

**RELIANCE COMMUNICATIONS ANNOUNCES FINANCIAL RESULTS FOR THE
QUARTER (Q2) ENDED SEPTEMBER 30, 2014**

OVERALL PERFORMANCE HIGHLIGHTS:

PAT AT RS. 153 CRORE, UP 16% Q-o-Q

NET DEBT REDUCED FROM RS. 40,223 CRORE IN Q1 TO RS. 36,334 CRORE IN Q2

NET FINANCE CHARGES DOWN 12.6% Q-o-Q

TOTAL DATA TRAFFIC AT 65,778 MILLION MB, UP 19% Q-o-Q & 75% Y-o-Y

HIGHEST DATA USAGE PER SUBSCRIBER IN THE INDUSTRY AT 752 MB, UP 12.9% Q-o-Q

29.7 MILLION DATA CUSTOMERS INCLUDING 15.1 MILLION 3G CUSTOMERS

**IN-LINE WITH INDUSTRY TRENDS AND DUE TO SEASONALITY FACTORS,
REVENUE AT RS. 5,403 CRORE AND EBITDA AT RS. 1,827 CRORE, BOTH DOWN ~2% Q-o-Q**

EBITDA MARGIN AT 33.8% AMONGST THE HIGHEST IN THE INDUSTRY

RPM AT 44.4 PAISA, UP 1.4% Q-o-Q

TOTAL MOU AT 102.1 BILLION, DOWN 1% Q-o-Q AND ARPU AT RS. 137, UP 0.7% Q-o-Q

Mumbai, November 14, 2014: Reliance Communications Limited (RCOM) today announced its consolidated financial results for the quarter ended September 30, 2014.

KEY HIGHLIGHTS for Q2FY15:

- 1. Net Profit at Rs. 153 crore, up 16% from Rs. 132 crore in Q1.**
- 2. Consolidated Revenue & EBITDA:** RCOM Q2 revenue at Rs. 5,403 crore, down 2.2% from Rs. 5,523 crore in Q1. Q2 EBITDA at Rs. 1,827 crore, down 1.9% from Rs. 1,863 crore in Q1. This is in line with industry trends due to seasonal factors. EBITDA margin of 33.8% amongst the highest in the industry, with strong contribution from both India and Global businesses.
- 3. India Operations Revenue & EBITDA:** Q2 revenue at Rs. 4,680 crore, down 0.8% Q-o-Q from Rs. 4,718 crore in Q1. Q2 EBITDA at Rs. 1,662 crore, down 1.8% Q-o-Q from Rs. 1,693 crore

4. Global Operations Revenue & EBITDA: Q2 Revenues at Rs. 1,007 crore, down by 6.2% from Rs. 1,073 crore in Q1. Q2 EBITDA at Rs.165 crore, down by 3.3% from Rs. 170 crore in Q1.

5. RCOM continues to be free cash flow positive. RCOM generated operational cash flow (EBITDA) of Rs. 1,827 crore in Q2, paid net finance charges of Rs. 670 crore and invested Rs. 302 crore on capex during the quarter. It remains free cash flow (FCF) positive and this is expected to continue.

6. Key Performance Indicators (KPIs):

- a. RPM:** RPM at 44.4 paisa, up 1.4% Q-o-Q. Voice RPM at 33.6 paisa, up 0.9% Q-o-Q. During the quarter, we have improved RPM with tariff hikes, strong focus on paid and profitable minutes and increase in data usage.
- b. MOU:** Total MOU at 102.1 billion, down 1% Q-o-Q, in-line with industry trends due to seasonality factors.
- c. ARPU:** ARPU at Rs. 137 in Q2, up 0.7% Q-o-Q.
- d. Data Traffic:** The total data traffic at 65,778 million MB, up 19% Q-o-Q and 75% Y-o-Y. The traffic has increased due to increase in data subscribers and higher data usage per customer.
- e. Data Customers:** The total data customer base has grown 3.8% Q-o-Q to 29.7 million including 15.1 million 3G customers in Q2.

7. Key Developments in India Operations:

a. RCOM upgrades data network:

RCOM has upgraded its data network to include many more metro cities. This enables high speed data services to customers with speeds up to 14.7 Mbps. This will also help the Company to launch Wi-Fi dongles and standalone Wi-Fi Routers which will offer rich data experience up to 20 connected devices simultaneously. RCOM is enhancing availability of these services in many more circles through ICR arrangements.

b. RCOM launches further models in dual-sim smartphone:

RCOM has achieved a breakthrough with 4 new handsets in the lowest price range of 6k to 12k under Lava and Haier brands. The phones are available in 4", 4.5" and 5" screen size and run on the latest Android OS. This is a niche category in dual-sim smartphones with a universal primary slot capable of providing high speed data on both technologies (CDMA / GSM).

c. RCOM offers free unlimited access to social networking sites:

RCOM, as a strategy to drive smartphone penetration and data adoption, has created a compelling proposition for GSM prepaid customers by featuring free unlimited

social networking access (Facebook, WhatsApp and Twitter) with data plans. These plans are a very strong proposition for our younger customers, who would find great value in unlimited access to these social networking apps and would drive growth in our data consumption.

8. Global Cloud Xchange raised Rs. 2,100 crore (USD 350 Mn): Global Cloud Xchange successfully debuted in the Global Capital Market by raising USD 350 Mn fixed rate notes maturing in 2019. The notes were priced at 100% and with a coupon and yield of 7%. Out of total proceeds, USD 250 Mn is being used to refinance the existing bank loan facility entered into by Reliance Globalcom B.V., and the rest of the proceeds are being used for Capex and general corporate purposes.

9. Major Rewards & Recognition during the quarter:

- **IT Edge Award 2014:** UBM has conferred this award on RCOM for being one of the finest business technology innovators. It has been awarded for readiness in plug-n-play in integrating OTTs into the overall customer experience.
- **Woman Leader in IT by Interop:** Interop, a leading independent technology conference forum that showcases the most powerful innovations and solutions in the industry, has awarded “Woman Leader in IT” to IT-CIO of RCOM for business strategic focus in Technology.
- **CIO 100 by IDG Media:** IDG Media has conferred this award on RCOM for its information security project viz. Deployment of Anti-DDOS (Distributed Denial of Service). This deployment supports business in improving Customer Service by ensuring better availability of services.
- **Economic Times HR Excellence Award, 2014:** The award recognises organisations which are trend setters in the various domains of HR. RCOM has received this prestigious award for its exemplary HR Practices. Initiatives in the areas of Learning & Development, Talent Management & Talent Acquisitions were identified as progressive and noteworthy in the industry.

About Reliance Communications

Reliance Communications Limited founded by the late Shri Dhirubhai H Ambani (1932-2002) is the flagship company of the Reliance Group. The Reliance Group currently has a net worth in excess of Rs. 91,500 crore (US\$ 15.3 billion), cash flows of Rs. 10,200 crore (US\$ 1.7 billion), net profit of Rs. 4,700 crore (US\$ 0.8 billion).

Reliance Communications is India's foremost and truly integrated telecommunications service provider. The Company has a customer base of over 118 million including over 2.6 million individual overseas retail customers. Reliance Communications corporate clientele includes over 39,000 Indian and multinational corporations including small and medium enterprises and over 290 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 21,000 cities and towns and over 400,000 villages. Reliance Communications owns and operates the world's largest next generation IP enabled connectivity infrastructure, comprising over 280,000 kilometers of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region.

Financial Results: Quarterly Summary

(Rs. Crore)

Particulars	1QFY15	2QFY15	Inc/ Dec (q-o-q)
Turnover			
India Operations	4,718	4,680	-0.8%
Global Operations	1,073	1,007	-6.2%
Total (post eliminations)	5,523	5,403	-2.2%
EBITDA			
India Operations	1,693	1,662	-1.8%
Global Operations	170	165	-3.3%
Total (post eliminations)	1,863	1,827	-1.9%
EBITDA margin	33.7%	33.8%	
Depreciation	931	943	1.3%
Financial Charges (net)	767	670	-12.6%
PBT	165	214	30.3%
Tax	1	2	-
PAT (before minority interest / associates)	164	212	29.7%
PAT (after minority interest / associates)	132	153	16.0%