

Reliance Communications Limited

(Formerly known as Reliance Communication Ventures Limited)

Reliance - Anil Dhirubhai Ambani Group

Regd. Office : H Block, 1st Floor , Dhirubhai Ambani Knowledge City, Navi Mumbai 400710

Unaudited Financial Results for the Quarter and Twelve months ended 31st December 2006

(Rs. In Crore - Except earnings per share)

Sr. No.	Particulars	Quarter ended		Twelve months ended		Year ended 31-Dec-05 (Nine Months Audited)
		31-Dec-06	31-Dec-05 (See Note 3)	31-Dec-06	31-Dec-05 (See Note 3)	
1	Net Income from Services	3 044.51	6.47	8 620.71	6.47	6.47
	a) Income from Services	3 043.45	-	8 584.97	-	-
	b) Other Income	1.06	6.47	35.74	6.47	6.47
2	Total Expenditure	1 766.58	1.67	5 308.03	1.67	1.67
	a) Access Charges	661.11	-	1 927.50	-	-
	b) Licence Fees	236.25	-	716.46	-	-
	c) Network Expenses	159.49	-	627.22	-	-
	d) Staff Cost	162.57	1.11	492.04	1.11	1.11
	e) Sales and Marketing Expenses	362.52	0.56	1 035.58	0.56	0.56
	f) General Administration Expenses	184.64	-	509.23	-	-
3	Operating Profit before Interest, Depreciation, Amortisation, Exceptional and Non-recurring Items	1 277.93	4.80	3 312.68	4.80	4.80
4	Finance Charges (Net)	62.01	(6.79)	162.84	(6.79)	(6.79)
5	Operating Profit before Depreciation, Amortisation, Exceptional and Non-recurring Items	1 215.92	11.59	3 149.84	11.59	11.59
6	Depreciation / Amortisation / Misc. Exp. Written off	426.86	2.74	1 364.39	2.74	2.74
7	Operating Profit before Exceptional and Non-recurring Items	789.06	8.85	1 785.45	8.85	8.85
8	Exceptional and non-recurring items	15.00	-	45.00	-	-
9	Profit/ (Loss) before tax	774.06	8.85	1 740.45	8.85	8.85
10	Provision for Taxation					
	- Current tax	0.00	2.57	9.35	2.57	2.57
	- Deferred tax	0.00	0.63	0.00	0.63	0.63
	- Fringe Benefit tax	3.00	.00	9.00	.00	.00
11	Net Profit / (Loss)	771.06	5.65	1 722.10	5.65	5.65
12	Paid-up share capital					
	Equity shares (Face Value of Rs.5 each)	1 022.31	0.05	1 022.31	0.05	0.05
13	Reserves excluding revaluation reserves (as per Balance Sheet) of previous accounting year					14 783.42
14	Earnings per share (of Rs. 5) (Not annualised)					
	Basic	3.77	849.62	8.42	849.62	849.62
	Diluted	3.72	0.10	8.30	0.10	0.10
15	Aggregate of Non- Promoter Shareholding					
	Number of shares	67 97 93 530		67 97 93 530		
	Percentage of shareholding	33.25		33.25		

Segment Analysis

Sr. No.	Particulars	Quarter ended		Twelve months ended		Year ended 31-Dec-05 (Nine Months Audited)
		31-Dec-06	31-Dec-05 (See Note 3)	31-Dec-06	31-Dec-05 (See Note 3)	
	Segment Revenue					
	a) Wireless	2,383.55		6,642.18		-
	b) Global	922.78		2,742.98		-
	c) Broadband	228.72		545.99		-
	d) Others / Unallocated	1.06	6.47	35.74	6.47	6.47
	Total	3,536.11	6.47	9,966.89	6.47	6.47
	Less: Inter segment Revenue	491.60	-	1,346.18	-	-
	Net after Inter segment Revenue	3,044.51	6.47	8,620.71	6.47	6.47
	Segment results					
	Profit / (Loss) before tax and interest from each segment					
	a) Wireless	562.06		1,340.82		-
	b) Global	229.86		632.10		-
	c) Broadband	52.31		95.56		-
	d) Others / Unallocated	6.84	2.06	(120.19)	2.06	2.06
	Total	851.07	2.06	1,948.29	2.06	2.06
	Less : Finance Charges (Net)	62.01	(6.79)	162.84	(6.79)	(6.79)
	Less : Other Unallocable expenditure net of un-allocable income	15.00	0.00	45.00	0.00	0.00
	Profit Before Tax	774.06	8.85	1,740.45	8.85	8.85
	Capital Employed (Segment Assets - Segment Liabilities)					
	a) Wireless			12,687.74	-	
	b) Global			2,634.98	-	
	c) Broadband			1,853.88	-	
	d) Others / unallocated			13,640.99	15,395.68	15,395.68
	Total			30,817.59	15,395.68	15,395.68

NOTES

- 1 The current financial year of the Company commenced on 1st January, 2006. This is the fourth quarterly financial results of the Company for the current financial year.
- 2 The Scheme of Amalgamation and Arrangement (Scheme) for the amalgamation of Reliance Infocomm Limited, Ambani Enterprises Private Limited, Reliance Business Management Private Limited, Formax Commercial Private Limited, Reliance Communications Technologies Limited, Reliance Software Solutions Private Limited, Reliance Communications Solutions Private Limited and Panther Consultants Private Limited ("Transferor Companies") and demerger of the Network division of the Reliance Communications Infrastructure Limited with the Company, as approved by the High Courts of Judicature in Bombay and Gujarat became effective from 12th September, 2006. In terms of the said Scheme, the Company has allotted 82,14,84,568 equity shares of Rs.5/- each. Upon said allotment, the paid up equity Share capital of the Company has increased to Rs. 1,022.31 crores divided into 204,46,14,990 equity shares of Rs. 5/- each. Further, as an integral part of the said Scheme, Reliance Communications Infrastructure Limited, Reliance Telecom Limited, Flag Telecom Group Limited and certain other companies became wholly owned subsidiaries of the Company.

As approved by the Hon'ble High Court of Judicature of Bombay, the depreciation is net of the amount of Rs.494.59 Crore adjusted from provision for business restructuring and Scheme related expenditure of Rs.28.53 Crore is adjusted from provision for business restructuring.
- 3 (a) Figures for the previous year includes the transactions specified in the Scheme of Arrangement between Reliance Industries Limited and the Company. Since the Company was in pre-operative stage upto 30th September, 2005, Profit and loss account for the previous year was prepared for the period October 2005 to December, 2005

(b) The results for the Twelve months ended 31st December,2006 include nine months' operating results of erstwhile Reliance Infocomm Limited for the period from 1st April, 2006 to 31st December,2006, which was merged into the Company with effect from 31st March, 2006 and hence, the figures relating to the quarter and twelve months ended December 31, 2006 are not comparable.
- 4 As part of the ongoing group restructuring including consolidation of the wireless tower and related infrastructure ("Passive Infrastructure"):
 - (i) a Scheme of Arrangement under Section 391 – 394 of the Companies Act, 1956, between the Company, Reliance Telecom Limited ("RTL") and Reliance Telecom Infrastructure Limited ("RTIL"), (RTL and RTIL being the subsidiaries of the Company), has been proposed whereby Passive Infrastructure of the Company and RTL will be demerged into RTIL. This Scheme has been approved by the equity shareholders of the Company at their meeting held on January 27, 2007 and a petition for sanction by the High Court of Judicature at Bombay is being filed.
 - (ii) Reliance Next Generation Technology Private Limited ("RNGL"), another subsidiary of the Company, is proposed to be merged with RTIL, in terms of a Scheme of Arrangement under Section 391 – 394 of the Companies Act, 1956, filed before the High Court of Judicature at Bombay, pursuant to which upon sanction of the Scheme, RTIL would issue its equity shares, aggregating Rs. 100 crores to Reliance Communications Infrastructure Limited ("RCIL"), also a wholly owned subsidiary of the Company.
 - (iii) Synergy Entrepreneurs Solutions Private Limited ("SESPL"), wholly owned subsidiary of the Company, is proposed to be merged with RCIL, in terms of a Scheme of Arrangement under Section 391 – 394 of the Companies Act, 1956, pursuant to which the businesses of SESPL will be consolidated with the business of RCIL.
 - (iv) Reliance Infocapital Limited ("RIIL"), wholly owned subsidiary of the Company, is proposed to be merged with RCIL, in terms of a Scheme of Arrangement under Section 391 – 394 of the Companies Act, 1956, pursuant to which the businesses of RIIL will be consolidated with the business of RCIL.
- 5 The Company has appointed M/s. Chaturvedi & Shah, Chartered Accountants and M/s. BSR & Co. Chartered Accountants as the Joint Statutory Auditors of the Company alongwith present Statutory Auditors of the Company M/s. RSM & Co., Chartered Accountants to conduct audit for the year 2006-07 as per the approval of the members vide Postal Ballot, result of which was declared on 8th January, 2007. M/s. RSM & Co., Chartered Accountants, one of the Auditors of the Company have since resigned as Auditors of the Company. They continue as one of the Statutory Auditors of Reliance Telecom Ltd, a wholly owned subsidiary of the Company.
- 6 No complaint from Investors was pending at the beginning of the quarter. During the quarter 42 complaints were received and all the complaints were resolved. No complaint was pending as on December 31, 2006.
- 7 The Company is operating under Wireless, Global, Broadband and others segments as per Accounting Standard 17 (Segment Reporting) issued by the Institute of Chartered Accountants of India and accordingly segment wise information are given.
- 8 Previous period's figures have been reworked, regrouped, rearranged and reclassified, wherever required.
- 9 After review by the Audit Committee, Board of Directors of the Company took the above results on record at their meeting held on 31st January, 2007 and the same has been subjected to limited review by the Statutory Auditors of the Company

For Reliance Communications Limited

Place: Mumbai
Date 31st January, 2007

**Anil D. Ambani
Chairman**