



# RCom's win - win deal

Publication: Hindustan Times, Date: June 28, 2010

# RCom's win-win deal

**TOWERING GAIN** Rs 50,000-cr deal to unlock value, help 3G plans and cut debt

**HT Correspondent**  
 letters@hindustantimes.com

**NEW DELHI:** Anil Ambani-led Reliance Communications' deal demerging its tower business (with 50,000 towers) from Reliance Infratel, to be merged into GTL Infrastructure for a total consideration of Rs 50,000 crore, has won applause from industry experts.

Analysts say that past deals in the tower business have seen an average price of Rs 45-50 lakh per tower. In this case Reliance Communications has managed to extract a good value of close to Rs 1 crore per tower.

"It is a good deal for Reliance Communications as the company has managed a good value

## FROM DEBT TO GROWTH: RCOM'S MAGNIFICENT MOVE

With the cash from the GTL deal, Anil Ambani's RCom will have a freer hand in future plans



- RCom has got close to Rs 1 cr per tower, almost double the reigning price
- GTL deal will bring down RCom debt to Rs 15,000 cr from Rs 30,000 cr now
- RCom shareholders to get 2-3 shares in the merged entity
- RCom would have flexibility in taking up 3G expansion.

per tower," said Gaurav Dua, head of research at Sharekhan Securities. "Reliance Communications had debt problems and with this it will have a much healthier balance sheet and will

be able to take up its 3G expansion plans aggressively."

The deal benefits not only the company, analysts say it is a win-win situation for the RCom shareholders as well.

"As per the deal each shareholder of RCom will get around 2-3 shares of the merged entity," said a source close to the development.

"Firstly, value has been

unlocked for them from the tower business of RCom subsidiary and then the balance sheet of RCom will get strong and giving their stock holding a further boost," said Dua.

Reliance Communications share prices have already jumped by 38.3 per cent over the past one month after the truce between brothers Mukesh and Anil Ambani, and RCom board passed a resolution to sell up to 26 per cent stake in the firm.

According to sources the deal with GTL will bring down the debt of RCom from existing Rs 33,000 crore to Rs 15,000 crore and if the company goes ahead with the strategic equity sale then it may become a completely debt free company.