

# Reliance Communications

---

## *Investor Presentation*

*November 2010*

## Forward looking statements – Important Note

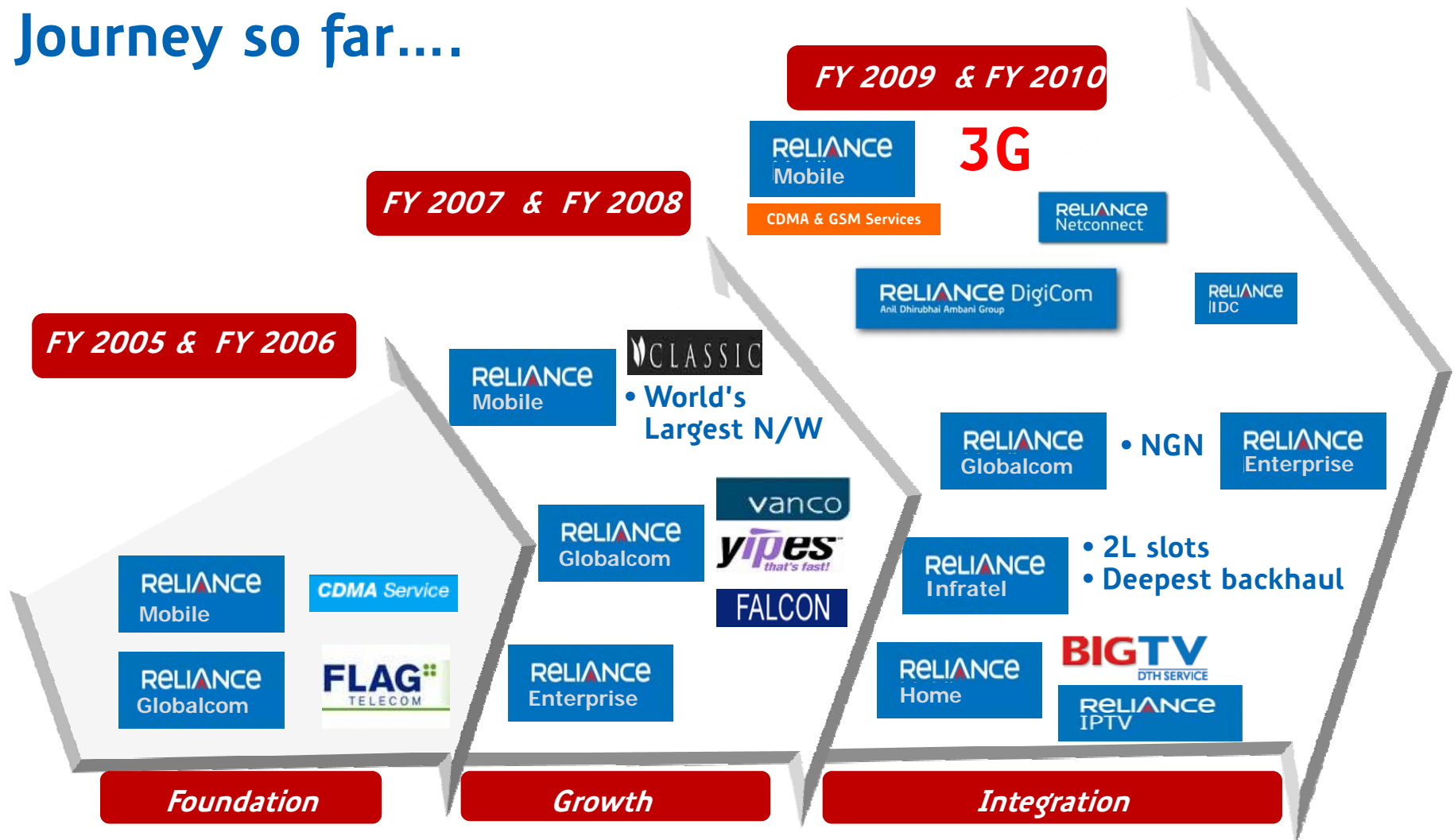
This presentation and the discussion that follows may contain "forward looking statements" by Reliance Communications Ltd ("RCOM") that are not historical in nature. These forward looking statements, which may include statements relating to future results of operation, financial condition, business prospects, 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
- Globalcom
- Enterprise
- Home
- Key takeaways

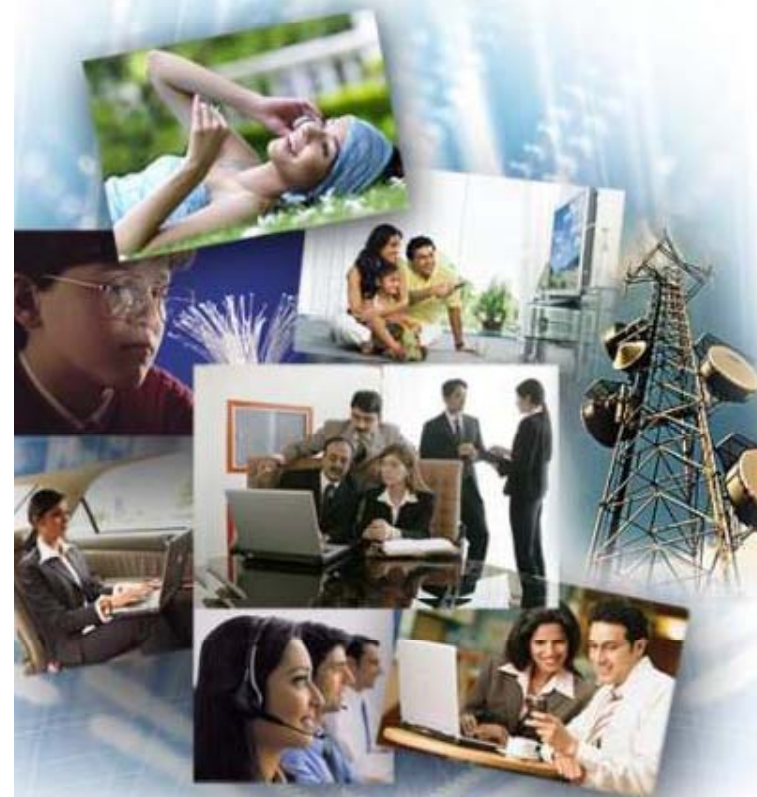
## Journey so far....



**Evolution path towards a profitable integrated Telco**

## Current position of our businesses

Wireless	■ #2 in India, #4 globally (single country), dual technology
Globalcom	■ Largest global private submarine cable network, blue-chip global clients
Enterprise	■ One stop shop for all large corporates and SMBs for communications, networking and IT infrastructure needs
Infratel	■ 200k+ slots, unique ability to provide space and connectivity
Home	■ Rapidly growing national DTH business, rich content access



**Strong market presence in every business**

## Strategy for focused and profitable growth

### Wireless



- Address mass mobility market thru' GSM with special focus on rural distribution
- Consolidate data market leadership with high ARPU high speed datacards
- Increased revenue from new service streams (share of VAS & In-roaming revenue)

### Infratel



- Maximize revenues from existing assets of Towers, OFC & Ducts
- Huge potential of value unlocking for Reliance Communication shareholders

### Globalcom



- Sign long term contracts with existing and new operators to provide pan-India infrastructure and bandwidth
- Ramp up Managed Services business; Complete NGN Mediterranean and continue to maintain leadership in the Carriers Carrier market

### Enterprise



- Increasing IDC capacity and launching new high margin product/service lines
- Expanding Managed Services portfolio for higher share of customer's wallet and to increase stickiness of our products

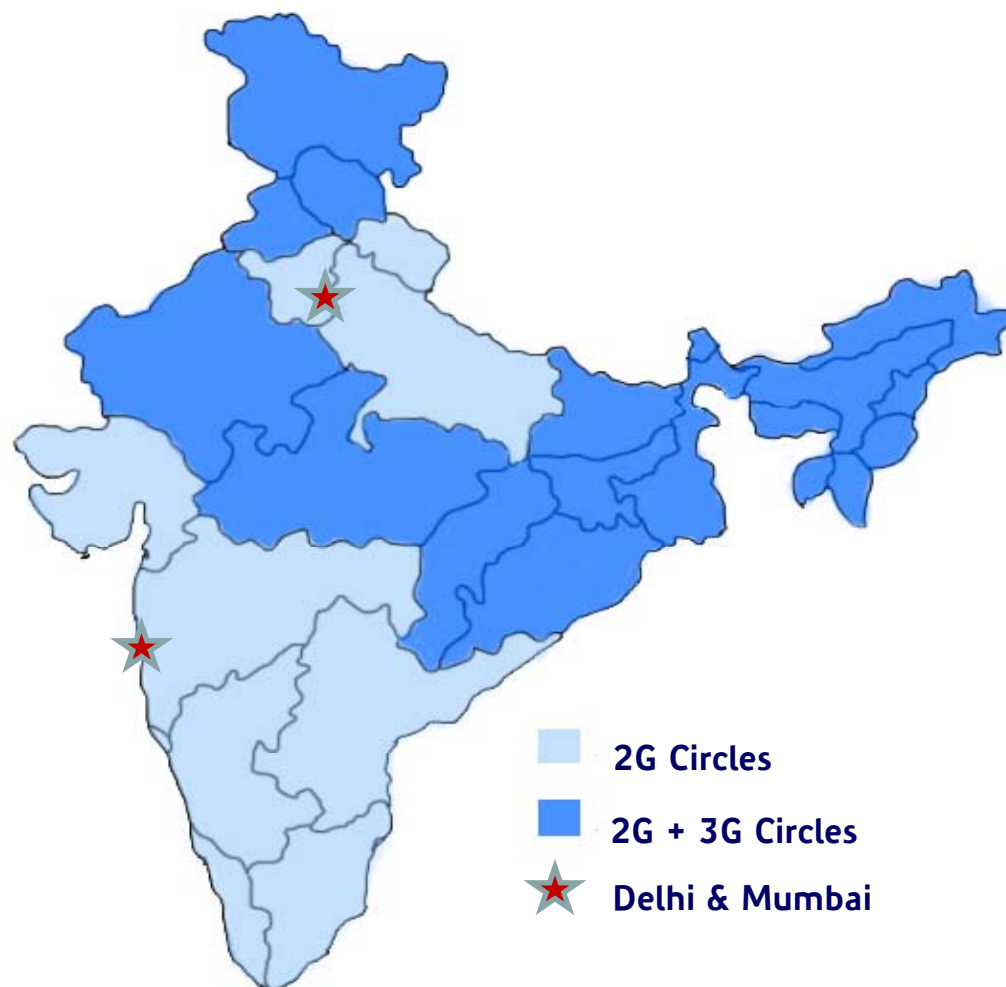
### Home



- Aggressive acquisitions to build the subscriber base for long-term revenue
- Rigorous program management framework for capex and opex cost efficiencies, esp. Set-top box and Content



## 3G license in 13 circles; Pan-India data leadership



Won 13 circles with a spend of Rs. 8,585cr



Geographical mix of top 3 metros, 4 "B" circles & 6 "C" circles



Marginal capex for 3G upgrade on our EDGE GSM network

**Nationwide EVDO/ 3G footprint**

## DigiCom acquisition – Key highlights



- ❑ RCOM acquired DigiCable, India's No. 1 Cable TV service provider
- ❑ Combined entity comprising RCOM DTH and DigiCable to be named "RELIANCE DigiCom"
- ❑ Game changing move to usher Digital TV and ultra high speed broadband revolution across addressable universe of over 100 Mn. homes in India
- ❑ Offering over 500 Digital quality and 100 HD channels; and ultra high speed broadband access upto 100 Mbps speeds
- ❑ Asia's largest and world's 5th largest Pay TV service provider
- ❑ Reliance DigiCom to start with combined subscriber base of 11 million homes
- ❑ Market leadership in 110 towns, including top 6 metros, with 16% subscriber market share of pay TV homes



## Reliance DigiCom – Market position (India & Globally)

### India Top 5

Rank	Players	Subscriber Base (Mn)
1	Reliance + Digi	11
2	Sun + SCV	9
3	Hathway	8
4	Dish TV + WWIL	8
5	DEN	7

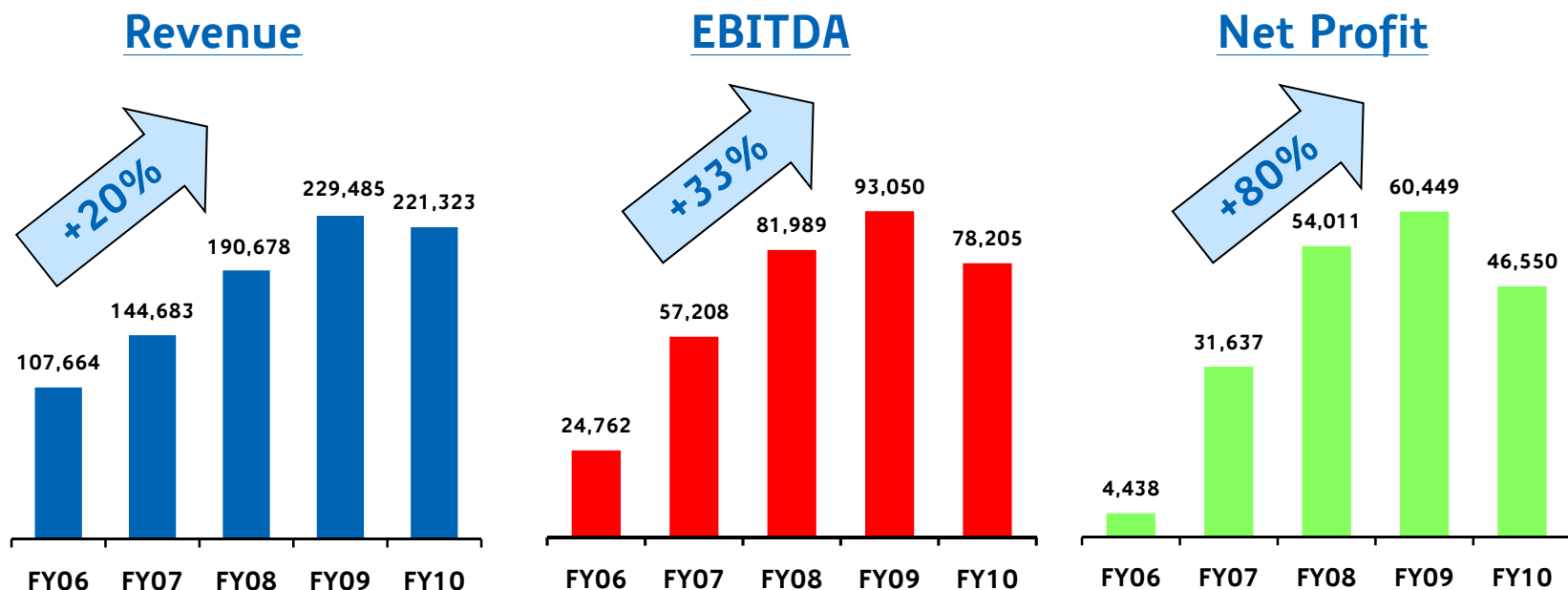
### Global Top 5

Rank	Players	Subscriber Base (Mn)
1	Comcast	24
2	DirecTV	19
3	Dish Network	14
4	Time Warner	14
5	Reliance + Digi	11

Note : Market position, post acquisition.

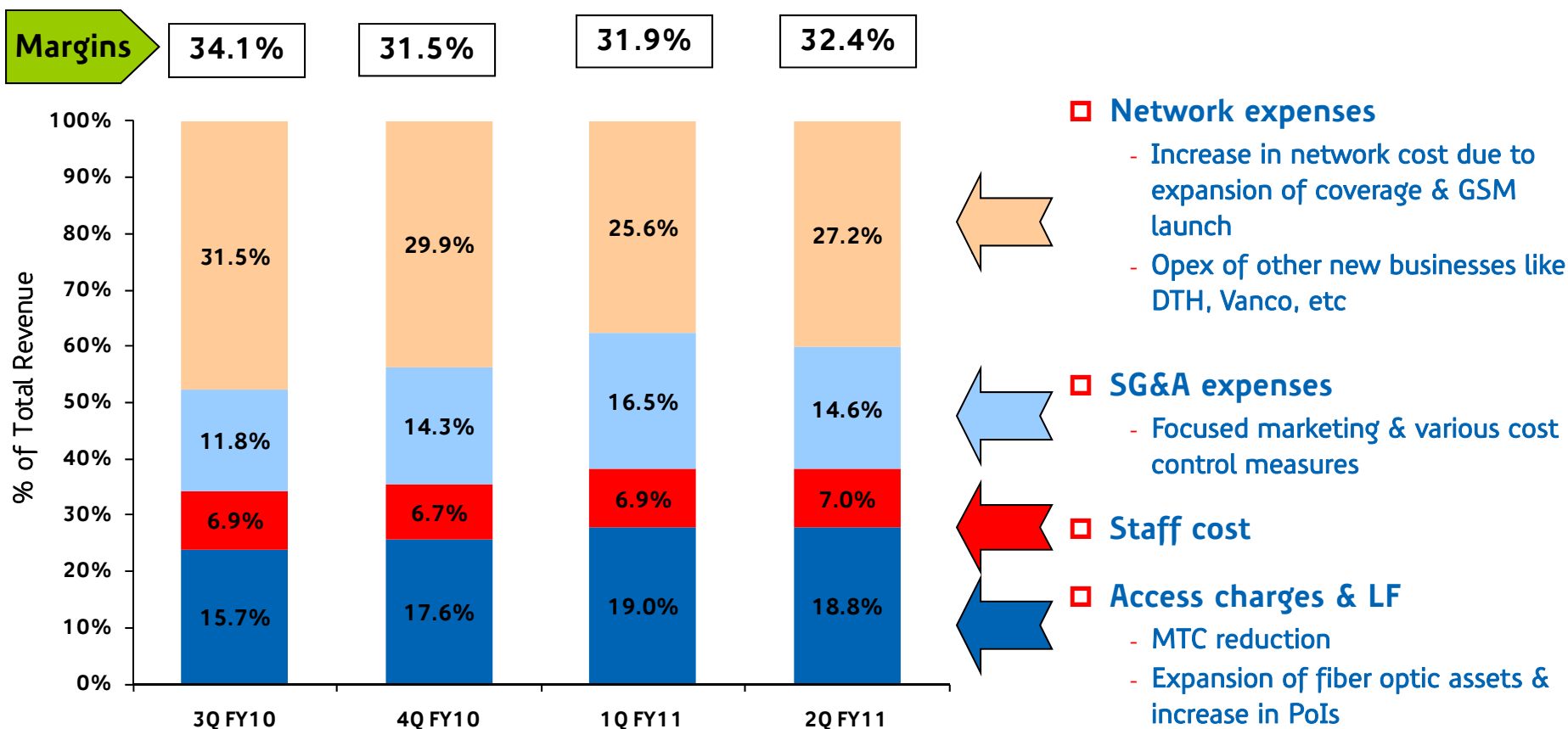
## Financial Highlights

### Key Financial Parameters (Rs. Mn)



**Consistent & substantial increase in profitability**

## Cost management (% of revenue)...



...inspite of launch of multiple new businesses

# Contents

- Reliance Communications – an integrated telco

- Wireless**

- Globalcom

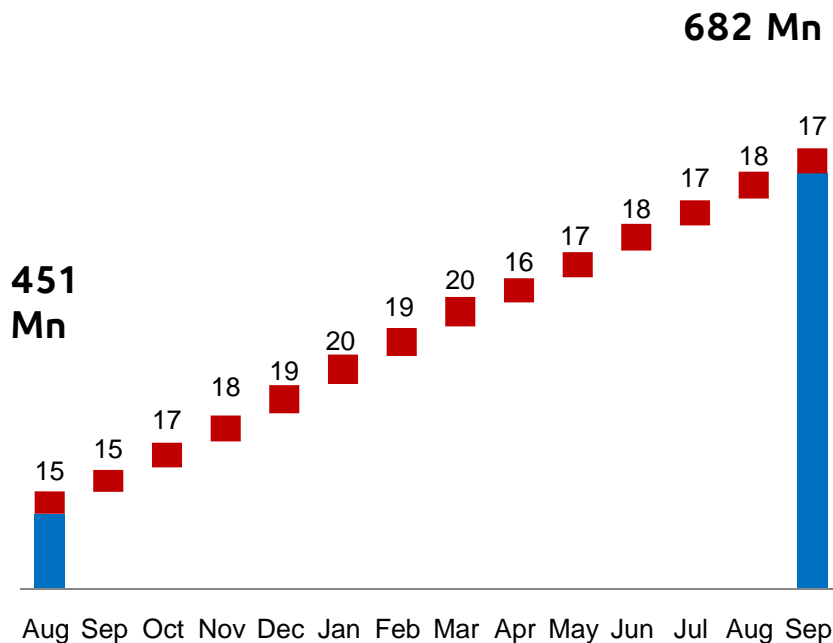
- Enterprise

- Home

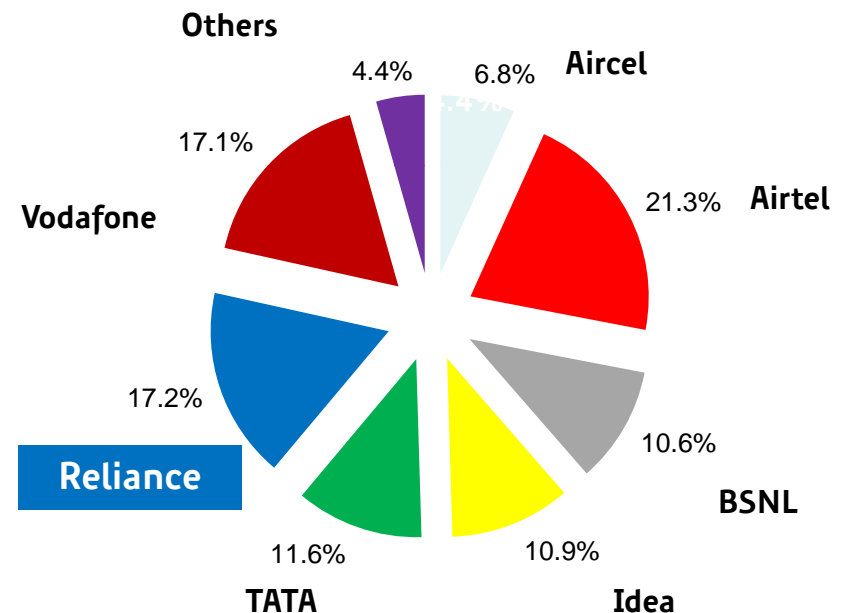
- Key takeaways

## Industry outlook : India's growing mobile market

Industry Subscriber Net Additions



Customer Market Share (September, 2010)



**682 Mn wireless subscribers at the end of September 2010**

Source: TRAI

**India, the world's fastest growing market, has fifteen service providers**

## Indian telecom : Fast changing landscape

### Operators



Hyper competition - Number of players increased from 7 to 15 in last one year

### Price Wars



Multiple product offerings with innovation on price and tariff cuts only

### Call Rates



Intense Price cuts reduced the call rate from Rs.2/- in 2007 to just 1p in 2010



## Strengths of Wireless Business

- 1 Dual technology advantage
- 2 Data leader (HSD / EVDO)
- 3 100 Million+ customer base
- 4 3G License winner in 13 circles  
(All 900 Mhz circles covered)
- 5 Integrated Telco with segmented play

**All this with only 7 years of existence in industry as compared to 15+ years for competition**

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

1.

**Coverage**

2.

**Customer choice**

3.

**HSD/Internet on the move**

4.

**Product & Service innovations**

5.

**Distribution & Reach**

**Unmatched customer proposition**

## Coverage



24,000  
Towns

600,000 Villages

1 Billion Indians



Voice

Data

VAS



CDMA



GSM

Seamless coverage wherever you go

## Customer Choice

1

\*

\*CDMA

**Mobility**



**Wireless Data**



**Fixed Wireless**



**PCO**



**117 million  
Happy customers**

**Market leadership  
in all segments**

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

## HSD/Internet on the Move

**RELIANCE**  
Netconnect

*Broadband+*

**India's fastest wireless Internet. Now, at Rs. 2299**

**India's No.1 Network**

SMS NC to 55454 or visit [www.rcnm.co.in](http://www.rcnm.co.in)

USB Modem

### Competitive differentiation

- ❑ Fastest internet broadband service of up to 3.1 Mbps in India's top 84 cities
- ❑ Seamless handover & connectivity through CDMA 1X in over 24K 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
- ❑ ARPUs are 3-4 times higher than the voice usage
- ❑ Increased capacity utilization in CDMA network
- ❑ Easy availability & instant activation within minutes compared to few weeks or even months in case of wired broadband

**Fastest internet connectivity under wireless platform**



## Group Talk



## Mobile Net





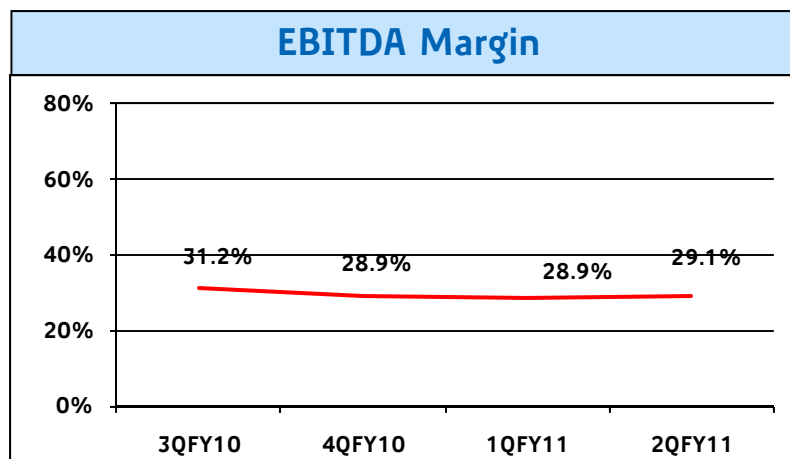
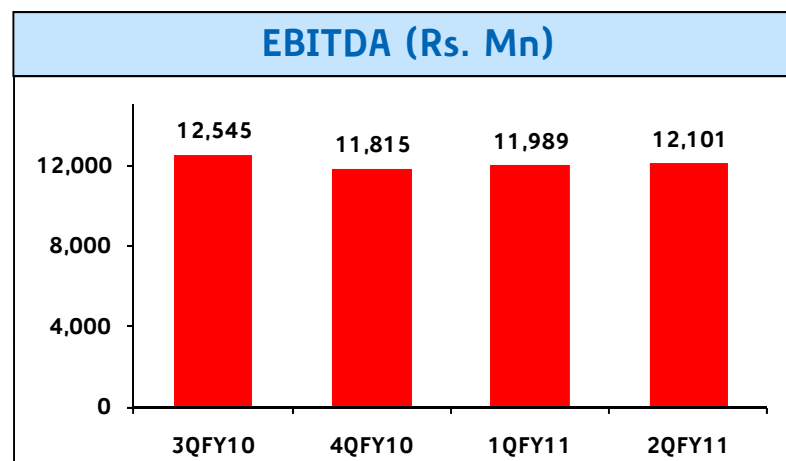
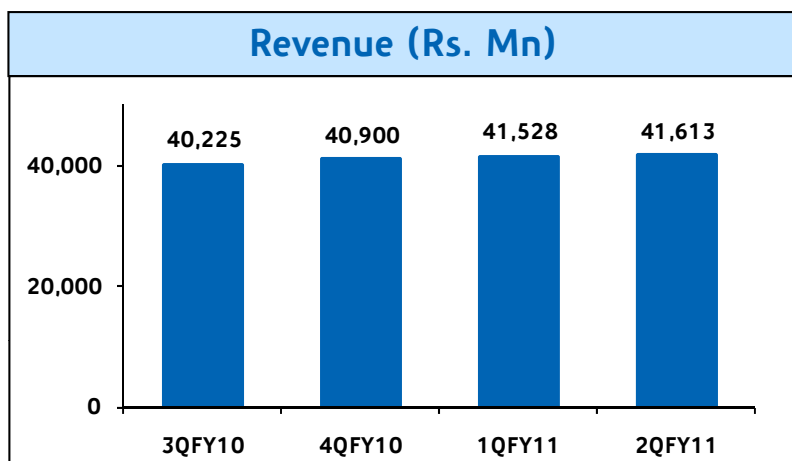
## Distribution & Reach

- ❑ 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 & 1.2 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



**One of the largest retail distribution network in the industry**

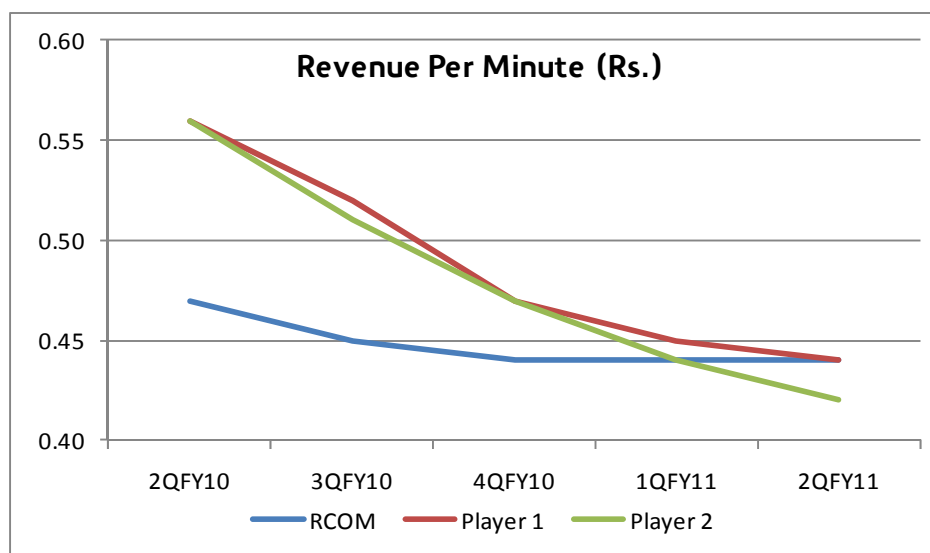
## Financial Performance



**Short term impact due to competitive intensity and tariff rebalancing**

## Revenue Per Minute (RPM) trend

	2Q'10	3Q'10	4Q'10	1Q'11	2Q'11	Change over last 5 Qtrs.
<b>Player 1</b>	0.56	0.52	0.47	0.45	0.44	-21.4%
<b>Player 2</b>	0.56	0.51	0.47	0.44	0.42	-25.0%
<b>RCOM</b>	0.47	0.45	0.44	0.44	0.44	-6.4%

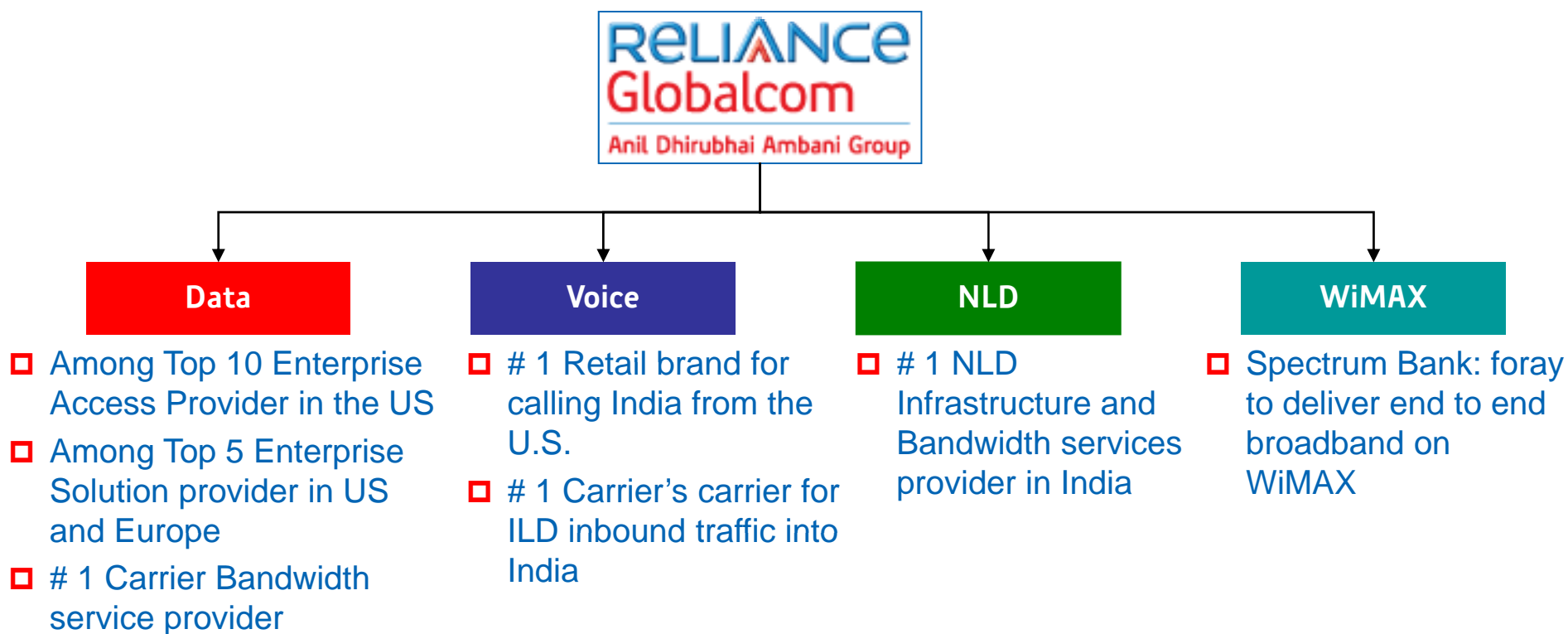


**RCOM, the only operator which has held on to the RPM over last 3 quarters**

# Contents

- ❑ Reliance Communications – an integrated telco
  - Wireless
  - Enterprise
  - Home
  - **Globalcom**
- ❑ Key takeaways

## Business Overview



**Unique play on the exponential growth of digital application and content distribution spanning developed and emerging markets**

## Business Overview

### We are more than...

- ❑ Just a cable network developer
- ❑ Just a wholesale bandwidth provider
- ❑ Just an India focused company
- ❑ Just an “emerging carrier”

### Who we are...

- ❑ Global service delivery provider of internet, data and rich media on an all IP-enabled network
- ❑ Higher Revenue from Enterprise; Over 1,500 Enterprise customers
- ❑ Established customer relationships spanning developed & emerging markets, including China, Asia, Middle East
- ❑ Strong revenue and EBITDA momentum, scalable low cost base, expansion financed from cashflows and customer commitments

**Strong franchise, uniquely positioned for profitable growth**



## Network reach

- Over 277,000 RKms of optic fiber cable with landing points in 30 countries
- Managing over 60,000 customer sites in 160 countries through 700 carrier partners



**FEA**

**FA-1**

**FNAL**

**FALCON**

**Hawk**



**Network connecting over 85% of the world's population**

## Diverse and extensive customer base

### Carrier

- Over 200 wholesale customers based on strong long term relationships with over 70% repeat orders;
- Particularly strong in China, Asia, the Middle East and India.



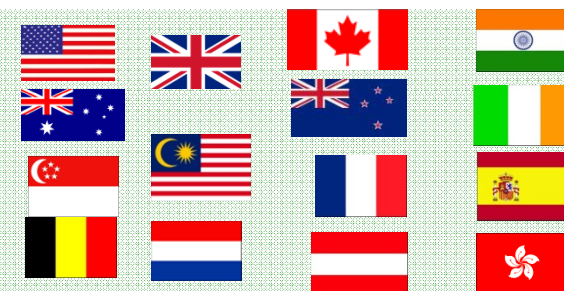
### Enterprise

- Among Top 5 Managed Network Service providers (Gartner 2008) with over 200 corporate customers;
- Among Top 6 Global Ethernet Service providers (Vertical Systems 2009) with over 1,200 customers;
- # 1 or # 2 service provider to world's top exchanges including CME, NYSE, NASDAQ.



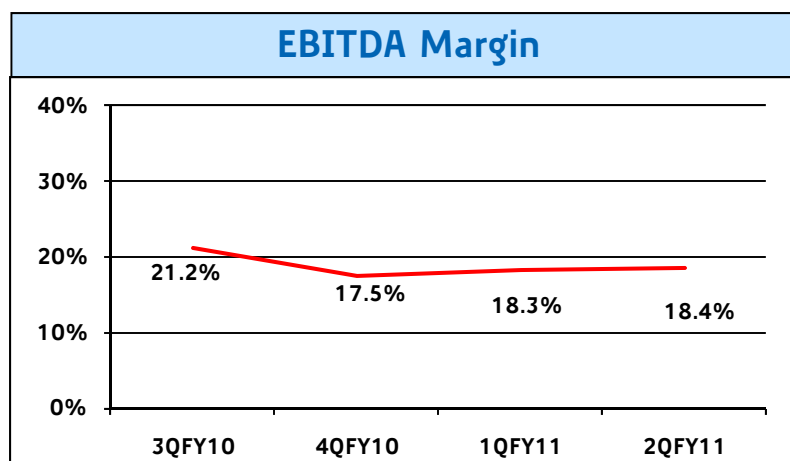
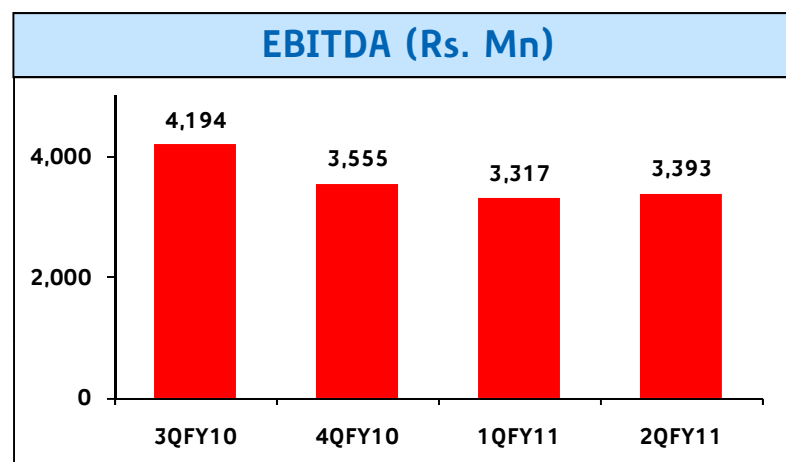
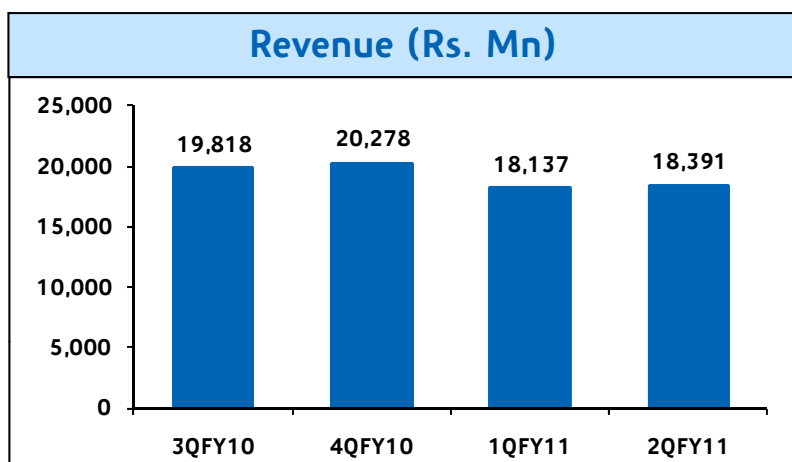
### Retail

- Over 2.5 million retail customers in 15 countries including U.S, Canada, U.K., Australia, New Zealand, Hong Kong, Singapore, Malaysia, France, Canada, Spain, Belgium, Netherlands, Austria and India



**Over 1,500 enterprise and 2.5 million retail customer base outside India**

## Financial Performance

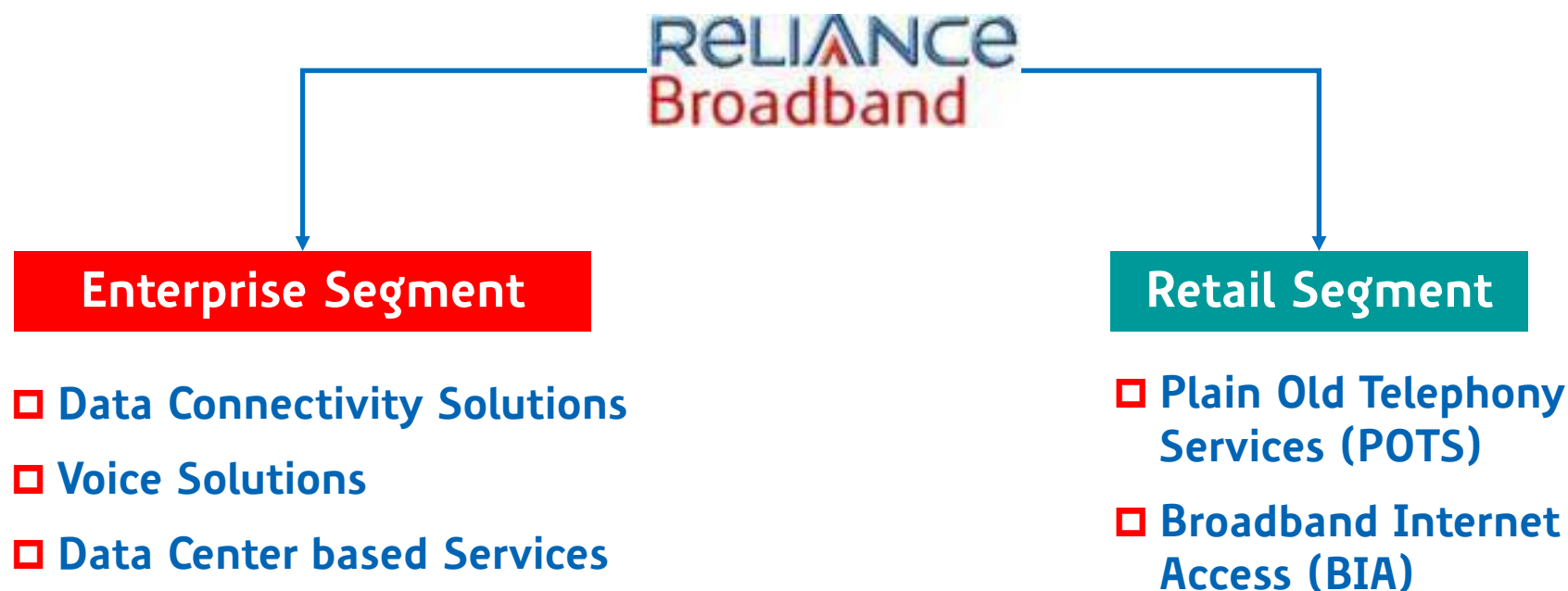


**Short term margin pressure; due to macro global environment**

# Contents

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

## Business overview



**Serves Enterprise, SME and Retail customers for their connectivity needs**

## Market leadership

### Segments where we lead the market

- ❑ Largest share in the MPLS-VPN market
- ❑ Largest share of the Centrex market
- ❑ Market leader in Data Centers – More than 50% market share

### Our customer portfolio

- ❑ 850 of top 1000 Enterprises in India
- ❑ 10,000+ Small & Medium Businesses (SMBs)
- ❑ 1.48 Mn. Access lines

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



## IDC: Largest in India with >50% market share

- ❑ Nine data centres with level 3+ accreditation – more than 400,000 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 to cater to fast growing demand**

## 850 of Top 1,000 Indian enterprises are our customers

### FMCG Segment



### Services Segment



### Telecom Operators



### IT/ ITES Segment



### BFSI Segment

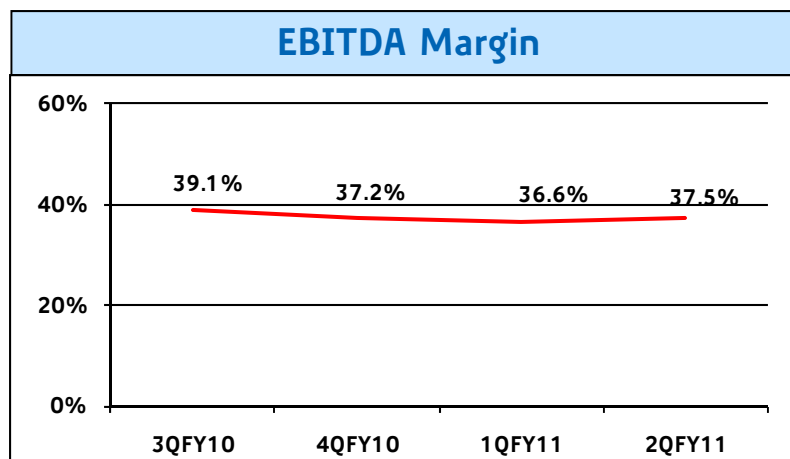
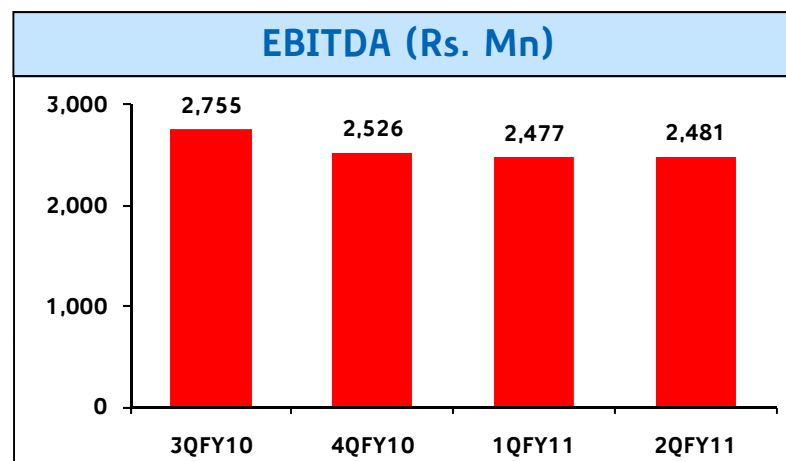
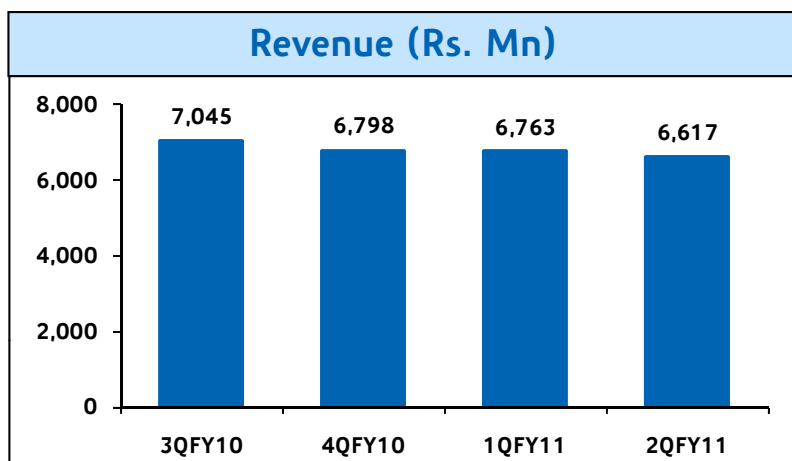


### Media Segment



Winning >50% of new business generated in the segment

## Financial Performance

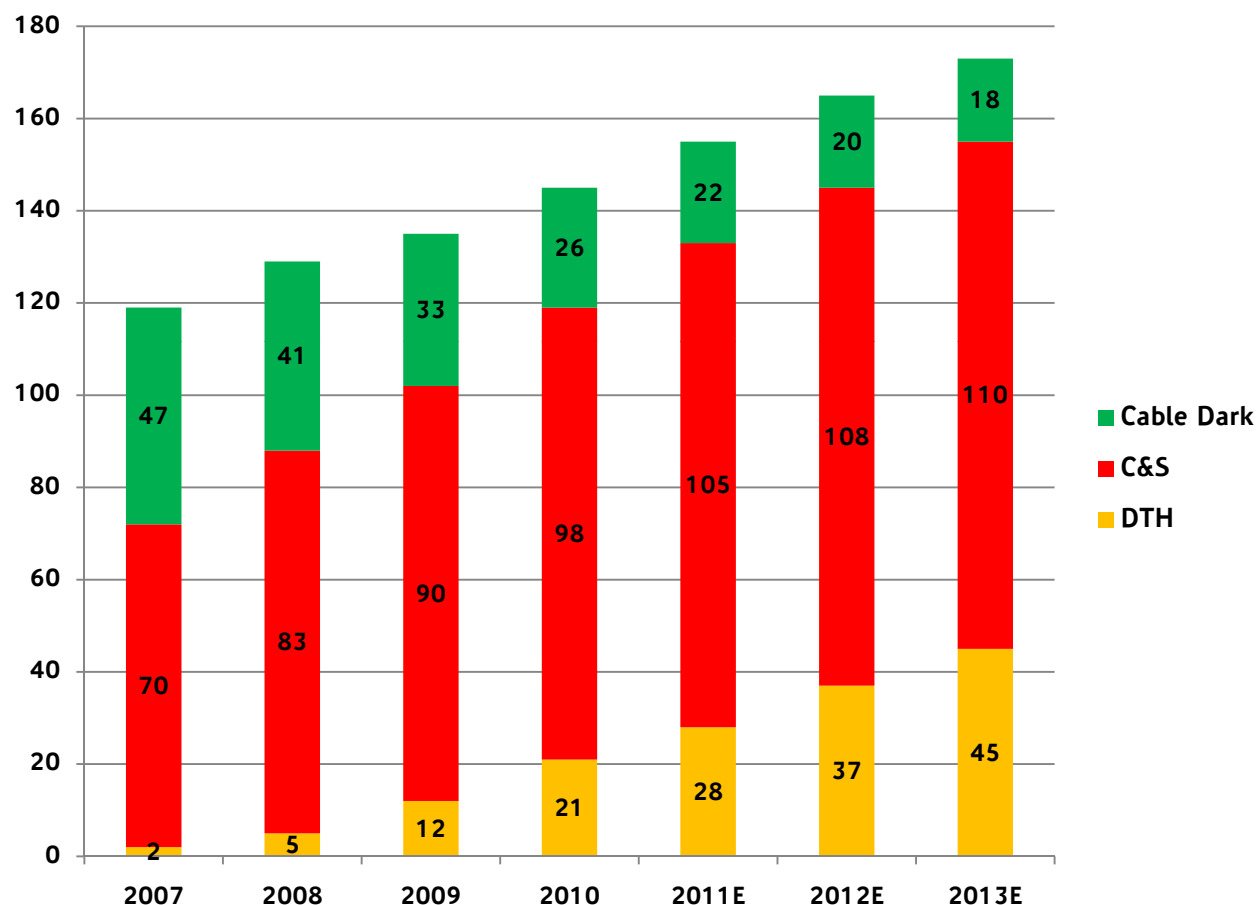


**Steady business with strong margins**

# Contents

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

## Indian Cable & Satellite Market



Source : Industry Estimates



**DTH penetration at 14% of TV homes; gaining momentum**

## Reliance Big TV (DTH)

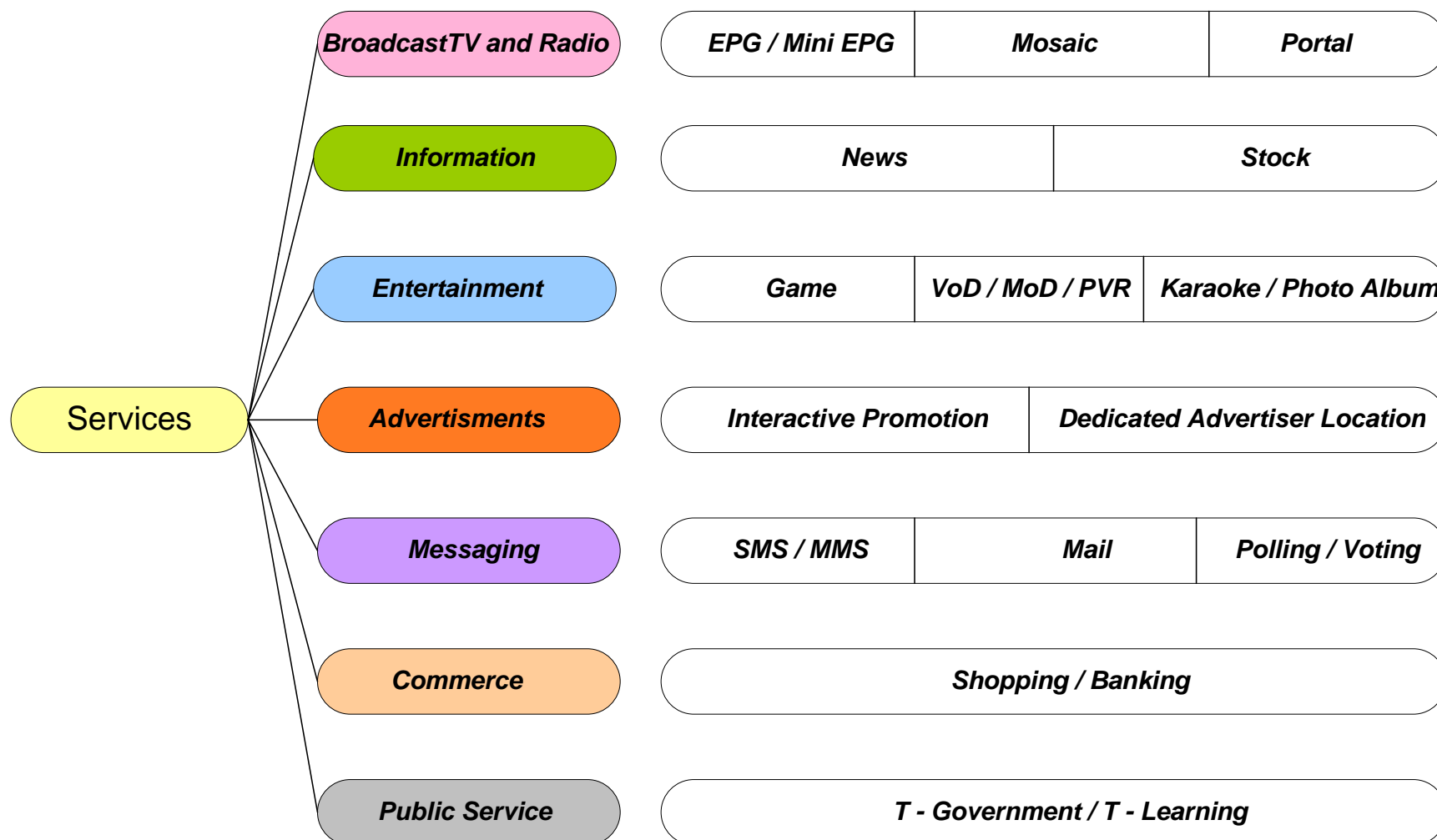
- ❑ Pioneering HD experience in India
- ❑ Pioneering DVR – “Watch when you want”
- ❑ Key service differentiators
  - More channel choice
  - Pure Digital viewing
  - 32 Cinema channels
  - Easy program guide
  - Quick channel select
  - Interactive applications (iNews, iGames, iCricket, iCooking, etc)
  - Superior MPEG 4 technology

The advertisement for Reliance Big TV DTH Service features a black HD DVR unit and a remote control on a red background. Above the unit, the text reads 'Introducing India's first Hi-definition Advanced Digital Video Recorder.' Below the unit, a row of icons highlights features: HD (Hi-Definition Channels), Record Up to 90 Days, Pause Live TV, Rewind Live TV, 5x (5 Times Sharper Picture Quality), 16:9 (Wide Aspect Ratio), 1080i (2 Million Pixels), and Digital Sound. At the bottom, actor Hrithik Roshan is shown sitting on a white sofa, holding a remote. The Reliance Big TV DTH Service logo is in the top left corner.

Call 1860-200-6666 / 1800-200-9001 (toll-free)

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

## BIG TV Services: Complete suite of services





## The 4 Pillars of Growth

### Content

- ❑ 200+ channels
- ❑ 32 exclusive movie channels in English, Hindi and other regional languages
- ❑ Interactive features – Games, News, Cricket, Stocks, Astrology, Cooking
- ❑ High-definition channels



### Reach and service

- ❑ 6,500 towns
- ❑ 2,000+ exclusive Reliance retail stores
- ❑ 24x7, 11 language customer service

### Technology

- ❑ MPEG 4
- ❑ Digital Picture
- ❑ Digital Sound

### Experience

- ❑ High-definition DVR box
- ❑ Next generation easy-to-use guide
- ❑ Most advanced mini guide

## Contents

- Reliance Communications – an integrated telco
  - Wireless
  - Enterprise
  - Globalcom
  - Home

**Key takeaways**

## Drivers for future growth and shareholder value

### Drivers

- ❑ Financials at inflection point as GSM momentum scales up
- ❑ RCOM not only reliant on wireless business for future growth; massive opportunity in newer segments including DTH and expansion of Enterprise/IDC
- ❑ Potential for unlocking shareholder value at subsidiary level (Infratel, Globalcom, DTH)
- ❑ Peak investment phase is over
- ❑ Acquisition of DigiCable creates leadership position in Indian Pay TV market

### Impact

Increase revenue generating ability

Large pipeline of untapped business to support growth

Operational leverage improves margin & profitability

Potential of unlocking shareholders value

**Further integration of Telecom, Media and IT will be levers of future growth**

Thank you