

Reliance Communications Limited

Reliance Anil Dhirubhai Ambani Group

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

Unaudited Consolidated Financial Results for the Quarter and Nine months ended 31st December, 2006

(Rs. In Crore - Except earnings per share)

Sr. No.	Particulars	Quarter ended		Nine Months ended		Twelve months ended
		31-Dec-06	31-Dec-05	31-Dec-06	31-Dec-05	31-Mar-06
			(See Note 2)		(See Note 2)	(See Note 2)
1	Net Income from Services	3,755.30	2,991.00	10,531.37	7,796.00	10,766.35
2	Total Expenditure					
	a) Access Charges and Licence Fee	949.07	1,092.00	2,784.47	3,011.00	4,040.41
	b) Network Expenses	416.50	417.00	1,231.41	1,200.00	1,534.60
	c) Staff Cost	219.98	214.00	662.78	657.00	839.43
	d) Selling, General and Administration Expenses	642.58	398.82	1,767.30	1,454.45	1,816.69
	Total Expenditure	2,228.13	2,121.82	6,445.96	6,322.45	8,231.13
3	Operating Profit before Interest, Depreciation, Amortisations, Exceptional & Non-recurring Items	1,527.17	869.18	4,085.41	1,473.55	2,535.22
4	Finance Charges (Net)	(65.69)	149.18	39.52	259.55	321.47
5	Operating Profit before Depreciation, Amortisation, Exceptional and Non-recurring Items	1,592.86	720.00	4,045.89	1,214.00	2,213.75
6	Depreciation / Amortisation / Misc. Exp. Written Off	652.44	398.00	1,827.54	1,153.00	1,698.68
7	Operating Profit before Exceptional and Non-recurring Items	940.42	322.00	2,218.35	61.00	515.07
8	Exceptional and Non-recurring Items	2.99	-	32.99	-	37.43
9	Profit / (Loss) before Tax	937.43	322.00	2,185.36	61.00	477.64
10	Provision for taxation (Including FBT)	13.01	12.00	46.61	20.00	33.73
11	Net Profit / (Loss)	924.42	310.00	2,138.75	41.00	443.91
12	Paid-up share capital					
	Equity shares (Face Value of Rs. 5 each)	1,022.31	1,022.31	1,022.31	1,022.31	1,022.31
13	Reserve excluding Revaluation Reserve (As per Balance Sheet) of previous accounting year					10,719.64
14	Earning per Share (of Rs. 5) (Not Annualised)					
	- Basic	4.52	2.53	10.46	0.34	3.63
	- Diluted	4.45	2.53	10.31	0.34	2.17
15	Aggregate of Non-promoter Shareholding					
	Number of shares	679,793,530		679,793,530		
	Percentage of shareholding	33.25		33.25		

Segment Analysis

Rs. in Crore

		Quarter ended		Nine Months ended		Twelve months ended
		31-Dec-06	31-Dec-05	31-Dec-06	31-Dec-05	31-Mar-06
			(See Note 2)		(See Note 2)	(See Note 2)
	Segment revenue					
	a) Wireless	2,752.00	1,981.00	7,759.00	5,244.00	7,364.00
	b) Global	1,333.47	1,391.00	3,883.00	3,770.00	5,186.00
	c) Broadband	316.06	127.00	815.00	318.00	513.00
	d) Others / Unallocated	76.92	110.00	276.79	275.00	320.00
	Total	4,478.45	3,609.00	12,733.79	9,607.00	13,383.00
	Less: Inter segment Revenue	(723.15)	(618.00)	(2,202.42)	(1,811.00)	(2,616.65)
	Net after Inter segment Revenue	3,755.30	2,991.00	10,531.37	7,796.00	10,766.35
	Segment results					
	Profit / (Loss) before tax and interest from each segment					
	a) Wireless	554.19	336.70	1,552.01	635.43	1,017.81
	b) Global	249.09	83.81	544.39	26.64	131.20
	c) Broadband	109.05	(3.07)	244.70	(64.83)	(42.44)
	d) Others / Unallocated	(37.60)	53.74	(83.23)	(276.69)	(270.03)
	Total	874.73	471.18	2,257.87	320.55	836.54
	Less : Finance Charges (Net)	(65.69)	149.18	39.52	259.55	321.47
	Less : Other Unallocable expenditure net of un-allocable income	2.99	-	32.99	-	37.43
	Profit Before Tax	937.43	322.00	2,185.36	61.00	477.64
	Capital Employed					
	(Segment Assets - Segment Liabilities)					
	a) Wireless			15,572.83	9,455.39	10,544.44
	b) Global			6,434.83	3,092.10	4,360.36
	c) Broadband			2,921.44	1,975.01	2,595.48
	d) Others / unallocated			8,558.76	9,958.44	4,586.00
	Total			33,487.86	24,480.94	22,086.28

NOTES

- 1 The Scheme of Amalgamation and Arrangement (Scheme) 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 ("Transferor Companies") and demerger of the Network division of the Reliance Communications Infrastructure Limited with the Company, as approved by the High Courts of Judicature in Bombay and Gujarat became effective from 12th September, 2006. In terms of the said Scheme, the Company has allotted 82,14,84,568 equity shares of Rs.5/- each. Upon said allotment, the paid up equity Share capital of the Company has increased to Rs. 1,022.31 crores divided into 204,46,14,990 equity shares of Rs. 5/- each. Further, as an integral part of the said Scheme, Reliance Communications Infrastructure Limited, Reliance Telecom Limited, Flag Telecom Group Limited and certain other companies became wholly owned subsidiaries of the Company.

As approved by the Hon'ble High Court of Judicature of Bombay, the depreciation is net of the amount of Rs.494.59 Crore adjusted from provision for business restructuring and Scheme related expenditure of Rs.28.53 Crore is adjusted from provision for business restructuring.
- 2 The current financial year of the Company commenced on 1st January, 2006. This is the fourth quarterly financial results of the Company for the current financial year. Prior to the effectiveness of the aforesaid Scheme, the Company held less than 50% paid up equity shares of each of its key investee companies. However, as comparable results of the previous year, consolidated on a proforma basis as if the Scheme had been implemented are available only for the nine months' period ended 31st December, 2005, the consolidated results are given only for the corresponding quarter and nine months ended 31st December 2006. Similarly with a view to providing more relevant information the proforma consolidated results are given for the twelve months ended 31st March 2006 instead of for the year ended 31st December 2005.
- 3 As part of the ongoing group restructuring including consolidation of the tower related infrastructure ("Passive Infrastructure"):
 - (i) a Scheme of Arrangement under Section 391 – 394 of the Companies Act, 1956, between the Company, Reliance Telecom Limited ("RTL") and Reliance Telecom Infrastructure Limited ("RTIL"), (RTL and RTIL being the subsidiaries of the Company), has been proposed whereby Passive Infrastructure of the Company and RTL will be demerged into RTIL. This Scheme has been approved by the equity shareholders of the Company at their meeting held on January 27, 2007 and a petition for sanction by the High Court of Judicature at Bombay is being filed.
 - (ii) Reliance Next Generation Technology Private Limited ("RNGL"), another subsidiary of the Company, is proposed to be merged with RTIL, in terms of a Scheme of Arrangement under Section 391 – 394 of the Companies Act, 1956, filed before the High Court of Judicature at Bombay, pursuant to which upon sanction of the Scheme, RTIL would issue its equity shares, aggregating Rs. 100 crores to Reliance Communications Infrastructure Limited ("RCIL"), also a wholly owned subsidiary of the Company.
 - (iii) Synergy Entrepreneurs Solutions Private Limited ("SESPL"), wholly owned subsidiary of the Company, is proposed to be merged with RCIL, in terms of a Scheme of Arrangement under Section 391 – 394 of the Companies Act, 1956, pursuant to which the businesses of SESPL will be consolidated with the business of RCIL.
 - (iv) Reliance Infoinvestments Limited ("RIIL"), wholly owned subsidiary of the Company, is proposed to be merged with RCIL, in terms of a Scheme of Arrangement under Section 391 – 394 of the Companies Act, 1956, pursuant to which the businesses of RIIL will be consolidated with the business of RCIL.
- 4 The Company has appointed M/s. Chaturvedi & Shah, Chartered Accountants and M/s. BSR & Co. Chartered Accountants as the Joint Statutory Auditors of the Company alongwith present Statutory Auditors of the Company M/s. RSM & Co., Chartered Accountants to conduct audit for the year 2006-07 as per the approval of the members vide Postal Ballot, result of which was declared on 8th January, 2007. M/s. RSM & Co., Chartered Accountants, one of the Auditors of the Company have since resigned as Auditors of the Company. They continue as one of the Statutory Auditors of Reliance Telecom Ltd. a wholly owned subsidiary of the Company.
- 5 No complaint from Investors was pending at the beginning of the quarter. During the quarter 42 complaints were received and all the complaints were resolved. No complaint was pending as on December 31, 2006.
- 6 The Company is operating under Wireless, Global, Broadband and others segments as per Accounting Standard 17 (Segment Reporting) issued by the Institute of Chartered Accountants of India and accordingly segment wise information are given.
- 7 Previous period's figures have been reworked, regrouped, rearranged and reclassified, wherever required.
- 8 After review by the Audit Committee, Board of Directors of the Company took the above results on record at their meeting held on 31st January, 2007 and the same has been subjected to limited review by the Statutory Auditors of the Company.

For Reliance Communications Limited

Place: Mumbai
Date: 31st January, 2007

Anil D. Ambani
Chairman