

Reliance Communications Limited
Reliance Anil Dhirubhai Ambani Group
website: www.reliancecommunications.com

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, 2007

(Rs. in crore - Except EPS and share data)

| Sl. No. | Particulars | Three months ended | | Nine months ended | | Previous Year ended (Fifteen months) |
|----------|---|--------------------|-----------------|-------------------|------------------|--------------------------------------|
| | | 31-Dec-07 | 31-Dec-06 | 31-Dec-07 | 31-Dec-06 | 31st- Mar-07 |
| | | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| 1 | Income from Operations | 4,776.26 | 3,725.72 | 13,577.38 | 10,388.89 | 17,190.37 |
| 2 | Other Income | 97.94 | 29.58 | 179.00 | 142.48 | 249.88 |
| 3 | Total Income (1+2) | 4,874.20 | 3,755.30 | 13,756.38 | 10,531.37 | 17,440.25 |
| 4 | Expenditure | | | | | |
| | a) Access Charges | 782.10 | 695.66 | 2,135.18 | 2,014.21 | 3,530.50 |
| | b) License Fee | 336.74 | 253.41 | 926.92 | 770.26 | 1,243.81 |
| | c) Employee Cost | 308.72 | 219.98 | 860.70 | 662.78 | 1,128.80 |
| | d) Depreciation and Amortisation | 725.17 | 652.44 | 2,019.67 | 1,827.54 | 2,919.28 |
| | e) Other Expenses | 1,340.23 | 1,063.28 | 3,950.99 | 3,019.29 | 4,810.63 |
| | e) Total | 3,492.96 | 2,884.77 | 9,893.46 | 8,294.08 | 13,633.02 |
| 5 | Financial Charges (Net) | (151.80) | (69.89) | (391.62) | 18.94 | 98.38 |
| 6 | Exceptional Items | - | 2.99 | (1,221.73) | 32.99 | 109.32 |
| 7 | Profit Before tax (3 - 4 - 5 - 6) | 1,533.04 | 937.43 | 5,476.27 | 2,185.36 | 3,599.53 |
| 8 | Provision for Taxation (including Fringe Benefit Tax and Deferred Tax) | 137.90 | 13.01 | 310.86 | 46.61 | 73.10 |
| 9 | Profit after tax (Before adjustment of Minority Interest and Associates) (7- 8) | 1,395.14 | 924.42 | 5,165.41 | 2,138.75 | 3,526.43 |
| 10 | Share of Minority Interest | 22.00 | (0.04) | 1,266.42 | (0.04) | (4.92) |
| 11 | Share of Associates | 0.31 | 0.01 | 1.11 | 0.01 | 0.53 |
| | Profit after Tax (after adjustment of Minority Interest and Associates) (9 - 10 - 11) | 1,372.83 | 924.45 | 3,897.88 | 2,138.78 | 3,530.82 |
| 12 | Paid-up Equity Share Capital (Face Value of Rs.5 each) | 1,031.44 | 1,022.31 | 1,031.44 | 1,022.31 | 1,022.31 |
| 13 | Reserve excluding Revaluation Reserve as per Balance Sheet of previous accounting year | | | | | 21,908.34 |
| 14 | Earning per Share (Not annualised) | | | | | |
| | - Basic Rs. | 6.70 | 4.52 | 19.03 | 10.46 | 17.56 |
| | - Diluted Rs. | 6.36 | 4.45 | 18.07 | 10.31 | 16.71 |
| 15 | Public Shareholding | | | | | |
| | Number of shares | 698,060,307 | 679,793,530 | 698,060,307 | 679,793,530 | 679,803,930 |
| | Percentage of shareholding | 33.84% | 33.25% | 33.84% | 33.25% | 33.25% |

Segment wise Revenue, Results and Capital Employed

Rs. in Crore

| Sl. No. | Particulars | Three months ended | | Nine months ended | | Previous Year ended (Fifteen months) |
|-----------|--|--------------------|------------------|-------------------|------------------|--------------------------------------|
| | | 31-Dec-07 | 31-Dec-06 | 31-Dec-07 | 31-Dec-06 | 31st- Mar-07 |
| | | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| 16 | Segment revenue | | | | | |
| | a) Wireless | 3,956.65 | 2,752.00 | 11,052.70 | 5,006.40 | 12,818.43 |
| | b) Global | 1,329.94 | 1,333.47 | 3,949.35 | 2,549.76 | 7,050.79 |
| | c) Broadband | 456.35 | 316.06 | 1,276.78 | 498.15 | 1,312.98 |
| | d) Investments | 69.84 | 43.85 | 128.39 | 79.38 | 130.18 |
| | d) Others / Unallocated | 84.61 | 33.07 | 233.76 | 136.22 | 418.57 |
| | Total | 5,897.39 | 4,478.45 | 16,640.98 | 8,269.91 | 21,730.95 |
| | Less: Inter segment Revenue | (1,023.24) | (723.15) | (2,884.60) | (1,493.81) | (4,290.70) |
| | Income from Operations | 4,874.15 | 3,755.30 | 13,756.38 | 6,776.10 | 17,440.25 |
| 17 | Segment results | | | | | |
| | Profit / (Loss) before tax and financial charges from each segment | | | | | |
| | a) Wireless | 1,073.79 | 549.99 | 3,025.64 | 1,531.43 | 2,737.21 |
| | b) Global | 193.52 | 249.09 | 573.72 | 544.39 | 861.61 |
| | c) Broadband | 161.73 | 109.05 | 440.08 | 244.70 | 349.90 |
| | d) Investments | 69.84 | 43.85 | 128.39 | 79.38 | 111.13 |
| | e) Others / Unallocated | (117.56) | (81.45) | (304.91) | (162.61) | (252.62) |
| | Total | 1,381.32 | 870.53 | 3,862.92 | 2,237.29 | 3,807.23 |
| | Less : Financial Charges (Net) | (151.80) | (69.89) | (391.62) | 18.94 | 98.38 |
| | Less : Other Unallocable expenditure net of un-allocable income | - | 2.99 | (1,221.73) | 32.99 | 109.32 |
| | Total Profit Before Tax | 1,533.12 | 937.43 | 5,476.27 | 2,185.36 | 3,599.53 |
| 18 | Capital Employed | | | | | |
| | (Segment Assets - Segment Liabilities) | | | | | |
| | a) Wireless | 25,840.09 | 15,572.83 | 25,840.09 | 15,572.83 | 18,646.17 |
| | b) Global | 9,316.80 | 6,434.83 | 9,316.80 | 6,434.83 | 5,684.65 |
| | c) Broadband | 3,709.41 | 2,921.44 | 3,709.41 | 2,921.44 | 3,029.83 |
| | d) Investments | 11,214.02 | 10,027.75 | 11,214.02 | 10,027.75 | 14,494.71 |
| | e) Others / unallocated | 1,358.17 | (1,468.99) | 1,358.17 | (1,468.99) | 2,117.31 |
| | Total | 51,438.49 | 33,487.86 | 51,438.49 | 33,487.86 | 43,972.67 |

NOTES

- 1 Previous period figures have been reworked, regrouped, rearranged and reclassified, wherever required.
- 2 During the previous period, financial year of the Company was for fifteen months from 1st January, 2006 to 31st March, 2007. To enable relevant comparison, fourth quarter of the previous period (from 1st October, 2006 to 31st December, 2006) and nine months (from 1st April, 2006 to 31st December, 2006) of previous year have been reported as corresponding previous periods.
- 3 Subsequent to 31st December, 2007, the Company has pursuant to exercise of option by holders of FCCB allotted 11,55,514 equity shares of Rs. 5 each at an aggregate premium of Rs. 54.97 crore. Consequent upon the said allotments the paid up capital of the Company has increased to 206,40,26,881 fully paid equity shares of Rs. 5 each.
- 4 Pursuant to the receipt of all regulatory approvals, the acquisition of Yipes Holdings Inc., USA, was completed at the close of business on 17th December, 2007. The acquisition was made through Flag Telecom Group Limited, subsidiary of the Company. Consequently, Yipes Holdings Inc., Yipes Enterprise Services Inc., Yipes Systems Inc. and YTV Inc. became subsidiaries of the Company.

Pending valuation of goodwill and completion of accounting related to the said acquisition, operational results for the period from 18th December to 31st December, 2007 is not forming part of above consolidated financial results of the Company.
- 5 Pursuant to the relevant approval received from the appropriate authority, the Company has acquired the entire interest with effect from 25th October, 2007 in Reliance Big TV Limited having license to operate Direct to Home Services.
- 6 The Company has paid requisite fees for providing telecommunication services using GSM technology amounting to Rs. 1651 crore to the Department of Telecommunications (DOT) on 19th October, 2007. Consequently, the Company has obtained permission for providing telecommunication services using GSM technology in fourteen telecom circles under its existing Unified Access Service License (UASL) from the DoT. Subsequently the Company has received start-up spectrum to launch the said services.
- 7 Financial charges (Net) includes an amount of Rs. 230.70 crore being the income realised and accrued on underlying investments on certain fixed maturity plans of mutual funds made by Reliance Communications Infrastructure Limited, a subsidiary of the company, during the quarter and nine months ended 31st December, 2007,
- 8 Consequent upon Accounting Standards 11 "The Effect of Changes in Foreign Exchange Rates" ("AS") as notified by Companies (Accounting Standards) Rules, 2006 becoming applicable to the current accounting period commencing on April 1, 2007, and considering the view expressed by the Council of the Institute of Chartered Accountants of India that the provisions of the AS would prevail notwithstanding that they are in conflict with Schedule VI of the Companies Act, 1956, the Company has re examined the accounting policies related to accounting for changes in foreign exchange rates, as a result of which:
 - i Net gain arising on account of foreign exchange difference amounting to Rs. 139.84 crore & Rs.689.89 crore for the quarter and nine months ended 31st December, 2007 respectively, relating to liabilities for acquisition of fixed assets, has been recognized in the Profit and Loss Account.
 - ii Gain of Rs. 0.01 crore and loss of Rs. 186.44 crore for the quarter and nine months ended 31st December, 2007 respectively arising on mark to market of Derivative Instruments is recognized in the Profit & Loss Account; and
 - iii Foreign Currency Convertible Bonds are treated as non-monetary liabilities also pursuant inter alia market price of the Company's equity share exceeding the conversion price, stipulated in the offer document. Consequently foreign exchange gain of Rs. 56.46 crore and Rs. 600.21 crore for the quarter and nine months ended 31st December, 2007 respectively is not recognised in the Profit & Loss Account.
If these changes had not been made and there was no change in the accounting policies relating to changes in foreign exchange rates, the profit would have been lower by Rs. 83.39 crore and higher by Rs. 96.76 crore for the quarter and nine months ended 31st December, 2007 respectively.
- 9 No complaint from Investors was pending at the beginning of the quarter. During the quarter 240 complaints were received and all the complaints were resolved. No complaint was pending as on 31st December, 2007.
- 10 The Company is operating Wireless, Broadband, Global, Investments and Others / Unallocated segments as per Accounting Standard 17 (Segment Reporting), issued by the Institute of Chartered Accountants of India, and accordingly segment wise information are given.
- 11 Standalone financial results for the quarter and nine months ended 31st December, 2007 of the Company can be viewed on the website of the Company, National Stock Exchange of India Limited and Bombay Stock Exchange Limited at www.reliancecommunications.com, www.nseindia.com and www.bseindia.com respectively.
- 12 After review by the Audit Committee, Board of Directors of the Company has approved the above results at their meeting held on 31st January, 2008.

For Reliance Communications Limited

Place: Mumbai
Date: 31st January, 2008.

Anil D. Ambani
Chairman