTURES LIMITED

Registered Office: 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

## ATTENDANCE SLIP

DP. ID*	
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Folio No.	
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Client ID*	
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No. of Share(s) held	
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NAME AND ADDRESS OF THE EQUITY SHAREHOLDER (in block letters):

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NAME AND ADDRESS OF THE PROXY HOLDER

(in block letters, to be filled in by the proxy attending instead of the Equity Shareholder)

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I hereby record my presence at the meeting, convened pursuant to the Order dated 28th April, 2006 of the Hon'ble High Court of Judicature at Bombay, of the Equity Shareholders of the Company on Saturday, the 3rd June, 2006 at 10.30 a.m. at Shri Bhaidas Maganlal Sabhagriha, U-1 Juhu Development Scheme, Vile Parle (West), Mumbai 400 056.

Signature of the Equity Shareholder or proxy: \_\_\_\_\_

\*Applicable for shareholders holding shares in dematerialised form.

### Notes:

1. **Shareholders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after their signature on it.**
2. Shareholders who come to attend the meeting are requested to bring with them copy of the Scheme of Amalgamation and Arrangement.
3. Joint shareholders may obtain additional Attendance Slip at the venue of the meeting.



## NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the members of the Reliance Communication Ventures Limited will be held on Saturday, the 3rd June, 2006 at 12.00 noon or soon after the conclusion of the Court Convened Meeting of the Equity Shareholders of the Company, whichever is later at Shri Bhaidas Maganlal Sabhagriha, U-1 Juhu Development Scheme, Vile Parle (West), Mumbai 400 056 to transact the following business:

### Special Business

#### 1. Sponsored Global Depository Receipts / American Depository Receipts:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED that in accordance with applicable laws, rules and regulations and subject to the approval, consent, permission and sanction of the Foreign Investment Promotion Board, Government of India, Reserve Bank of India and any other appropriate authorities, institutions or regulators as may be applicable or necessary, and subject to such conditions as may be prescribed in any such approval, consent, permission or sanction, the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee constituted/to be constituted by the Board and authorised by the Board to exercise its powers, including the powers conferred by this Resolution) of the Company be and is hereby authorised to sponsor on behalf of the Company, an issue of Global Depository Receipts / American Depository Receipts (hereinafter referred to as the "Sponsored Securities") with the Depository (hereinafter referred to as "the Overseas Depository"), against the existing equity shares of the Company deposited by the holders of equity shares of the Company (hereinafter referred to as "the Equity Shareholders"), pursuant to a right given to all the Equity Shareholders (hereinafter referred to as "the Sponsored Offering"), on such terms and conditions, at such time or times and in one or more tranches, as the Board may in its absolute discretion deem fit, including, without limitation, providing the Equity Shareholders an option to renounce their right and entitlement to participate in the Sponsored Offering to another Equity Shareholder, if the terms of the document inviting the participation of the Equity Shareholders so provide and in such mode and manner as may be determined by the Company in consultation with the Underwriter(s) and/or Manager(s), and to cause allotment to the investors in foreign markets (whether Institutions and/or incorporated and/or unincorporated bodies and/or individuals or otherwise and whether such investors are Members of the Company or otherwise) of the Sponsored Securities by the Overseas Depository, where each such Sponsored Securities shall represent such number of the existing fully paid Equity Shares of par value of Rs.5/- per share as may be decided by the Board, deposited pursuant to the Sponsored Offering, and the aggregate size of the Sponsored Offering, shall not be greater than US \$ 1 (One) billion (Offer size) provided however that the Board, at its absolute discretion, will have the right to retain additional Equity Shares for the purpose of over allotment, not exceeding 20% of the offer size (green shoe option) ensuring that the foreign shareholding after completion of the Sponsored Offering shall not exceed 74% of the outstanding Equity .

RESOLVED FURTHER that the Company do sponsor through the Overseas Depository, the issue of Sponsored Securities representing the underlying Equity Shares deposited pursuant to the Sponsored Offering.

RESOLVED FURTHER that the pricing of the Sponsored Offering be determined by the Board, in consultation with the Underwriter(s) and/or Manager(s), in accordance with the provisions of applicable law, rules and regulations and the prevailing market conditions.

RESOLVED FURTHER that for the purpose of giving effect to the Sponsored Offering and the allotment of Sponsored Securities as described above, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, determine the number of Equity Shares to be offered or sold, the over-allotment option, determine whether or not the Equity Shareholders, subject to applicable securities laws, have a right to renounce their entitlement to participate in the Sponsored Offering to other Equity Shareholders; determine the length of the Invitation of Offer period, issue and circulate the Invitation to Offer, file Registration Statement and/ or other document(s) with any regulator, list the securities on one or more overseas Stock Exchanges, enter into managing, underwriting, indemnification, marketing, listing, trading, depository, custodian, registrar, escrow, trustee arrangements and sign all deeds, documents and writings and to pay any fees, commissions, remuneration and expenses relating thereto.

RESOLVED FURTHER that the Board be and is hereby authorised to determine all terms and conditions of the Sponsored Offering, settle all questions, difficulties or doubts that may arise in regard to the Sponsored Offering, offer or allotment of Sponsored Securities and in complying with the Sponsored ADR / GDR Regulations, the number of Equity Shares being offered or sold, the eligibility of the Equity Shareholder to participate in the Sponsored Offering or the right to renounce their entitlement to participate thereto, offer or allotment of Sponsored Securities, as it may, in its absolute discretion, deem fit, without being required to seek any further clarification, consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board be and is hereby authorised to delegate all or any of the powers hereby conferred to any Committee of Directors or the Chairman or any other Officers / Authorised Representatives of the Company".

## 2. Change of Name

To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 21 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government, consent of the Company be and is hereby given for changing the name of the Company from "Reliance Communication Ventures Limited" to "Reliance Communications Limited" and accordingly, the name "Reliance Communications Limited" shall appear in the Memorandum and Articles of Association of the Company and that the Board of Directors of the Company, be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps and consider such delegations as it may in its absolute discretion deem necessary and to settle any question that may arise in this regard as may be necessary to give effect to this resolution."

Registered Office:  
H Block, 1st Floor,  
Dhirubhai Ambani Knowledge City,  
Navi Mumbai 400 710.

By Order of the Board  
For **Reliance Communication Ventures Limited**

Hasit Shukla  
Company Secretary

Mumbai, 5th May, 2006

### Notes:

- 1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member of the Company. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
- The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out material facts is annexed hereto.
- All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on all working days except Saturday between 11.00 a.m. and 4.00 p.m., up to one day prior to the ensuing Extraordinary General Meeting.
- Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
- Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IS ANNEXED HERETO :-**

#### **Item No. 1**

#### **Sponsored Global Depository Receipts / American Depository Receipts :**

The Company proposes to sponsor an offering of American Depository Receipts (ADR) / Global Depository Receipts (GDR) by the existing equity shareholders against the equity shares held by them. This would enable the existing equity shareholders to divest their holding in overseas markets.

Reserve Bank of India (RBI) vide FEMA Notification No 41/2001-RB dated March 2, 2001, (the 2001 Notification) has notified the provisions for a company to sponsor an issue of ADR / GDR with an overseas Depository against existing equity shares held by the equity shareholders of a company. The Operative Guidelines issued by the Government of India, Ministry of Finance and RBI following the aforesaid notification requires a company to obtain the approval of the shareholders by special resolution to sponsor such an offering.

As per the regulations on sponsored ADR / GDR including Regulation 4B of the 2001 Notification and the Operative Guidelines for Disinvestment of shares by the Indian companies in the overseas market through issue of ADR / GDR as notified by the Government of India, Ministry of Finance vide Notification No.15/23/99-NRI dated July 29, 2002, and published in RBI Circular A.P. (DIR Series), Circular No. 52 dated November 23, 2002 (collectively the "Sponsored DR Regulations"), the program has to be sponsored by the Company and all expenses incurred by the Company in relation to the Sponsored ADR / GDR Offering will be deducted from the proceeds and the net amount will be paid to the Equity Shareholders whose shares are accepted in the Sponsored ADR / GDR Offering. In the event, the Sponsored ADR / GDR Offering can not be concluded for any reason, all expenses incurred in connection with the Sponsored ADR / GDR Offering shall be borne by the Company.

The pricing of the Sponsored ADR / GDR Offering shall be determined by the Board in accordance with the Sponsored DR Regulations.

All holders of equity shares issued in India are accordingly eligible to tender shares held by them for divesting in the overseas market. The existing Global Depository Receipts / Foreign Currency Convertible Bond holders of the Company cannot tender ADR / GDR in the offering. In terms of the Sponsored DR Regulations, the equity shares accepted for participation in the Sponsored Offering may be kept in an escrow account.

In terms of the Sponsored DR Regulations, the equity shares accepted from the shareholders for the purpose of participation in the Sponsored Offering will in the event of Share tendered exceeding the number of Shares to be divested be accepted in proportion to each selling shareholder's holding in the Company. The proceeds from the issue of ADR / GDR, net of expenses, which are to be borne by the selling shareholders (other than listing expenses which will be borne by the Company) will be distributed to the selling shareholders whose equity shares are accepted. The selling shareholders will also be liable to bear taxes as applicable. The Sponsored Offering will not result in any dilution by way of increase in the capital base of the Company.

The Equity Shareholders may also be provided a right to renounce their right and entitlement to participate in the Sponsored Offering to another Equity Shareholder instead of participating in the Sponsored Offering and which option shall be available if provided for in the terms of the document inviting the participation of the Equity Shareholders ("Invitation to Offer"), and mode and manner of which would be determined by the Board in consultation with the Underwriter(s) / Manager(s). Such a right to renounce the right to participate in the Sponsored Offering would be available to Equity Shareholders only upon the Board approving such a right to renounce and the terms of such right to renounce would be detailed in the Invitation of Offer.

For this purpose, the Company is considering the various options including to make a targeted offering to retail / institutional investors in Japan, in one or more tranches, as may be appropriate. The Sponsored Offering will be of the size of upto US\$ 1 billion. However, the Board will have a green shoe option of upto 20% (i.e. US\$ 200 million), exercisable at its absolute discretion, whereby the Board will have the right to retain appropriate number of additional Equity Shares for the purpose of over allotment under the Sponsored Offering.

The said GDR/ADR programme relates only to existing shares of the Company, and will not result in any increase in the outstanding share capital of the Company. The said GDR/ADR programme will be in accordance with applicable guidelines and will also be subject to all necessary permissions, sanctions and approvals including approval of shareholders.

The DRs issued pursuant to the sponsored offering will constitute Foreign Direct Investment ("FDI").

As per policy on FDI announced by the Government of India, Ministry of Commerce and Industry, Department of Industrial Policy and Promotion (FC Section) vide Press Note No. 4 (2006 Series) dated February 10, 2006, the aggregate foreign shareholding in telecommunication company from all sources, comprising Foreign Direct Investment (FDI) including ADR / GDR, FCCB, holding of Foreign Institutional Investors (FIIs), and holding of Non-Resident Indians (NRIs) / Overseas Corporate Bodies (OCBs), convertible preference shares and proportionate foreign equity in Indian promoters / investing companies cannot exceed 49% through Automatic Route and 74% of the paid-up equity shares capital of the Company by approval of Foreign Investment Promotion Board. Reserve bank of India vide their letter No.FE.Co.FID/21163/11.01.008/2005-06 dated 3rd April, 2006 has increased the limit for investments in the shares or debentures convertible into shares of the Company by FIIs upto 49% of the paid-up equity share capital or the paid up value of the respective series of the convertible debentures of the Company and Company has made application to Foreign Investment Promotion Board to increase the limit for investments in the shares or debentures convertible into shares of the Company by FIIs upto 74% of the paid-up equity share capital or the paid up value of the respective series of the convertible debentures of the Company. The total foreign shareholding in the Company as on April 28, 2006 was 25.04%. The Company thus has adequate room for issue of DRs.

The Board of Directors recommends the Special Resolution set out at Item No. 1 of the accompanying Notice for the approval of the Members.

No Director is in any way concerned or interested in the Resolution set out at Item No. 1 in the Notice except to the extent of their respective holding of equity shares in the Company and to the extent of his participating in the proposed Sponsored Offering, as also to the extent of participation in the proposed Sponsored Offering by a company / body corporate / firm in which the Director or his relative may be directly or indirectly interested.

## **Item No. 2**

### **Change of Name**

Consequent upon the effectiveness of the proposed Scheme of Amalgamation and Arrangement, the Company would transform into a fully integrated communication business provider. The Company would offer services that span the entire information and communication value chain including wireless and wireline, voice, data, broad band, internet, value added services and international and domestic long distance services. The Company would no longer remain a communication venture enterprise.

It is therefore deemed appropriate to change the name of the Company to the proposed name. The Board of Directors believe that the new name would enable the Company to more accurately reflect its business.

In terms of Section 21 of the Companies Act, 1956, name of the Company can be changed with the approval of the Central Government and the Shareholders by way of a Special Resolution. The Company has made required application for making the new name available to the Registrar of Companies, Maharashtra, Mumbai.

The Board of Directors recommends the Special Resolution set out at Item No. 2 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Registered Office:  
H Block, 1st Floor,  
Dhirubhai Ambani Knowledge City,  
Navi Mumbai 400 710.

By Order of the Board  
For **Reliance Communication Ventures Limited**

Hasit Shukla  
Company Secretary

Mumbai, 5th May, 2006



# RELIANCE COMMUNICATION VENTURES LIMITED

Registered Office: 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

## FORM OF PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member  
members of Reliance Communication Ventures Limited hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him / her \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to vote for me/ us on my  
/ our behalf at the Extraordinary General Meeting of the Company to be held on Saturday, the 3rd June, 2006 at 12.00 noon or  
soon after the conclusion of the Court Convened Meeting of the Equity Shareholders, whichever is later, at Shri Bhaidas Maganlal  
Sabhagriha, U-1 Juhu Development Scheme, Vile Parle (West), Mumbai 400 056 and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2006

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Affix  
Rupee 1  
revenue  
stamp

*(For Demat holding)*

DP ID. \_\_\_\_\_ Client ID. \_\_\_\_\_

*(For Physical holding)*

Folio No. \_\_\_\_\_ No. of Shares held : \_\_\_\_\_



### NOTES:

1. Proxy need not be a member.
2. Alterations, if any, made in the Form of Proxy should be initialled.
3. Proxy must be deposited at the Registered Office of the Company, not later than **FORTY EIGHT** hours before the time scheduled / fixed for the said meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.

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# RELIANCE COMMUNICATION VENTURES LIMITED

Registered Office: 'H' Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

## ATTENDANCE SLIP

DP. ID*	
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Folio No.	
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Client ID*	
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No. of Share(s) held	
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NAME AND ADDRESS OF THE EQUITY SHAREHOLDER (in block letters):

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NAME AND ADDRESS OF THE PROXY HOLDER

(in block letters, to be filled in by the proxy attending instead of the Equity Shareholder)

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I hereby record my presence at the Extraordinary General Meeting of the Company, convened at Shri Bhaidas Maganlal Sabhagriha, U-1 Juhu Development Scheme, Vile Parle (West), Mumbai 400 056 of the Equity Shareholders of the Company on Saturday, the 3rd June, 2006 at 12.00 noon or soon after the conclusion of the Court Convened Meeting of the Equity Shareholders, whichever is later.

Signature of the Equity Shareholder or proxy: \_\_\_\_\_

\*Applicable for shareholders holding shares in dematerialised form.

**Notes:**

1. Shareholders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after their signature on it.
2. Joint shareholders may obtain additional Attendance Slip at the venue of the meeting.



**Book Post**  
**(Under Certificate of Posting)**

*If undelivered please return to :*  
**Karvy Computershare Private Limited**  
( Unit : Reliance Communication Ventures Limited)  
Plot No. 17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081.