

**RELIANCE COMMUNICATIONS LIMITED (“RCOM”) ANNOUNCES
RESULTS FOR QUARTER ENDED SEPTEMBER 30, 2006**

**NET PROFIT OF RS 702 CRORE (US\$ 153 MILLION)
COMPARED TO LOSS OF RS 19 CRORE (US\$ 4 MILLION)**

**EBITDA AT RS 1353 CRORE (US\$ 294 MILLION)
COMPARED TO RS 427 CRORE (US\$ 93 MILLION) - UP 216%**

**REVENUES AT RS 3,526 CRORE (US\$ 767 MILLION) AGAINST
RS 2,522 CRORE (US\$ 549 MILLION) – AN INCREASE OF 40%**

EBITDA MARGIN MORE THAN DOUBLES TO 38%, FROM 17%

**CONTINUATION OF STRONG EBITDA GROWTH
ACROSS ALL BUSINESSES – WIRELESS, GLOBAL AND BROADBAND**

**NET DEBT DECLINES FURTHER TO RS 2,057 CRORE (US\$ 448 MILLION) –
SUBSTANTIAL BORROWING ABILITY TO FUND FUTURE CAPEX**

**RCOM COMPLETES CORPORATE REORGANIZATION IN RECORD TIME –
SIMPLIFYING ITS CORPORATE OWNERSHIP STRUCTURE AND EMERGING AS
THE PRIMARY OPERATING ENTITY FOR ITS ENTIRE TELECOM BUSINESS**

**RCOM PART OF SENSEX, NIFTY AND MSCI
AND ALSO INCLUDED IN F&O SEGMENT**

Mumbai, October 30, 2006: Reliance Communications Limited (“RCOM”) today announced its unaudited consolidated financial results for the quarter ended 30th September, 2006. The highlights of financial performance are:

- **Net Profit of Rs. 702 crore** (US\$ 153 million), **compared to a loss of Rs. 19 crore** (US\$ 4 million) in the corresponding quarter last year
- **EBITDA at Rs. 1,353 crore** (US\$ 294 million), **growth of 216%** over the corresponding quarter last year
- **Revenue growth of 40% at Rs. 3,526 crore** (US\$ 767 million) compared to Rs. 2,522 crore (US\$ 549 million)
- **EBITDA margin expands to 38% from 17%** in the corresponding quarter last year, with **strong contributions across all businesses – Wireless, Global and Broadband**
- **Total Assets of Rs. 32,281 crore** (US\$ 7,025 million) as at 30th September, 2006
- **Net Debt declines sequentially by 16% to Rs. 2,057 crore (US\$ 448 million)** as at 30th September, 2006.

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

“The Reliance Communications growth engine is poised to deliver accelerated profitability and even greater momentum in the years ahead.

Our unique fully integrated telecom operations, differentiate us from mainly mobile operators, and will deliver unmatched value to our over 2 million shareholders.”

Business Review

▪ **WIRELESS**

As at 30th September, 2006, the Company had 26 million wireless customers on its network, representing a market share of 20.5% of the All India wireless market.

About 3.5 million wireless customers (net) were added during Q2 FY 2007, which is more than double the net wireless additions of 1.6 million subscribers in the corresponding quarter last year, thereby establishing RCOM as the fastest growing service provider in the country.

RCOM improved its share of net additions in wireless customers from 17.6% in Q1 FY 2007 to 19.9% in Q2 FY 2007, adding more than one million wireless customers every month during Q2 FY 2007. Prepaid customers comprised over 94% of the new wireless customer additions in Q2 FY 2007, further improving the Company’s already strong customer credit risk profile.

Users of wireless multimedia services increased further to 8.1 million as on 30th September, continuing the upward trend in usage of these services by our customers.

Revenues of the Wireless business increased 44.7% compared to year ago figures, from Rs. 1,778 crore (US\$ 387 million) to Rs. 2,574 crore (US\$ 560 million).

EBITDA increased from Rs. 510 crore (US\$ 111 million) to Rs. 929 crore (US\$ 202 million) – an increase of 82%.

We maintained our revenue per minute at 77 paisa.

Our network coverage has now expanded to over 6,000 cities and towns, from around 3,000 last year.

Our capex during the quarter increased to approx. Rs. 1,499 crore (US\$ 326 million).

▪ GLOBAL

In the ILD business, RCOM maintained its leading market share of more than 40% in the US to India retail customer calls segment. We maintained our retail rates, while growing traffic volumes, despite increasing competitive pressures.

In addition, we launched an enterprise-focused product for calls to India from Canada and UK, expanding the IndiaCall franchise in these countries. We also enhanced our WorldCall services to 170 countries for US, Canada and UK customers.

RCOM announced a significant reduction of up to 66% in international call rates from India, further improving affordability for its rapidly expanding customer base.

Our NLD business saw a substantial 20% growth in volumes in Q2 FY 2007 compared to the previous sequential quarter on stable net realizations. The quarter saw a further increase in traffic routed on our own network.

During Q2 FY 2007, RCOM commissioned FALCON, the world's largest private submarine cable system to be constructed in the last five years. FALCON was launched four months ahead of schedule, and at 80% of the projected cost.

It has 14 landing stations providing much needed international connectivity to 12 countries in the fast growing Gulf region and de-bottlenecking capacity between India, the Middle East, and Europe. Meanwhile, RCOM continued its highly successful initiatives to sign long-term usage agreements for FALCON and for its existing global submarine cable networks.

The Global business experienced strong margin expansion and growth in profitability, driven by strong volume growth.

EBITDA during the quarter increased 183% at Rs. 320 crore (US\$ 70 million) compared to Q2 FY 2006.

EBITDA margins increased from 9.0% to 24.3%.

▪ BROADBAND

Our broadband operations continued to focus on directly connecting buildings in the top 30 cities in India. The number of buildings on-net increased by 49% to 269,676 from

180,759 at the end of the prior quarter – and by more than 2.5 times over the last six months. We have leveraged the existing optic fiber in the ground to accelerate the roll out, thereby the incremental investment required to facilitate this roll out has seen a reducing trend.

The number of access lines increased to 425,000 from 322,000 at the end of the previous quarter. Importantly, **the number of major orders booked during the quarter also accelerated by 29% to more than 15,000 in Q2 FY 2007** from the previous quarter.

Broadband achieved revenue growth of 201% compared to year ago figures at Rs. 271 crore (US\$ 59 million), and an EBITDA margin of 44.8% as compared to 16.7%.

CORPORATE DEVELOPMENTS

▪ RCOM completes corporate reorganization

RCOM completed its corporate reorganization in a record period of only six months from the date of Board approval to emerge as the primary operating entity for the entire telecom business of the Reliance ADA Group. RCOM and its wholly-owned subsidiaries now own 100% of the networks, facilities, licenses and properties used in its business. This includes the nationwide CDMA and GSM wireless networks, the national and intra-city fibre-optic networks, the FLAG and FALCON global submarine cable systems, the Reliance World retail chain, the internet data centers, contact centers, network operating centers, and other facilities used in the Company's telecom businesses.

The equity share capital of the Company now stands increased to 2,044,614,990 equity shares of Rs. 5 each aggregating Rs.1,022.31 crore. The reorganization did not involve any cash transactions.

Further, the reorganization has enabled a seamless transition to a simple and transparent corporate structure that affords significant advantages to the Company, aligning the interests of the Promoter group with that of over 2 million shareholders. In accordance with the approved Scheme, RIC has been merged fully with RCOM and has become an operating division, and RCIL, RTL and FLAG have become wholly-owned direct subsidiaries of RCOM. In addition, RCOM has acquired the 134 acre Dhirubhai Ambani Knowledge City (DAKC) complex, and several other properties used in its businesses, which were previously privately owned. The post-reorganization structure has placed RCOM in a favorable position from the standpoint of resource mobilization, transparency, and valuations.

▪ RCOM GDR starts trading on Luxembourg Stock Exchange

GDRs of RCOM, issued as per the Scheme of Arrangement of Reliance Industries Limited with the Company, were listed on the Luxembourg Stock Exchange on 3rd August, 2006. Deutsche Bank Trust Company Americas has been appointed as the Depository for the said GDRs.

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Background

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

RCOM is India's largest integrated communications service provider in the private sector with over 28 million individual consumer, enterprise, and carrier customers.

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.