

KEYNOTE

November 02, 2015

The Board of Directors
Reliance Communications Limited
 H Block, 1st Floor,
 Dhirubhai Ambani Knowledge City,
 Navi Mumbai - 400710, Maharashtra, India

Dear Sirs,

Reg: Fairness Opinion on the recommendation of share entitlement for the proposed demerger of the Telecom Undertaking of Sistema Shyam TeleServices Limited ("SSTL" or "Transferor Company") into Reliance Communications Limited ("RCL" or "Transferee Company")

Keynote Corporate Services Limited ("Keynote" or "we" or "us") is Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We have been requested to issue a report on fairness on the Share Entitlement for the proposed demerger of the Telecom Undertaking of Sistema Shyam TeleServices Limited ("SSTL" or "Transferor Company") into Reliance Communications Limited ("RCL" or "Transferee Company"). We have perused the documents/ information provided by you in respect of the said Arrangement and the Valuation Report as issued by S.R. Batliboi & Co. LLP dated November 02, 2015 and state as follows:

Company Profile:

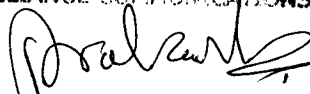
Reliance Communications Limited is an India-based company that provides telecommunications services. The Company, through its subsidiaries, offers a chain of wireless (third generation (3G) services), wireline, national long distance, international, voice, data, video, direct-to-home (DTH) and Internet-based communications services. It operates in two segments: the India Operations and the Global Operations. The Company's India operations segment includes wireless telecommunications services to retail customers through code division multiple access (CDMA) and global system for mobile (GSM) technology-based networks across India. Its Global Business Unit offers a portfolio of enterprise, information technology (IT) infrastructure and international long distance voice, video and data network services across the globe. The Company offers next generation, integrated and convergent digital network that supports services spanning the entire communications value chain.

For the year ended 31 March 2015, the total revenue of RCL is INR 21,770 crores and the profit for the year is INR 714 crores on a consolidated basis. The issued, subscribed and paid up equity share capital of RCL as at 30 September 2015 is INR 1,244 crores consisting of 2,488,979,745 equity Shares of INR 5 each fully paid up.

Sistema Shyam TeleServices Limited is a telecom company headquartered in Gurgaon, India. SSTL primarily provides a range of voice and data card services. SSTL is a subsidiary of the Russia based Sistema Joint Stock Financial Corporation.

For the year ended 31 March 2015, the total revenue of SSTL is INR 1,429 crores and the loss for the year is INR 1,654 crores. The issued, subscribed and paid up equity share capital of SSTL as at 30 September 2015 is INR 3,194 crores, consisting of 3,193,920,000 equity shares of face value of INR 10 each fully paid up.

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FOR RELIANCE COMMUNICATIONS LIMITED



PRAKASH SHENOY
 COMPANY SECRETARY
Keynote Corporate Services Limited

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Rationale of the Report:

We have been informed that the management of RCL and SSTL are contemplating a demerger of the Telecom Undertaking of SSTL into RCL ('Proposed Demerger' or 'Transaction') through a Scheme of Arrangement under the provisions of Section 391-394 of the Companies Act, 1956 ('Scheme of Arrangement'). As consideration for this Proposed Demerger, SSTL would be issued equity shares of RCL.

In this regard, we have been requested to suggest Fairness on the Share Entitlement for the Proposed Demerger.

Sources of Information:

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- a) Valuation Report by S.R. Batliboi & Co. LLP dated November 02, 2015;
- b) Annual Report of RCL for FY 2014-15;
- c) Audited Financials of SSTL for FY 2014-15;
- d) Draft Scheme of Arrangement;
- e) Other relevant information/documents regarding RCL and SSTL such as their history, past and present activities.

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

Our Recommendation:

As stated in the Valuation Report, S.R. Batliboi & Co. LLP have recommended the following Share Entitlement:

"Fresh equity shares of 10.9% to 11.4% (rounded off) of existing share capital of RCL of INR 5 (Indian Rupees Five only) shall be issued to SSTL"

This shall translate to 271,298,792 (Two Hundred Seventy One Million Two Hundred Ninety Eight Thousand Seven Hundred Ninety Two Only) to 283,743,691 (Two Hundred Eighty Three Million Seven Hundred Forty Three Thousand Six Hundred Ninety One Only) fully paid up fresh equity shares of INR 5 (Indian Rupees Five only) each of RCL to be issued to SSTL

The aforesaid Arrangement shall be pursuant to the Draft Scheme of Arrangement and shall be subject to receipt of approval from the Jurisdictional High Court of Bombay and High Court of Rajasthan at Jaipur and other statutory approvals as may be required. The detailed terms and conditions of the demerger are more fully set forth in the Draft Scheme of Arrangement. Keynote has issued the fairness opinion with the understanding that Draft Scheme of Arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme of Arrangement alters the transaction.

Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the share entitlement for the equity shareholders as suggested by S.R. Batliboi & Co. LLP proposed under the Scheme of Arrangement is fair in our opinion.



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Exclusions and Limitations:

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by RCL & SSTL for the purpose of this opinion. We express no opinion and accordingly accept no responsibility with respect to or for such estimated financials or the assumptions on which they were based. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, or estimates of value to be realized for the assets of RCL & SSTL. We have solely relied upon the information provided to us by RCL & SSTL. We have not reviewed any books or records of RCL & SSTL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of RCL & SSTL and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of RCL & SSTL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by RCL & SSTL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threatened claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of RCL & SSTL with respect to these matters. In addition, we have assumed that the Draft Scheme of Arrangement will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.

We understand that the managements of RCL & SSTL during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that RCL & SSTL may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving RCL & SSTL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to RCL & SSTL for providing a fairness view on the share entitlement and will receive a fee for our services.

In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the transaction.

It is understood that this letter is solely for the benefit of and confidential use by the Board of Directors of RCL & SSTL for the purpose of this transaction and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent. The opinion is not



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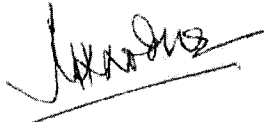
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meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law, Statute, Act, guideline or similar instruction. Management of RCL & SSTL should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to RCL's or SSTL's underlying decision to effect to the proposed transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of RCL & SSTL should vote at their respective meetings held in connection with the transaction. We do not express and should not be deemed to have expressed any views on any other terms of transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of RCL will trade following the announcement of the transaction or as to the financial performance of RCL & SSTL following the consummation of the transaction.

In no circumstances however, will Keynote Corporate Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Corporate Services Limited or its associates, directors or employees by any third party, RCL & SSTL and their affiliates shall indemnify them.

For **KEYNOTE CORPORATE SERVICES LTD**



Nipun Lodha
Executive Vice-President & Head- Corporate Finance
SEBI Registration No. INM000003606
(Merchant Banker)

