

**RELIANCE COMMUNICATIONS (RCOM) ANNOUNCES ITS FINANCIAL RESULTS  
FOR THE FIRST QUARTER ENDED JUNE 30, 2008**

**NET PROFIT UP BY 23.9% TO RS. 1,512 CRORE (US\$ 352 MILLION)**

**REVENUES HIGHER BY 23.7% AT RS. 5,322 CRORE (US\$ 1,240 MILLION)**

**EBITDA HIGHER BY 24.0% AT RS. 2,250 CRORE (US\$ 524 MILLION)**

**RCOM IS THE MOST PROFITABLE INTEGRATED TELECOM COMPANY IN INDIA  
EBITDA MARGIN EXPANDS FROM 42.2% TO 42.3%, HIGHEST IN INDIA**

**NET WORTH EXPANDS TO RS. 26,419 CRORE (US\$ 6.2 BILLION)  
AND NET DEBT-EQUITY RATIO PLACED AT A CONSERVATIVE 0.49 : 1**

**AGGRESSIVE NETWORK EXPANSION ACCELERATED WITH RS. 6,969 CRORE  
(US\$ 1.6 BILLION) CAPITAL EXPENDITURE DURING THE QUARTER**

**COMPANY ON TRACK FOR CAPEX OF RS. 25,000 CRORE (US\$ 6 BN) FOR  
FY2009**

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**Mumbai, July 31, 2008:** Reliance Communications Limited (RCOM) today announced its unaudited consolidated financial results for the quarter ended June 30, 2008.

Highlights of the financial performance for the quarter are:

- **Net Profit of Rs. 1,512 crore** (US\$ 352 million), **higher by 23.9%** compared to Net Profit of Rs. 1,220 crore (US\$ 301 million) in the corresponding quarter last year.
- **EBITDA at Rs. 2,250 crore** (US\$ 524 million), **growth of 24.0%**. **EBITDA margin expands from 42.2% to 42.3%** with strong contributions across all businesses - Wireless, Global and Enterprise
- **Revenue growth of 23.7% at Rs. 5,322 crore** (US\$ 1,240 million) from Rs. 4,304 crore (US\$ 1,061 million).
- **Return on Net Worth is 34.6%** reflecting improved resource utilization.
- **Shareholders Equity (Net Worth) increases to Rs. 26,419 crore** (US\$ 6.2 billion) - among the top three companies in India.
- **Conservative capital structure - Net Debt to Equity Ratio maintained at a conservative level of 0.49:1**, despite capex spend of Rs. 6,969 crore (US\$ 1.6 billion) during the quarter.

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

"Reliance Communications has maintained strong operating performance and continues to remain the most profitable telecom company in India.

The company will be investing an aggregate of Rs. 40,000 - 50,000 crores (US\$ 10 - 12 bn) between FY2008 and FY2009, the full benefits of which will flow through the next year onwards, leading to significant acceleration in earnings growth."

**CORPORATE DEVELOPMENTS**

▪ **RCOM announced an unprecedented customer benefit "Unlimited Free STD calls"**

RCOM announced a unique plan with unlimited Free STD & Local calls. The product will be available across all existing and new Reliance Mobile customers across Post-paid, Pre-paid and Hello Fixed Wireless Phone customers. The Unlimited Free STD will be offered to all Reliance to Reliance calls, both STD as well as local. The offer comes with a fixed fee (monthly rental) of Rs.440 for the post-paid customers and Rs. 496 for Pre-paid customers.

▪ **RCOM and Alcatel - Lucent forms JV to offer Managed Network Services to Telcos**

RCOM and Alcatel-Lucent announced forming a global joint venture to foray in the fast growing \$ 16 Bn (Rs. 64,000 Crore) Managed Network Services Industry and will cater to telecom operators, both CDMA and GSM, across the globe. With the unique combination of network management and operations expertise, consulting and IT experience, as well as technology, the Joint Venture would facilitate a proactive, quick-to-respond environment to fast-paced and dynamic market conditions to leading telecom service providers including Reliance Communications.

▪ **Acquisition of Global Managed Network Services provider VANCO Group**

Reliance Globalcom, subsidiary of RCOM, signed an agreement to acquire Global Managed Network Services provider VANCO Group who have strong presence in developed markets with the annual revenue of US\$ 365 mn (Rs. 1,550 cr) through secure long-term contracts with large enterprise customers. VANCO have over 220 MNC customers which includes AVIS, British Airways, Siemens and Virgin Megastores. VANCO's services are available in over 40,000 locations across 163 countries. 90% of VANCO's revenue is from developed markets like UK, US, France and Germany.

FLAG's reach & capacity along with VANCO's long-term relationships & expertise would be a perfect combination to offer high margin value-added services to enterprise customers.

▪ **Signed strategic alliance with Stealth Communications**

Reliance Globalcom, subsidiary of RCOM, signed strategic alliance with Stealth Communications to extend the Worlds Largest VOIP Network - Voice Peering Fabric (VPF) to 50 countries from the present 2 countries. The alliance increases RCOM's network utilization and also acts a low cost sales channel for voice services. VPF is the world's largest peering network for organizations to exchange voice (VoIP) and telephony related

services without relying on traditional telephone networks. In 2007, VPF carried a record traffic of 200 Billion Voice minutes, which is projected to double to 400 Billion Voice Minutes this year.

**About Reliance Communications**

Reliance Communications Limited founded by the late Shri. Dhirubhai H Ambani (1932-2002) is the flagship company of the Reliance Anil Dhirubhai Ambani Group. The Reliance Anil Dhirubhai Ambani Group currently has a market capitalization of over Rs. 2,25,000 crore (US\$ 53 billion), net worth in excess of Rs. 58,000 crore (US\$ 14 billion), cash flows of Rs. 12,000 crore (US\$ 3 billion), net profit of Rs. 8,000 crore (US\$ 2 billion) and zero net debt.

Rated among "Asia's Top 5 Most Valuable Telecom Companies", Reliance Communications is India's foremost and truly integrated telecommunications service provider. The company, with a customer base of 54 million including over 1.7 million individual overseas retail customers, ranks among the Top 10 Asian Telecom companies by number of customers. Reliance Communications corporate clientele includes 2,100 Indian and multinational corporations, and over 800 global, regional and domestic carriers.

Reliance Communications has established a pan-India, next generation, integrated (wireless and wireline), convergent (voice, data and video) digital network that is capable of supporting best-of-class services spanning the entire communications value chain, covering over 20,000 towns and 450,000 villages. Reliance Communications owns and operates the world's largest next generation IP enabled connectivity infrastructure, comprising over 175,000 kilometers of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region.

**Financial Results summary**

(Rs. Crore)

<b>Particulars</b>	<b>3 months ended 30/6/08</b>	<b>3 months ended 30/6/07</b>	<b>Increase / (Decrease)</b>
Turnover			
Wireless	4,119	3,373	22.1%
Global	1,526	1,303	17.1%
Broadband	560	383	46.2%
Diversified	144	99	
<b>Total (post eliminations)</b>	<b>5,322</b>	<b>4,304</b>	<b>23.7%</b>
EBITDA			
Wireless	1,662	1,339	24.1%
Global	322	324	-0.5%
Broadband	271	184	47.8%
Diversified	0	-28	
<b>Total (post eliminations)</b>	<b>2,250</b>	<b>1,814</b>	<b>24.0%</b>
<b>EBITDA margin</b>	<b>42.3%</b>	<b>42.2%</b>	<b>0.1 ppt</b>
Depreciation	864	619	
Financial Charges (net)	-234	-127	
Exceptional items	64	-2	
PBT	1,556	1,324	17.5%
Tax	-20	104	
PAT (before minority interest)	1,576	1,220	
Share of minority interest	64	-	
<b>PAT (after minority interest)</b>	<b>1,512</b>	<b>1,220</b>	<b>23.9%</b>