

Reliance Communications

Investor Presentation – March 2006

Forward looking statements – Important note

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These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the directors and management of RCVL about the business, industry and markets in which RCVL operates. These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond RCVL’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of RCVL. In particular, such statements should not be regarded as a projection of future performance of RCVL. It should be noted that the actual performance or achievements of RCVL may vary significantly from such statements.

Agenda

Overview

Global

Broadband

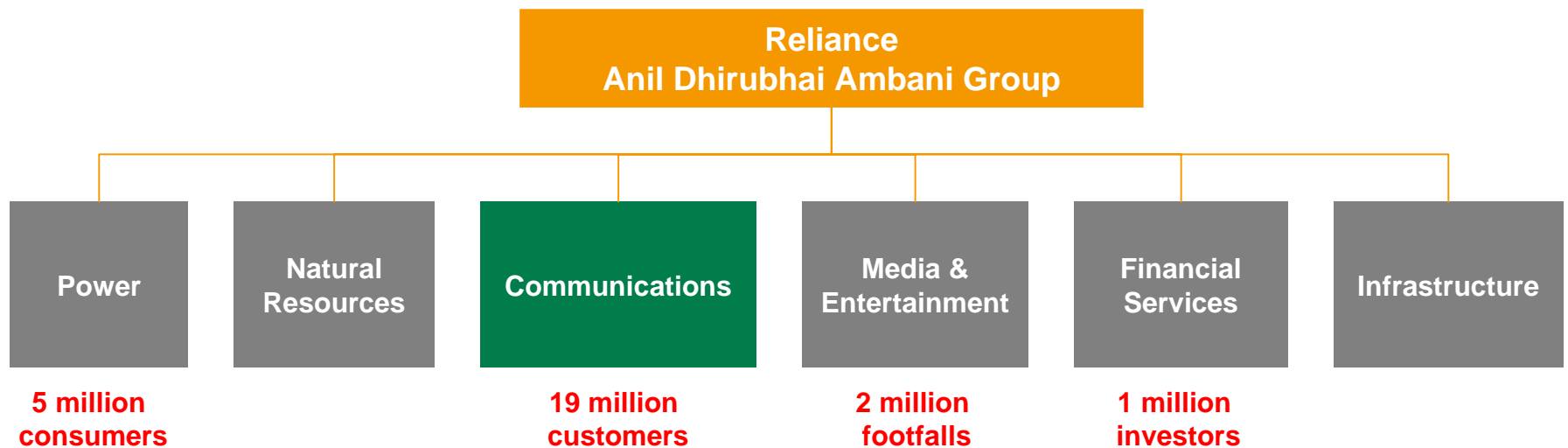
Wireless

Performance

Summary

Reliance – Anil Dhirubhai Ambani Group

Over 25 million customers – by far the largest in India
8 million shareholders – among the largest in the world
Group net worth of over US\$ 6 billion
Group market capitalization of over US\$ 22 billion
Group assets of over US\$ 7 billion



One of the Top 3 business groups in India

Group rankings – Net worth

Group	Net Worth (US\$ Bn)	Rank
RIL Group	11.0	1
Tata Group	7.1	2
Reliance ADA Group	5.6	3
ICICI Group	4.7	4
AV Birla Group	3.0	5

Source: BSE Website, Company reports

Among Top 3 business groups in net worth

Group rankings – Market capitalisation

Group	Market Cap (US\$ Bn)	Rank
Tata Group	42.5	1
RIL Group	24.0	2
Reliance ADA Group	22.0	3
Infosys	17.8	4
Wipro / Bharti	16.9	5

Source: BSE Website, Company reports

Among Top 3 business groups in market cap

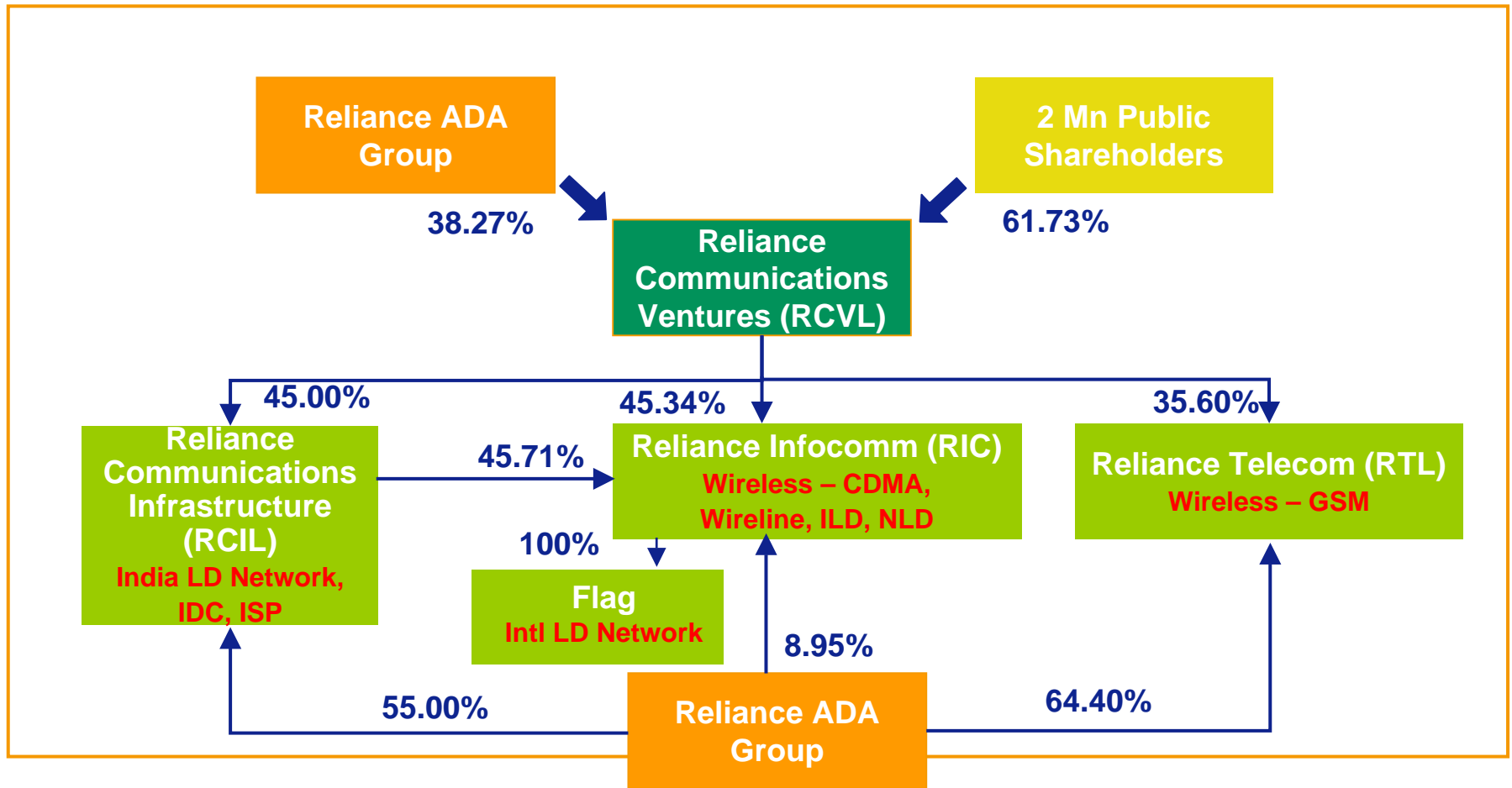
Group rankings – Operating profit

Group	Operating Profit (3QA US\$ Bn)	Rank
RIL Group	3.7	1
Tata Group	3.2	2
Reliance ADA Group	1.1	3
Bharti	0.9	4
Infosys	0.7	5

Source: BSE Website, Company reports

Among Top 3 business groups in operating profit

Existing Holding Structure – RCVL Group



Complex and opaque legacy shareholding structure

Re-organisation of RCVL

RIC to be merged with RCVL, and to become an operating division

RCVL to become major operating company with over 19 million individual and enterprise customers

RTL, RCIL and Flag (and their affiliates) to become 100% subsidiaries of RCVL

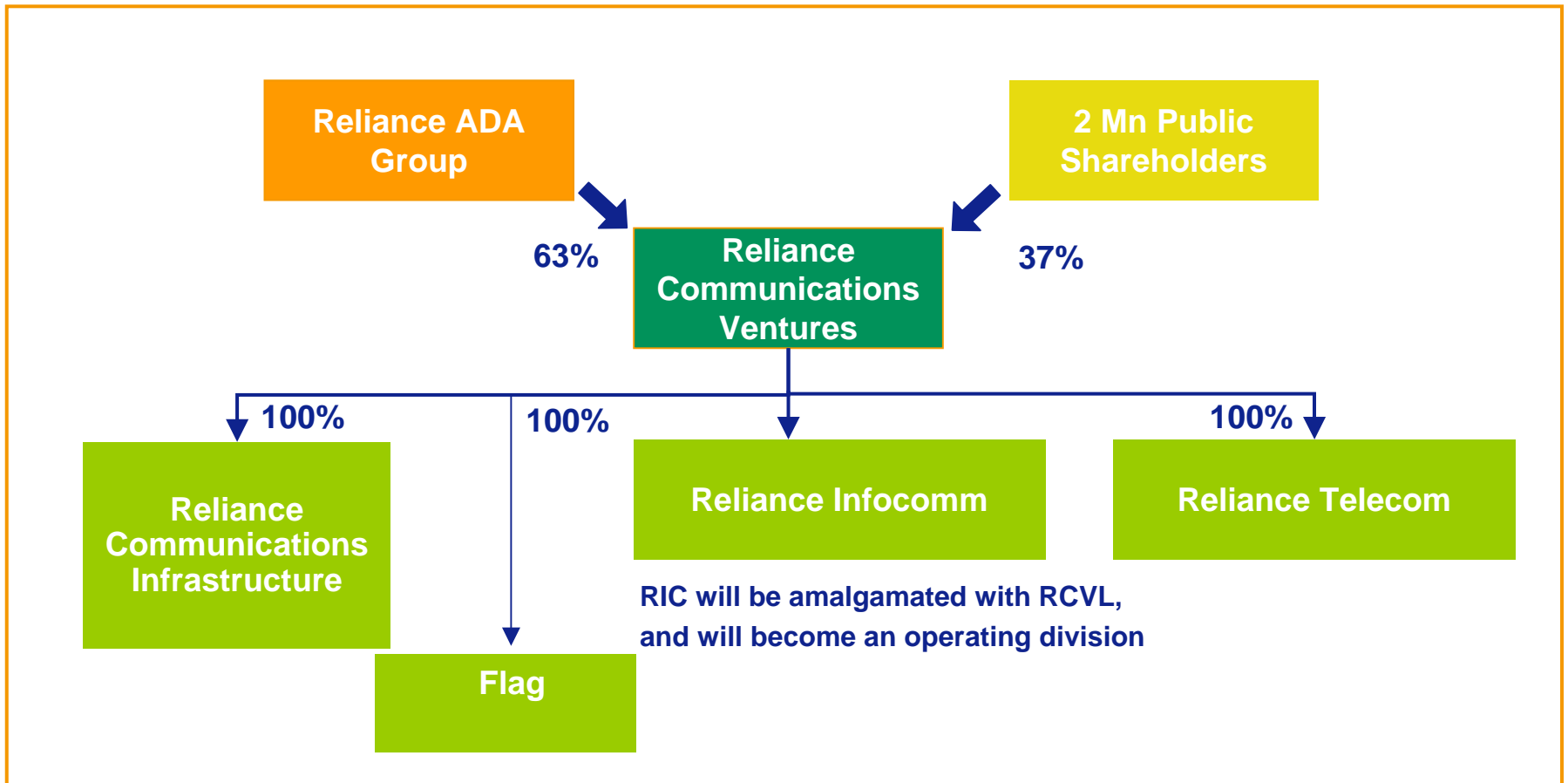
RCVL to acquire 134-acre Dhirubhai Ambani Knowledge City (DAKC) complex, and several other properties used for its businesses

Promoters' shareholding at multiple levels to be swapped for shares in RCVL

Note: Re-organisation proposal as approved by the RCVL Board on 12 Mar 2006

**Shareholders to realise full benefits
of entire communications services businesses**

New Holding Structure – RCVL Group



Complete alignment of all shareholder interests

Benefits of Proposed Re-organisation

Aligns interests of all shareholders in a single listed entity

Simple and transparent ownership structure for all RCVL businesses

Eliminates areas of potential conflict of interest and related party transactions

Creates synergies by consolidating ownership

Avoids concerns over possible multiple listings of group companies

Single currency for Reliance-ADA Group's communications services spectrum

Maximises value for over 2 million shareholders

Post-reorganisation Shareholding Pattern

	Existing (%)	Proposed (%)
Indian Retail Investors (2 million)	23	14
Foreign Ownership		
FII's	24	14
GDRs, NRIs, OCBs	6	4
Indian Institutions / Mutual Funds	9	5
Reliance ADA Group (Promoters)	38	63
Total	100	100

Post-reorganisation market cap at Rs 65,000 cr (US\$ 14.7 bn)

Market cap based on the closing price as on 13th March 2006

Question

Is Reliance Communications just another mobile phone company?

Dominant position across multiple segments

#

Wireless traffic – 290 million mins/day

Wireless data carrier – 32 million mins/day

Non-incumbent Public Call Office (PCO) lines – 48% market share

International Long Distance (ILD) voice carrier – 46% market share

US-India retail voice carrier – 40% market share

Internet Data Center (IDC) services – 50% market share

Bandwidth provider in MEA and Asia

...and of course #1 wireless customer base in India

Who do we serve?

Over 19 million consumers in India

Over 500,000 individual global consumers

Over 200 major global carriers

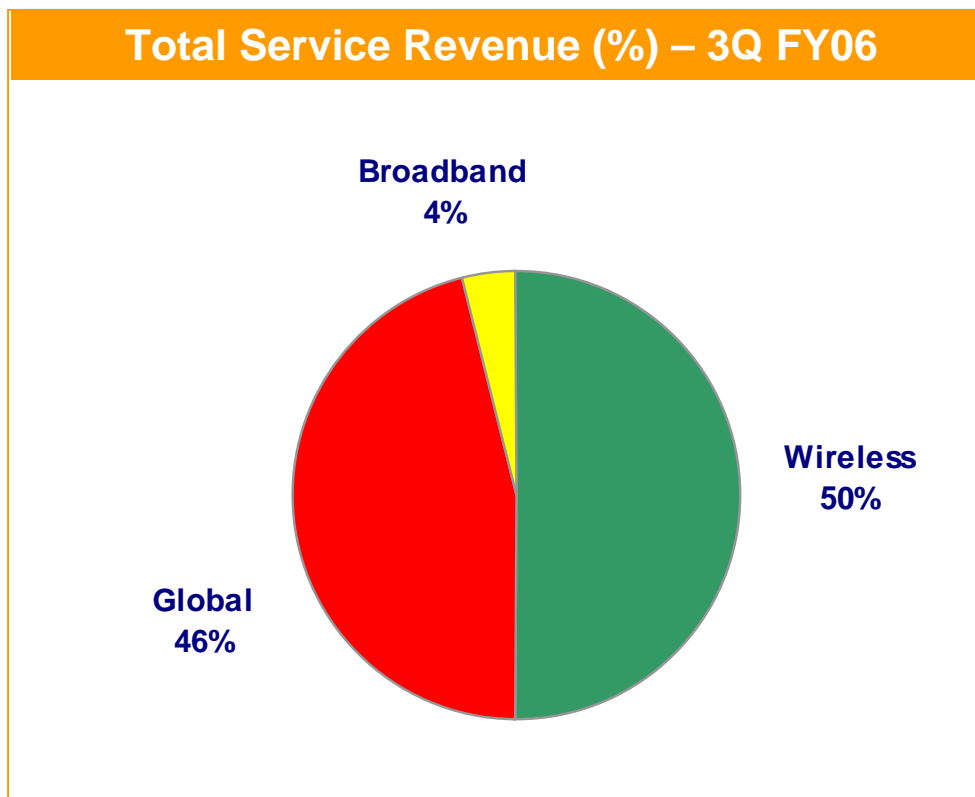
Over 250 MNCs

Over 600 Indian large enterprises

Over 10,000 Indian SMEs

Unparalleled customer franchise

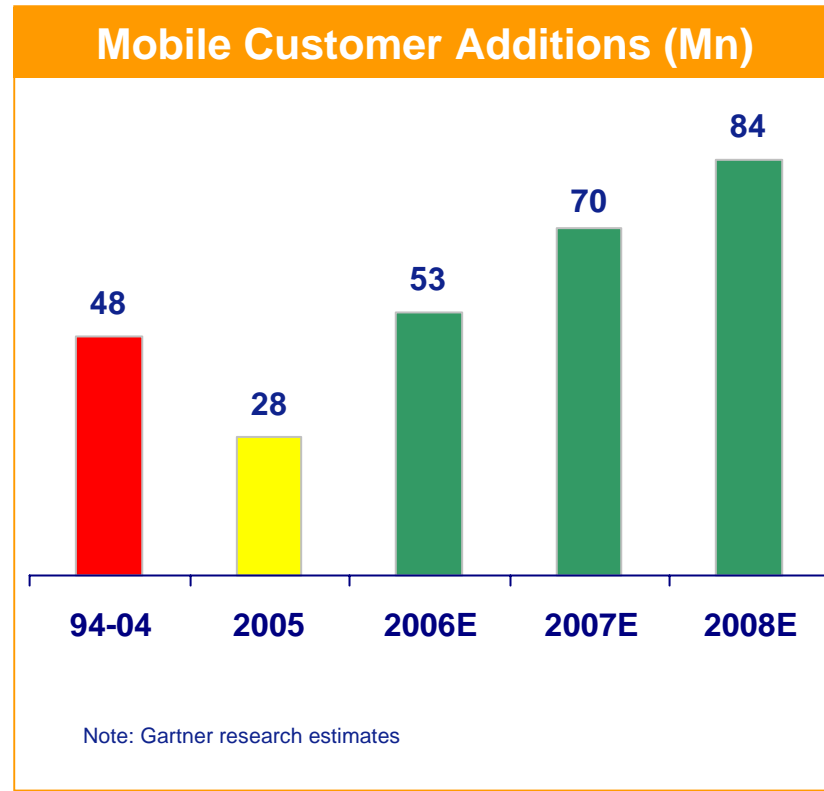
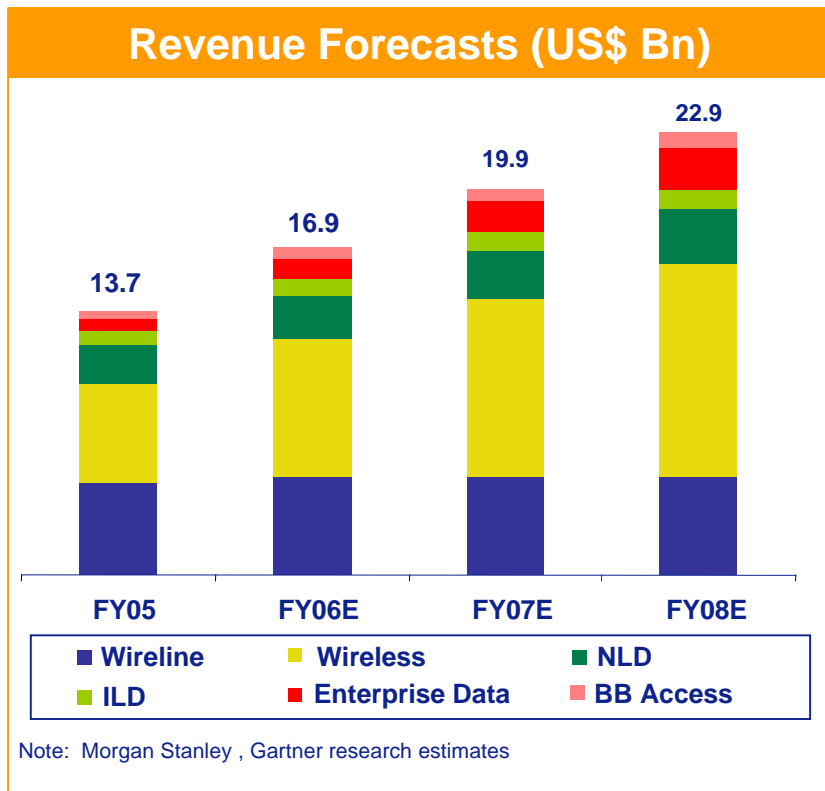
Revenue by segments



Note: Revenue pre-eliminations and excluding equipment sales

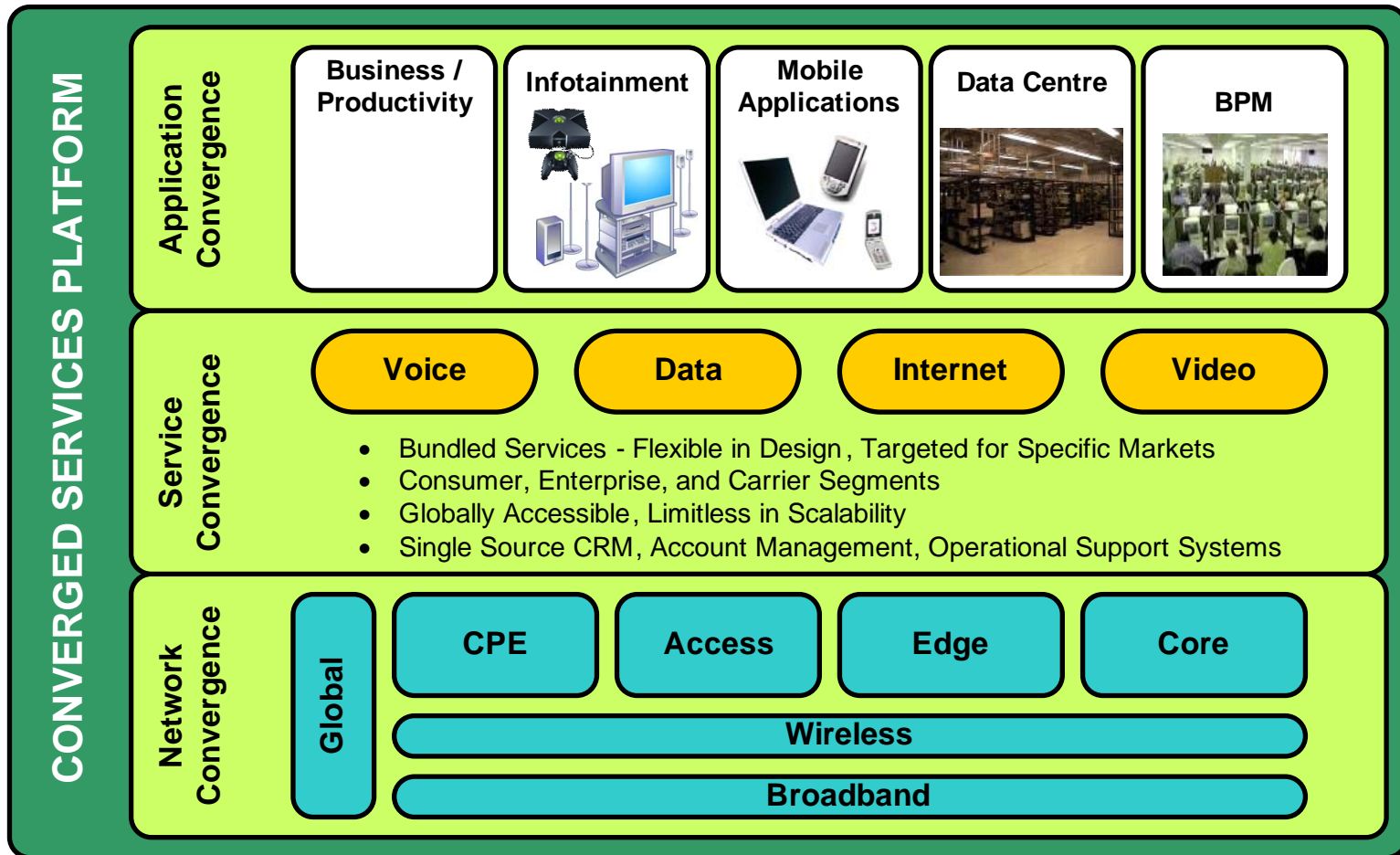
Non-wireless revenue as large as Wireless revenue

India telecom market growth forecasts



Telecom market revenue expected to cross US\$20 billion in next 2 years

Fully integrated IP-enabled infrastructure platform



No legacy, no bolt-ons, no missing links

Agenda

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Broadband

Wireless

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Summary

Global business product portfolio

Voice

International

Wholesale – Bilateral
Carriers

Retail – Reliance
IndiaCall

National

Wholesale – Carrier of
Carriers

Data

Bandwidth

IRU – Carrier of Carriers

Leased Circuits –
Corporate

Internet

Managed Data Services

Among Top 5 global carriers of voice and data traffic

Portfolio delivered through global network



National

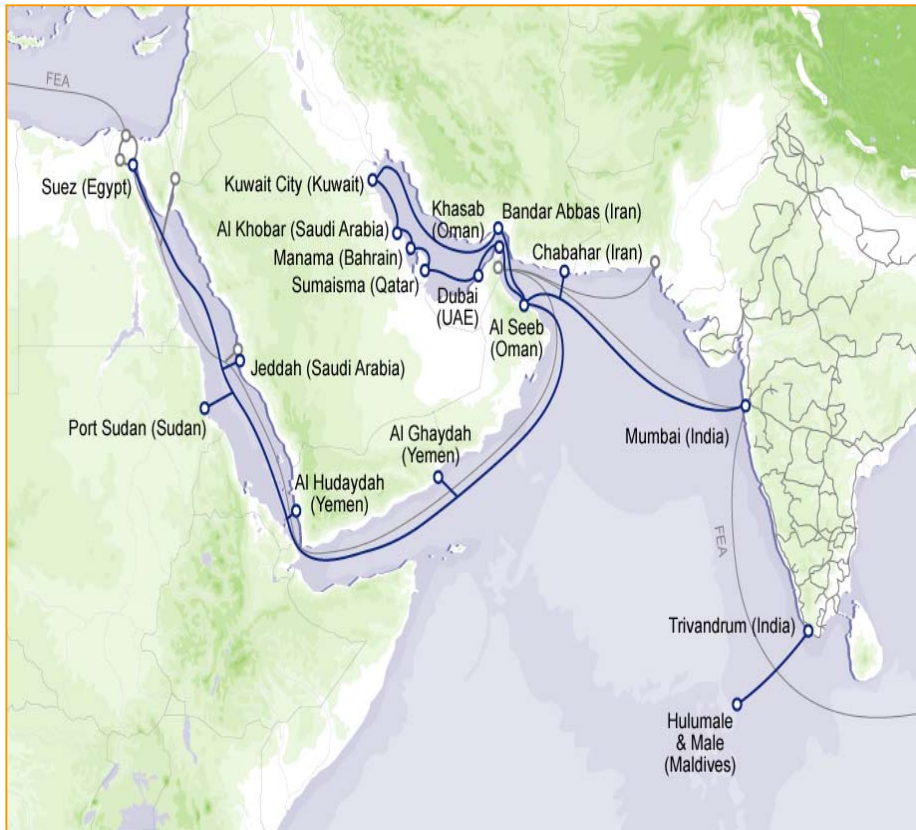
- 60,000+ RKms intercity backbone
- Ring and Mesh architecture
- Largest MPLS enabled core network

International

- FLAG 54,000 RKms undersea OFC network
- PoPs in 28 countries across 4 continents
- Leadership in MEA and Asia

Anchored by largest fully owned NLD network

Global network further strengthened by FALCON



US\$ 400 mn project

11,500 cable route kms

18 landing points in 12 countries

India-Suez express route

4 fiber pairs

2.56 Tbps capacity

Links Gulf to Egypt and India

Gulf loop

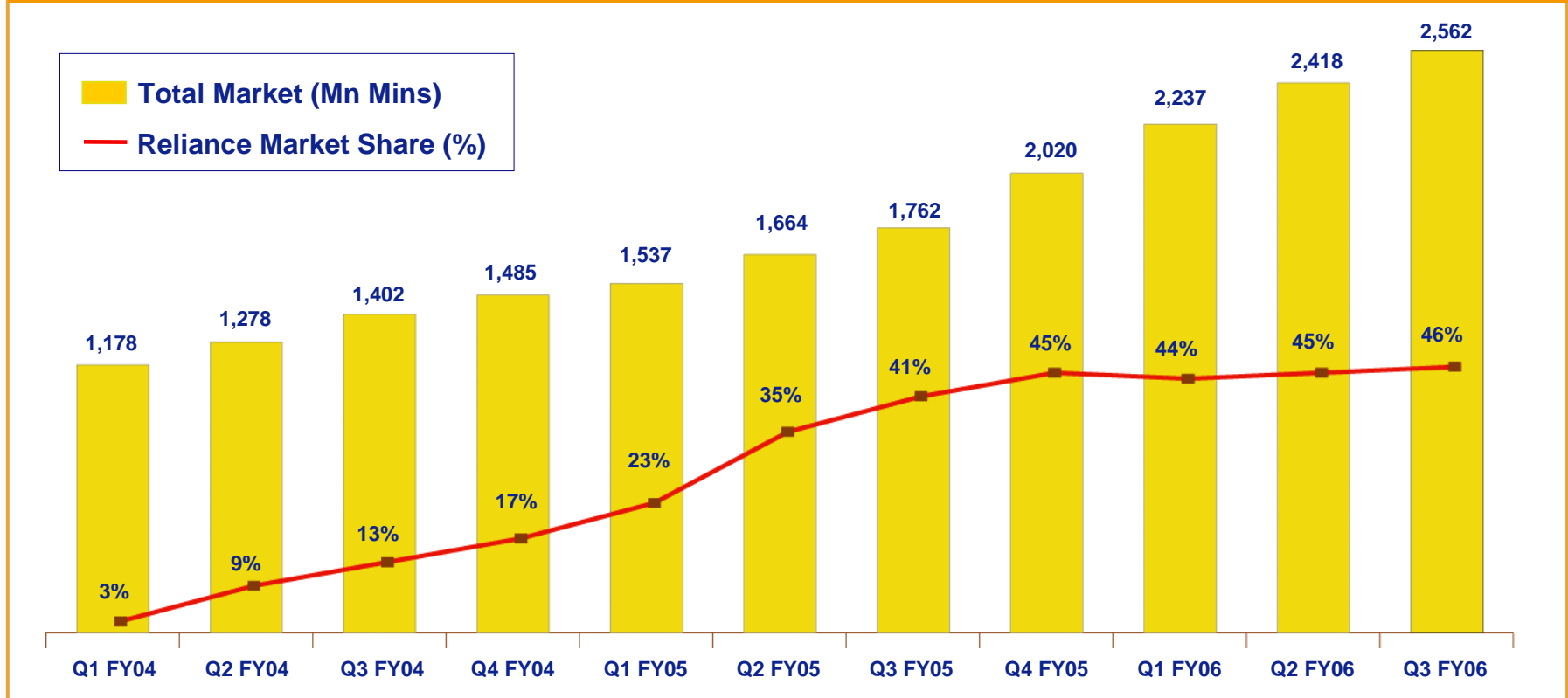
Self healing

1.28 Tbps capacity

Reliance becoming dominant in the Middle East

1 ILD voice carrier in India

ILD Voice Market / Reliance Market Share



46% market share 18 months from commercial launch

Leadership achieved through global partnerships and network reach

India Inbound Traffic – Over 50 major international carrier partners

India Outbound Traffic – partnership with domestic carriers

Voice services for International Call Centers – focus on BPOs

25 International cable landing stations including:

4 ILD Gateways (LA, NY, London, HK)

5 ILD Gateways in India

End to end on-net presence

1 ILD retail voice carrier US - India

Retail inbound Virtual Calling Service from US, Canada and UK

Entirely web based

Launched in May 2004

Brand leader within 2 years

Over 500,000 individual customers

Churn <6% over 18 months

ARPUs – US\$ 30 per month



Special Trial Offer
15 mins. FREE
Calling to India.

Feel like you are back in India,
for 15 minutes

Reliance IndiaCall
India's most trusted phone brand

40% share in a highly competitive market

Most reliable and cost competitive NLD voice service

Most extensive private sector pan-India network

Deeper reach enhances quality of service and revenue retention

	Reliance	VSNL / Tata	Bharti
Inter city route kms	61,500 +	~ 29,000	~ 31,000
NLD interconnects with BSNL & other service providers	620 +	~ 150	~ 150
Traffic termination at local exchange	Over 90%	70%	70%
Cities - MPLS PoPs	170 +	~ 30	~ 50

Reliance best able to drive 'death of distance'

International data services gaining momentum

14% of Global business revenue and growing fast

600+ global carrier and enterprise customers

Partnership model for entry into new markets

Integrated PoPs being introduced to enhance capability

Managed IPLC

Internet transit

MPLS / IP-VPN

Global Ethernet

Strongly positioned for exponential growth in data

Voice and data opportunities

Voice

One India / ADC reduction → exponential traffic growth

Carrier Access Code (CAC) opening up consumer market

Demand from new entrants for long distance infrastructure

Data

Increasing globalization of Indian IT, ITES, BPO industries

Growth in managed data services

– India MDS revenues +125% CAGR 05-08 (Gartner)

Reliance uniquely positioned with highly scalable capacity and end to end on-net presence

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Summary

India's broadband opportunity

Segment / Business	No. of Customers	Ability to Pay (US\$ per Month)	Annual Revenue (FY 2010)
Consumer / SOHO	50 mn	US\$ 15	US\$ 9.0 bn
Large Enterprises	9,000	US\$ 20,000	US\$ 2.0 bn
SMEs	2 mn	US\$ 50	US\$ 1.2 bn
Total	-	-	US\$ 12.2 bn

Source: Industry research

Potential to grow from under US\$ 2 billion today to over US\$12 billion in next 5 years

Increasing IT adoption by enterprises

Consumer broadband revolution

An exponential growth opportunity for Reliance

Achievements in 1st year of operations

Initial focus on enterprise segment

Launched in Premier Business districts in Top 29 Metros

Existing 20,000 Rkms of Metro fiber → Unique SDH + Ethernet

Over 50,000 buildings on-net

Over 40% market share in buildings connected

Focus on products / services vital to customers business

1

Centrex – largest customer base, largest implementation

MPLS VPN – over 25% market share, over 150 customers

IDC – over 50% market share, marquee customer base

Significant presence already achieved

Most complete product portfolio of any operator

	Voice	Data
Large Enterprises	<p>Centrex (Smart Office) E1 DID RSN (migrating to 1-800) Audio Conferencing</p>	<p>MPLS VPN Leased Lines, IPLC Gigabit Ethernet Office Internet Video Conferencing IDC - Managed Hosting, Storage & DR Professional Support Services</p>
Small & Medium Businesses	<p>PBX Trunks (Trinity/Octa) E1 DID Smart Office Audio Conferencing</p>	<p>Leased Lines Office Internet MPLS VPN Video Conferencing IDC - Managed Services</p>
Consumers	<p>FLP Community Centrex Prepaid FLP</p>	<p>Home Internet (speed select) Pre-paid Internet IDC - Managed Application Services</p>

Unique and innovative features in each product

Significant penetration of marquee accounts

IT / ITES Segment

BFSI Segment

Media Segment

FMCG Segment

Services Segment

Reliance deploying superior infrastructure

	Reliance	Bharti	BSNL	Advantage
Multiple Level 3 IDCs	200k sq ft	5k sq ft	X	DR solutions
Network + IDC combination	<input checked="" type="checkbox"/>	X	X	One stop shop
MPLS enabled cities	170+	~ 50	~ 10	SLAs, BW on demand
Optical rings in last mile	<input checked="" type="checkbox"/>	X	X	Resilience, uptime
BB Wireless (LMDS)	150+ cities	X	X	Extended reach
3G 1X CDMA data access	4000+ towns	X	X	VPN everywhere
OFC in all major Metros	20,000+ kms	X	X	BB in 500k buildings
Fast Ethernet (100 Mbps)	<input checked="" type="checkbox"/>	X	X	IPTV / HDTV ready

Difficult to replicate = sustained competitive advantages

Strategies for growth

Leverage >20,000 RKms metro fiber for “last meter”

Activate additional metros

Wireless BB access for comprehensive coverage

Expand IDC capacity and presence

New consumer broadband services – IPTV launch

Synergy with media interests of Reliance ADA Group

Strongly positioned to create “Broadband Everywhere”

Agenda

Overview

Global

Broadband

Wireless

Performance

Summary

Our achievements

Customer base	Over 19 mn	India's largest
Coverage	Over 4,500 towns	India's largest
Wireless coverage	520 mn pops	India's largest
Wireless traffic / day	320 mn mins	India's largest
Customer capacity	30 mn customers	India's largest
Wireless internet customers	350,000	India's largest
Wireless PCO lines	775,000	India's largest
1 million plus monthly adds	3 consecutive months	India's first
Wireless multimedia	5.3 mn users	Top 10 globally

**Only telecom brand to feature in
"India Super Brands 2005"**

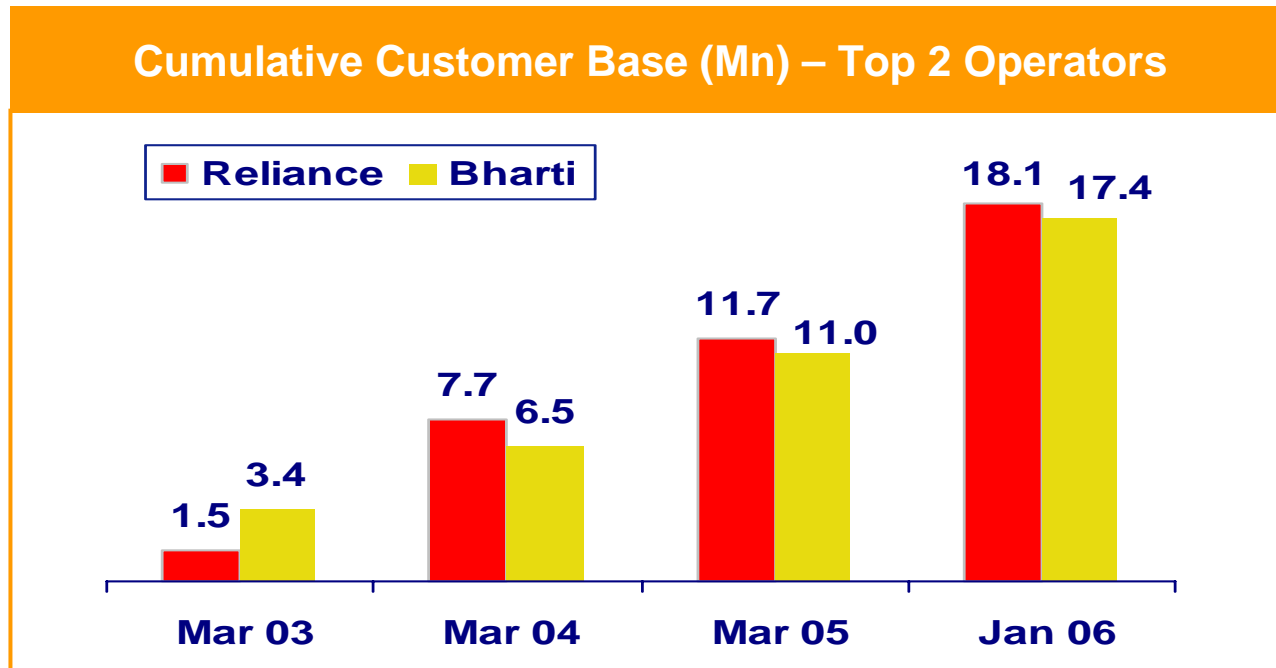
One network, multi-products

The broadest range of wireless products in the market

	Consumer	Enterprise
Mobile	✓	✓
Fixed wireless phone	✓	✓
Wireless internet access	✓	✓
Wireless multimedia	✓	✓
Wireless data-VPN	✓	✓
PCO / payphone	✓	✓

Only possible on Reliance's integrated network
with flexible capability

Largest wireless customer base



Source : TRAI reports

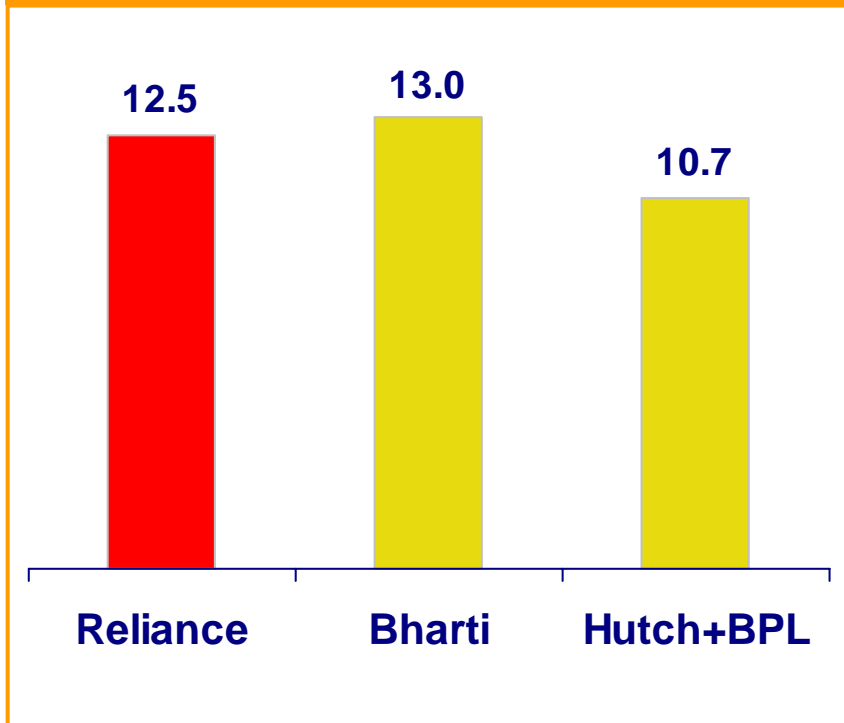
Leadership within 7 months of launching CDMA service

1 million monthly customers additions in last three months

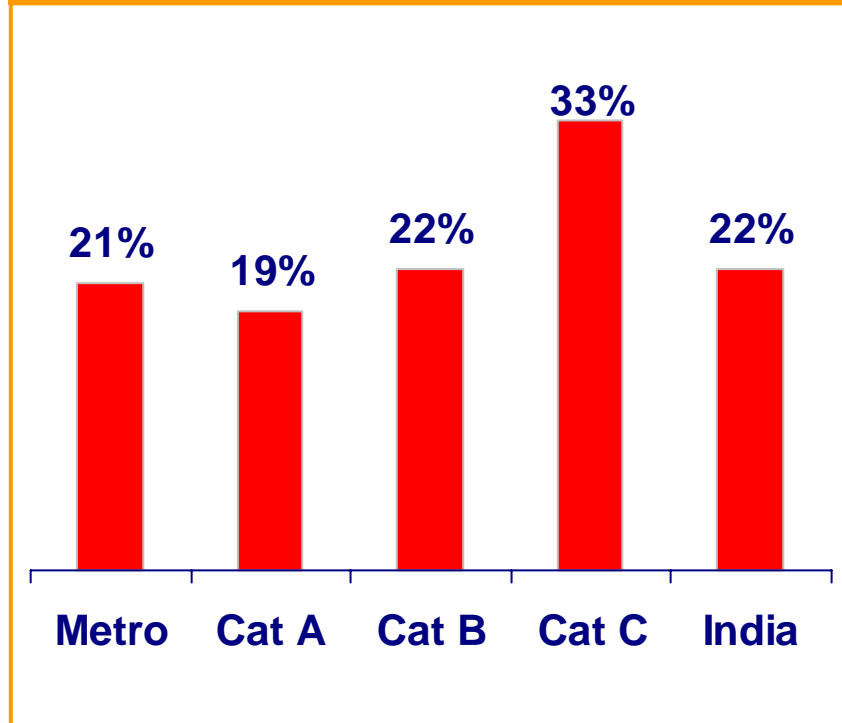
Subscriber acquisition rate higher than competition

Leader in mass consumer mobile

Pre-paid Mobile Base (Mn) - Dec 05



Reliance's Share of Pre-paid Mobile (%)

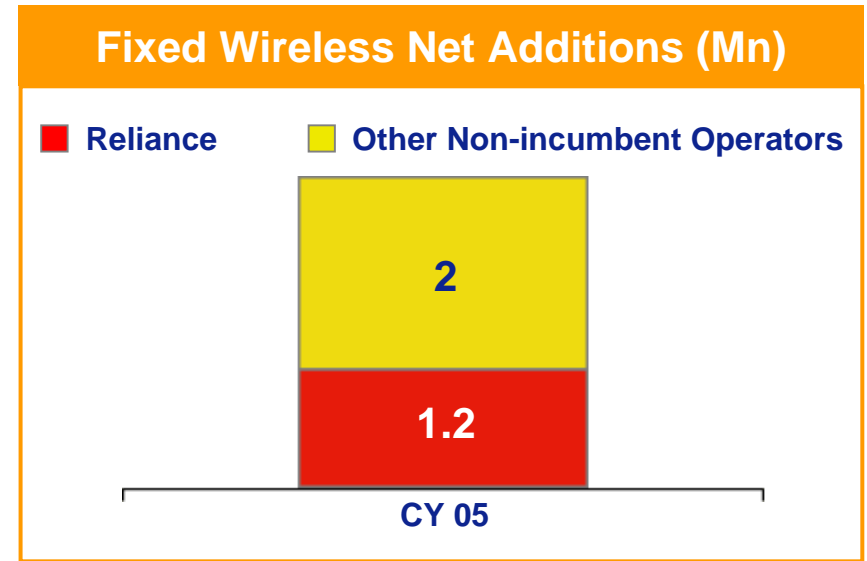
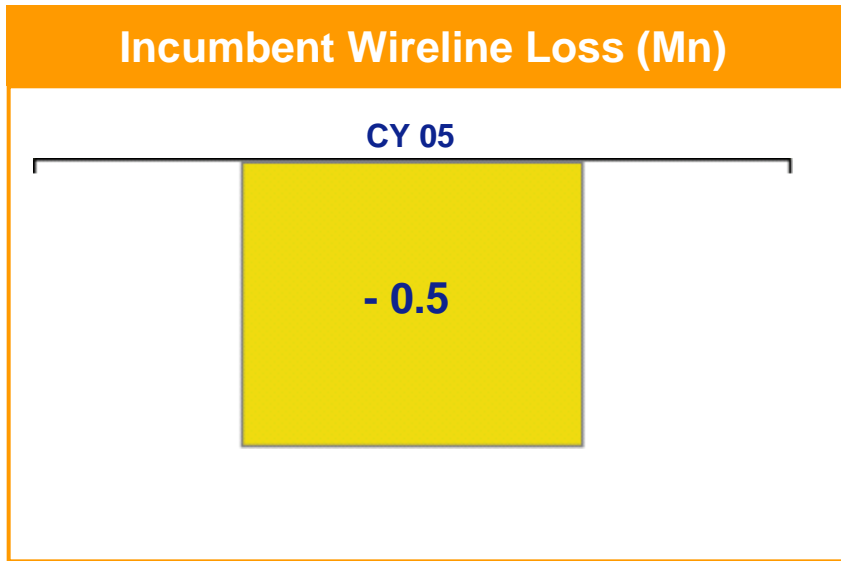


Sources : TRAI report Sept 05, most recent competitor disclosures

Cat A = Mah, Guj, AP, Kar, TN; Cat B = Ker, Pun, Har, UPE, UPW, Raj, MP, WB; Cat C = HP, Bih, Or, As, NE, J&K

Strongly positioned in largest growth segment

Driving wireline substitution

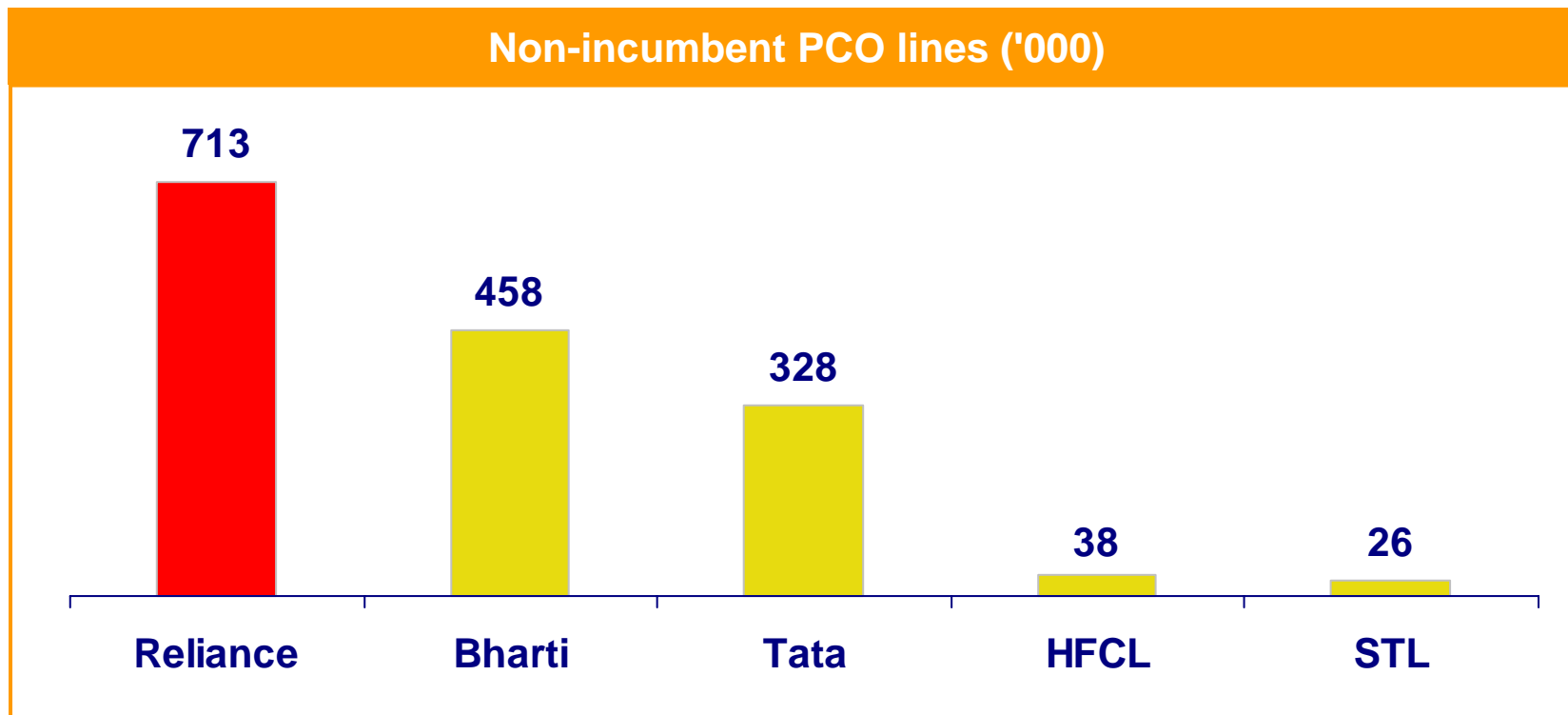


Incumbent narrowband wireline base eroding despite low penetration

Change in ADC to revenue share from 1st March, 2006 significantly benefits cost structure of fixed wireless

Reliance's feature-rich FWP a magnet for POTS churn

Pioneer and leader in pre-paid wireless PCOs



Note: Reliance as at Dec 05. Other operators data as per latest TRAI quarterly report, Sep 05

**Business conceived and built on
zero-risk pre-paid model**

Wireless internet coverage everywhere

	Reliance	Others
Availability	Over 4,500 towns	< 25 towns
Speed	144 kbps	9.6 / 56 kbps

350,000 wireless internet access customers on Reliance network

No serious competition in near future from GSM / GPRS / EDGE / Wi-Fi

The entire nation is our Hotspot

Unmatched levels of wireless multimedia user experience

Reliance World



Unparalleled user experience in India

“Click, Browse and Select”

Audio-video content delivery across all tiers of phones

Platform, phones and network superiority

Nearly 10 million multimedia enabled phones

Platform supporting multiple technologies

Widely used service - popular across all customer segments

65% of enabled subscriber base using R World every month

Popular across all user demographics and geographies

**More than 3 times as many data-enabled phones
as all GSM operators put together**

Unique deployment of wireless data solutions

Over 500 ATMs, 3000 PoS terminals, 75% market share of lottery terminals

SBI, ICICI, HDFC, Euronet, HLL's Sangam

PoS terminals



Wireless ATMs



Expanding range of applications for consumers and business

Wireless leadership position attained through ...

Network coverage and capacity

Cost leadership

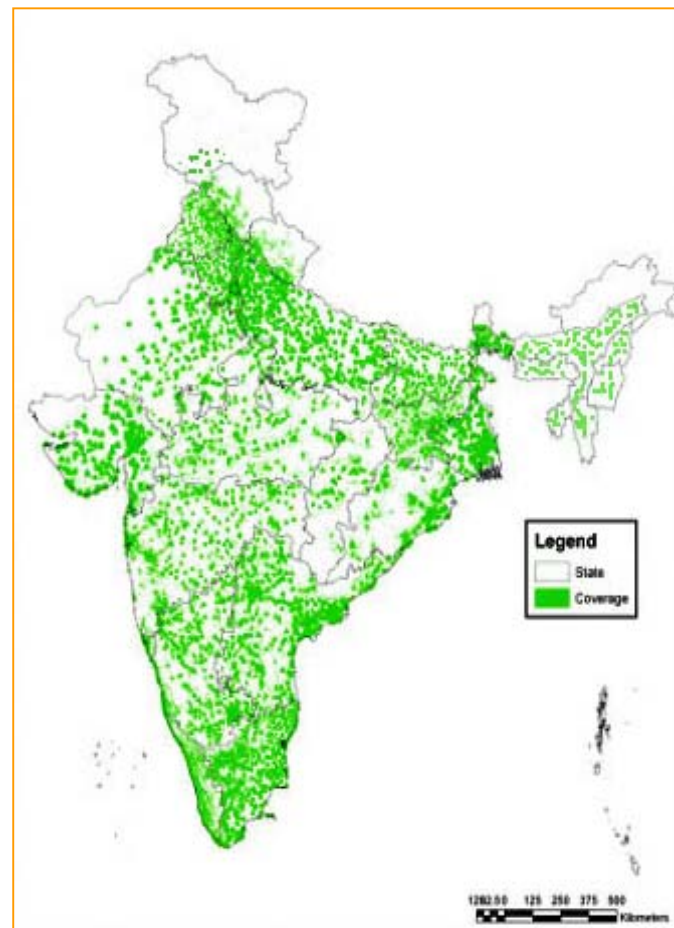
Distribution and service delivery

Handset options

Only operator to dimension network ahead of exponential growth

Coverage at a Glance – Mar 06

% of Urban population covered	97%
% of Rural population covered	42%
% of National highway covered	50%
% of Railways covered	58%
Towns covered	4,500+
Villages covered	235,000+
Population covered	54%
Customer capacity	30 Mn



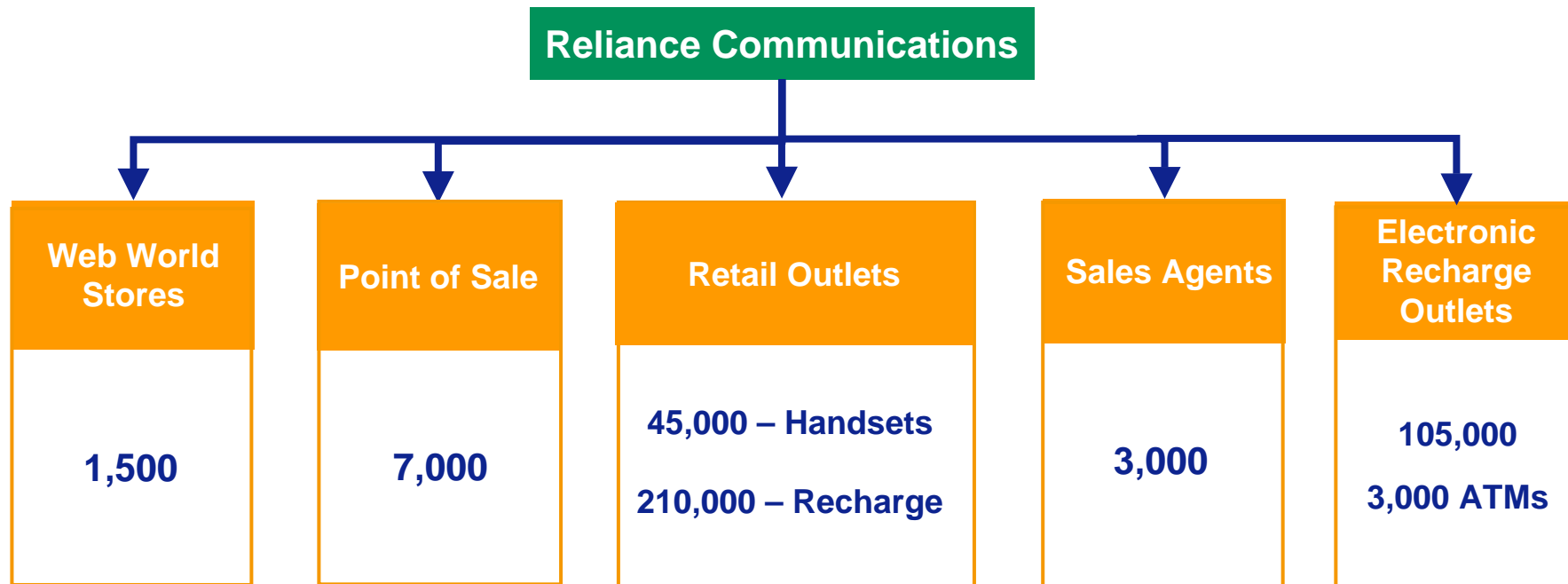
Highest coverage of any private operator

High capacity + high quality @ low cost

Example	Unit Cost of Capacity	
	CDMA	GSM
Cost of BTS	US\$ 45,000	US\$ 12,500
Capacity @ 70% loading	210 Erlangs	43 Erlangs
US\$ / Erlang	US\$ 684	US\$ 1,860

Capacity cost advantage provides competitive pricing power

Distribution channels reaching deep into market



Unique asset leveragable in multiple ways

Power of distribution - Handsets

	Reliance	Nokia
Business	Integrated communications service provider	Handset design, manufacturing, sales
Selling capability	20 Mn p.a.	20 Mn p.a
Handset outlets	45,000	42,000
Presence	4,300 towns, serviced by 1,463 distributors	4,600 towns serviced by 242 distributors / micro distributors

Unparalleled ability to bundle handsets and services

Power of distribution - WebWorld

Largest chain of digital entertainment and communication stores

Provides high level of branding and visibility

Services include

- Multi-city, multi-player gaming
- High speed internet surfing
- Video conferencing
- Wireless activation
- Branded Java Green coffee shop

Channel Dimensions

1,500 WebWorld stores

Presence in 700 towns

Over 700,000 sq.ft. of net retail space



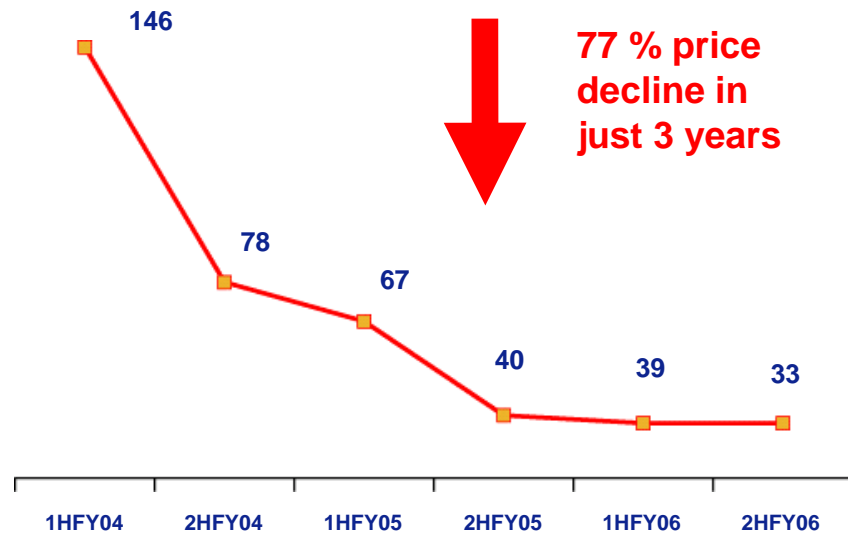
Rapidly evolving into a digital market place

Proactive management of handset provision

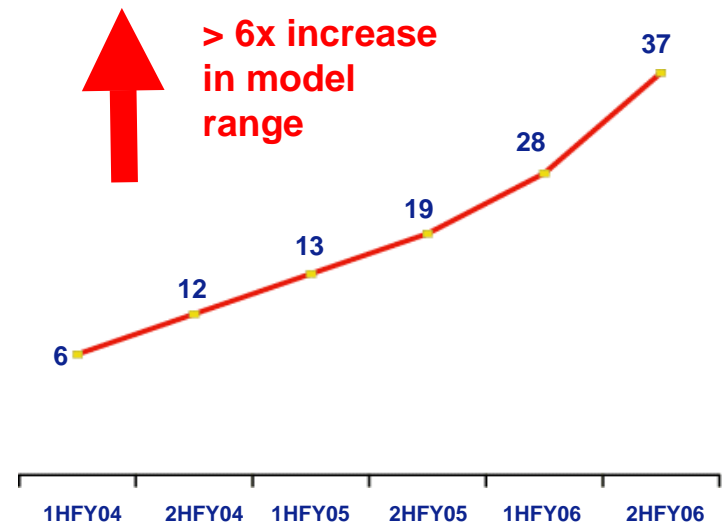
Driving down the price in the entry level category

Increasing the range available in all categories

Entry Level CDMA Handset Price (US\$)

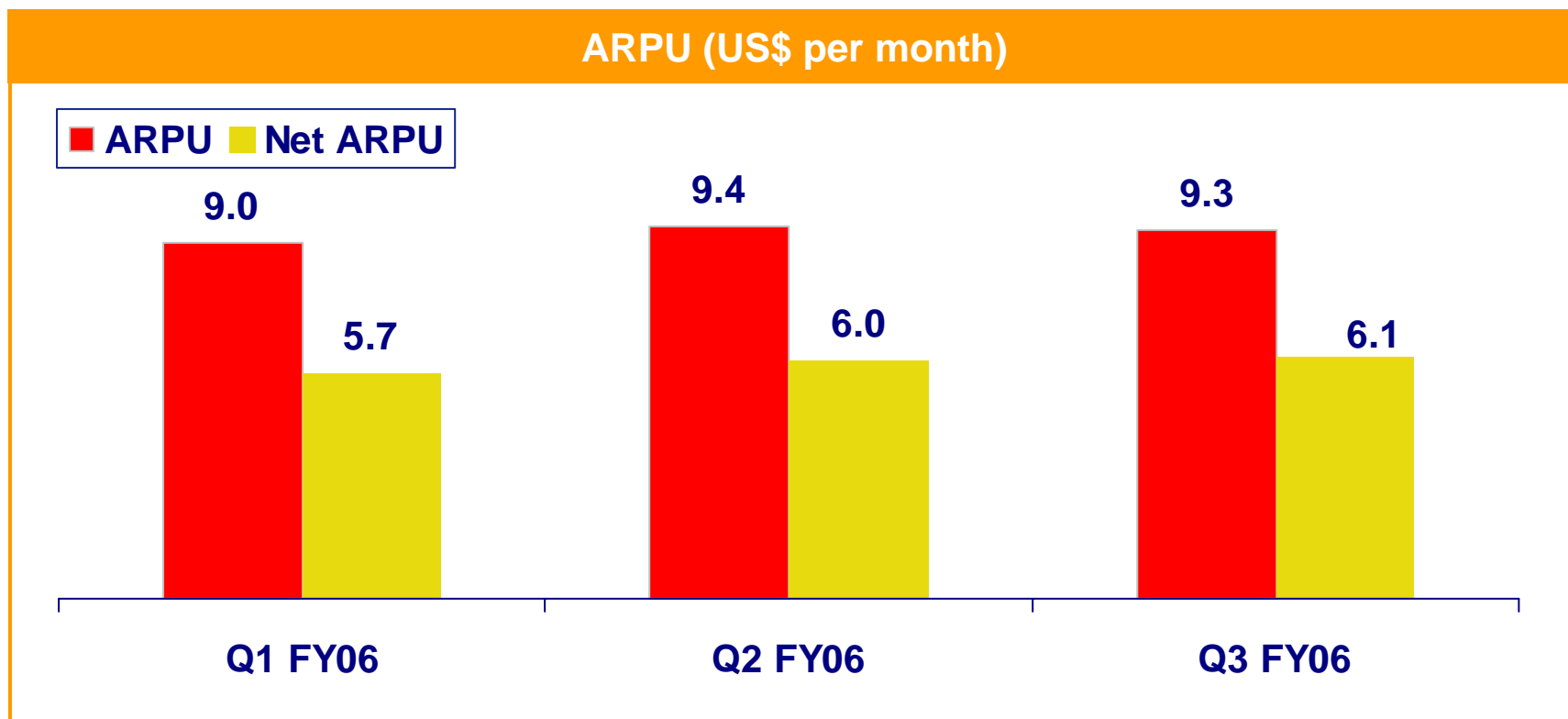


No. of CDMA Handset Models



Ensuring price and feature competitive handsets in all categories

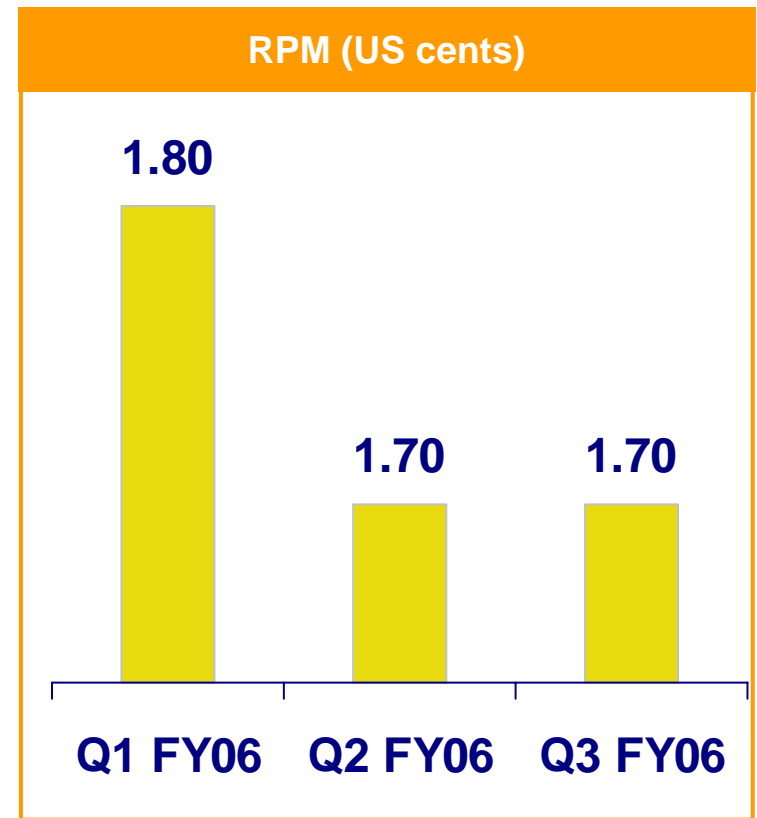
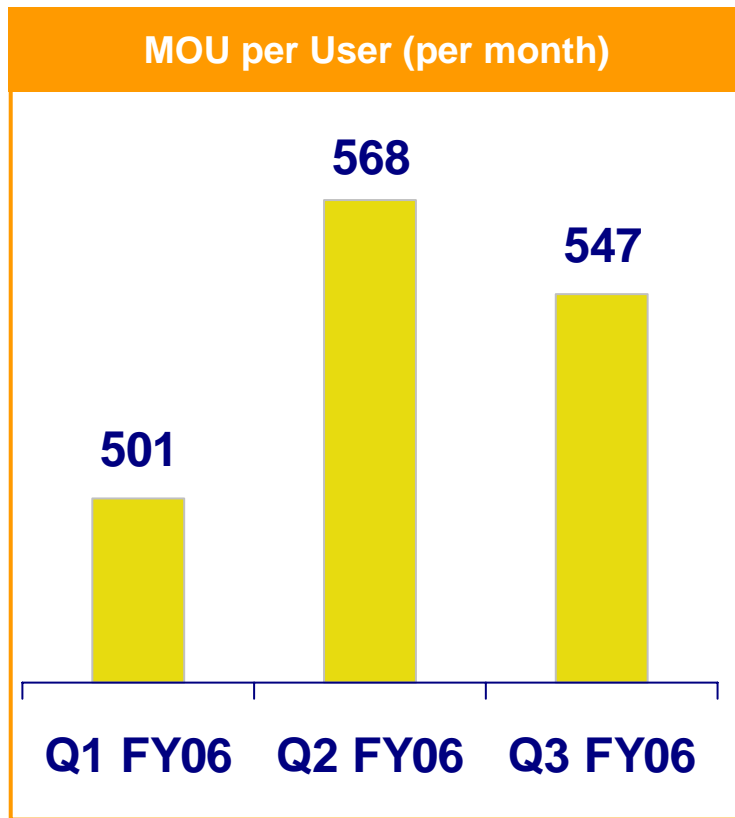
Stable ARPUs in dynamic tariff environment



Note : Net ARPU = ARPU less access, interconnection and termination costs, license fees, spectrum charges

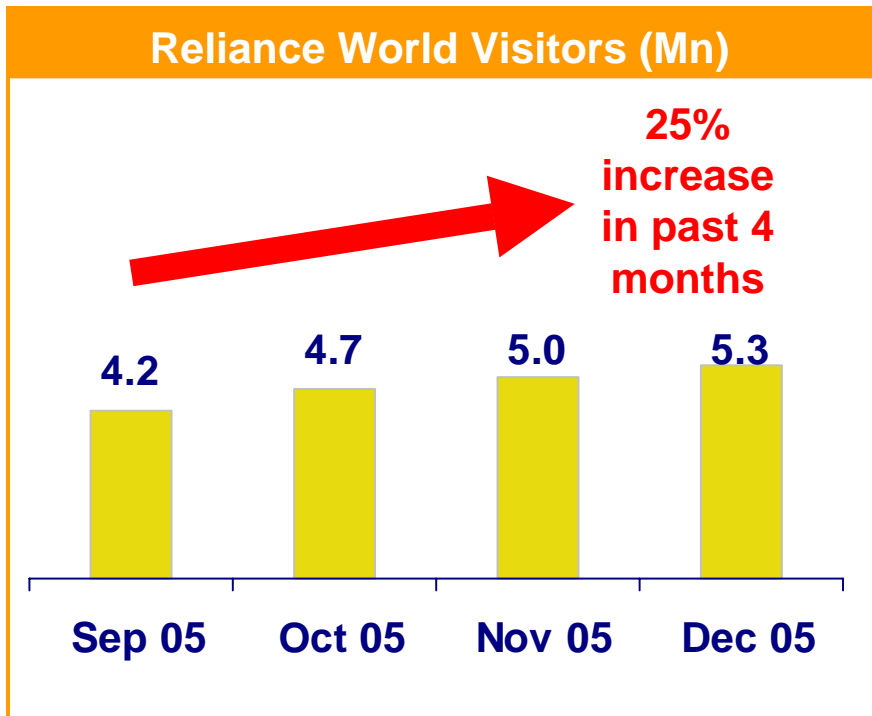
Focus on maintaining high Net ARPU

Customer base with strong usage habit



Pricing plans designed to promote high level of usage

Reliance World - a popular entertainment media



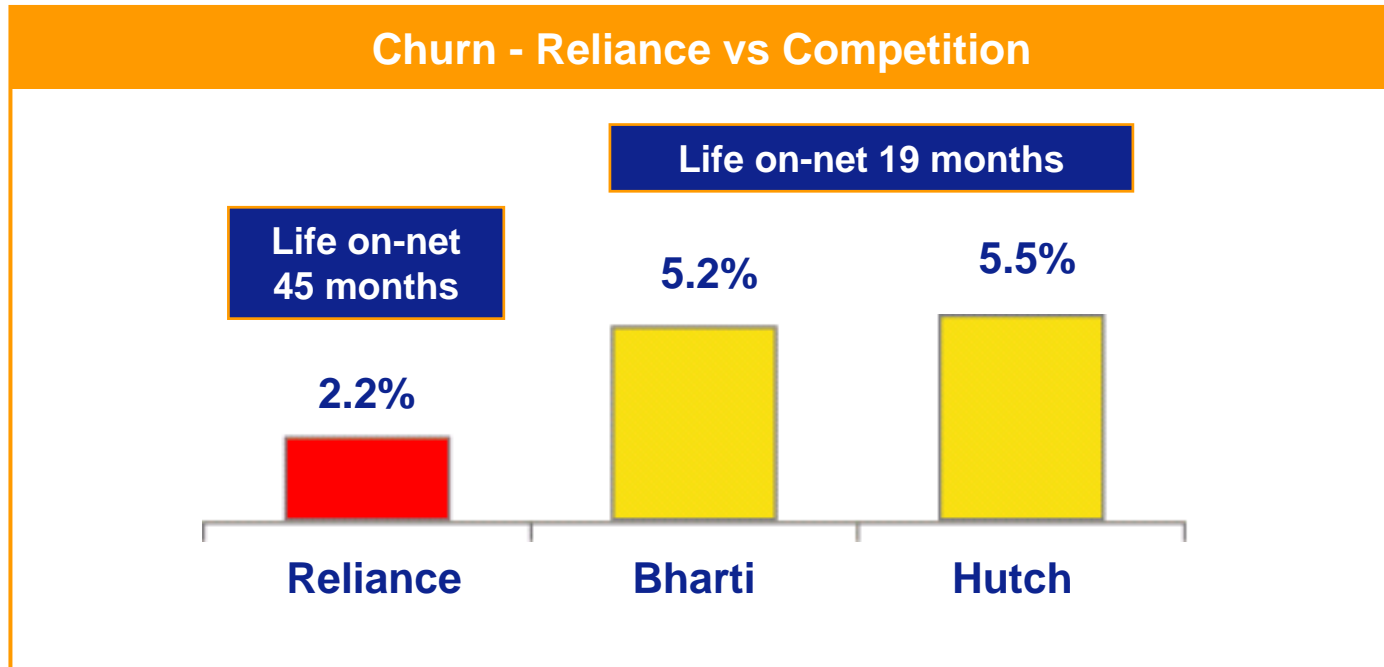
Revenue Distribution by Services

Ringtones	32%
Movies	20%
Subscription	17%
Cricket	9%
Games	8%
Greetings	8%
Others	6%

39% of Reliance World revenue generated in Cat B and C circles

Strong increase in users and usage per customer

Churn rate far below GSM industry



Source : Reliance & Bharti – Q3 FY 06; Hutch – Q2 FY 06

Life on-net more than 2 times longer than GSM customers, leading to higher CLV

Unique competitive strengths

	Reliance	Bharti
Spectrum	Additional spectrum available in 800 MHz, subject to allocation policy	Additional spectrum in 1800 MHz occupied by Defence
Data capability	Entire network already 2.5G capable	Limited deployment of EDGE, must wait for 3G spectrum
Call Forwarding	Ability to target core of high end GSM customers	Higher customer retention costs, pressure on roaming revenue
Long distance	Deeper penetration / more interconnection points – cost advantage to drive LD volumes	Competitive disadvantage in cost of delivering LD traffic
Distribution	Powerful handset distribution – ability to bundle with service	Minimal handset distribution – only able to bundle on promotional basis

Strong positioning for next phase of growth

Wireless growth drivers

Key Factor	Reliance Strategy
Entry Level Handset Cost	Working proactively with key vendors Developing pre-used handset market
Service Pricing	Continuously leading through innovation Low unit / micro recharge Bundle SMS to drive usage
Network Coverage	54% to 73% pop coverage in FY07
Data	Increase regional language content Focus on m-commerce, enterprise applications

Consistently ahead of the growth curve

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Overview

Global

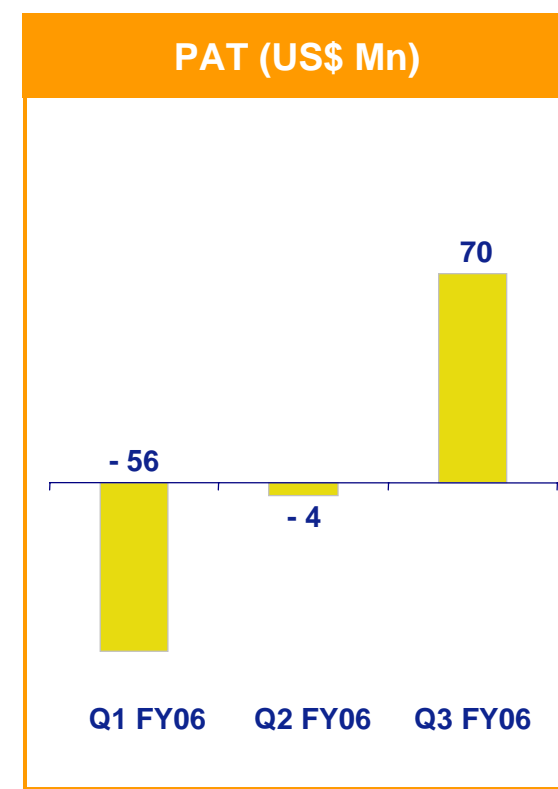
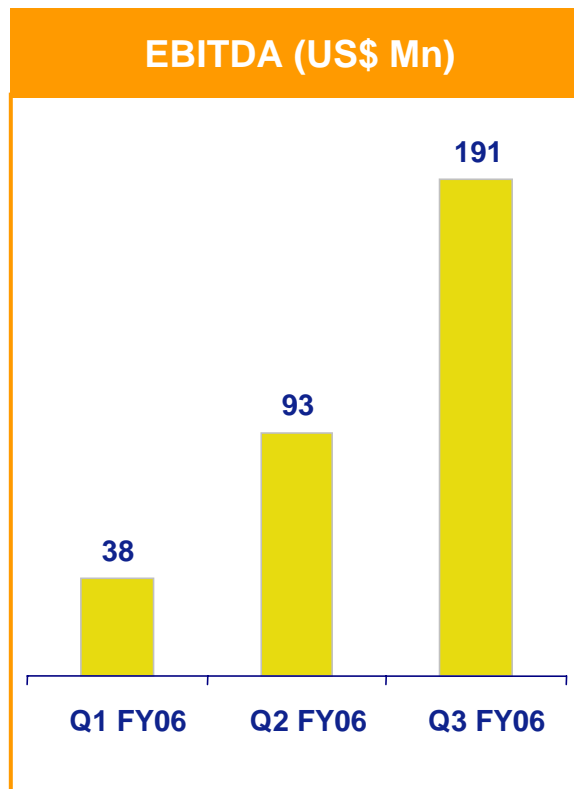
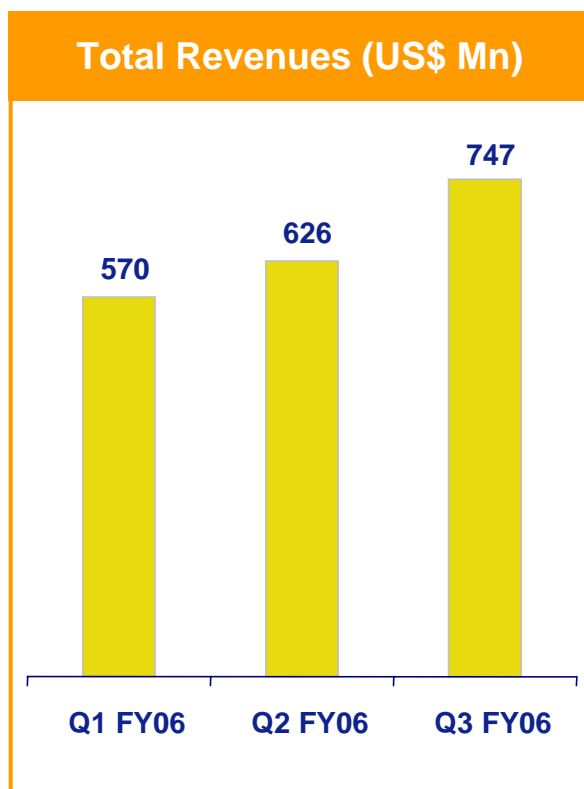
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Performance

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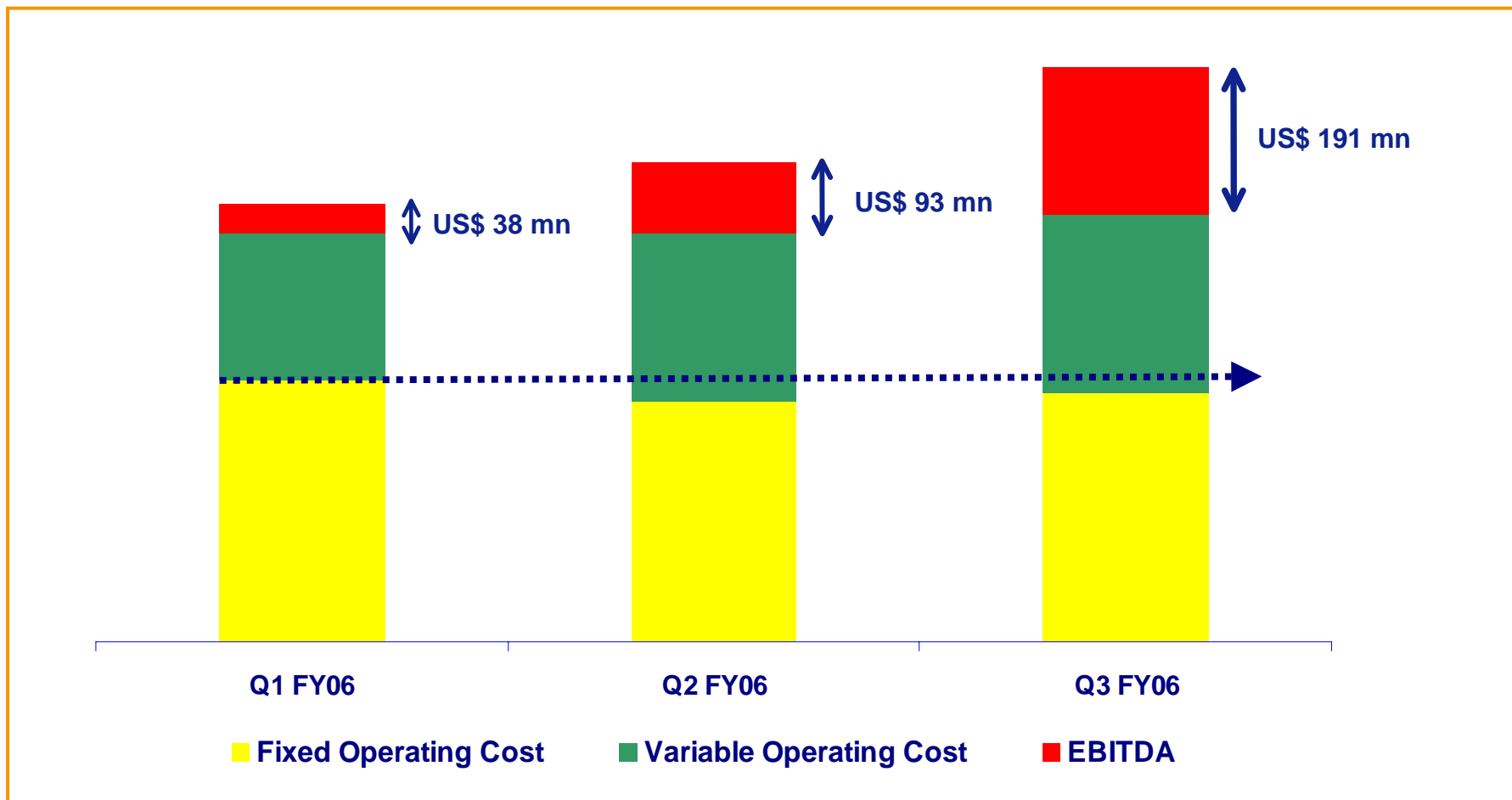
Pro-forma consolidated P&L



Note: Pro-forma consolidated P&L prior to minority interest

**Significant improvement in EBITDA margins –
up from 6.5% in Q1 to 25.5% in Q3**

Improved profitability due to scale benefits



High operating leverage leading to margin expansion

Rankings by operating profit

Company	Operating Profit (3QA US\$ Mn)	Rank
RIL	2,837	1
Tata Steel	1,261	2
Bharti	954	3
ITC	793	4
RCVL	760	5

Source: BSE Website, Company reports

Among Top 5 companies in the private sector

Rankings by operating profit – IT/Telecom

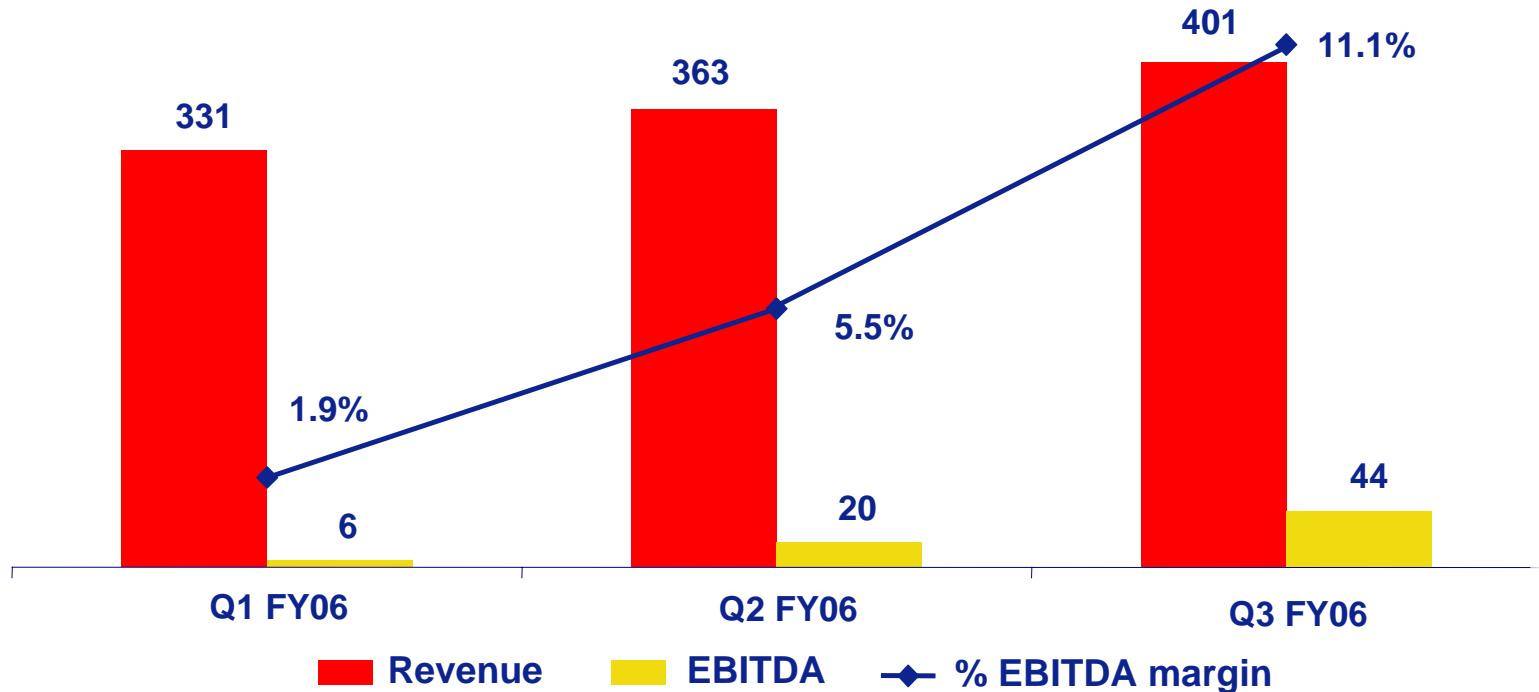
Company	Operating Profit (3QA US\$ Mn)	Rank
Bharti	954	1
RCVL	760	2
TCS	750	3
Infosys	748	4
Wipro	650	5

Source: BSE Website, Company reports

Among the leading companies in the sector

Profitability – Global

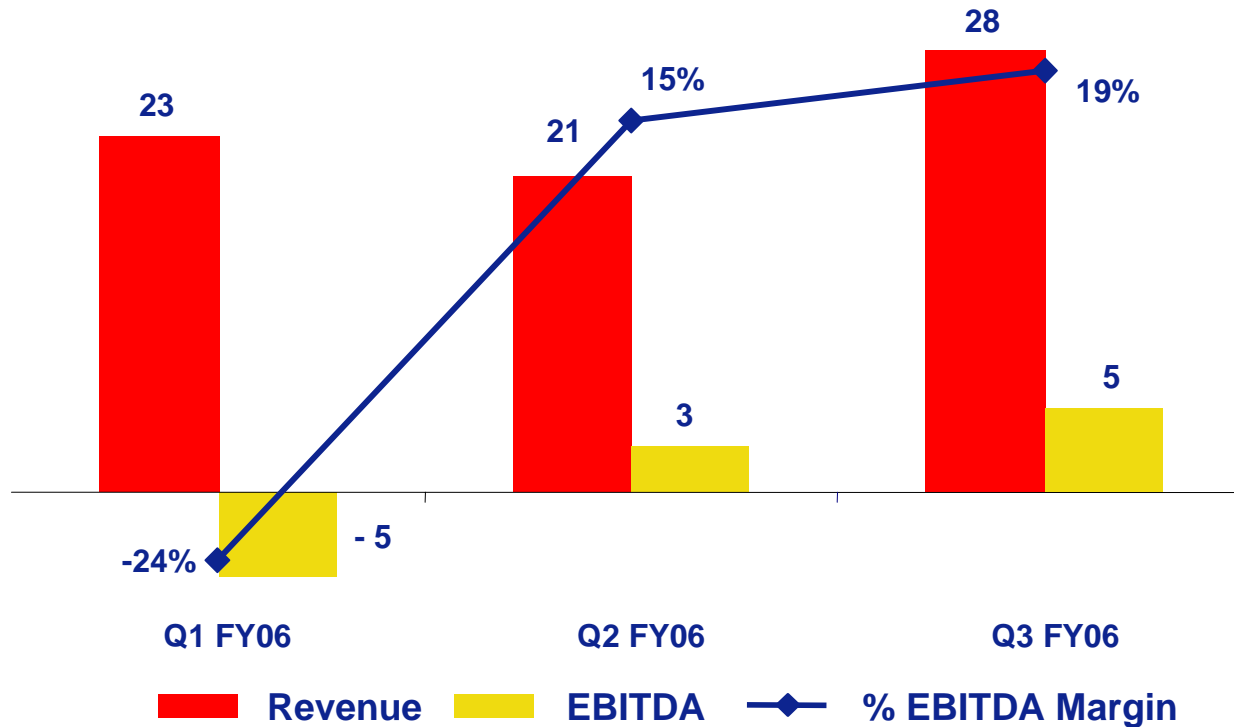
Revenue and EBITDA (US\$ Mn)



Increased contribution from FLAG and FALCON

Profitability – Broadband

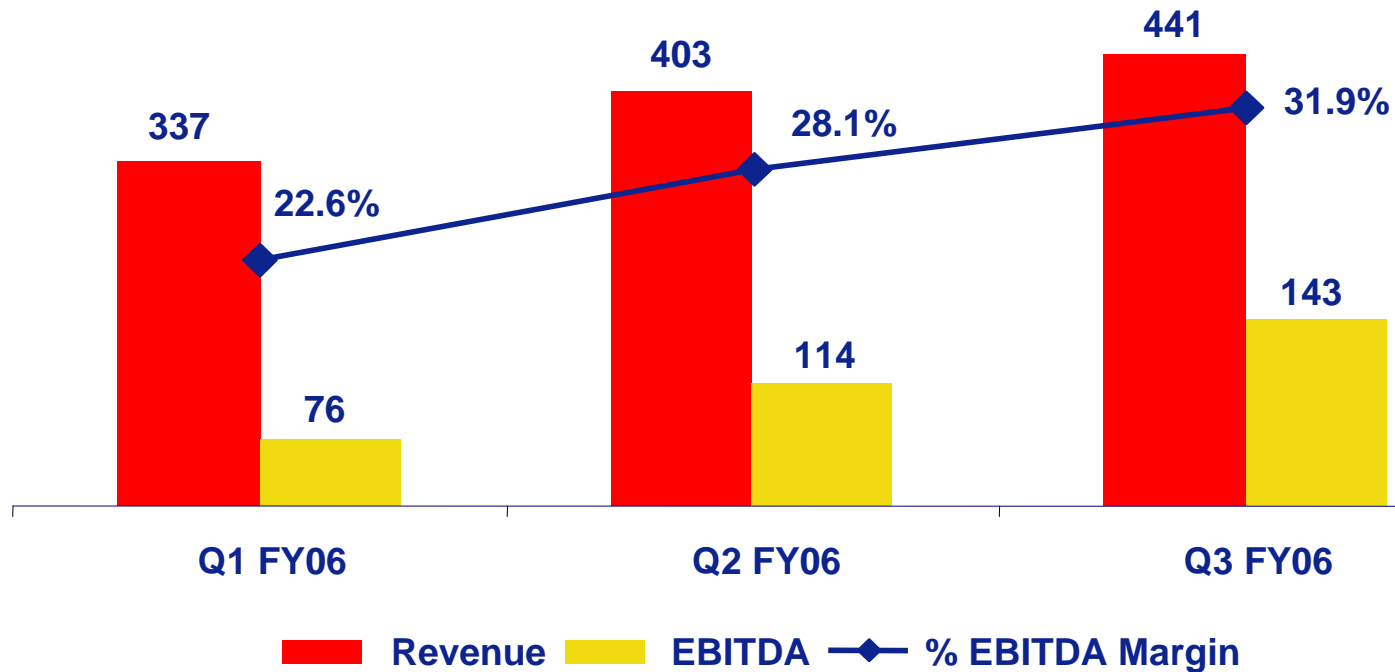
Revenue and EBITDA (US\$ Mn)



Increased profitability after Q1 start-up costs absorbed

Profitability – Wireless

Revenue and EBITDA (US\$ Mn)



EBITDA up from 22% to 32% - fixed costs remaining flat

Financial position – Balance sheet

	In US\$ Mn
	As at 31/12/05
Equity Capital	137
Net Worth	2,483
Net Debt	829
Capital Employed	3,312

Share capital – 1,220 million shares of Rs 5 each, to increase to 2,045 million shares post re-organisation

Net debt : equity ratio of 0.33 : 1

Conservative financial platform - high leverage capacity to finance future growth

Future growth – strategic focus areas

Wireless

**Product innovation
Network coverage
Distribution reach**

Global

**FLAG + FALCON
Managed data services
OneIndia**

Broadband

**Metros and IDC expansion
Customer up-sell
Consumer multi-play**

Cross-business

**Integrated product bundles
Out-sourcing – M-NOC, contact centre
Leveraging distribution, experience centers**

Embedded opportunities for value creation



Contact Centres

6,000 seat multi-location, multi lingual
Largest single location facility in the country



Retail Presence - WebWorld

1,500 exclusive stores in 700 towns
Largest chain of digital entertainment centres in the country



Network Operations and Data Centres

200+ seat centralized control center – Largest and most advanced in the world
200,000 sq ft of data centre space – 4 times the nearest competitor

Agenda

Overview

Global

Broadband

Wireless

Performance

Summary

RCVL – Domestic Business

CDMA based mobile, fixed wireless phone, and PCO services, with over 17 million customers

Nationwide CDMA wireless network, with coverage of over 4,500 towns across India, and 30 million customers capacity

Wireline and broadband services, currently active in 29 leading Indian Metros

National and international long distance calling services

Nearly 1,500 Reliance WebWorld retail outlets, present in 700 Indian cities, with 3 million per month customer acquisition capacity

6,000 seat contact centre, with multi-lingual capabilities

A next generation, pan-Indian integrated, convergent digital network

RCVL – International Business

International long distance calling services, with over 500,000 customers through Reliance IndiaCall

International data services, with over 600 major enterprise and carrier customers

FLAG Telecom, a 54,000 route kilometer submarine optic fibre cable network connecting 28 countries across the globe

FALCON, a 11,500 route kilometer submarine optic fibre cable network connecting 12 countries in the Middle East and South Asia

Reliance Communications Infrastructure Ltd.

Wireless multimedia services for over 5 million customers through unique offerings on Reliance World

Wireless internet access services for over 350,000 customers through Reliance Connect

Over 200,000 sq. ft. of multi-location Internet Data Centre facilities

Handset procurement, marketing, and distribution

60,000 route kilometer terrestrial inter-city optic fibre cable network connecting more than 200 Indian Metros

20,000 route kilometer Metro optic fibre network, providing high capacity access within major cities

Reliance Telecom Ltd.

GSM based mobile phone services, with over 1.7 million customers

GSM wireless network providing coverage in 7 circles in eastern and central India, covering nearly 40% of country's population

The most profitable GSM business in the country, experiencing rapid and exponential growth

Unique value proposition

An integrated platform, facilitating convergence

Growth engines covering the entire telecom spectrum

Largest market shares in highest growth segments

Sustainable capital cost advantage

High operating leverage; rapid margin expansion

Embedded capabilities that competitors do not possess

Conservative financial platform to fund future growth

**Committed to sharing value with
over 2 million shareholders**

Reliance Communications

Thank you