

Analysts say it's not a complete merger as network and customers were still split

# Anil Ambani calls alliance with RJio 'virtual merger'

**Praveena Sharma**  
praveena.sharma@dnaindia.net

**New Delhi:** Almost a decade after the feuding Ambani brothers split their business empire, younger brother Anil Ambani on Tuesday said his telecom company Reliance Communication Ltd (RCom) was "virtually merged" with older sibling Mukesh Ambani's Reliance Jio Infocomm with both agreeing to share spectrum, network and towers.

Speaking at the annual general meeting (AGM) of RCom, younger Ambani informed that the fourth generation (4G) services rollout investment across the country will also be funded by Reliance Jio.

Analysts, however, are still not seeing the alliance between the Ambani telecom companies as a virtual merger.

A telecom expert, who spoke on condition of anonymity, said the combined offering by RCom-Aircel and Reliance Jio was "formidable" but there were still elements that were independent.

"It's not a virtual merger but it's a strong and formidable combination of market, technology and network," he said.

According to him, the two would have common network



Anil Ambani (R) along with his son Jai Anmol during the Reliance Capital AGM in Mumbai on Tuesday — Salman Ansari/dna

only for long term evolution (LTE) in the 850 megahertz (MHz) spectrum band while their 2G and 3G network were separate.

"They both bring spectrum (in 850 MHz band) to the table and collectively take it as one block of spectrum, which is 5 MHz, the amount required to roll out services. Jio makes the investment in capex required to roll out the network and both companies will have right to market that services," said the analyst.

He believes the RCom and Aircel, with which the younger brother's company has recently merged, will have separate 2G and 3G network.

Similarly, even the customers of Aircel-RCom are not the customers of Reliance Jio and vice-versa. That, he said, would be a function of how the duo worked out their roaming and other agreements for their customers.

The telecom expert, however, said theoretically it is a partnership which is mutually advantageous to all entities in it.

"Theoretically, RCom and Reliance Jio combine bring 4G LTE to every market while RCom and Aircel bring 2G and 3G. This makes them the only combination which has 2G, 3G and 4G in all 22 circles. The alliance between them gives Jio more than what it had and RCom-Aircel more than what they had. Now, collectively, they have more than any player in the market has," he said.

The analyst said it has to be seen now whether after having "necessary combination", they are able to fight it out in the marketplace.

"It is a necessary combination whether that combination of offering is now sufficient we don't know because that requires you to fight in the marketplace," said the analyst.

At Tuesday's AGM, Anil Ambani said with the merger with Aircel, and partnership with Jio, his telecom company had enough spectrum and won't depend on the auction that begins this week, where the government expects to raise as much as Rs 5.6 lakh crore.

He said his company would pare down its debt by 75% within a year.

(With inputs from Bloomberg)