

# Reliance Communications

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*Investor Presentation*

*May 2009*

## Forward looking statements – Important Note

This presentation and the discussion that follows may contain "forward looking statements" by Reliance Communications Ltd ("RCOM") that are not historical in nature. These forward looking statements, which may include statements relating to future results of operation, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the directors and management of RCOM about the business, industry and markets in which RCOM 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 RCOM'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 RCOM. In particular, such statements should not be regarded as a projection of future performance of RCOM. It should be noted that the actual performance or achievements of RCOM may vary significantly from such statements.

# Contents

## Reliance Communications – an integrated telco

- Wireless
- Infratel
- Globalcom
- Enterprise
- Home
- Key takeaways

## India's leading fully integrated & Converged service provider...

### Wireless

- Mobile (CDMA & GSM)
- VAS (Mobile World)
- Wireless Data
- Fixed Wireless
- Public Access Business

### Tower (Infratel)

- Multi tenancy towers (4x)
- Pan- India coverage
- Backhaul
- Support systems

### Globalcom

- Submarine cable (FLAG)
- Ethernet Data services
- Long Distance (NLD/ILD)
- Reliance Global Call
- Vanco
- Yipes



### Enterprise

- Internet Data Center
- Broadband
- Leased Line
- Office Centrex
- MPLS & VPN
- WiMax

### Home

- DTH (Big TV)
- IPTV (Digital Home)

### Other businesses

#### Tech Services

- Leveraging Internal IT Development Capabilities

#### BPO

- Expertise in Telecom BFSI, Utilities & Media

#### Retail

- Reliance World
- Reliance Mobile Store

...Integrated play covering the entire value chain

## Complete range of telecom services

Wireless



- ❑ 6<sup>th</sup> largest wireless operator in the world (customer base in a single country)
- ❑ Only Indian company to offer nationwide both CDMA & GSM services
- ❑ Largest network covering a billion people in India
- ❑ Services offered includes Mobile, Home phones, PCOs, Datacards, etc

Infratel



- ❑ Largest portfolio of multi-tenancy towers with 4x tenancy
- ❑ Integrated solutions including towers, optic fiber, network management, etc

Globalcom



- ❑ World's largest submarine cable network with presence in 60 countries
- ❑ Wide range of services include Capacity services, MPLS-VPN, Ethernet, Managed services, etc

Enterprise



- ❑ One stop shop for all kinds of enterprise connectivity solutions
- ❑ >50% market share in high growth data products
- ❑ Services offered include MPLS-VPN, Centrex, Data centers, WiMax, etc

Home



- ❑ Only Indian DTH operator to provide services in 6,500 towns
- ❑ Services offered by leveraging the existing infrastructure

## Strategy

### Objectives

### Action Plans

Customer Growth



- ❑ Latest congestion free Next Generation network for highest quality
- ❑ Attractive plans & offers

Revenue Growth



- ❑ More revenue streams from new product launches
- ❑ Increased revenue from new service streams like GSM (share of VAS & In-roaming revenue)

Integration & Convergence



- ❑ Focused participation in the entire value chain of telco business
- ❑ Would also be participating in the new technological developments to provide one-stop shop for all communication needs

Profitable Growth



- ❑ Profitable & sustainable growth
- ❑ Leveraging existing infrastructure for new launches leads to stable margins

**Focused & profitable growth**



## Building leadership position across all screens



**4 screen strategy**

## Recent performance

### Financial Performance

	4Q FY09	Q-o-Q	Y-o-Y
Revenue (Rs. Mn)	61,237	4.7%	15.3%
EBITDA (Rs. Mn)	23,832	1.3%	2.9%
Net Profit (Rs. Mn)	14,544	3.1%	-3.2%
EBITDA Margin	38.9%	-1.3ppt	-4.7ppt
Net Profit Margin	23.8%	-0.3ppt	-4.5ppt

### Balance Sheet Strength\*

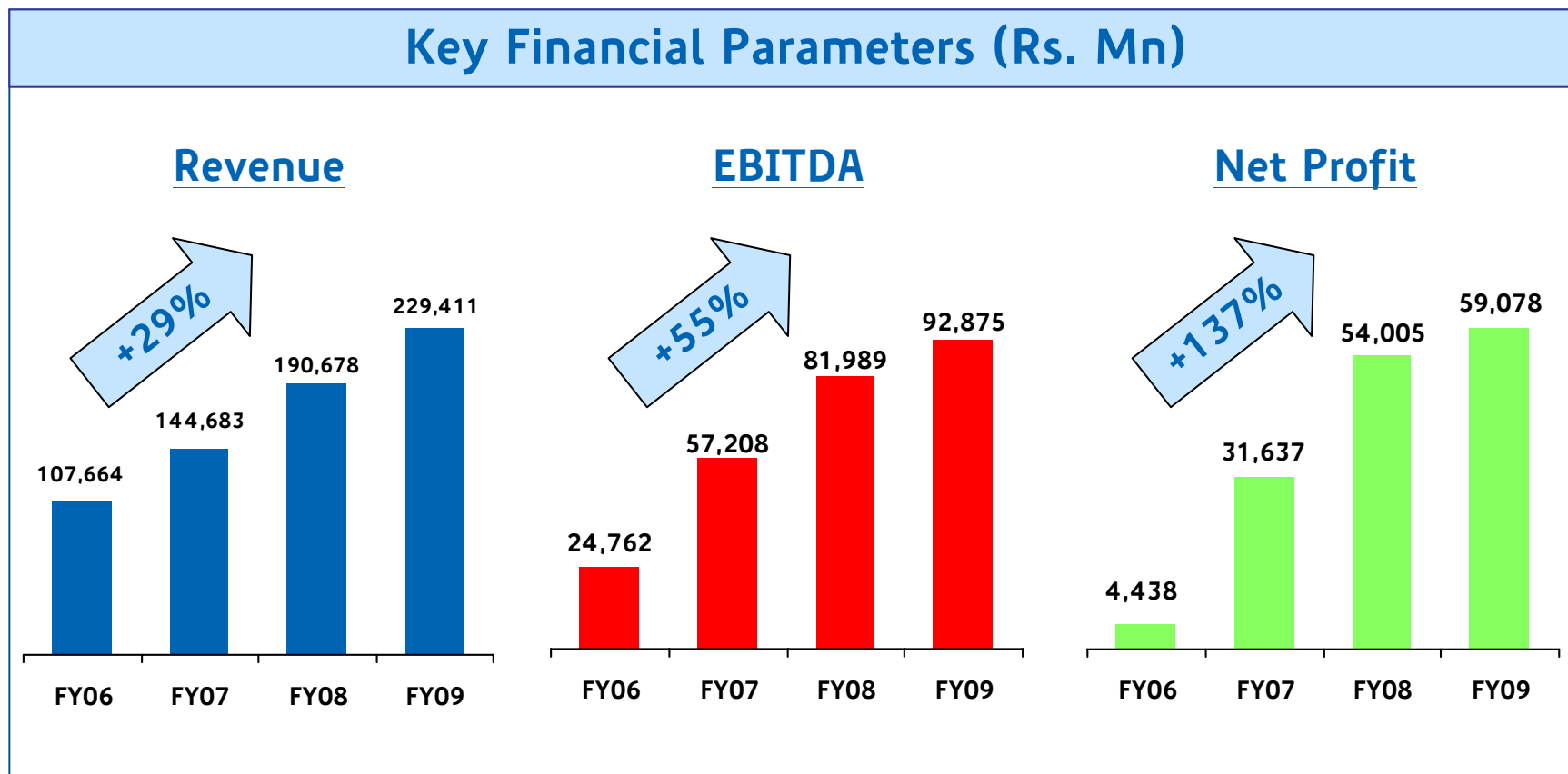
(As on Dec 31, 2008)	(Rs. Mn)
Assets	880,000
Networth	290,000
Gross Debt	267,000
Net Debt	186,000
Net Debt to Equity (x)	0.64

\* Balance Sheet as on 31<sup>st</sup> Dec 2008. Fiscal year 09 balance sheet will be published post the final approval of Shareholders and/ or the Hon'ble High Court of Judicature at Mumbai on the Scheme of Arrangement for demerger of the Optical Fibre Division of the Company to Reliance Infratel Limited ("RITL")

**Maintaining the strong growth momentum**

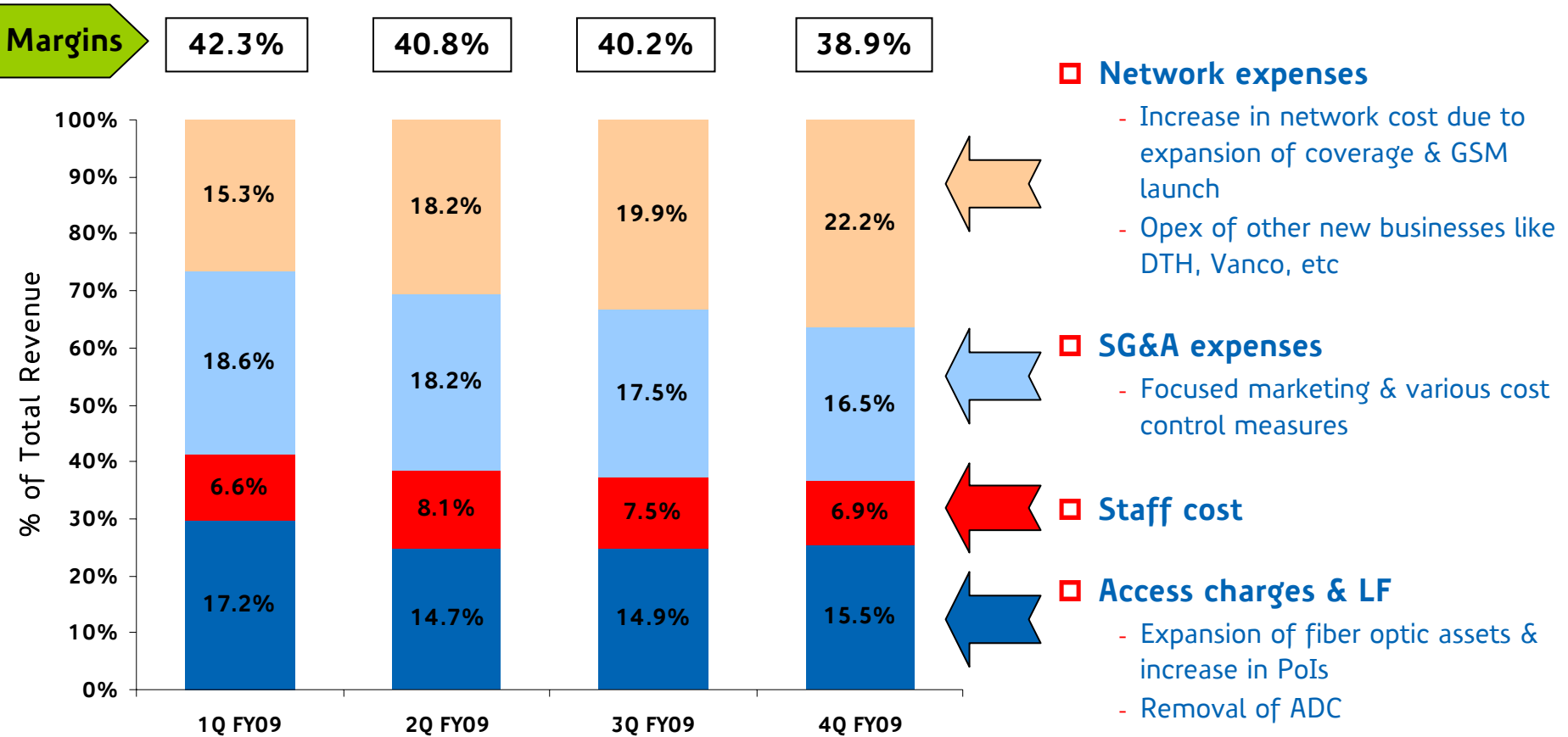


## Financial Highlights



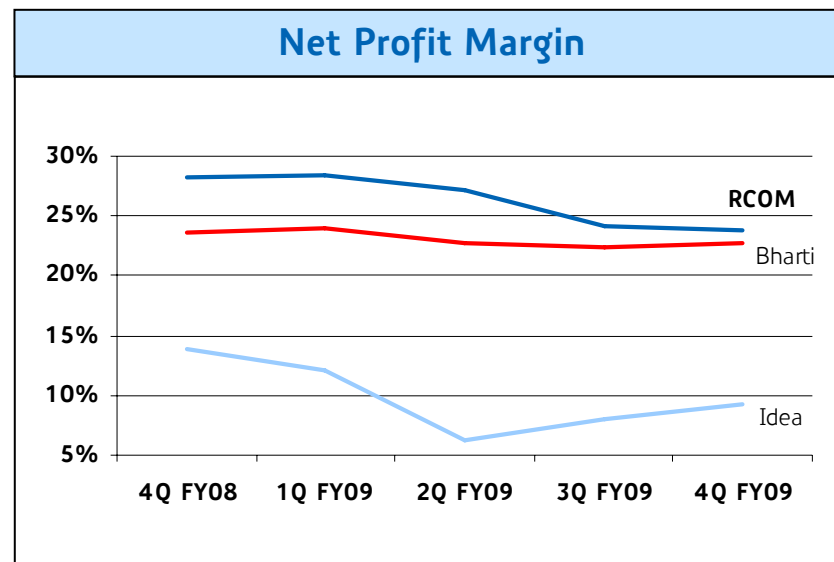
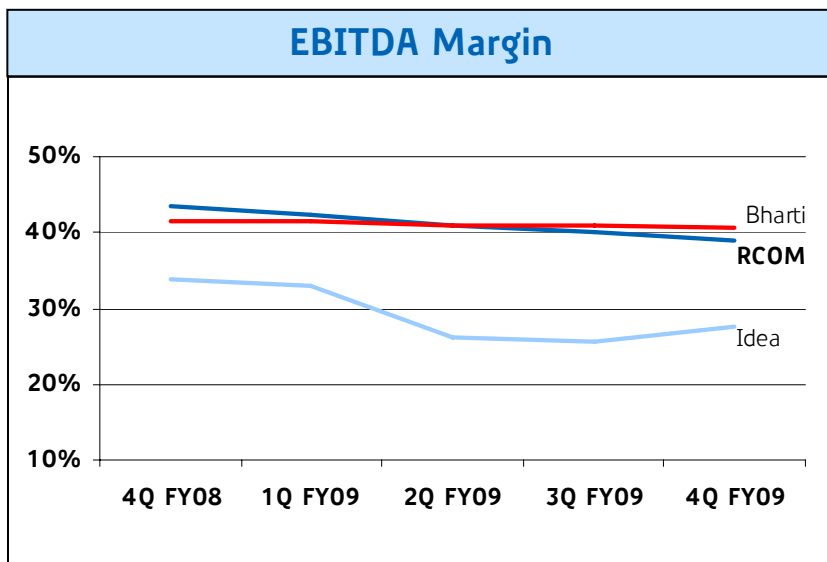
**Consistent & Substantial increase in profitability**

## Cost management (% of revenue) with stable margins...



...inspite of launch of multiple new businesses

## Profitability

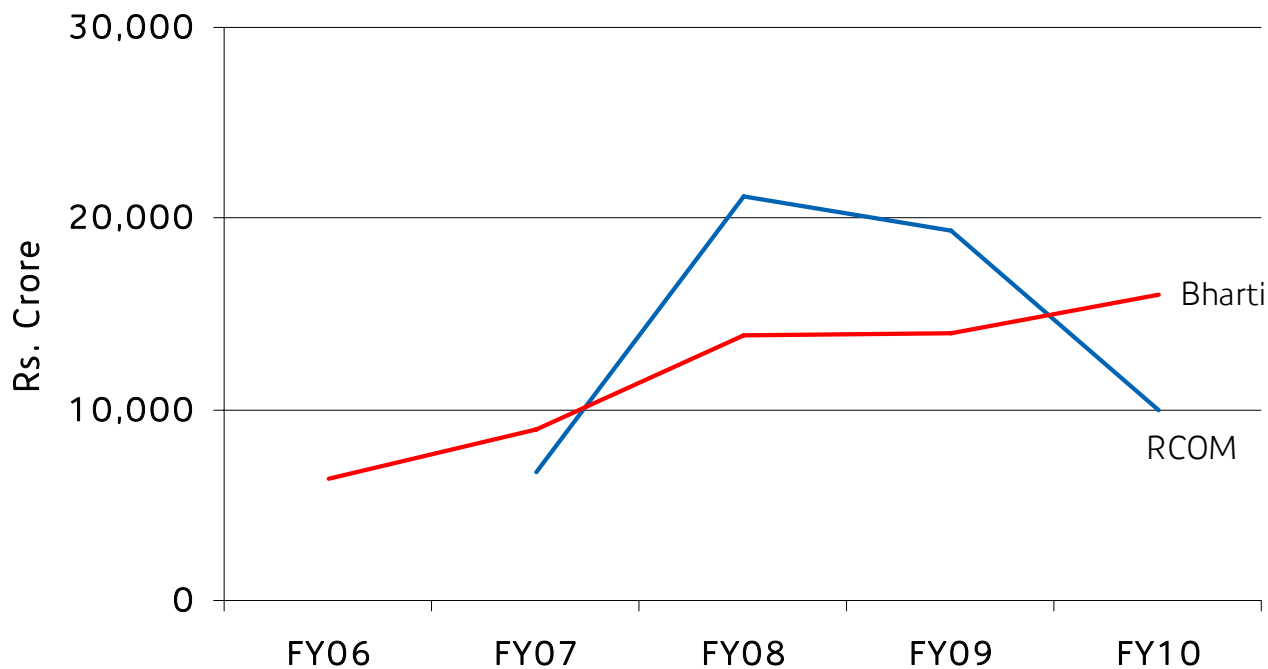


Source: Company reports

- ❑ Among the highest margins in the industry in spite of the launch of several new businesses
- ❑ Aimed at leveraging common infrastructure to protect/enhance margins

**Profitable growth**

## Capex intensity coming down significantly...



Note: FY2010 capex amount is the company's guidance in the earnings call

Source: Company reports

**...moving towards FCF positive**

# Contents

- Reliance Communications – an integrated telco

  - Wireless**

    - Infratel

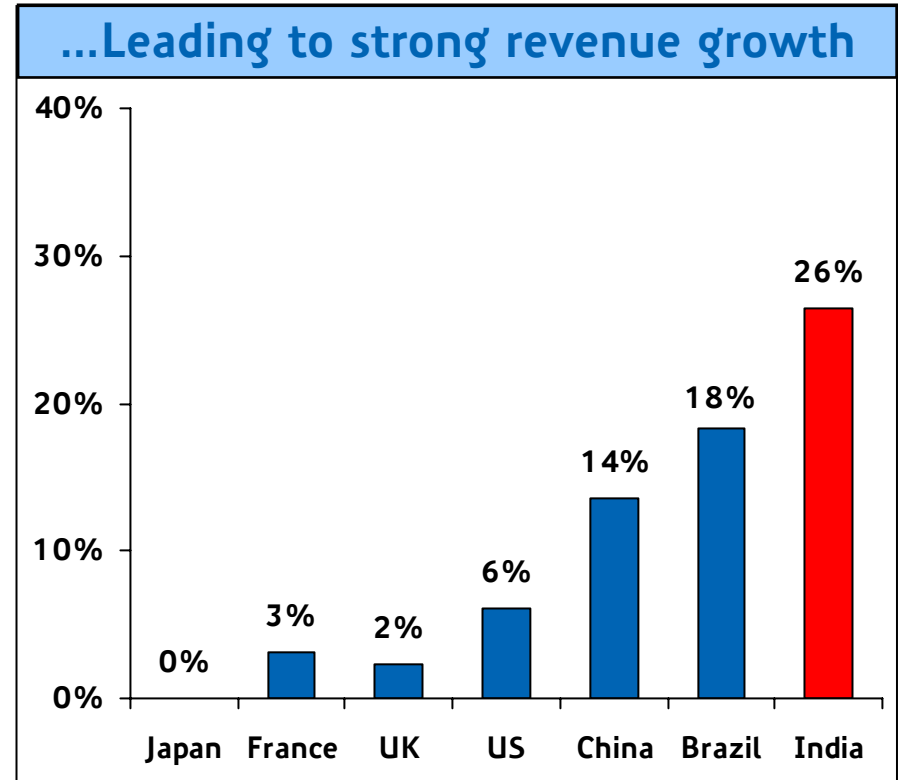
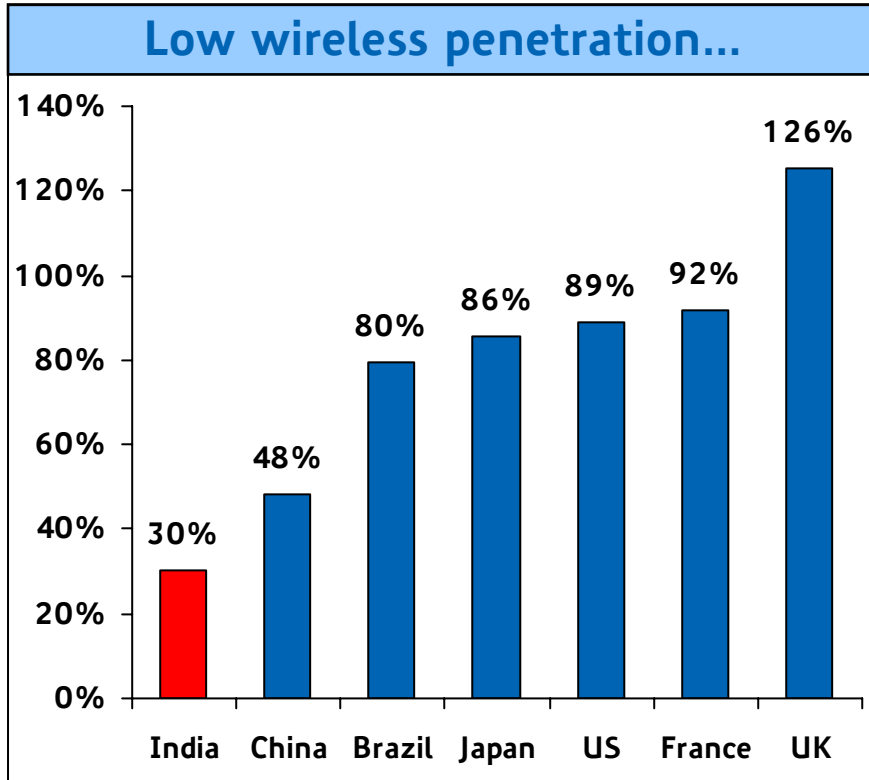
    - Globalcom

    - Enterprise

    - Home

- Key takeaways

## Targets the largest untapped population in the world

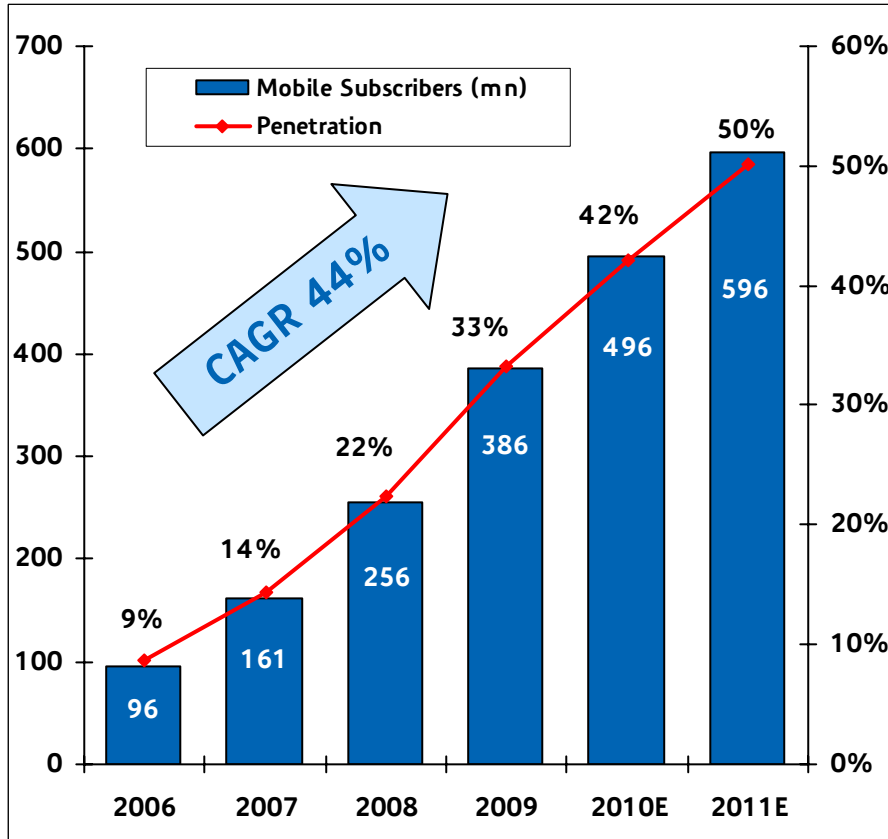


Source: Merrill Lynch Global Wireless Matrix, December 2008

**Low penetration + High Revenue growth = Huge opportunity**

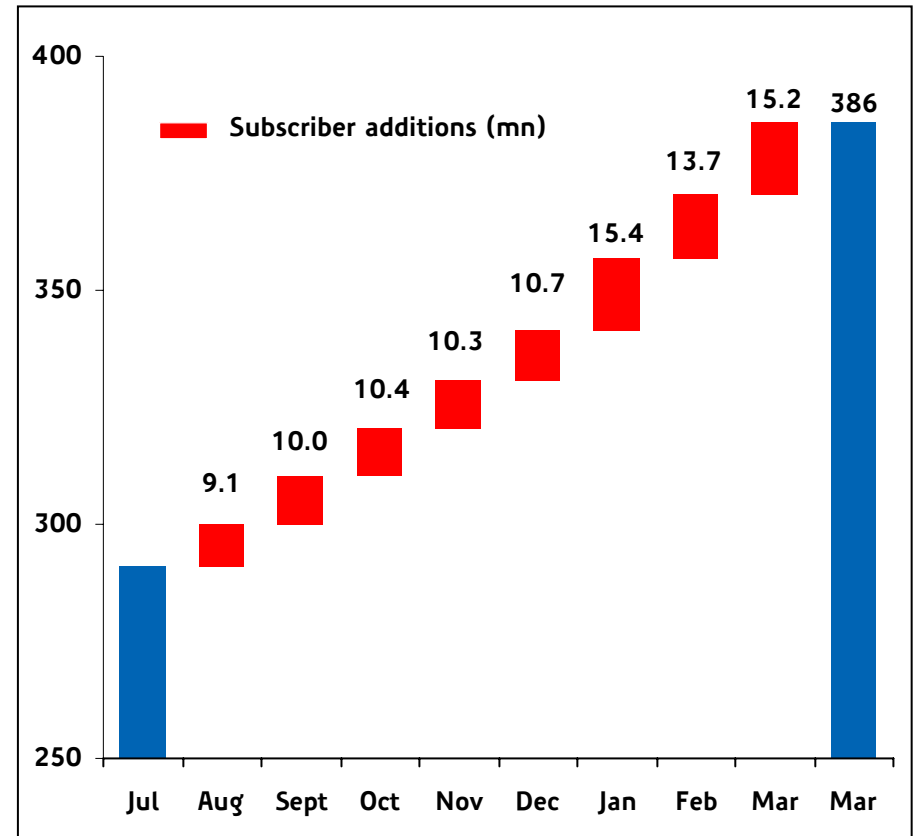


## Mobile subscribers in India to cross 600 mn in 2 years...



Year end March 31

Source: Industry estimates, COAI, AUSPI



**...even then there will be 600 mn unserved people in India**

## RCOM: One of the fastest growing wireless companies globally

- Among India's top 2 operators with over 73 mn wireless subscribers
  - Prepaid subscriber additions drive growth - 93% of total subscribers
- Key Performance Indicators
  - EBITDA margins among the highest in the industry - 37%...
  - ... despite among the lowest tariffs in the world...
  - ... backed by the highest Minutes Of Usage - 830 million minutes per day

RELIANCE Mobile  
GSM Service  
Talk more.  
Call 003 333 333, 91234 or visit www.rcom.co.in

Local 50 p/min

STD 1 Re. /min

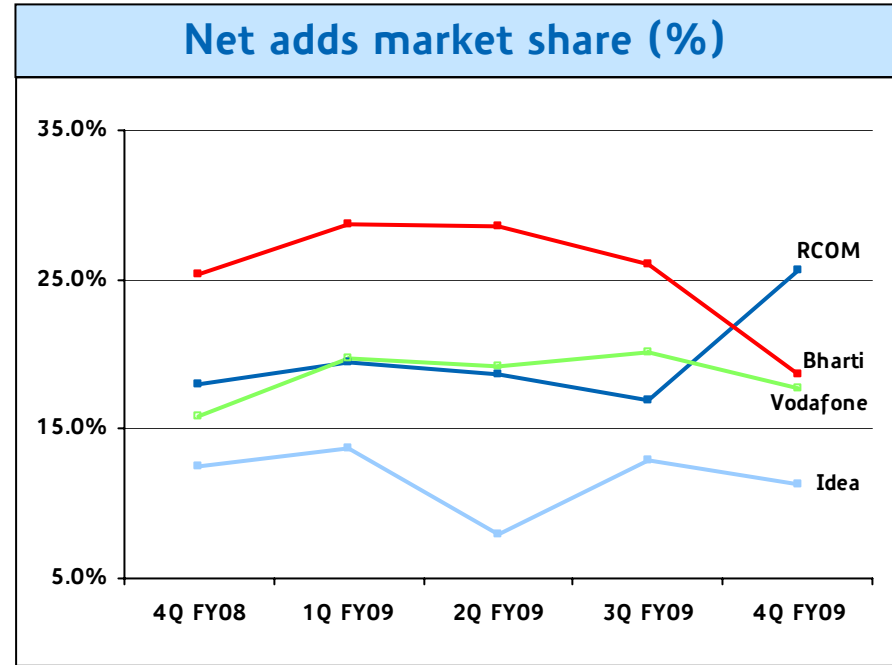
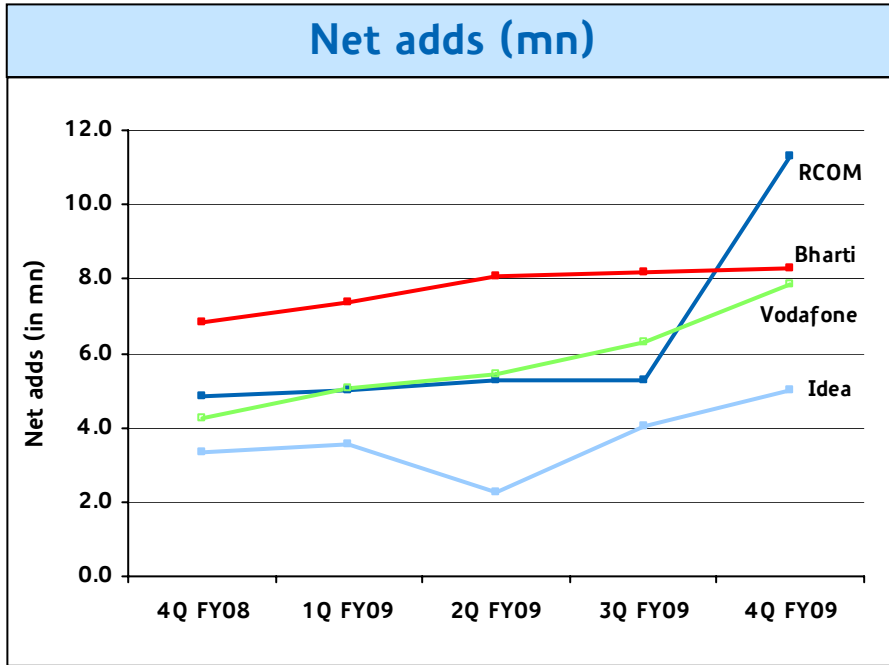
Size: H14" x W19"

like my caller tune? press \* to copy it.

If you really like a Reliance customer's caller tune, just call your friend, tell him to copy it and press the star key on your handset to copy the caller tune. And presto! It will be set as your own.

RELIANCE Mobile

## Net adds market



Source: COAI, AUSPI

- ❑ Highest wireless subscriber acquisition in the world – 5 mn in the first month of our GSM launch
- ❑ Achieved more than 25% market share in 7-8 telecom operator market

**Significant acceleration in RCOM net adds post GSM launch**

1

**Mobility**



**Wireless Data**



**Fixed Wireless**



**PCO**



**Over 73 million  
Happy customers**

**Market leadership  
in all segments**

\*

\*CDMA

**... shall replicate success with nationwide GSM service**



**24,000  
Towns**

**600,000 Villages**

**1 Billion Indians**



**CDMA**

RELIANCE Mobile |   
www.localnetwork.co.in

India's No. 1 Network

no limits | total network™

40 million customers, 15,000 towns, 4 Lakh villages. And counting.



**GSM**

**Seamless coverage wherever you go**

India's billion people can now expect an unbeatable choice and value proposition across....

1. Coverage

2. Quality

3. Customer Choice

4. Handset Range

5. Service Breadth

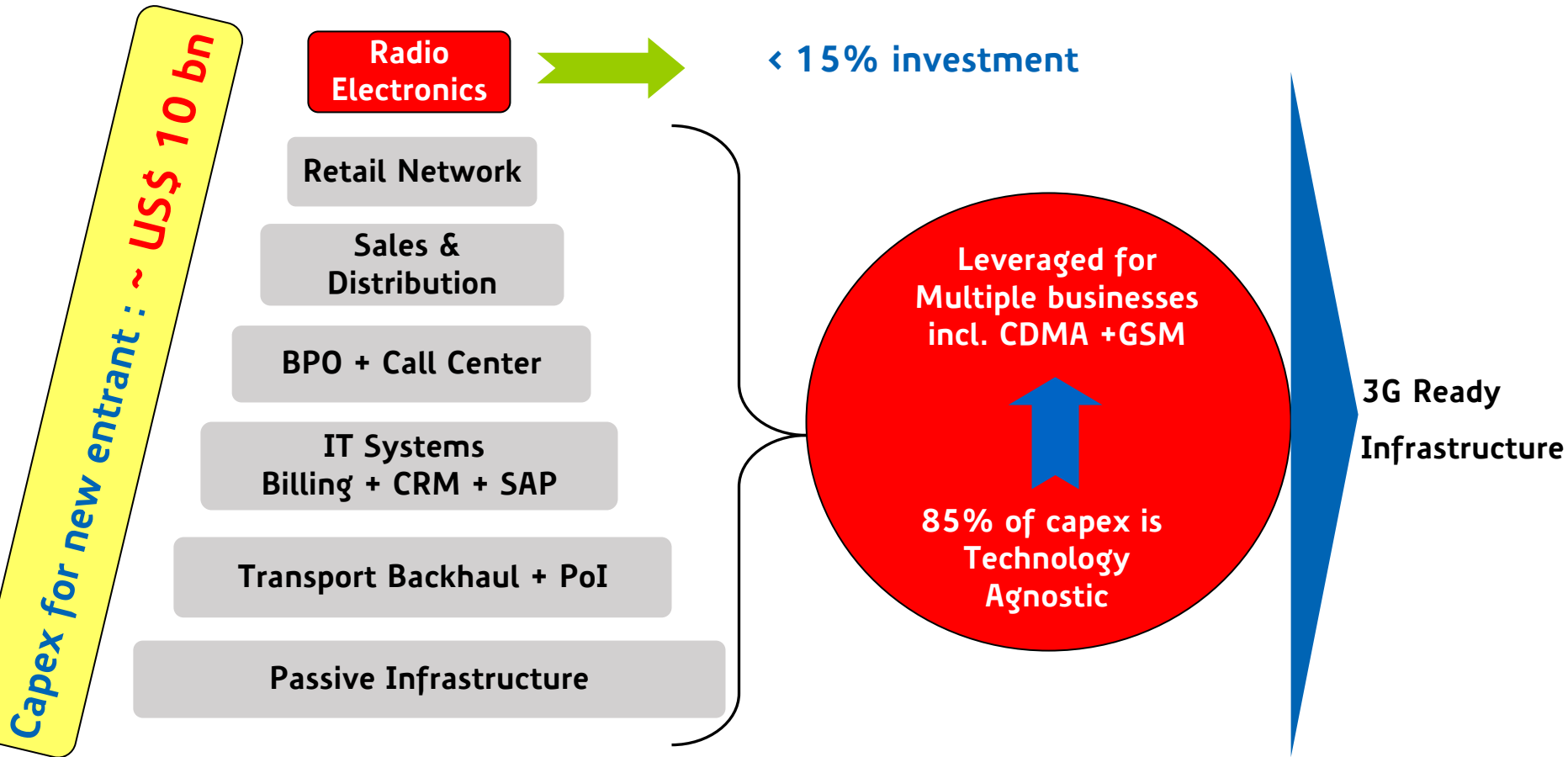
6. Int'l Roaming

7. Value Added Services

**Reliance GSM – Set to redefine mobility landscape in India**



## GSM network exploits huge capex and opex synergies



**Nationwide GSM service at marginal incremental cost**

## Dual network offers additional market share levers

Existing growth momentum

- ❑ Industry monthly net adds of 8 - 10 mn GSM subscribers
- ❑ Impetus from network expansion in semi-urban/ rural areas



Cross technology On-net plans: Unique Service offering

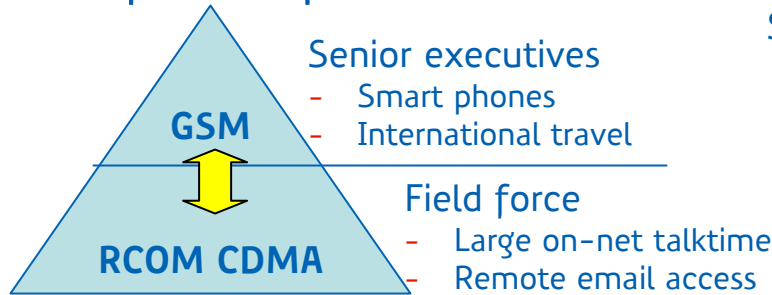


Mobile Number Portability (MNP)

### Broad Market Segmentation

#### Corporate Requirement

#### Retail/Family Similar CUG family plans



RCOM will bring both segments on-net, driving customer value & stickiness

Customer churn

Probability

CDMA ↔ GSM

Low

Customer has invested in Handset

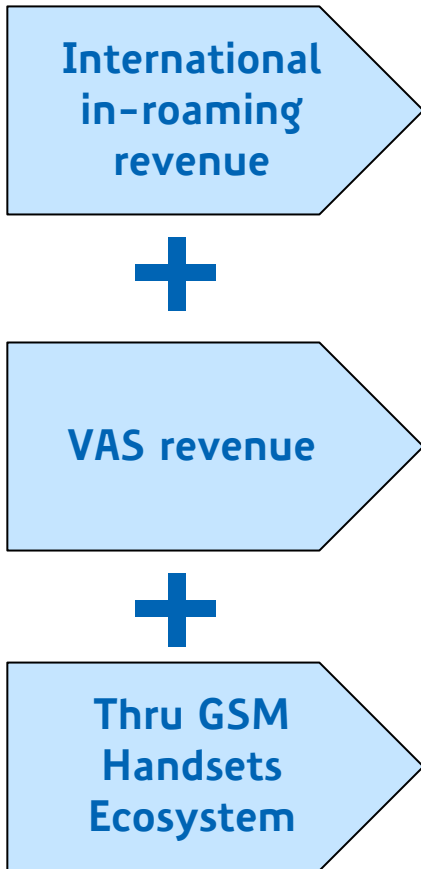
Incumbent GSM → RCOM GSM

High

Customer neither loses number nor investment in Handset

**Unique advantage: Competition can't replicate**

## Drivers for additional revenue market share



- ❑ Participation in rapidly growing ~US\$ 1 bn international in-roaming market
  - ❑ Currently enjoyed by few GSM incumbents
  - ❑ Extremely profitable segment
- 
- ❑ GSM non-voice revenue contribution ~10% with SMS contributing ~5% vs ~1.2% in CDMA
  - ❑ Attract high SMS/VAS usage groups who also look for trendy & sleek multimedia handsets
- 
- ❑ Mid to High-end range handset users contribute higher ARPU (incl. international roamers)



**Significant revenue upside from GSM launch**

## Most comprehensive wireless portfolio

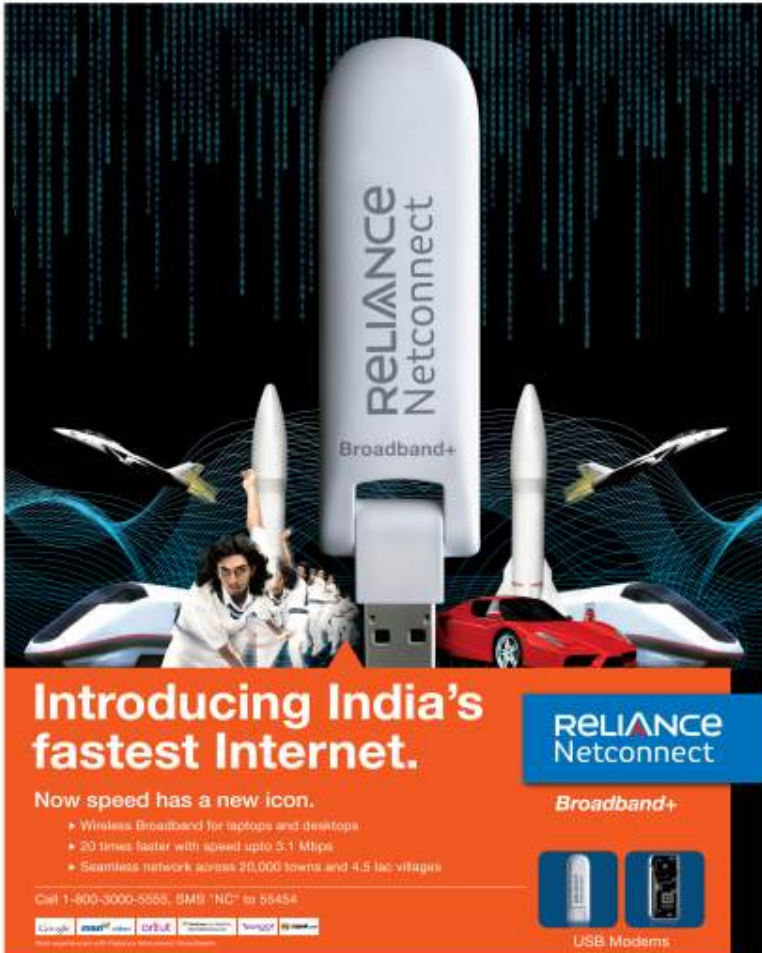
	Technology	
Advantages	CDMA	GSM
Spectrum efficiency	Unlimited usage plans PCO & FWP	
Wireless Data capacity	Mobile internet dominance ATM & PoS	
Multimedia/Video capability	Near 3G experience	
Handset range at all price points		GSM ecosystem - 75% of Indian mobile sector
International Roaming		High ARPU segment In-roaming revenues

**Only company to leverage strengths of both technologies**

## Best positioned to serve all customer segments

Segment	Need	Technology	Supporting factors
Light pockets	<ul style="list-style-type: none"> <li>-Low handset prices</li> <li>-Primarily incoming &amp; low outgoing</li> </ul>	GSM/EDGE	<ul style="list-style-type: none"> <li>-Presence of 2<sup>nd</sup> hand handsets</li> <li>-SIM Distribution reach</li> </ul>
Business and Enterprise	<ul style="list-style-type: none"> <li>-E-mail</li> <li>-Browsers</li> <li>-Office tools</li> <li>-Roaming</li> </ul>	GSM/EDGE	<ul style="list-style-type: none"> <li>-Mid and High end handset range</li> <li>-International Roaming</li> </ul>
Lifestyle aspirants	<ul style="list-style-type: none"> <li>-Multimedia</li> <li>-Design (look &amp; feel)</li> </ul>	GSM/EDGE	<ul style="list-style-type: none"> <li>-Mid and High end handset range</li> </ul>
Anchored users	<ul style="list-style-type: none"> <li>-Fixed wireless</li> <li>-Data speeds</li> </ul>	CDMA	<ul style="list-style-type: none"> <li>-High data speeds possible with 1X</li> <li>-Low cost to operate limited mobility</li> </ul>
Data hungry users	<ul style="list-style-type: none"> <li>-Data speeds</li> </ul>	CDMA	<ul style="list-style-type: none"> <li>-High data speeds possible with 1X</li> </ul>
Value seekers	<ul style="list-style-type: none"> <li>-Value seeker of Handset and Minutes</li> </ul>	CDMA	<ul style="list-style-type: none"> <li>-Minutes bundled with handsets</li> </ul>

## Netconnect Broadband Plus



**RELIANCE Netconnect**  
Broadband+

**Introducing India's fastest Internet.**

Now speed has a new icon.

- ▶ Wireless Broadband for laptops and desktops
- ▶ 20 times faster with speed upto 3.1 Mbps
- ▶ Seamless network across 20,000 towns and 4.5 lac villages

Call 1-800-3000-5555, SMS 'NG' to 55454

**RELIANCE Netconnect**  
Broadband+

USB Modems

### Competitive differentiation

- ❑ Fastest internet broadband service of up to 3.1 Mbps in India's top 35 cities
- ❑ Seamless handover & connectivity through CDMA 1X in over 23K towns and 6 lakh villages covering 90% of the Indian population
- ❑ Wide reach compared to limited reach of wireline networks
  - Broadband coverage expansion the wireless way
- ❑ Easy plug & play USB devices
- ❑ Easy availability & instant activation within minutes compared to few weeks or even months in case of wired broadband

**Fastest internet connectivity under wireless platform**



## Service Innovations: First to reach the market

Unlimited local & STD calls

**bol India bol**

Unlimited free - Local or STD

Plan	Local STD	Local STD
Prepaid	₹1000 / 1000	₹1000 / 1000
Postpaid	₹1000 / 1000	₹1000 / 1000

RELIANCE Mobile

Mobile TV

RELIANCE Mobile

watch live tv without a tv

RELIANCE Mobile

watch live tv without a tv

Yahoo on Reliance

HELLO

RELIANCE Mobile

Yahoo on Reliance

Internet on the move

make your laptop truly mobile

Unbelievable gifts with Reliance data card at ₹1,399/- only

RELIANCE Netconnect

MBlog

blog on the move

RELIANCE Mobile

MBanking

RELIANCE Mobile

banking on the move

MPay

RELIANCE Mobile

mPay

Micro-billing

RELIANCE Mobile

ek rupaiya mein no entry

Call: 0224 909. Set your caller tune for Rs.1

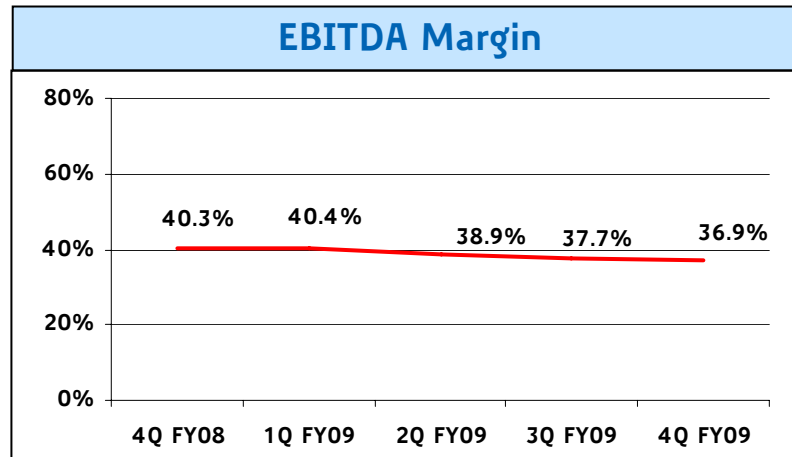
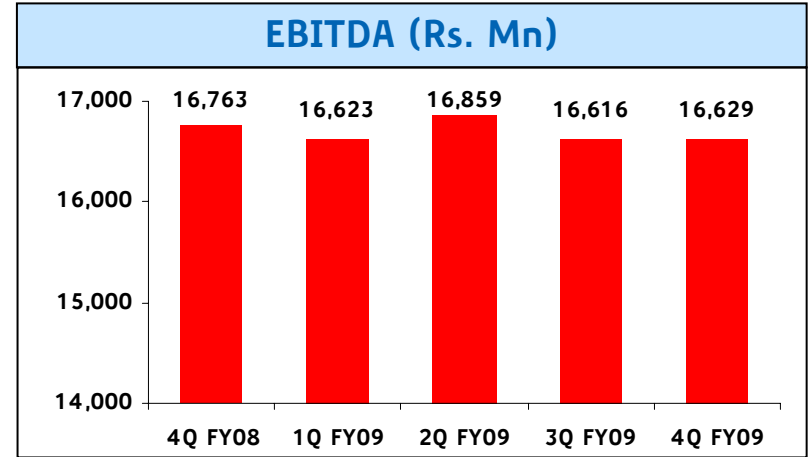
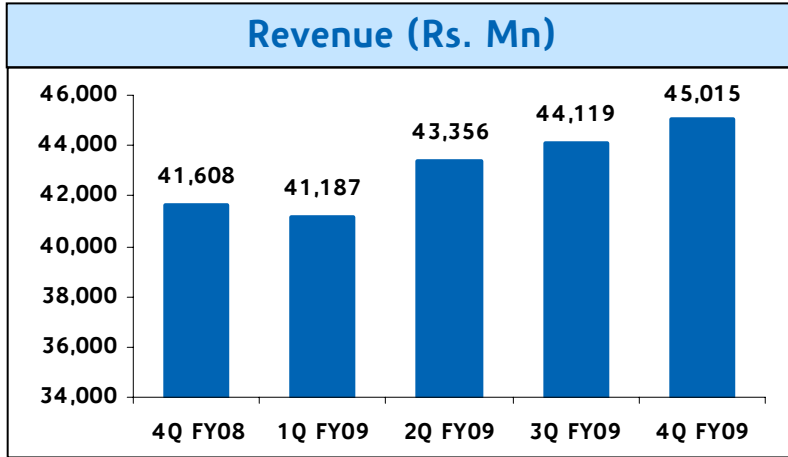
## Multi-channel customer delivery system

- ❑ World-class design , fit out & ambience at 2,000 exclusive retail showrooms on High streets/Malls
- ❑ High Quality Reach & National footprint through 5,000 distributors & 1 million retailers
- ❑ 5,000+ Direct & indirect outbound sales force to cater to customers at their premises
- ❑ Dimensioned to handle over 35 mn sales transactions annually



**By far the largest retail distribution network in the industry**

## Financial Performance



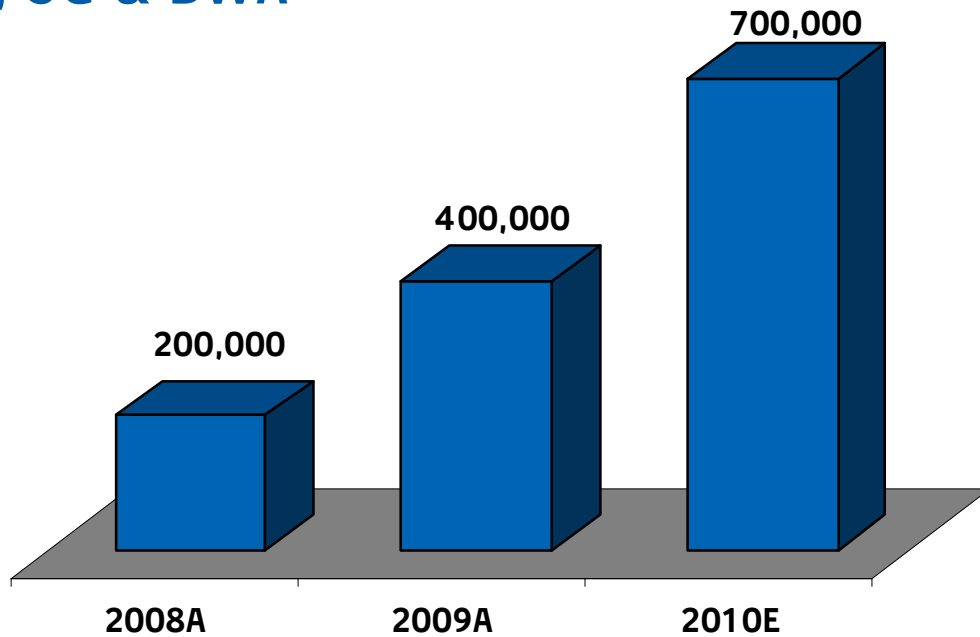
**Maintained growth momentum with stable margins**

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- Reliance Communications – an integrated telco
  - Wireless
  - Enterprise
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  - Infratel
  - Globalcom
- Key takeaways

## Infrastructure Tenancy Slots – Market

2G, 3G & BWA



Source: Industry Estimates

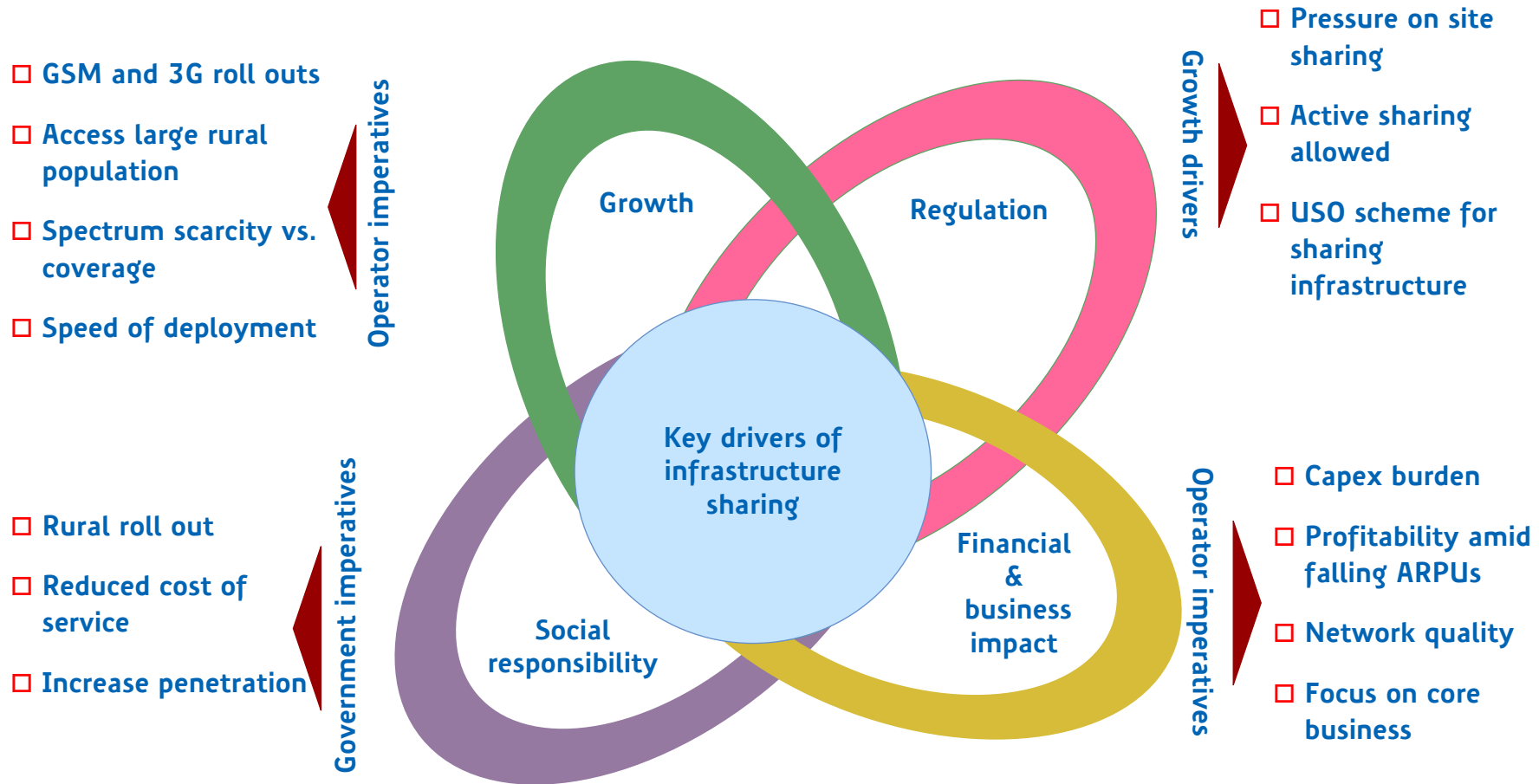
RITL Ground based tower



RITL Roof top tower



## Infrastructure sharing



**Infrastructure sharing – All drivers are in place**



## Infrastructure overview

- ❑ Operational in all 22 circles
- ❑ ~48,000 multi-tenancy towers as on March 31, 2009.
- ❑ Anchor customer (Reliance Communications) driven strategy
- ❑ Current captive tenancy of 1.6x post our GSM launch; will further increase by 3<sup>rd</sup> party (external) tenants
- ❑ Financial performance (FY2008)
  - Revenue: Rs. 14,566 mn
  - EBITDA: Rs. 6,746 mn; Margins: 46.3%
  - Total Assets: Rs. 117,205 mn

**Aim to be a preferred infrastructure provider for new operators**

# Contents

## Reliance Communications – an integrated telco

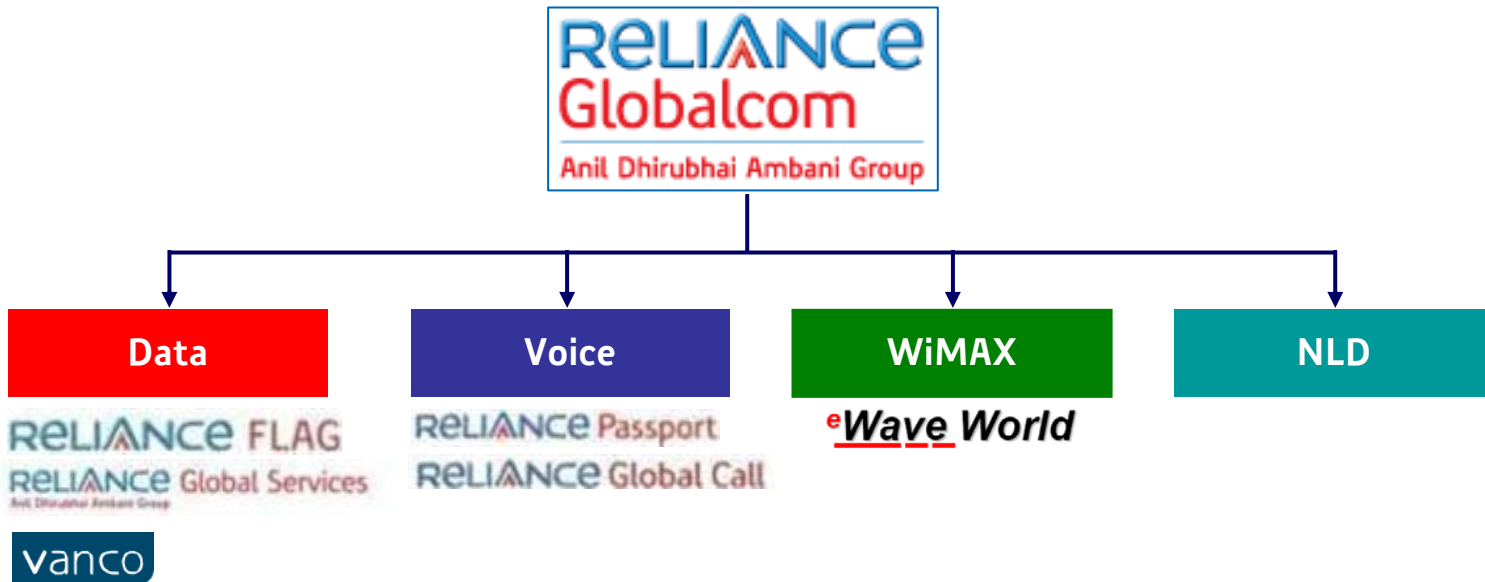
- Wireless
- Enterprise
- Infratel
- Home

**Globalcom**

## Key takeaways

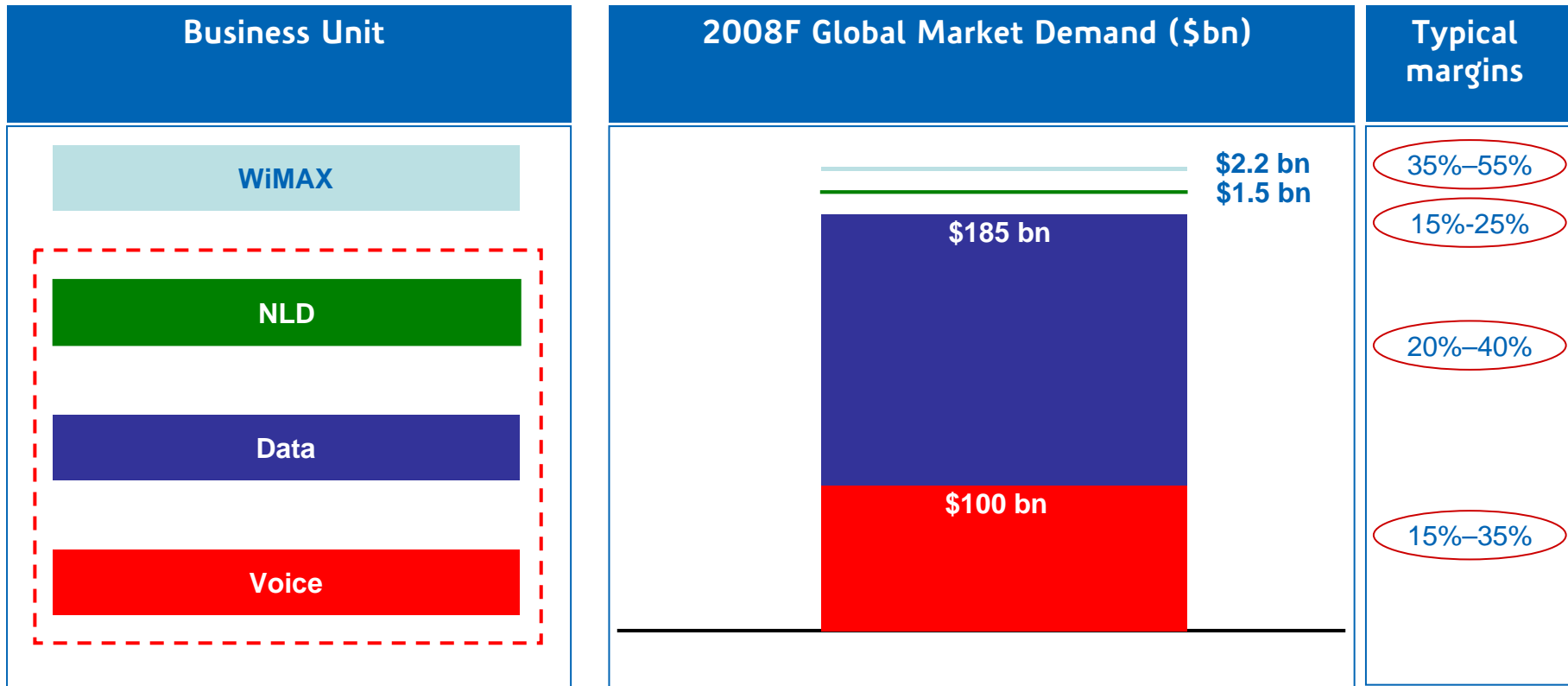
## Business structure

- Completed restructuring of our services under four core business segments of Data, Voice, WiMax and NLD



Accelerate growth into \$290 Billion communications market by providing comprehensive voice, video & data network services

## Market potential



Sources: Telegeography, Ovum, Gartner Research

**Addressable market revenue is ~US\$ 290 bn with EBITDA in range of 15% to 55% based on service and geography**

## Voice Business

### Global Reach

- ❑ Retail services in U.S., Canada, U.K., Australia, New Zealand, Hong Kong and Malaysia.
- ❑ Reliance Global Call offers Calling services for 200 countries across the globe.



### Innovative Product Suite

- ❑ Reliance Global Call
  - International Calling Service
  - Web based service delivery, fulfillment
- ❑ Reliance Passport
  - Single SIM for 110 countries with free incoming calls in 57 countries



**RELIANCE**  
Global Call

### Leadership Position

- ❑ Market share of 30% for ILD wholesale inbound traffic
- ❑ Over 2 million customers for Reliance Global Call service.
- ❑ Usage of Reliance Global Call accounts for 40% of total retail market calls from the United States to India.

**Market leader in International Long Distance**

## Business Performance & Product Development

- ❑ RGC continues to be #1 Retail Service for India calling from US – user base of over 2 mn
- ❑ Special promotional offers were given for Pongal, Holi, Valentine's day, etc
- ❑ Launched South Asia based calling card portal as part of RGC expansion strategy
- ❑ Beta launch of MindBridge Audio conference services
- ❑ Reliance Global Call: New customer friendly features to existing products being added e.g. 'Express Dial' for Java based mobile
- ❑ Extending RGC services to enterprise customers in Singapore and New Zealand



**Continues to be #1 Retail Service for India calling from US**

## Voice Business – Plan to drive profitable growth

### Continued Product Innovation

- ❑ **Value adds to drive retention and usage**
  - Loyalty and reward program
  - Money transfer services
  - Entertainment and content features
- ❑ **Launch new products like:**
  - Web based Audio and Video Conferencing

### Expand Customer Base

- ❑ **Expand retail reach to new territories like Bahrain**
- ❑ **Aggressively target Enterprise customers through cross sell and up sell through Reliance Vanco sales team**

**Maintain low cost leadership while aggressively growing business**

## Data Business

### Unmatched Capabilities

- Global presence in over 60 countries. World's largest IP optical network
- Leadership in Global Ethernet (Yipes) and MPLS VPN (Vanco).
- Among top 3 IDC suppliers



### Blue Chip Customers

- Diverse base of over 200 carriers, ISPs and content providers.
- Over 1,200 Blue Chip enterprise customers.

### Leadership Position

- Ranked amongst top 5 in Global Network Service Providers by Gartner.



**Among Top 5 Managed Network Services providers**



## Data Business – Plan to drive profitable growth

### Vertical Expansion

- ❑ Enhance revenue contribution from higher margin value added services
- ❑ “Sell to, sell through, sell with” channel partners to extend the customer franchise

### Horizontal Expansion

- ❑ Expand Geographical Coverage:
  - Reach of cable network
  - VPoPs
  - Product suite
- ❑ Low risk investment strategy based on securing pre-build commitments

**Maintain low cost leadership while aggressively growing business**

## WiMAX Business

### Building a Spectrum Bank

- ❑ Focused on acquiring licenses and spectrum in emerging markets; market size of WiMAX estimated to be US\$ 10 bn by 2010

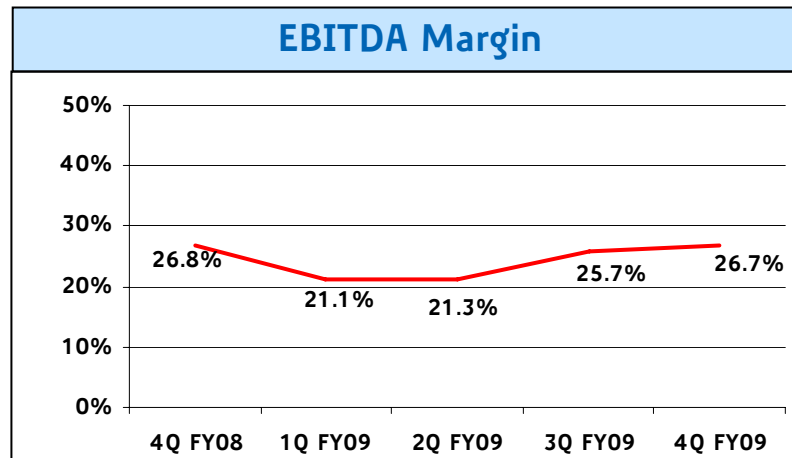
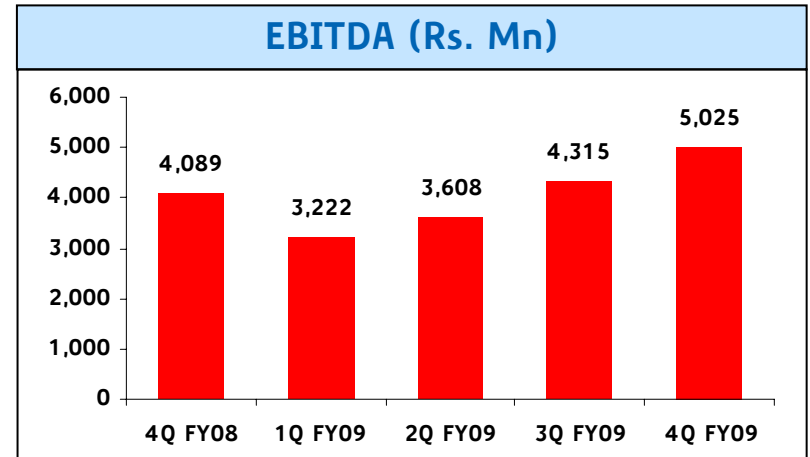
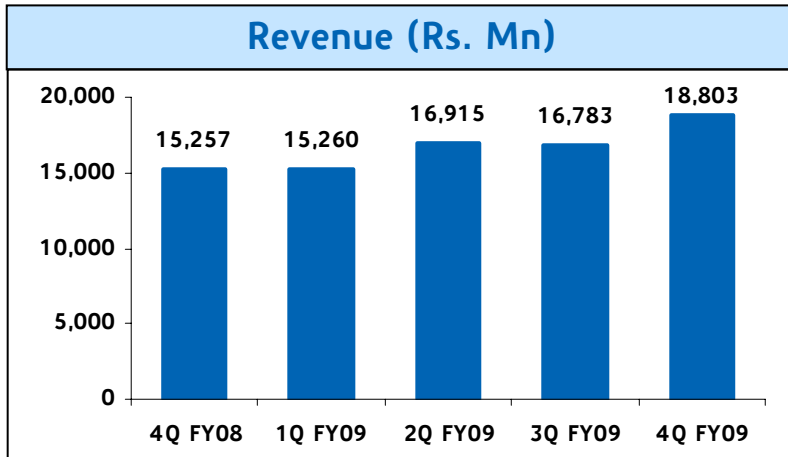


### Way Forward

- ❑ Operationalise WiMAX business in select geographies
- ❑ Leverage the low cost and scalable delivery center in Mumbai

Deliver affordable broadband access across emerging markets

## Financial Performance

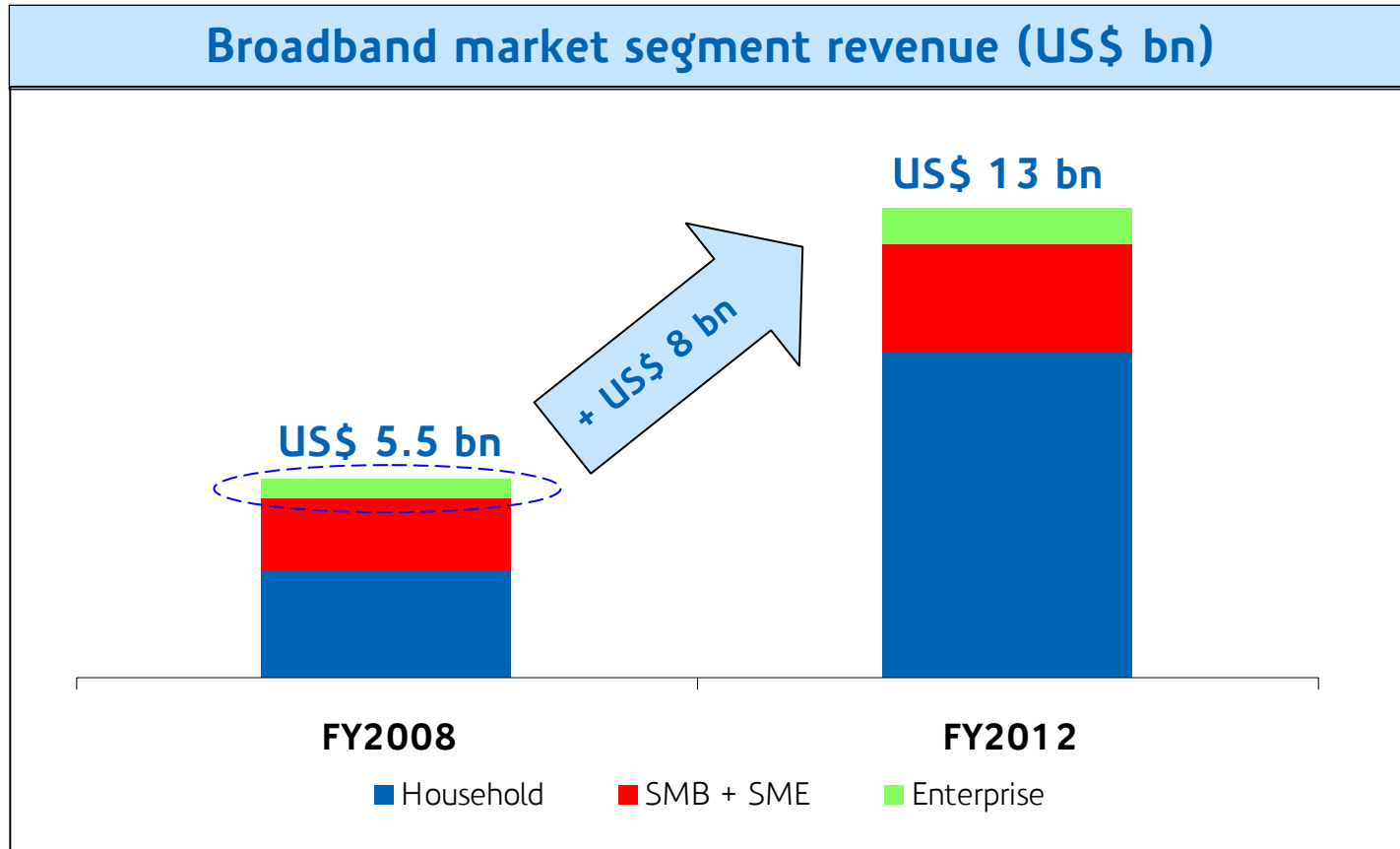


Short term margin impact due to VANCO acquisition

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## Underserved market: Provides strong growth opportunity



Source : Industry Report

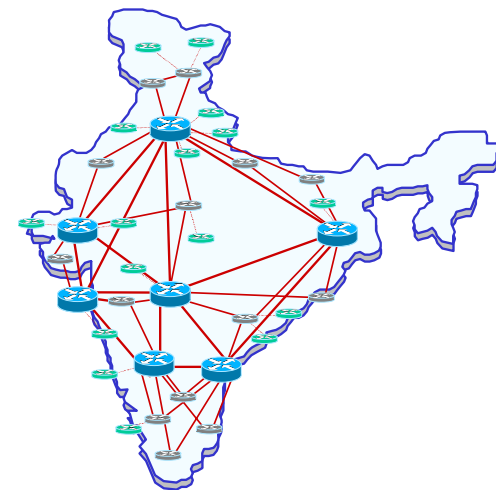
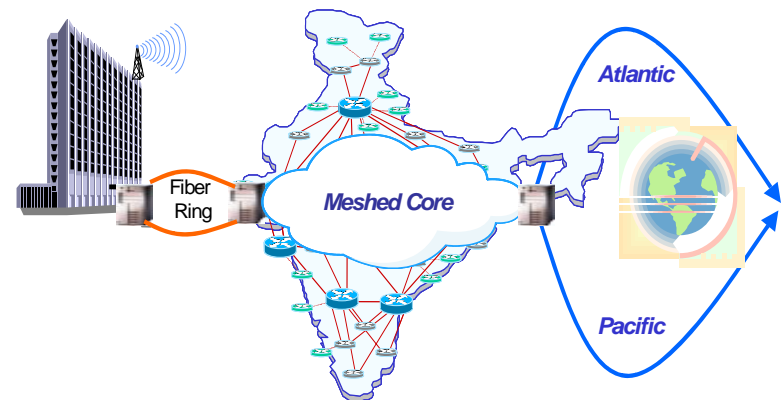
**Indian Market to grow to US\$ 13 bn in the next 3 years**

## RCOM: Best positioned to drive growth

- ❑ >50% market share in highest growth data products like IDC, Centrex solutions, VPN, etc
- ❑ 1 Million buildings connected across top 44 cities to our fiber network, to cross 1.5 mn by next year end
- ❑ Have built the largest capability in India to serve >7.5 mn Voice & Data customers

### Who do we Serve

- ❑ Servicing over 900 of top 1000 top Enterprises
- ❑ 250 MNCs and 50,000 SMB businesses
- ❑ Over 1.4 mn access subscribers



**India's leading provider of enterprise services**

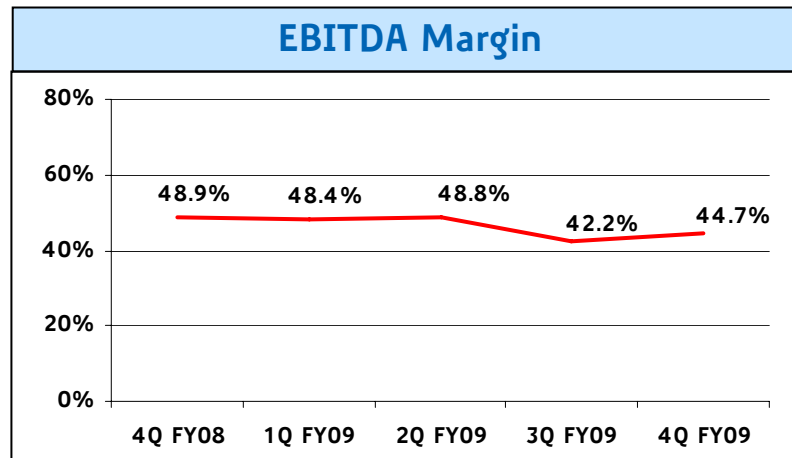
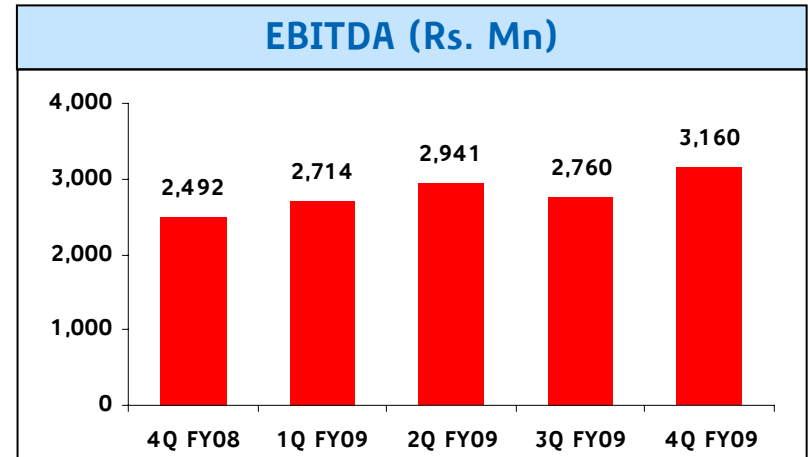
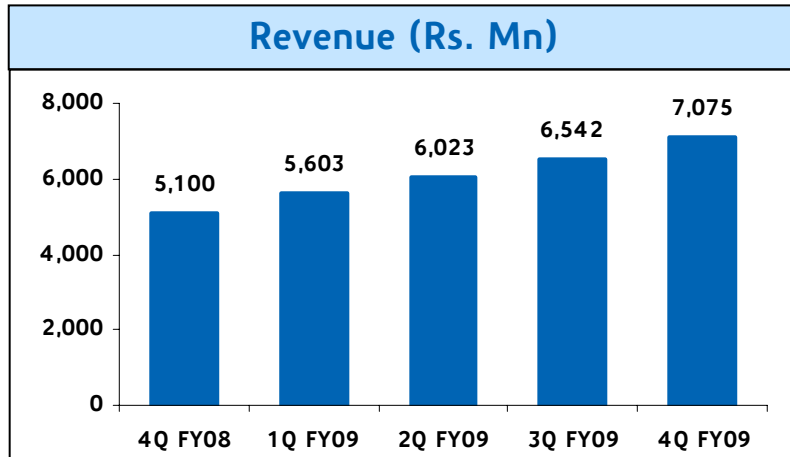
## IDC: Largest in India with >60% market share

- ❑ Six data centres with level 3+ accreditation
  - more than 300,000 sq ft of facilities space
- ❑ Hosting >20,000 systems and >1400 terabyte of information
- ❑ Geographic redundancy
- ❑ Wide & complex application hosted
  - Core Banking, ATM/ Internet Banking
  - Complex ERP/ SAP Applications
  - Complex Intranet/ Customized Apps.
  - Large Messaging Applications



**Expanding capacity 4 times to cater to fast growing demand**

## Financial Performance



**Consistent growth with strong margins**



# Contents

- Reliance Communications – an integrated telco
    - Wireless
    - Infratel
    - Globalcom
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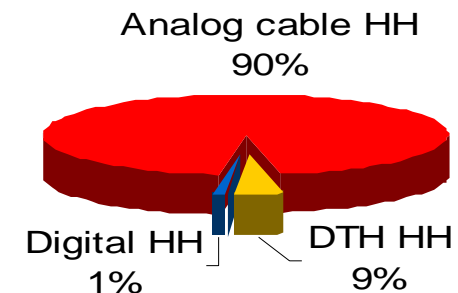
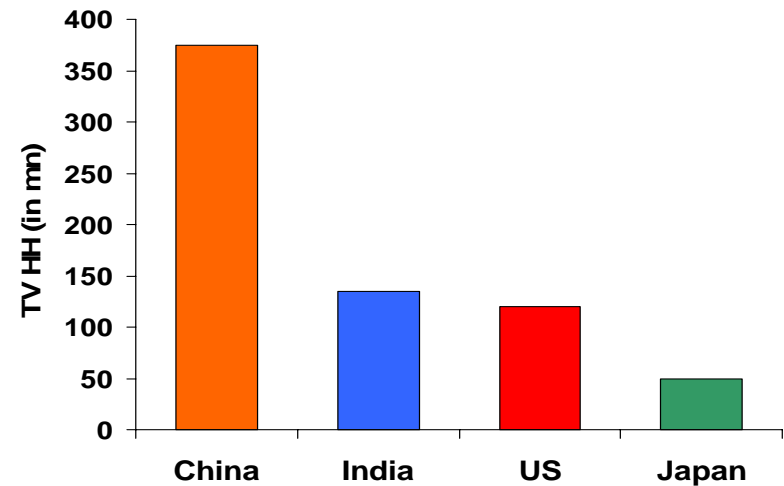
# Indian Market (as of March'09)

## India's TV Viewership

- 2<sup>nd</sup> largest in the world
- 120 Mn TV Homes
- 90 Mn C&S Homes
- 12 Mn Pay TV DTH Homes

## TV Technology Evolution

- Analog Cable – Digital Cable – DTH
- DTH to grow multi-fold by 2015



**One of the largest Pay TV markets globally**

## Big TV (DTH) – Commercially launched

### □ Key service differentiators

- More channel choice
- Pure Digital viewing
- 32 Cinema channels
- Easy program guide
- Quick channel select
- Interactive applications (iNews, iGames, iCricket, etc)
- Superior Mpeg 4 technology

### □ Pioneering HD Experience in India

### □ Pioneering DVR – "Watch when you want"



Interactive



Pure Digital Experience



Quick Channel Select



Easy Programme Guide



More Channel Choice



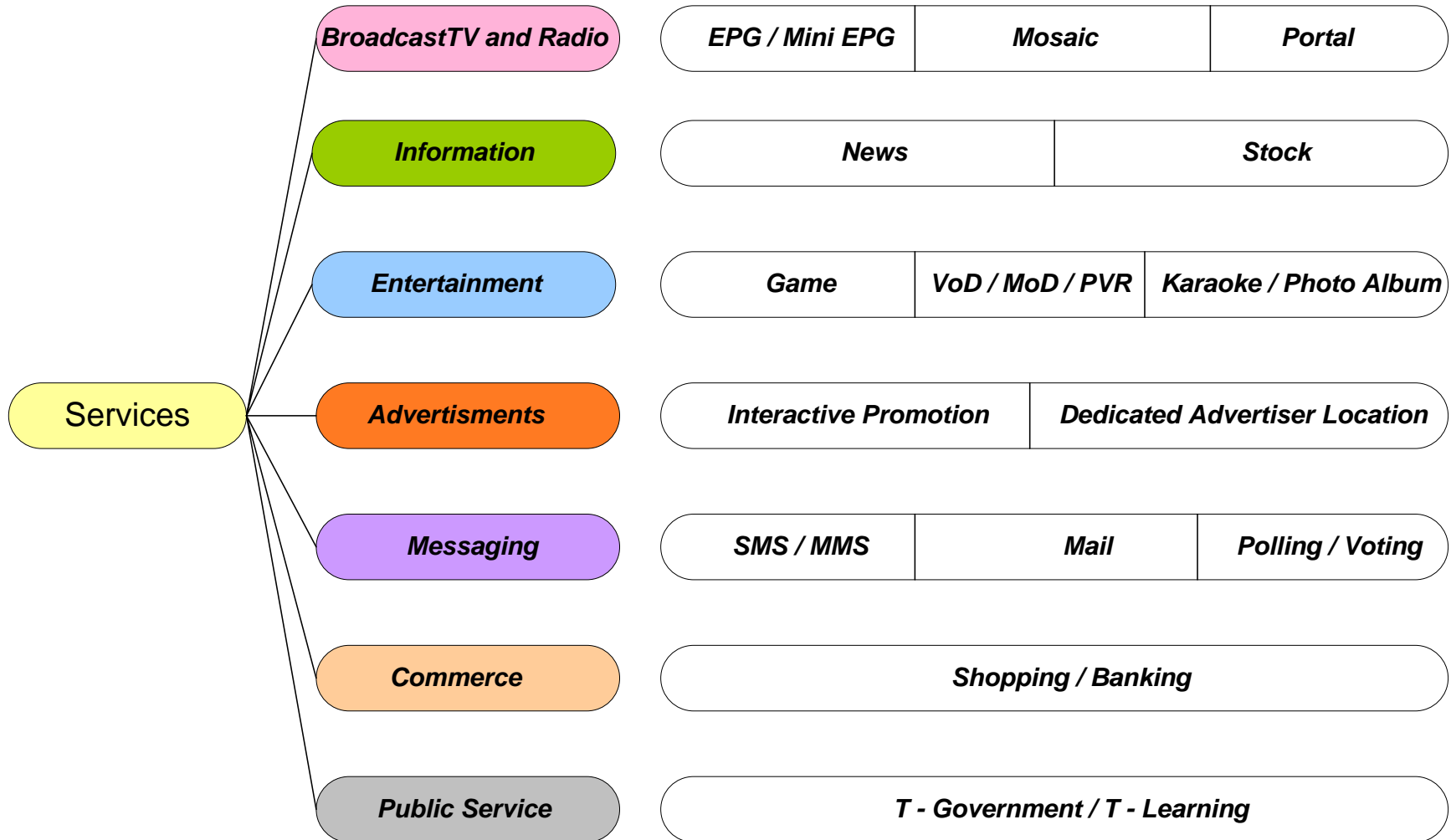
More Cinema Halls



**Ho Toh BIG Ho!**

**Digital viewing experience will create revolution in TV entertainment platforms**

## BIG TV Services: Complete suite of services



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**Key takeaways**

## Key Takeaways

### Drivers for growth

- ❑ RCOM launched nationwide GSM service with presence in 20,000 towns in March 2009
- ❑ RCOM GSM expanding coverage to 24K towns to cover 1 billion people by mid CY2009
- ❑ Huge growth opportunity in Business segments like Infratel, DTH & expansion of Enterprise/IDC
- ❑ Time -to- Market advantage for launching new & unique products & services

### Impact

Increases the Revenue generating ability

High EBITDA margin Businesses improves the overall profitability

Robust pipeline of business to support growth

Integration of Telecom, Media, IT will be levers of tremendous future growth

**Thank you**

A large, stylized, light blue 'A' logo is centered in the background of the slide. The 'A' is composed of three overlapping, slightly offset shapes, creating a sense of depth and movement. The top of the 'A' is rounded, and the bottom is a sharp point. The overall design is clean and modern, consistent with the Reliance brand identity.