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## SBI to refinance new entity's Rs 28,000 crore debt in the RCOM-Aircel merger

By ET Bureau | Updated: Jul 28, 2016, 06:52 AM IST

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NEW DELHI: [State Bank of India](#) will refinance debt of Rs 28,000 crore that will be transferred to the entity emerging from merger of the wireless [business](#) of [Reliance Communications](#) and [Aircel](#), expected to be announced next month, a person familiar with the matter said.

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Under broad terms of refinancing, "maturity period of the loans will be 20 years as against the existing tenures of 4-5 years on both sides," the person said. The promoters of RCom and Aircel are set to announce a merger pact around the second week of August, having finalised all details to combine their wireless businesses, which would create a strong no. 4 telco.

RCom will separate its wireless business and merge it with the existing unlisted Aircel, with promoters of both sides owning 50 per cent each in the combined entity, which will start with revenue of about Rs 25,000 crore. RCom and Aircel will each transfer to the entity Rs 14,000 crore of their debt, which will be refinanced by SBI. RCom has a gross debt of Rs 42,651 crore, while Aircel has Rs 23,436 crore.

"All the paperwork has been finalised. All processes to seek respective board approvals have been initiated," the person said. "The deal announcement is likely August 9-10, give or take a few days, and the deal should close in six months from then." RCom declined to comment, while SBI hadn't responded to emailed queries at the time of going to press.

The merged entity will be rebranded and remain unlisted initially. The promoters of both companies will have equal board representation. An SBI-led consortium will extend a loan of Rs 7,000 crore to the entity for fresh capital expenditure.

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