

**RELIANCE COMMUNICATIONS ANNOUNCES ITS FINANCIAL RESULTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2007**

**NET PROFIT AT RS. 3,163 CRORE (US\$ 734 MILLION)
AN INCREASE OF 612%**

REVENUES AT RS. 14,468 CRORE (US\$ 3,357 MILLION) – UP 34%

EBITDA MARGIN EXPANDS FROM 24% TO 40%

**Q4 NET PROFIT TOUCHES RS. 1,024 CRORE (US\$ 238 MILLION) –
FIFTH INDIAN COMPANY TO REPORT Q4 PAT ABOVE RS. 1,000 CRORE**

**NET WORTH RISES BY 95%
TO RS. 22,931 CRORE (US\$ 5,320 MILLION) – AMONG TOP 3 IN INDIA**

**CUSTOMER BASE CROSSES 30 MILLION
ACROSS THE INTEGRATED COMMUNICATIONS SERVICE PLATFORM**

**BOARD APPROVES 10% DIVIDEND –
RCOM FIRST LISTED INDIAN TELECOM COMPANY TO REWARD SHAREHOLDERS**

Mumbai, April 30, 2007: Reliance Communications Limited (RCOM) today announced its audited consolidated financial results for the twelve months ended March 31, 2007.

Highlights of the financial performance in this period are:

- **Net Profit of Rs. 3,163 crore** (US\$ 734 million), **higher by 612%** compared to Net Profit of Rs. 444 crore (US\$ 103 million)
- **EBITDA at Rs. 5,720 crore** (US\$ 1327 million), **growth of 126%**. **EBITDA margin expands to 40% from 24%**, with continued expansion in profitability across all businesses – Personal, Global and Enterprise
- **Revenue growth of 34% at Rs. 14,468 crore** (US\$ 3,357 million) from Rs. 10,766 crore (US\$ 2,498 million)
- **Shareholders Equity (Net Worth) increases to Rs. 22,931 crore** (US\$ 5,320 million) from Rs. 11,742 crore (US\$ 2,724 million) – among the top three companies in India
- **Conservative capital structure – Net Debt to Equity Ratio down to 8%**, from 28% last year

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

"We are delighted at the many firsts and record achievements at Reliance Communications, in the first year of our listing.

We have created more than Rs. 60,000 crore (US\$ 13.9 billion) of wealth for our 2 million shareholders, in the very first year.

Profits increased more than 6 times during the year, and with the 10% maiden dividend, we have become the first telecom company in India to reward shareholders through a dividend payout.

Profitability has shown a consistent upward trend, and in the fourth quarter ended March 31, 2007, our net profits crossed the Rs. 1,000 crore (US\$ 238 million) mark. We are the fifth Indian company to reach this landmark, and the first to achieve this in the very first year of listing.

During the year, each of our businesses recorded strong revenue growth and expanded their margins, deriving leverage from the growing scale of operations.

We look forward to another record year in FY 2007-08, and will endeavour to accelerate our momentum of customer acquisitions, increase our share of the growing market, and further enhance profitability to maximise overall shareholder value."

During the year, RCOM's market capitalisation crossed Rs. 1,00,000 crore (US\$ 23 billion), making RCOM one of Asia's 5 most valuable telecom companies, and one of India's top 10 listed companies.

■ BUSINESS REVIEW

During the twelve months ended March 31, 2007, revenues of the Wireless business increased by 46% to Rs. 10,728 crore (US\$ 2,489 million) from Rs. 7,364 crore (US\$ 1,709 million).

Wireless EBITDA increased to Rs. 3,984 crore (US\$ 924 million) from Rs. 2,250 crore (US\$ 522 million). Margins expanded to 37% from 31%.

EBITDA of the Global business increased by 98% during the twelve months ended March 31, 2007 to Rs. 1,271 crore (US\$ 295 million). EBITDA margins increased to 24% from 12% last year.

In the same period, the Broadband business achieved revenue growth of 123% to Rs. 1,144 crore (US\$ 265 million), and EBITDA increased by more than 6 times, to Rs. 519 crore (US\$ 120 million). The EBITDA margin crossed 45% in the twelve months ended March 31, 2007, from 15% in the corresponding period in the previous year.

■ **SUBSCRIBER RE-VERIFICATION**

During the year, RCOM completed re-verification of its wireless subscriber base, in full compliance with the industry-wide requirement from the Department of Telecommunications (DoT). In accordance with the DoT's requirement, subscribers that could not be verified at the end of the stipulated period, despite intensive efforts made by the company, were deactivated. **Subsequently, about 100,000 subscribers have been re-activated in the month of April following the receipt of all requisite documentation from them.** There has been no adverse impact from this exercise on revenues or profitability, as the de-activated customers did not generate any material revenues in the last quarter. In fact, RCOM's ARPU (average revenue per user) has increased, making it one of the top 3 players in India in terms of ARPU.

■ **RTIL - DE-MERGER APPROVED BY BOMBAY HIGH COURT**

The Scheme of Arrangement, approved by shareholders and the Hon'ble Bombay High Court, for the demerger of the company's Passive Infrastructure (wireless towers and related infrastructure) to RTIL, a fully owned subsidiary of RCOM, has been implemented. It is expected that the demerger will reduce set-up and operating costs, resulting in cost efficiencies, and providing greater financial flexibility. RCOM will endeavour to unlock significant shareholder value within the next 6 months, through appropriate restructuring of RTIL's capital structure.

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Background

Reliance Communications Limited is part of the Reliance - Anil Dhirubhai Ambani Group.

Reliance Communications is India's largest integrated communications service provider in the private sector with over 30 million individual consumer, enterprise, and carrier customers.

We operate pan-India across the full spectrum of wireless, wireline, and long distance, voice, data, and internet communication services. We also have an extensive international presence through the provision of long distance voice, data and internet services and submarine cable network infrastructure globally.

Financial Results summary

(Rs. Crore)	<u>12 months ended 31/3/07</u>	<u>12 months ended 31/3/06</u>	<u>Increase / (Decrease)</u>
Turnover			
Wireless	10,728	7,364	45.7%
Global	5,177	5,186	(0.2%)
Broadband	1,144	513	123.0%
Diversified	372	320	16.1%
Total (post eliminations)	14,468	10,766	34.4%
EBITDA			
Wireless	3,984	2,250	77.1%
Global	1,271	641	98.3%
Broadband	519	77	574.5%
Diversified	26	(131)	(120.0%)
Total (post eliminations)	5,721	2,535	125.6%
EBITDA margin	39.5%	23.5%	
Depreciation	2,466	1,698	45.2%
Finance (net)	1	322	(99.7%)
Extraordinary items	30	37	(18.9%)
PBT	3,224	478	574.4%
Tax	61	34	79.4%
PAT	3,163	444	612.4%