



Reliance Communications Limited
Dhirubhai Ambani Knowledge City
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January 12, 2016

The General Manager
Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai 400 001
BSE Scrip Code: 532712

The Manager
National Stock Exchange of India Ltd.
Exchange Plaza, C/1, Block G
Bandra - Kurla Complex, Bandra (East)
Mumbai 400 051
NSE Symbol: RCOM

Dear Sir,

Sub: Clarification on Money Control website news article - Government has asked RCOM to pay Rs.5384 crore before signing pacts.

Ref: BSE and NSE email dated January 12, 2016 – News Clarification.

We refer to your above referred email on the captioned subject.

DOT for the first time on 9th Jan 2015 came out with a policy which allowed for liberalization of the administratively allocated spectrum in 800 MHz spectrum band. This policy was specified in the NIA published on 9th Jan 2015. This document is available in Public domain on DOT website <http://www.dot.gov.in/spectrum-management/spectrum-management/auction-spectrum-february-2015?page=0%2C0%2C0%2C0%2C0%2C5>.

Further, the NIA of 9th Jan 2015, had the below provisions on the issue of Spectrum Sharing and Spectrum Trading

“4.10 Spectrum Sharing

Operators whose entire spectrum holding in a particular band is/has been liberalized will be permitted to share spectrum as per the guidelines issued from time to time without any additional one time spectrum charge.

Detailed guidelines regarding sharing of spectrum would be issued in due course.

4.11 Spectrum Trading

The Government has decided in-principle to permit Spectrum trading. However, the detailed guidelines in this regards will be issued in due course. “

It was only on 24th Sept 2015 that the Guidelines for the spectrum sharing was published by DOT. The guidelines has the prerequisites that in case one of the Licensee has spectrum acquired through auction and the other has spectrum administratively allocated, the sharing is permitted only after the spectrum charges for liberalization of administratively allocated spectrum are paid. Hence for RCOM to share the 800 MHz spectrum, we had to get the 800 MHz spectrum liberalized. The document “Guidelines for Access Spectrum Sharing” is available in public domain on DOT website <http://www.wpc.gov.in/ViewAllOrders.aspx>.



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Further Spectrum trading was approved by the Union Cabinet / Government and the guidelines for the same was published by DOT on 12 Oct 2015. The guidelines mandated that Spectrum can be traded only if the Telecom service provider has paid the prescribed market price for the same, which is that the administratively allocated spectrum was to be liberalized. The document "Guidelines for Trading of Access Spectrum by Access Service Providers" is also available in public domain on DOT website <http://www.wpc.gov.in/ViewAllOrders.aspx>.

We wish to inform you that the Department of Telecommunications (DoT), Government of India has issued the liberalisation guidelines of 800 Mhz/1800Mhz Spectrum on November 05, 2015. The document "Guidelines for Liberalisation of Administratively allotted Spectrum in 800 MHz and 1800 MHz frequency bands" for the same is again available in public domain on DOT website <http://www.wpc.gov.in/ViewAllOrders.aspx>.

It is also pertinent that our Chairman Sh Anil D Ambani in his address to the Shareholders at the AGM held on 30th Sept 2015 had stated that

"The Company welcomes the approval granted by the Union Cabinet to policies for Trading and Sharing of spectrum.

The detailed guidelines for Sharing have been published last week, and those for Trading are expected very shortly.

These policies have long been awaited, and will lead to several benefits:

- optimal utilisation of the scarce resources of spectrum available with various operators;*
- removal of duplication of capex by different operators for rollout of services;*
- improvement in coverage and Quality of Service for customers*
- monetisation of investments already made in acquisition of spectrum, leading to reduction in leverage of various players.*

.....

The announcement of Trading and Sharing policies by the Government has now set the stage to extend our partnership to the next level of co-operation and will be a true game changer.

RCOM is the only operator in India to hold 5 MHz or more of the most valuable 800 – 850 band spectrum, across the country.

This spectrum is ideally suited for the launch of the 1st truly world class 4G / LTE services in India, and has the ability to provide a clear competitive edge in terms of quality, coverage and pricing, over other operators launching similar services in other spectrum bands.



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The Company is at an advanced stage of discussions for finalising nationwide Trading and Sharing arrangements between RCOM and Reliance Jio in the 800 – 850 MHz band, in line with the new policies of DoT."

In line with Government policy as mandated in the NIA, we had started applying for liberalization of our spectrum in various circles starting from July 2015 to enable us to use this spectrum for 4G services as well as allow us for sharing and trading as and when the guidelines for the same were available. This was informed to both the Stock exchange and the subsequently in the AGM to the share holders.

Pursuant to the guidelines on liberalization issued on 5th Nov 2015, the Company, in its ordinary course of business, had again put in the request to DoT for liberalisation for its holding in 800 MHz of Spectrum in 20 Circles alongwith the processing fee of Rs 50,000/- per service area.

As part of ongoing correspondence, DoT has issued the intimation / demand letter for 16 circles and is yet to decide for the remaining 4 circles. Once decided in totality, Company will have option whether to pay the said amount and liberalise or not. Thus this process is still ongoing and the matter has not yet achieved finality.

It may kindly be noted that liberalization, if any, will allow spectrum to become technology agnostic and Company can launch 4G or 5G services, the spectrum can also be shared with any operator for 4G launch in same band. Liberalization would also allow us an option to traded the spectrum with another operator having spectrum acquired through auction.

Please be informed that the first media article on this matter had appeared way back on December 24, 2015 and the same is already in public domain since past 19 days and is not a new development.

We are surprised that we have been asked to comment on price movement from Rs.83.75 to Rs.78.29. You may kindly note that today's closing price of Company's equity share is Rs.80.10, and in any case, we would appreciate being informed under which provision of the listing agreement, the Company is required to explain every day to day minor fluctuation in stock prices.

Thanking you.

Yours faithfully,

For **Reliance Communications Limited**

Prakash Shenoy
Company Secretary