

RELIANCE COMMUNICATIONS ANNOUNCES
FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2015

PAT AT RS. 171 CRORE, UP 9.6% Q-o-Q

EBITDA AT RS. 1,803 CRORE, UP 1.2% Q-o-Q

EBITDA MARGIN IMPROVED TO 34% IN Q3 FROM 33.3% IN Q2

TOTAL REVENUE AT RS. 5,298 CRORE, DOWN 1.1% Q-o-Q

DECLINE ON ACCOUNT OF 2G LICENSE EXPIRY IN 5 CIRCLES

SUCCESSFULLY MIGRATED PROFITABLE CUSTOMERS TO 3G IN THE 5 CIRCLES

**SIGNIFICANT IMPROVEMENT IN NETWORK COVERAGE & QUALITY THROUGH ICR
ARRANGEMENTS WITH VODAFONE AND AIRCEL IN THE 5 CIRCLES**

RPM AT 45.2 PAISA, UP 0.9% Q-o-Q AND ARPU AT RS. 142, UP 2.9% Q-o-Q

TOTAL DATA TRAFFIC AT 103.2 BILLION MB, UP 6% Q-o-Q AND 35% Y-o-Y

DATA USAGE PER SUBSCRIBER AT 905 MB, UP 1.2% Q-o-Q

38.8 MILLION DATA CUSTOMERS INCLUDING 23.1 MILLION 3G CUSTOMERS

GLOBAL REVENUES AT RS. 1,106 CRORE, UP 4.1% Q-o-Q

GLOBAL EBITDA AT RS. 183 CRORE, UP 3.8% Q-o-Q

Mumbai, January 22, 2016: Reliance Communications Limited (RCom) today announced its consolidated financial results for the quarter ended December 31, 2015.

Key Highlights for Q3 FY16:

- 1. Net Profit at Rs. 171 crore, up 9.6% from Rs. 156 crore in Q2.**
- 2. Consolidated Revenue & EBITDA:** RCom Q3 revenue at Rs.5,298 crore, down 1.1% from Rs. 5,355 crore in Q2. Q3 EBITDA at Rs. 1,803 crore, up 1.2% from Rs. 1,782 crore in Q2.
- 3. India Operations Revenue & EBITDA:** Q3 revenue at Rs. 4,651 crore, down 1.1% from Rs. 4,701 crore in Q2. Q3 EBITDA at Rs. 1,620 crore, up 0.9% from Rs. 1,605 crore in Q2. Revenue decline is on account of 2G license expiry in 5 circles. We have successfully migrated the profitable customers to 3G in these 5 circles and achieved significant improvement in network coverage & quality through ICR arrangements with Vodafone and Aircel.

4. **Global Operations Revenue & EBITDA:** Q3 Revenues at Rs. 1,106 crore, up by 4.1% from Rs. 1,062 crore in Q2. Q3 EBITDA at Rs. 183 crore, up 3.8% from Rs. 177 crore in Q2.
5. **Key Performance Indicators (KPIs):**
 - a. **RPM:** RPM at 45.2 paisa, up 0.9% Q-o-Q
 - b. **MOU:** Total MOU at 100.4 billion minutes, down 2% Q-O-Q
 - c. **ARPU:** ARPU at Rs.142, up 2.9% Q-O-Q
 - d. **Data Customers:** The total data customer base has grown 4.3% Q-O-Q to 38.8 million including 23.1 million 3G customers in Q3.
 - e. **Data Traffic:** The total data traffic at 103.2 billion MB is up 6% Q-O-Q. The traffic has increased due to increase in data subscribers and higher data usage per customer.
6. **Key Developments:**
 - a. **Reliance Jio and RCOM enters strategic partnership for spectrum sharing and trading:** Reliance Jio Infocomm Ltd ("RJIL") and RCOM signed agreements for change in spectrum allotment in 800 MHz band across 9 Circles from RCOM to RJIL, and for sharing of spectrum in 800 MHz band across 17 Circles. As part of the enhanced strategic collaboration, both companies also intend to enter into reciprocal intra circle roaming ("ICR") arrangements. Access to enhanced spectrum footprint in the 800 MHz band will complement RJIL's best-in-class LTE services rollout, providing increased network coverage and superior service quality. RCOM's customers will benefit from access to Reliance Jio's world class nationwide 4G LTE network under the reciprocal sharing and ICR agreements.
 - b. **Payment of Liberalisation Fee to DoT:** RCOM has paid an amount of Rs. 5,383.84 crore as liberalisation fee to DoT in relation to spectrum in the 800 / 850 MHz band held by it in 16 telecom circles.
 - c. **RCOM entered into exclusive discussions for potential combination of its wireless business with Aircel:** RCOM entered into a 90-day exclusivity period with Maxis Communications Berhad (MCB) and Sindya Securities and Investments Private Limited, the shareholders of Aircel Limited ("Aircel"), to consider the potential combination of the Indian wireless business of RCOM and Aircel to mutually derive the expected substantial benefits of in-country consolidation, including opex and capex synergies and revenue enhancement. The potential combination will exclude RCOM's towers and optical fibre infrastructure, for which RCOM is proceeding with an asset sale announced earlier.
 - d. **RCOM has signed non-binding term sheet with Tillman Global and TPG for sale of its tower business and related infrastructure:** RCOM signed a non-binding term sheet with Tillman Global Holdings, LLC and TPG Asia, Inc. ("TPG") in relation to the proposed acquisition of RCOM's nationwide tower assets and related infrastructure by Tillman and TPG. Under the term sheet, the specified assets are intended to be transferred from Reliance Infratel Ltd. (RITL) on a going concern basis into a separate SPV, to be owned 100% by Tillman and TPG. RCOM will continue as an anchor tenant on the tower assets, under a long term MSA, for its integrated telecommunications business. RCOM intends to utilize the proceeds of the proposed transaction only to reduce its debt. Tillman and TPG will also evaluate purchase of RCOM's extensive nationwide inter-city and intra-city optic fibre assets, in a separate and independent transaction.

- e. **RCOM sold nearly 150 residential flats in Navi Mumbai:** Reliance Communications Limited ("RCOM") announced the sale of nearly 150 residential flats situated at Sea Woods complex in Navi Mumbai. The sale consideration for the disposal of the flats at Navi Mumbai has been finalised at over Rs. 330 crore. RCOM has already received more than 50% of the sale proceeds, and the balance amount will be realised during the current financial year, upon completion of documentation, etc. presently underway. RCOM also expects to finalise and announce plans very shortly for monetisation of its valuable real estate measuring nearly 4 acres, situated at a prime location in New Delhi (being the erstwhile Ranjit Hotel property, just off Connaught Place, New Delhi). The entire proceeds from the monetisation of real estate will be utilised by RCOM for repayment of debt, as part of its overall deleveraging plans.
- f. **Launch of 'New Way to Facebook', Just tap and enjoy free Facebook every day!:** Facebook 'Tap' is a unique service launched by Reliance in partnership with Facebook. The service enables customers to enjoy Facebook without data pack or data charge. A digital switch on customer's Facebook page enables customers to toggle between 'Go to Free' and 'View Photos' mode. In 'Go to Free' mode customer can do text messages & posts without any data pack or charge. To view photos, customer needs to tap on the 'View Photos' mode for which charges would be as per normal data plan. Customer behaviour analysis indicates that Facebook users have much high stickiness and ARPU than other customers.
- g. **Celebrating the Festivals of India: "Khushiyan Iss Tyohar":** In the festival period beginning October 2015, RCOM has introduced "Khushiyan Iss Tyohar" a pan - India contest, which offers Reliance GSM customers to participate and get a chance to win daily recharges, including mega bumper prizes of iPhone 6. To participate customer had to subscribe to any of the VAS content such as full movies, music or festive alerts which were designed in context to various festivals of India such as Diwali, Chaath, X'Mas, New year, etc. at special prices. Customers could avail these contents through R World, IVR or SMS modes. This has helped develop customer engagement around content-based services.
- h. **Launch of E-recharge by retailers from within the *129# menu:** RCom had launched the MyStore *129# portal, a OneStop Mall for subscribers to choose single/multiple pack from the list and enjoy calls at best rates, get higher Talktime, higher data benefits along with personalized offerings for each subs under special offers. The retailer version of *129# was introduced to push them to recharge the customers proactively and in return, earn extra margins. The retailer menu in Q3 was empowered to recharge from within the menu, customer with the specified special offer, thus saving time for him/her to transact with the special offer. This has helped further drive penetration of this segmented up-sell portal.
- i. **Cash-back offer on WiPod to enhance acquisitions:** MiFi devices are next generation data devices which offer a consumer the inbuilt feature of a data card & a battery bank, all built into one. To promote this offering, a 100% Cash-back offer was launched for consumer opting for a high end Rs.999 plan over 3 months. Bundled with 24GB's of data, with this offer, the WiPod Max & WiPod Mini (MiFi Devices) became effectively free for a new data consumer.
- j. **Introduction of 4G –EVDO smartphones:** Introduced smartphone range with 4G, 3G and EVDO compatibility. These smartphones are available across different brands such as TCL, Gionee and HTC starting at just INR 9,999 for the end consumers. Existing CDMA subscribers of Reliance are encouraged to upgrade to these smartphones and experience the best in class data speeds on EVDO currently and be the first to try our 4G services as and when they are launched in the near future. By

upgrading to any of these smartphones the customers enjoy unlimited high speed data access for 3 months absolutely free of cost.

- k. Strong focus on retention of existing high value CDMA customers:** With a revived focus to retain high value subscribers in CDMA, the attractive plan discounts currently available only for new acquisitions from other operators through MNP is extended to existing customers also to retain them onto the network. Customers can avail any of the 3 unlimited plans (Unlimited Local Calls and 1GB data – INR 599, Unlimited Local & STD Voice and 1.5GB Data – INR 899, and Unlimited Local & STD Voice, Unlimited data, Unlimited SMS & Unlimited roaming – INR 1299) at 50% discount on the actual price of the plan.
- l. Won the Judges Award at the Global Carrier Awards:** Global Cloud Xchange won the Judges Award at the Global Carrier Awards, held on 3 November 2015, alongside the Capacity Europe in Paris, France. The award recognizes GCX for our strong presence and reputation in the emerging markets and for delivering one of the most advanced IP backbones on the market.
- m. Cloud X Fusion:** Cloud X Fusion is now deployed in India to bridge the gap between public Cloud services and Enterprise networks, enabling direct connectivity between Reliance Communications/Global Cloud Xchange's global MPLS network and the world's leading Cloud platforms.
- n. GCX partners with Broadcast Media Communications (BMC UK):** Global Cloud Xchange announced a partnership with BMC UK, following the successful broadcast of Spain vs England match on November 13 from Rico Perez Stadium in Alicante, Spain to ITV London studios. GCX's robust and expansive Global Network enabled the delivery of multiple live video feeds for ITV's coverage of the international football match to millions of fans in England while optimizing cost and network efficiencies.
- o. Upgrades across our global network:** GCX completed significant upgrades across our global network resulting over 35% growth in IP traffic. In addition to adding more than 1 Tbps of subsea network capacity, 110G technology is now available across all Global Cloud Xchange's cable landing stations and service PoPs.
- p. Enhancing global coverage through Cloud X and Cloud X Fusion:** We further extended Cloud X and Cloud X Fusion to Domestic India and to Amazon Web Services in Singapore, enhancing our global coverage which extends across Asia Pacific, Europe and North America.

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 had 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 about 110 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 | 2QFY16 | 3Q FY16 | Inc/ Dec (Q-o-Q) |
| Turnover | | | |
| India Operations | 4,701 | 4,651 | -1.1% |
| Global Operations | 1,062 | 1,106 | 4.1% |
| Total (post eliminations) | 5,355 | 5,298 | -1.1% |
| | | | |
| EBITDA | | | |
| India Operations | 1,605 | 1,620 | 0.9% |
| Global Operations | 177 | 183 | 3.8% |
| Total (post eliminations) | 1,782 | 1,803 | 1.2% |
| | | | |
| EBITDA margin | 33.3% | 34.0% | |
| | | | |
| Depreciation | 924 | 890 | -3.7% |
| Financial Charges (net) | 711 | 681 | -4.2% |
| PBT | 147 | 232 | 58.6% |
| Tax | (15) | 34 | |
| PAT (after minority interest / associates) | 156 | 171 | 9.6% |