

Reliance Communications Limited
(Formerly known as Reliance Communication Ventures Limited)
Reliance Anil Dhirubhai Ambani Group

Regd. Office : H Block, 1st Floor , Dhirubhai Ambani Knowledge City, Navi Mumbai 400710

Proforma Unaudited Consolidated Financial Results for the Quarter ended June 30, 2006

Rs. in Crore

Sr. No.	Particulars	Quarter ended 30.06.2006	Quarter ended 30.06.2005
	Consolidated Operations		
1	Revenue		
	Service Revenue	3335	2283
	Less: Deferment of Revenue	85	0
	Net Revenue	3250	2283
2	Operating Expenses		
	Access Charges and Licence Fee	929	887
	Network Operations Cost,	382	433
	Employee Cost	215	231
	Selling and General Cost	518	573
	Total	2044	2124
3	EBITDA before Extraordinary items (1 - 2)	1206	159
4	Finance Charges (Net)	100	27
5	Depreciation and Amortisation	551	376
6	Profit before Tax and extraordinary items (3 - 4 - 5)	555	(244)
7	Provision for taxation	27	6
8	Profit after Tax (before extraordinary items) (6 - 7)	528	(250)
9	Extraordinary items	15	0
10	Profit after Tax (8 - 9)	513	(250)
11	Cash profit from Operations (10 + 5)	1064	126
12	Paid up share capital (post merger) 204,46,14,990 Equity shares of Rs. 5 each	1022	1022
13	Reserve excluding Revaluation Reserve		

Segment Analysis

Rs. in Crore

	Quarter ended 30.06.2006	Quarter ended 30.06.2005
Segment revenue		
Sale/Income from each segment		
a) Wireless	2,432	1,485
b) Global	1,234	1,120
c) Broadband	227	101
d) Others	103	122
Total	3,996	2,828
Less: Inter segment eliminations	(746)	(545)
Net Sales/Income from operations	3,250	2,283
Segment results		
Profit / (Loss) before amortization, depreciation, tax and interest		
a) Wireless	875	346
b) Global	284	53
c) Broadband	88	(23)
d) Others	23	(142)
Total	1,270	234
Less: Inter segment eliminations	(64)	(75)
Total Profit / (Loss) before amortization, depreciation, tax and interest	1,206	159

NOTES

- The Proforma Consolidated Financial Results relate to the Company and its operating companies, including inter alia Reliance Infocomm Limited (RIC), Reliance Communications Infrastructure Limited (RCIL), Reliance Telecom Limited (RTL) and FLAG Telecom Group Limited (FLAG). In the interests of better disclosure, and to assist investors in understanding the overall performance of the Company, the proforma numbers have been prepared as if the proposed corporate reorganization has been implemented for the quarter. The proforma numbers are based on a prudent and conservative accounting methodology.
- The Scheme of Amalgamation and Arrangement for the amalgamation of Reliance Infocomm Limited, Ambani Enterprises Private Limited, Reliance Business Management Private Limited, Formax Commercial Private Limited, Reliance Communications Technologies Limited, Reliance Software Solutions Private Limited, Reliance Communications Solutions Private Limited and Panther Consultants Private Limited and demerger of the Network division of the Reliance Communications Infrastructure Limited with the Company ("Scheme") has been approved by the Hon'ble High Court of Gujarat and the Hon'ble High Court of Judicature at Bombay. Upon effectiveness of the Scheme and allotment of equity shares of the Company as per the Scheme, the paid up equity share capital of the Company will stand increased to 204,46,14,990 shares of Rs. 5 each fully paid-up and Reliance Communications Infrastructure Limited, Reliance Telecom Limited as also Flag Telecom Group Limited, inter alia, will become wholly owned subsidiaries of the company.
- The Company had made allotment of Foreign Currency Convertible Bonds (FCCB) of US \$ 500 Million on 9th May, 2006 having maturity period of 5 years and 1 day. Each FCCB is convertible in to one equity share of the Company at the price of Rs. 480.68 per share, representing a premium of 50% to the closing price of the shares on March 21, 2006. In the event of the FCCBs are fully converted into equity, the equity share capital of the Company would increase by approx. 4.62 crore equity shares of Rs. 5 each. The premium payable on redemption if any, including the loss on conversion of foreign exchange shall be charged to the securities premium account.
- The financial results are in accordance with the standard accounting practices followed by the Company in preparation of its statutory accounts.

- 5 The name of the Company was changed from Reliance Communication Ventures Limited to Reliance Communications Limited w.e.f. June 7, 2006.
- 6 Regulatory authorities may require verification/ reverification of all subscribers. The Company estimates the cost of such an exercise in a full year at Rs 60 crore and accordingly on a conservative basis an amount of Rs 15 crore has been provided in this quarter so as to meet the costs of any such exercise.
- 7 During the quarter, the International Court of Arbitration has decided the Arbitration relating to the FLAG's right against Videsh Sanchar Nigam Limited (VSNL) to upgrade, the capacity in India on FLAG Europe - Asia Cable. As a result FLAG's capacity for International traffic from India will be enhanced immediately by 140 gigabytes. FLAG also has the right to equip capacity to any level. The Company will also be entitled to damages, the amount of which is unascertainable.
- 8 After review by the Audit Committee, the Board of Directors of the Company took the above results on record at their meeting held on July 31, 2006.

for Reliance Communications Limited

**Anil Dhirubhai Ambani
Chairman**

Place: Mumbai
Date: July 31, 2006