

Media Release**RELIANCE COMMUNICATIONS ANNOUNCES
PROFORMA CONSOLIDATED RESULTS FOR QUARTER ENDED MARCH 31, 2006****EBITDA OF RS 1,042 CRORE (US\$ 234 MILLION) – AN INCREASE OF 23%
OVER THE PREVIOUS QUARTER ENDED DECEMBER 31, 2005****EBITDA MARGIN RISES FROM 28% TO 35% SEQUENTIALLY QUARTERS****NET PROFIT OF RS 440 CRORE BEFORE EXTRAORDINARIES (US\$ 99 MILLION) –
AN INCREASE OF 42% OVER THE PREVIOUS QUARTER****REVENUES OF RS 2,970 CRORE (US\$ 668 MILLION) FOR THE QUARTER****CONTINUATION OF STRONG GROWTH TREND IN PROFITABILITY
ACROSS WIRELESS, GLOBAL, AND BROADBAND BUSINESSES****NET WORTH OF RS 11,742 CRORE (US\$ 2,639 MILLION)****NET DEBT OF RS 3,293 CRORE (US\$ 740 MILLION) –
NET DEBT TO EQUITY RATIO AT A CONSERVATIVE 0.28:1****MARKET CAPITALIZATION (POST REORGANIZATION) OF RS 65,000 CRORE
(NEARLY US\$ 15 BILLION)****RELIANCE COMMUNICATIONS TO BE PART OF THE SENSEX, FROM JUNE 12, 2006**

Mumbai, May 01, 2006: Reliance Communications Ventures Limited (RCVL), one of the four Reliance – Anil Dhirubhai Ambani Group companies formed on the reorganization of the Reliance Group, today announced unaudited proforma consolidated financial results for the quarter ended March 31, 2006.

The highlights of financial performance are:

- **EBITDA of Rs 1,042 crore (US\$ 234 million), growth of 23%** over the previous quarter ended December 31, 2005
- **EBITDA margin rises from 28% to 35% sequentially**
- **Net Profit of Rs 440 crore (US\$ 99 million)** prior to extraordinary, **growth of 42%** over the previous quarter
- **Total Assets of nearly Rs 26,000 crore (US\$ 5,845 million)**
- **Net Worth of Rs 11,742 crore (US\$ 2,639 million)** as at March 31, 2006
- **Net Debt of Rs 3,293 crore (US\$ 740 million)** as at March 31, 2006

The proforma consolidated financial results relate to RCVL and its operating companies, including inter alia Reliance Infocomm Limited (RIC), Reliance Communications Infrastructure Limited (RCIL), Reliance Telecom Limited (RTL), and FLAG Telecom Limited (FLAG).

In the interests of better disclosure, and to assist investors in understanding overall performance of RCVL, the proforma numbers have been prepared as if the proposed corporate reorganization (previously announced) had been implemented for the quarter.

The proforma numbers are based on a prudent and conservative accounting methodology, whereby revenues during the quarter from Lifetime Free Incoming plans have been deferred over a period of 46 to 65 months.

Commenting on the results, **Mr Anil Dhirubhai Ambani, Chairman, Reliance Communications Ventures Limited** said:

“Reliance Communications – India’s youngest, fastest, largest communications company – maintained its market leadership, with product offerings best suited to the requirements of millions of customers across all segments and in each and every service area.

Our Wireless business achieved the highest ever acquisitions of 3.2 million customers in a single quarter, with our total base crossing a record 20 million customers as at March 31, 2006 – India’s largest wireless customer base.

The EBITDA margin of the Wireless business expanded from 32% to 36%, led by record customer acquisitions, economies of scale, cost efficiencies and productivity gains.

Increased volumes in long distance voice and international data, combined with cost efficiencies, resulted in an expansion in EBITDA margins of our Global business from 15% to 19%.

The Broadband business achieved revenue growth of 54%, and strong EBITDA margin expansion from 20% to 31% sequentially.

I am delighted that, with the listing of Reliance Communications during the quarter, our over 2 million investors now have the opportunity to directly participate in the Company’s growth and value creation.”

Youngest, Fastest, Largest

- **First to achieve the milestone of 1 million net additional wireless customers in a single month in December 2005**
- **Sustained this growth rate by acquiring over 1 million net additional wireless customer in three consecutive months - January, February, and March 2006**
- **Changed the game in wireless customer acquisition with a slew of promotions bundling high levels of talktime and messaging with a range of colour and black and white handsets at different price points**

- **First and only operator to extend the “Lifetime Free Incoming” scheme to pre-paid fixed wireless customers**, after having pioneered and developed the incoming-only segment for pre-paid mobile customers
- **Innovated “Lifetime Rental Free” plans** for post paid mobile and fixed wireless customers
- **Broke the Circle barrier with pioneering launch of “One Nation, One Tariff” flat rate national long distance schemes** on January 1, 2006
- **Changed the way consumers perceive and use long distance call services by making “One Nation, One Tariff” plans available with unique daily, weekly, and monthly validity and Reliance to Reliance pricing for our customer community**
- **Slashed international long distance tariffs by 45% to 69%** for calls to various countries, including the United States, Canada, Europe and Middle East
- **First operator globally to introduce seamless inter-standard international roaming facilities**, “One World, One Number”, on over 350 CDMA and GSM networks globally
- **Reliance World in Hindi now available on our over 10 million multimedia-enabled handsets** – first operator globally to offer wireless multimedia services in more than one language script on the same handset
- **Unique premiere of a TV channel on a wireless multimedia platform** – TIMES NOW English news channel launched on Reliance World even before the channel was available to TV viewers over cable networks
- **E-Learning through Reliance WebWorld** – XLRI, Jamshedpur, one of Asia’s leading HR institutes, launched a package of e-learning programs using our state-of-the-art video conferencing facilities to reach out to students across multiple locations on a real time basis
- In a significant milestone for our enterprise broadband services, we will **activate online 122 GE Money locations through one of the largest IP-VPN implementations in India**
- **Star Indian cricketer, Mahendra Singh Dhoni, appointed our brand ambassador.** We will use Dhoni’s mass appeal to herald an enhanced customer experience across our existing products and a new and exciting product range in future

Business Review

- **Wireless**

We achieved a record quarter for customer growth – more than 1 million additions every month.

Our All India market share of additional customers was 21%, the highest of any operator.

Our success in customer acquisition reflects the popularity of our innovative promotions and schemes. We have changed the game by offering a slew of promotions bundling high

levels of talktime and messaging with a range of competitively priced handsets and by introducing the first “One India” schemes with different validities.

Our Wireless operating division achieved highest ever customer acquisitions of 3.2 million in the fourth quarter. At March 31, 2006, we had 20.2 million wireless subscribers. The EBITDA margin of Wireless increased from 32% to 36% in sequential quarters.

- **Global**

Record growth in our wireless and wireline customer base led to a significant increase in total long distance business. Our 100% owned subsidiary FLAG had a record quarter for new data business. **Increased volumes in voice and data, combined with cost efficiencies, resulted in an increase in EBITDA margin of Global from 15% to 19% in sequential quarters.**

- **Broadband**

Broadband experienced the highest percentage revenue growth among all three operating divisions. Our comprehensive product portfolio allowed us to make significant in-roads into key accounts, both as first time and repeat order customers and in broadening our SME customer base.

Broadband achieved revenue growth of 54% sequentially, and an EBITDA margin expansion from 20% to 31%.

Financial Review

Driven by strong customer acquisition performance and cost efficiencies, we achieved significant growth in profitability.

EBITDA before extraordinary items increased by 23% from Rs 848 crore (US\$ 191 million) to Rs 1,042 crore (US\$ 234 million) sequentially.

Profit after tax, prior to extraordinaires, increased by 42% from Rs 310 crore (US\$ 70 million) to Rs 440 crore (US\$ 99 million) sequentially.

As at March 31, 2006, the net worth of the company stood at Rs 11,742 crore (US\$ 2,639 million), the highest net worth of any private sector telecom services company in India.

Our net debt stood at Rs 3,293 crore (US\$ 740 million), reflecting a net debt to equity ratio of 0.28:1, and providing a strong platform for leveraging our balance sheet to raise resources for our future growth plans. At a conservative net debt to equity ratio of 1:1, we have capacity to add over Rs 8,000 crore (US\$ 1.8 billion) of leverage on our balance sheet.

The market capitalization of RCVL as at April 29, 2006, based on equity capital post reorganization, was Rs 65,000 crore (nearly US\$ 15 billion).

RCVL will be included in the benchmark index, the BSE Sensex, from June 12, 2006.

Mobilisation of Resources

RCVL has raised Rs 2,224 Crore (US\$ 500 million) through issue of Foreign Currency Convertible Bonds (FCCBs) during the quarter, on extremely competitive terms.

The FCCBs carry a conversion price of Rs 480.68 per share, representing a premium of 50% to the closing share price of RCVL share on March 21, 2006.

The Bonds have a maturity period of 5 years and 1 day, and are Zero Coupon FCCBs, with a Yield To Maturity (YTM) of 4.65% per annum – representing pricing of LIBOR less 50 basis points on date of issue.

In the event the FCCBs are fully converted into equity, the share capital of RCVL would increase by approximately 4.62 crore equity shares of Rs 5 each only, which is barely 2% of fully diluted equity share capital post the recently announced corporate reorganization.

Corporate Restructuring

Under the ownership structure resulting from the demerger and vesting, RCVL did not own a majority stake in any of its principal operating companies. This legacy structure, arising from the period prior to the reorganisation of the Reliance group, had significant drawbacks.

As previously announced, on March 12, 2006 the Board of RCVL approved a reorganization whereby RIC will be merged fully with RCVL and become an operating division, RCIL, RTL and FLAG Telecom, will become wholly-owned direct subsidiaries of RCVL. The reorganization will be effected by way of an exchange of shares under a scheme of arrangement and does not involve any cash transactions. The merger formalities are currently underway and are expected to be completed by the end of the third quarter of the current financial year.

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Background

Reliance Communication Ventures Limited is part of the Reliance – Anil Dhirubhai Ambani Group.

RCVL is India's largest integrated communications service provider in the private sector with over 21 million individual consumer, enterprise, and carrier customers as at March 31, 2006. We operate pan-India across the full spectrum of wireless, wireline, and long distance, voice, data, and internet communication services. We also have an extensive international presence through the provision of long distance voice, data and internet services and submarine cable network infrastructure globally.

As presently constituted, RCVL was formed by the demerger and vesting of the telecommunications undertakings of Reliance Industries Limited. Our shares were listed in India on the Bombay Stock Exchange and National Stock Exchange on March 6, 2006.

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