

Reliance Communications

*CLSA Investors' Forum
Hong Kong*

September 2007

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.

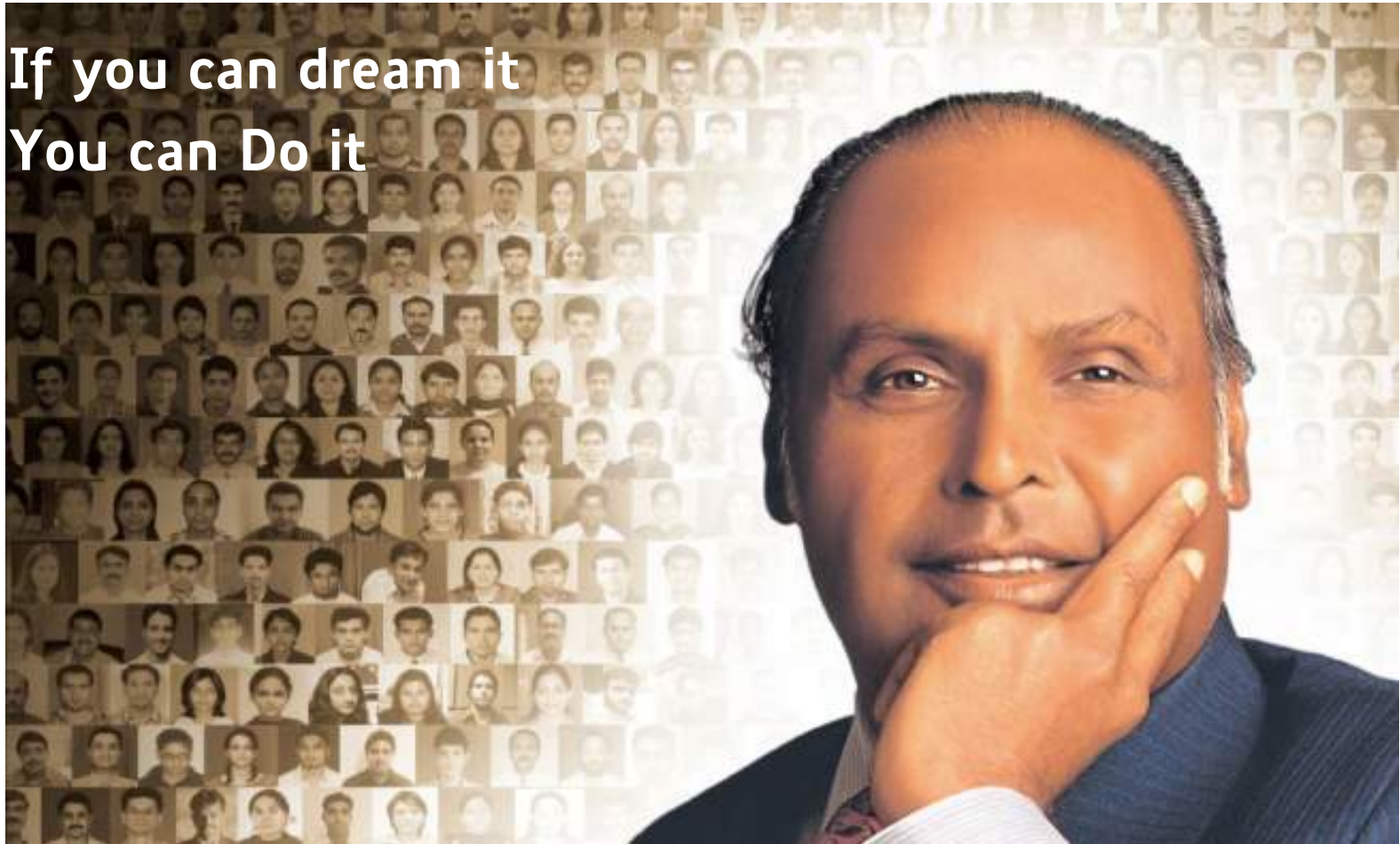
Contents

Reliance ADA Group

- ❑ Reliance Communications
 - Indian Telecom Sector
 - Business Segments
 - Financials
 - Key Recent Developments

The vision of one man

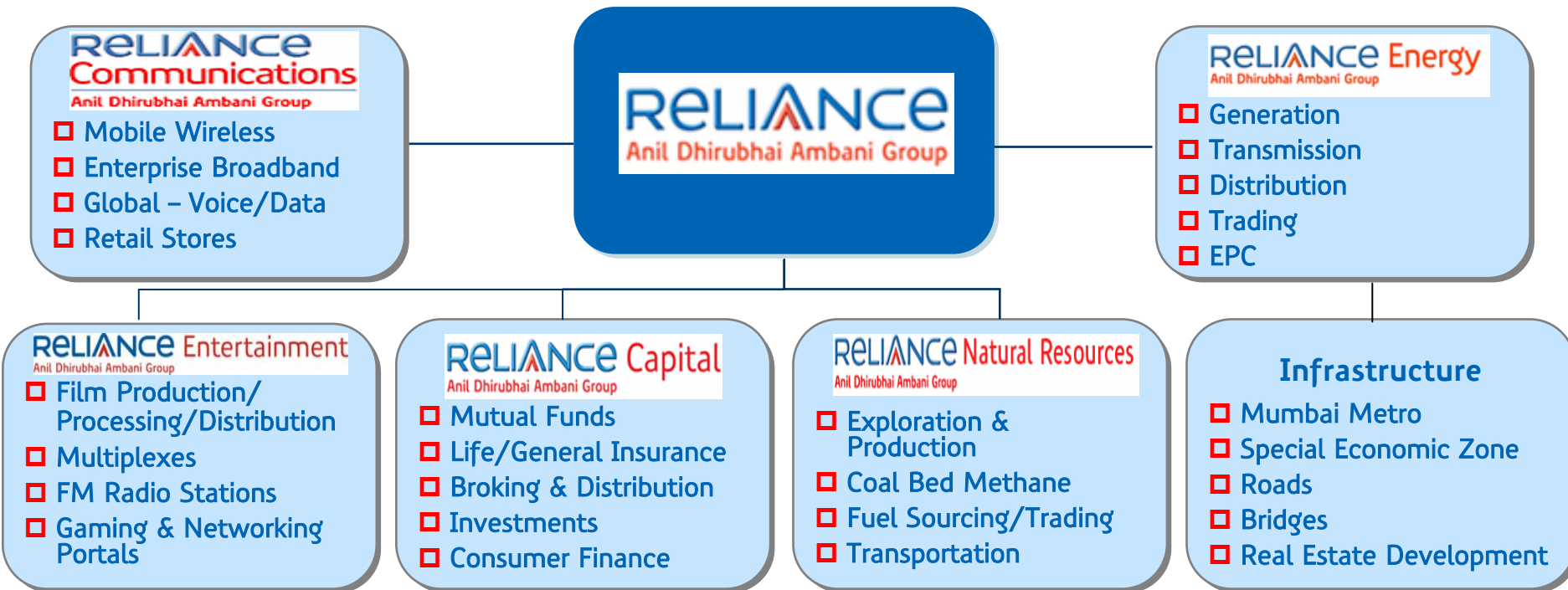
If you can dream it
You can Do it



Our legendary founder
Sh. Dhirubhai Hirachand Ambani
28th December 1932 - Forever

Leadership Position in highest growth sectors

- ❑ Over 100 million individual customers – 1 in every 10 Indians
- ❑ 7 million shareowners
- ❑ 100,000 young, trained and motivated people



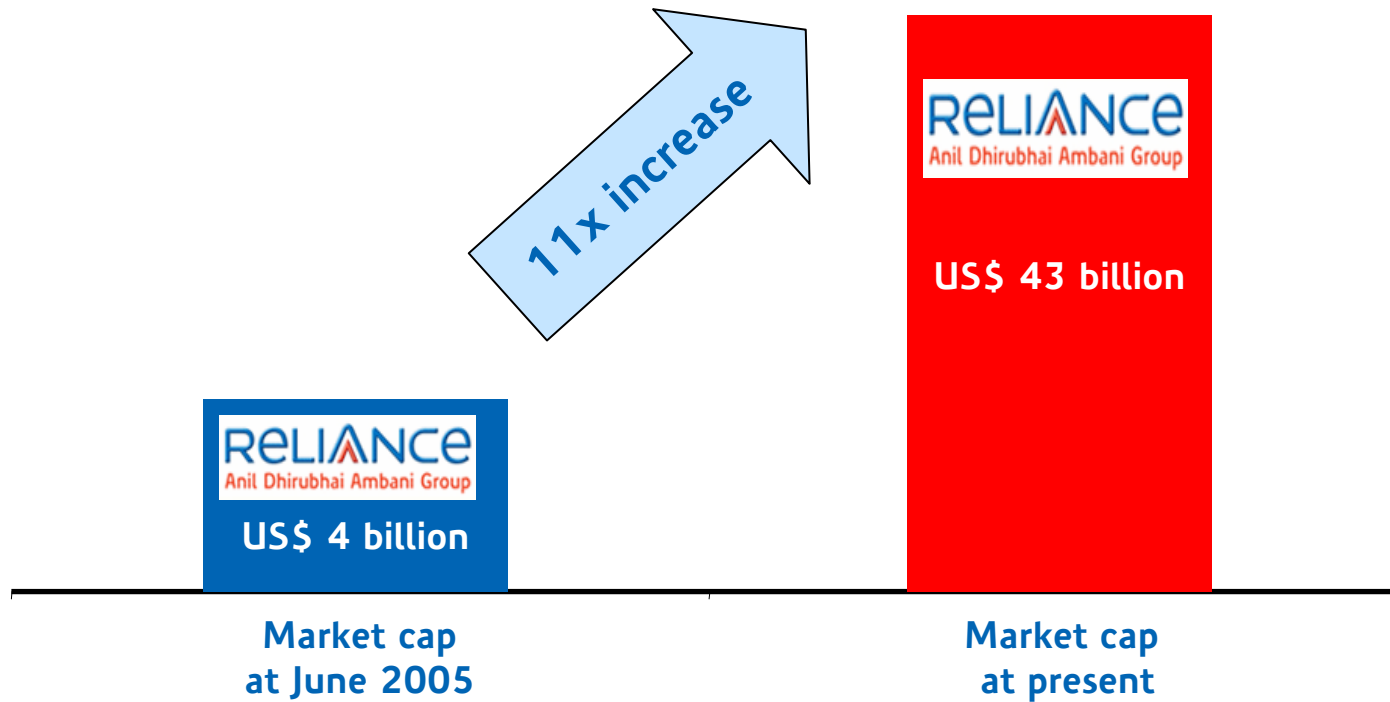
Strong presence across high-growth consumer facing businesses

Reliance ADA Group – Key financials

Market capitalization	Rs 175,000 Cr	\$43 bn	# 3
Assets	Rs 50,000 Cr	\$12bn	# 3
Net worth	Rs 41,000 Cr	\$10bn	# 3
Operating cash flow	Rs 10,000 Cr	\$2.5bn	# 3
Profit after tax	Rs 6,000 Cr	\$1.5bn	# 4
Net debt	Nil	Nil	–

Among India's top 3 business groups

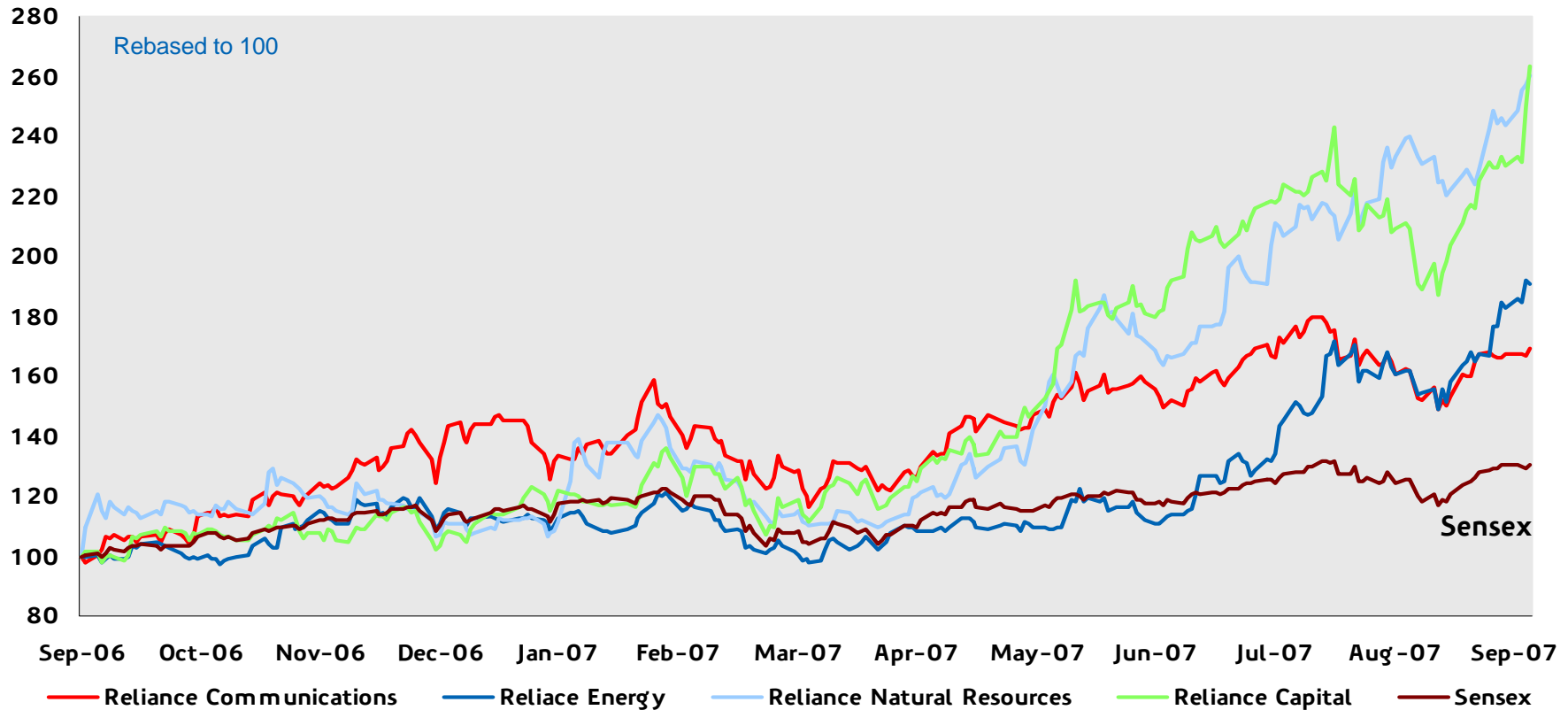
Unprecedented value creation



As on September 13, 2007

Value creation of US\$40 bn in just two years

All group companies have outperformed the Sensex



Share price performance (%)

As of Sep 13, 2007	Reliance Communications	Reliance Energy	Reliance Natural Resources	Reliance Capital	Sensex
1 year returns	70%	91%	160%	163%	30%

Source: Bloomberg

High liquidity across group companies

	MSCI	Sensex	Nifty	F&O
Reliance Communications	✓	✓	✓	✓
Reliance Energy		✓	✓	✓
Reliance Capital	✓			✓
Adlabs Films				✓

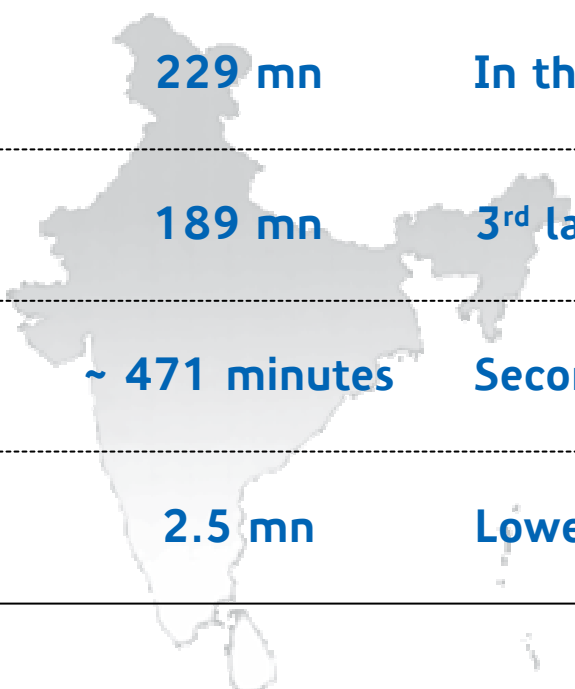
Foreign portfolio investors own 20% in group stocks valued at US\$ 8 bn

Daily stock market turnover of Group companies >US\$400 mn

Reliance Communications

The largest telecom growth opportunity in the world...

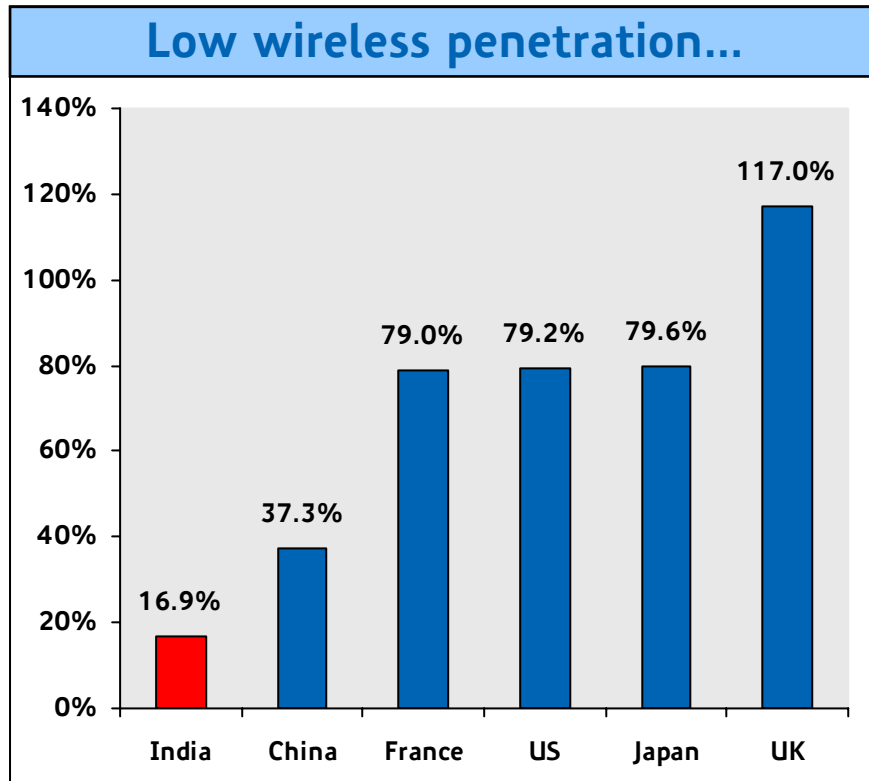
Parameter	Current status	Global position
Telecom subscribers	229 mn	In the top 5
Wireless subscribers	189 mn	3 rd largest
Wireless Minutes of Usage	~ 471 minutes	Second highest
Broadband subscribers	2.5 mn	Lowest in the world



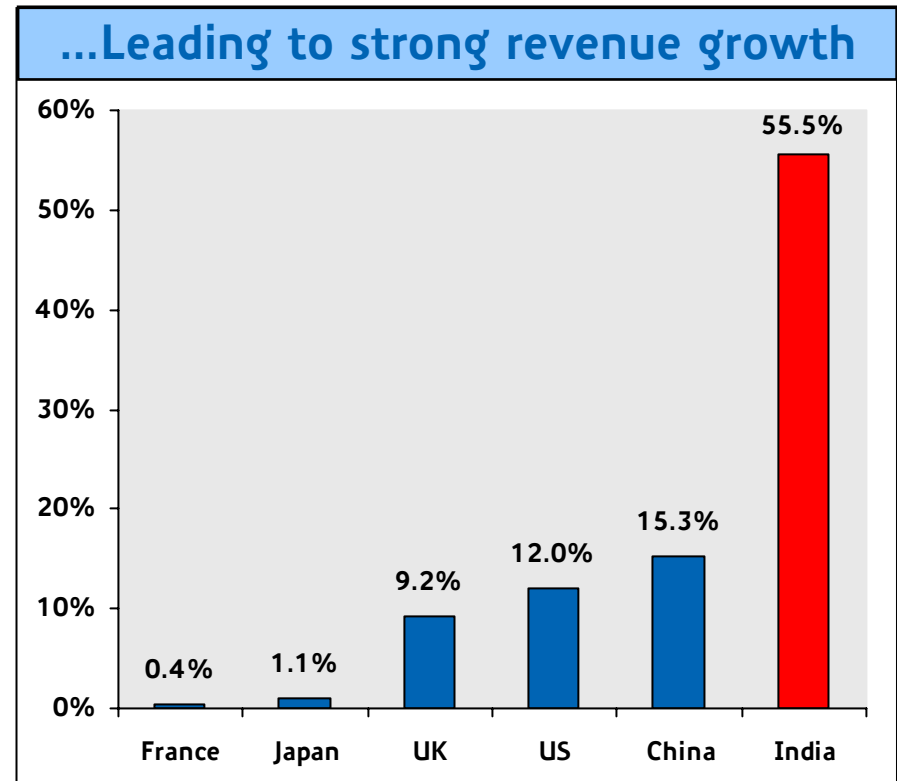
Source: COAI, AUSPI, TRAI

...even after adding 200 mn subscribers over the last 4 years

Among the lowest penetration rates in the world



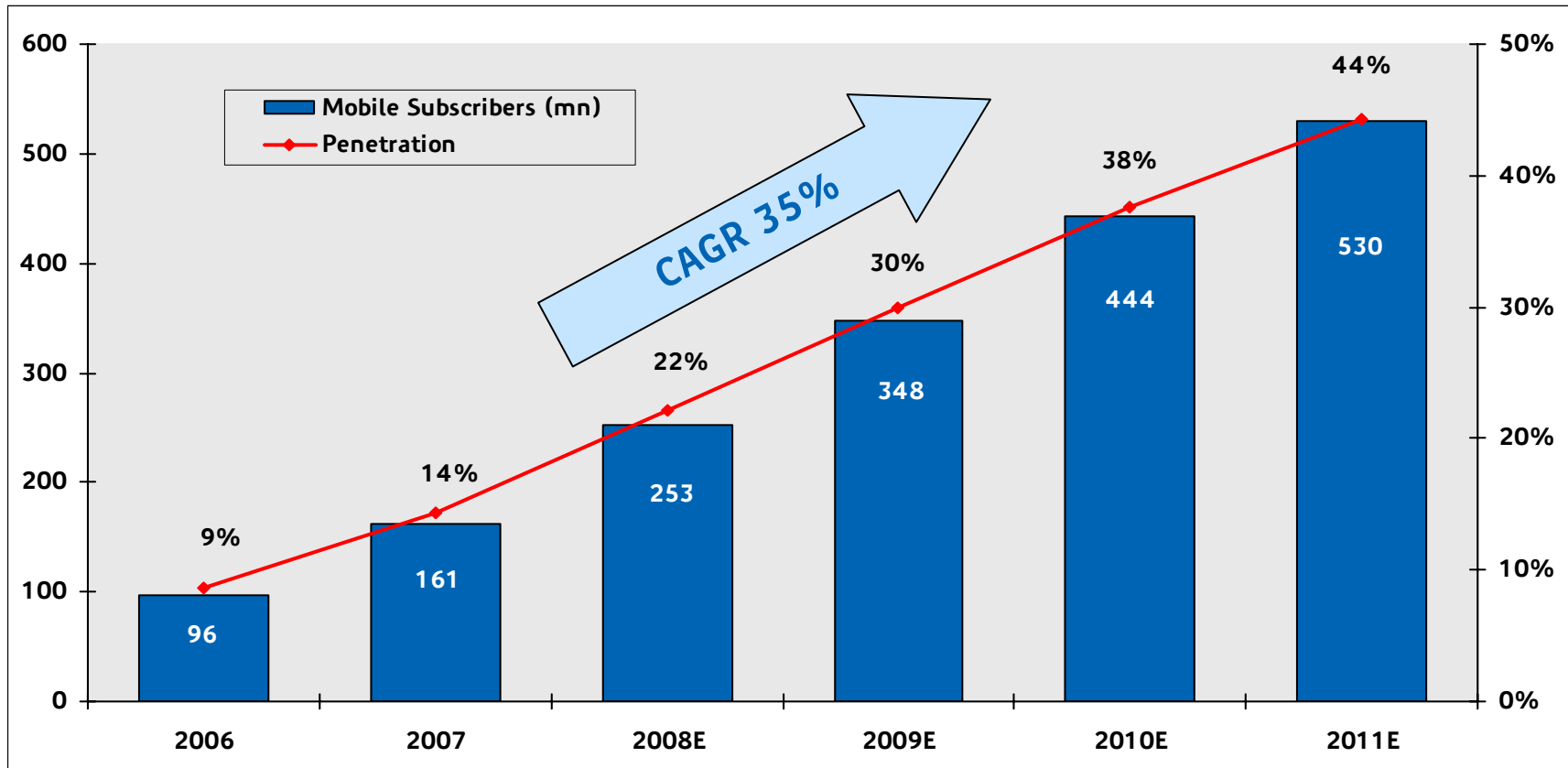
Source: Merrill Lynch Global Wireless Matrix; March ended 1Q07



March ended 1Q07 over March ended 1Q06

Low penetration + High Revenue growth = Huge opportunity

Mobile subscribers expected to cross 500 mn in 3 years...



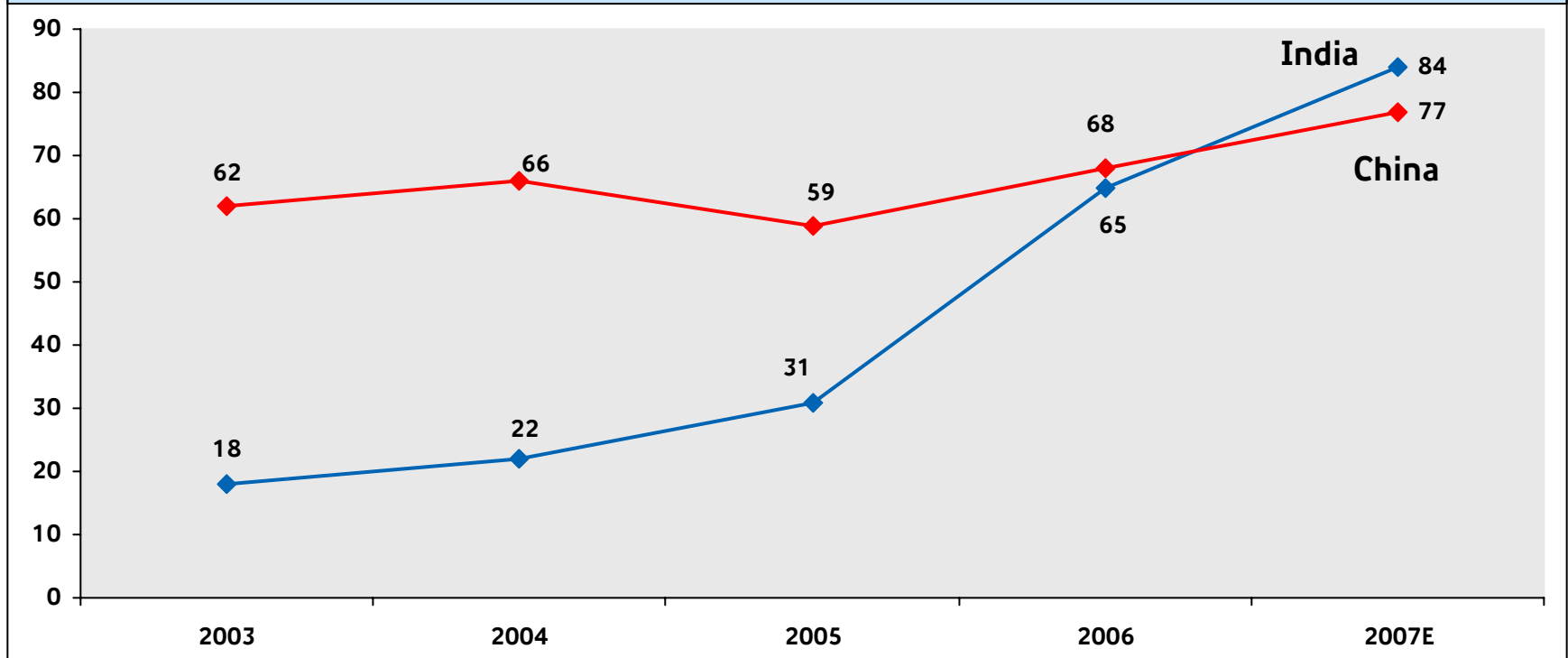
Year end March 31

Source: Industry estimates

...even then there will be 800 mn unserved people in India

Net annual subscriber adds have now surpassed China

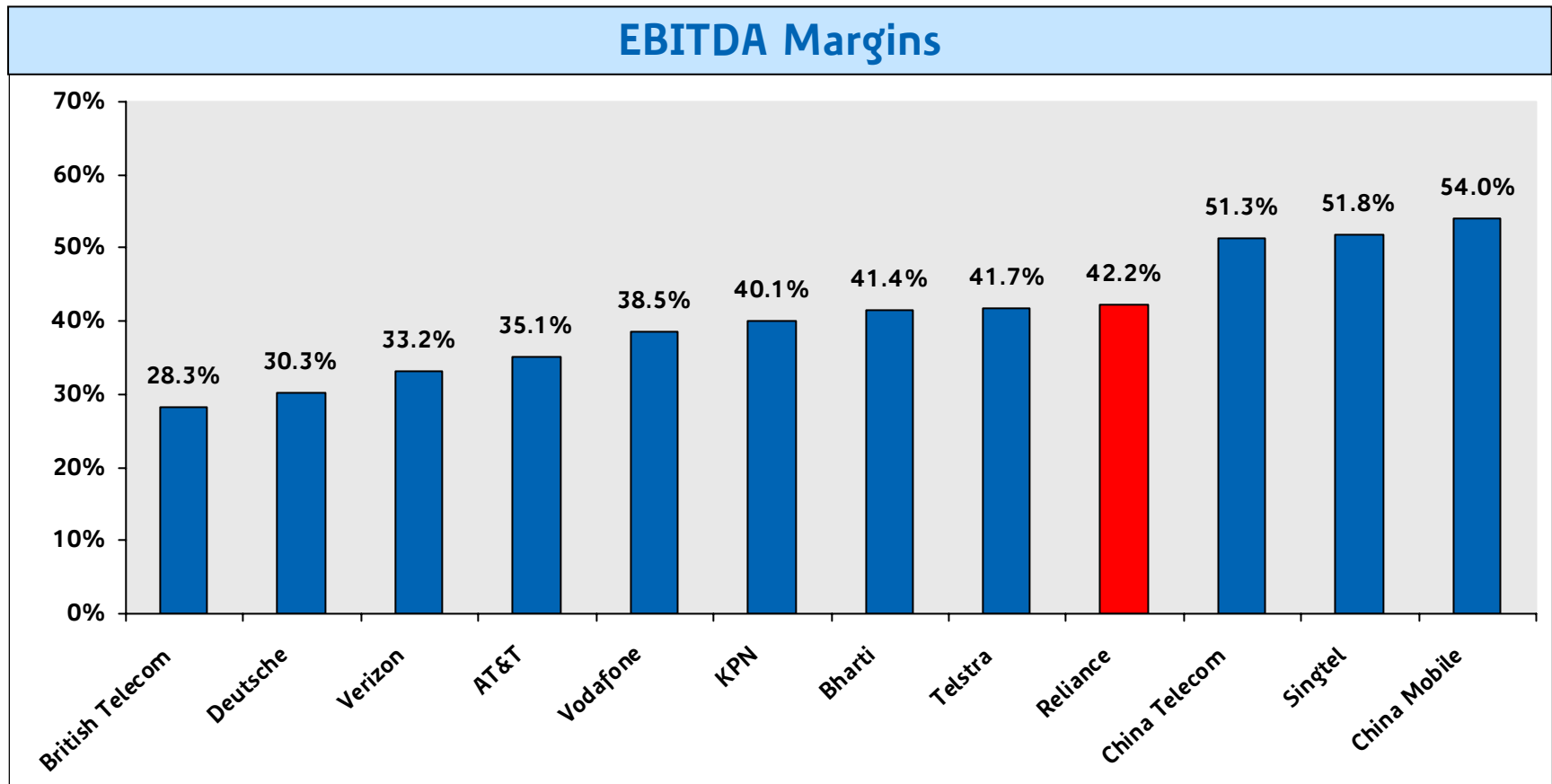
Net annual wireless additions (million)



Source: Industry research

Wireless subscribers – India: 200 million vs. China: 500 million

Among highest EBITDA margins globally...



...despite the lowest tariffs

RCOM: India's Largest Integrated Telecom Company



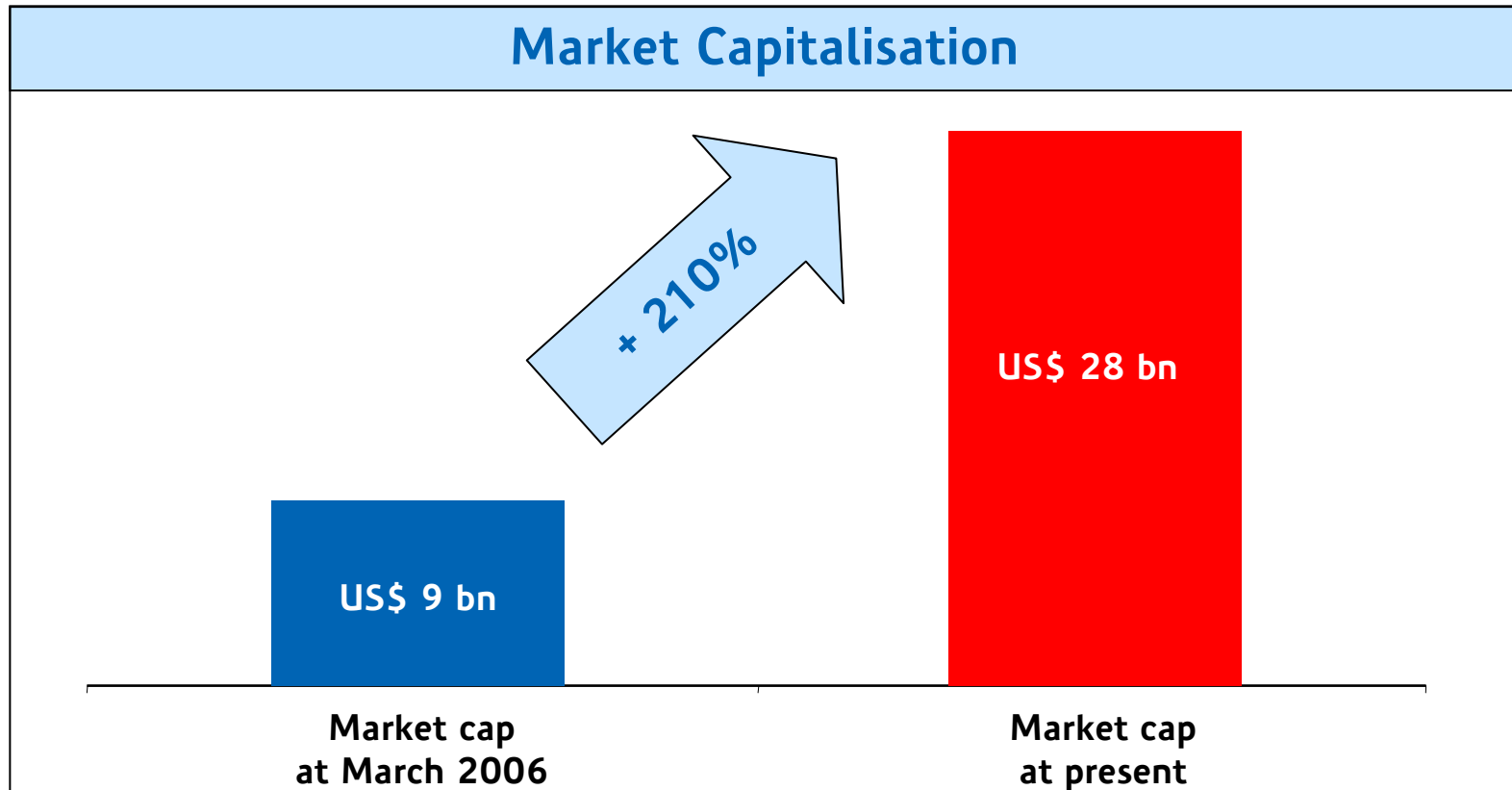
Leading position in the Asian telecom market

Operator	Market cap	Subscribers
China Mobile	US\$ 269 bn	338 mn
China Telecom	US\$ 45 bn	244 mn
Singtel	US\$ 39 bn	52 mn*
Bharti Airtel	US\$ 39 bn	48 mn
Reliance Communications	US\$ 28 bn	36 mn

* Includes proportionate customers of affiliates

Ranks among top 5 telecom companies in Asia

Among the 3 most valuable private sector companies in India



As on 13 September 2007

Created shareholder wealth of US\$ 19 billion in 19 months

Who do we serve?

- ❑ Over 36 million customers in India
- ❑ Over 1 million individual global customers
- ❑ Over 200 major global carriers
- ❑ Over 250 MNCs
- ❑ Over 800 out of Top 1,000 Indian large enterprises
- ❑ Over 10,000 Indian SMEs

Unparalleled customer franchise in India and globally

Dominant position across multiple segments

#1

Largest mobile network in the country: 85% population coverage

Largest carrier of wireless data: >60% market share

Largest in enterprise data services: >50% market share

Largest private PCO operator: >50% market share

Largest carrier of international voice: >40% market share

Largest IP enabled optic fiber cable network in the world

Largest retailer of wireless handsets

Largest independent wireless infrastructure provider

"Youngest, Fastest, Largest"

Partnerships with global leaders

Network



Alcatel-Lucent



FUJITSU

JUNIPER

NORTEL



RELIANCE Communications
Anil Dhirubhai Ambani Group

IT

Microsoft



AVAYA

TIBCO
The Power of Now®

INTEC



i n v e n t



Best in class technologies

Business Segments: Wireless

One of the fastest growing wireless companies globally

- ▣ Among India's top 2 operators with over 34 mn wireless subscribers
 - Prepaid subscriber additions drive growth – 85% of total subscribers
- ▣ Key Performance Indicators
 - EBITDA margins among the highest in the industry ~40%...
 - ... despite the lowest tariffs in the world...
 - ... backed by the highest Minutes Of Usage – 500 million minutes per day



Discover
access to a remote destination without losing access to the world.

Reliance Communications

Discover Reliance Communications

Reliance Communications



Reliance World Roaming
1 World 1 Number

Learn more

Unrivalled wireless multimedia platform

Reliance Mobile World



Unparalleled user experience in India

- ❑ "Click, Browse and Select"
- ❑ Multi-media content delivery available on the entire range of handsets

Platform, phones and network superiority

- ❑ Over 20 million multimedia enabled phones active
- ❑ Only platform globally to support WAP, Java, BREW, BREW VLE, Windows Mobile and Blackberry

Widely used services – popular across all segments

- ❑ Top 10 global operator on mobile data/content penetration
- ❑ Homogenous usage across demographics and geographies
- ❑ Over 200,000 Indian and international content titles

➤ 4 times data-enabled phones as all GSM handsets put together

Largest distribution network of 2,000 exclusive retail stores & >500,000 third party retailers

- ❑ Largest chain of company owned and franchised stores
- ❑ Provides high level of branding and visibility
- ❑ Services include
 - Multi-city, multi-player gaming
 - High speed internet surfing
 - Video conferencing
 - Wireless activation
 - Customer service support
 - Branded Java Green coffee shop

Channel Dimensions

- ❑ Channel strength of 2000 distributor & >500,000 retailers
- ❑ Presence in >23,000 towns



By far the largest retail distribution network in the industry

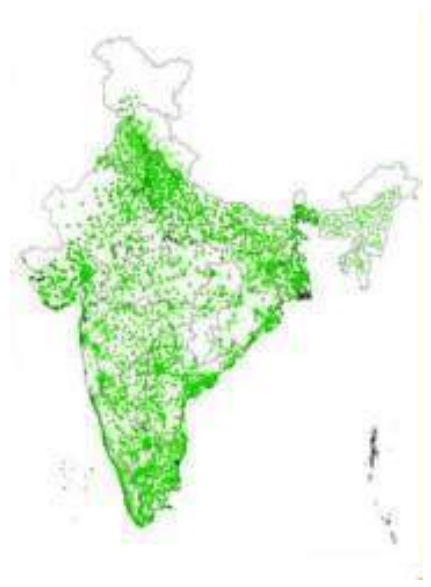
World's largest network roll-out

❑ Covering almost a billion Indians

- Towers portfolio up from 14,000 to 40,000
- Coverage from 10,000 to >23,000 towns
- Population coverage expansion from 55% to 85%
- Almost 100% coverage of railway routes
- Almost 100% coverage of national highways



Wireless coverage

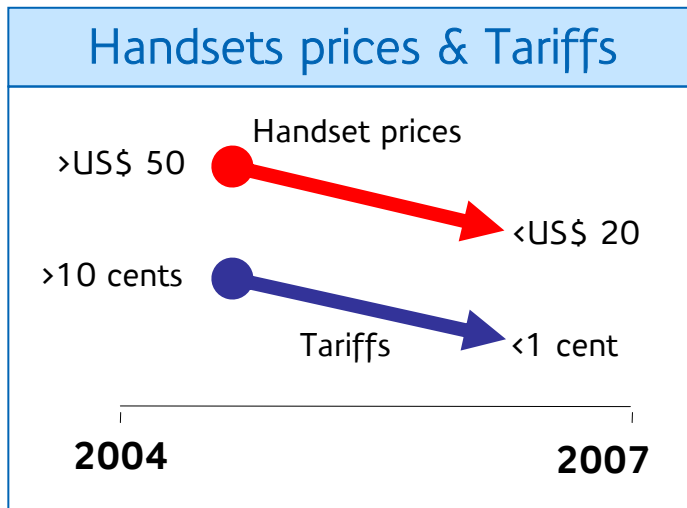


- ### ❑ Ability to host on 8,000 third party towers rent free for the first 5 years

Coverage and connectivity leadership

Pioneered wireless affordability in India

- ❑ Driven call rates down from >10 cents to <1 cent per minute
- ❑ Established unbeatable handset propositions
 - Nokia & Reliance are the top 2 handset brands in the country
 - Monochrome handset at US\$19 and Colour at US\$30 have been hot sellers



Half the price of cheapest GSM handset

Recent innovations

- ❑ Bundled Offerings: handsets & talk time
- ❑ Lifetime validity schemes
- ❑ Affordable roaming tariffs & connectivity
- ❑ Pioneer in unlimited on-net calls
- ❑ First "World Edition" Dual Standard CDMA / GSM BlackBerry in India
 - Bloomberg access across the world
 - First to offer internet based trading on BlackBerry
- ❑ M-Commerce initiatives on multimedia platform
- ❑ Micro recharge vouchers for less than 25 cents



freedom to talk more

buy Classic 202 or Classic 401 for Rs.1349 & get

- ❑ free talktime : Rs.1500
- ❑ free incoming : 1 year

service provided by
RELIANCE Mobile

CLASSIC

Conditions apply. Handsets shown in the picture are black & white. The validity of bonus talktime is 6 months from the date of activation. The incoming validity of Rs.1500 or talktime is available at Rs.1349. The offer is available with 200 GSM and is included in the handset cost. Offer is applicable only on prepaid. See more details and your nearest Reliance Mobile/Reliance Communications outlet or log on to www.reliancecommunications.com

What RCOM does today, the industry does tomorrow

New growth opportunities...

- ❑ **RCOM can launch GSM services in all 15 additional circles & create national GSM footprint at a nominal entry fee of <US\$ 400 mn**
 - RCOM has >30% market share in dual technology circles vs 20% in rest of the country
 - RCOM can replicate this success nationwide to further improve growth momentum
- ❑ **RCOM network coverage roll out to result in reduced license fee from 5% to 3% of revenue – savings of US\$ 100 mn**
- ❑ **Recommendations on rollout obligations and spectrum allocation to increase passive infrastructure sharing – Towerco to benefit**
- ❑ **No impact on RCOM's operations and growth plans from:**
 - Increase in subscriber criteria for spectrum allocation and
 - Increase in spectrum charges for >8 MHz spectrum
 - Regulator's intent to distribute scarce GSM spectrum in line with global benchmarks may impact GSM incumbents

...from proposed regulatory changes

Business Segments: Global (Voice + Data)

At the forefront of US\$ 90 bn enterprise data opportunity

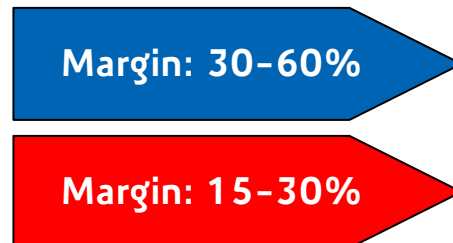
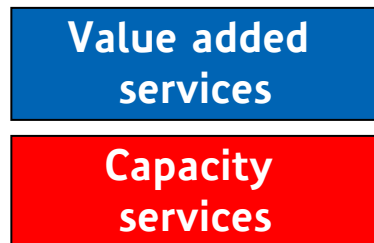
Global Infrastructure

- Flag NGN - world's largest IP network over submarine cable system
- Capacity to carry 2.5 bn voice calls, 300 mn web chats and 52 mn video chats

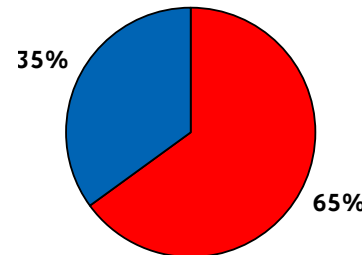
Customer Relationships

- Over 200 international telco customers of FLAG
- 1,000 enterprise customers of Yipes
- 850 out of 1,000 corporates in India

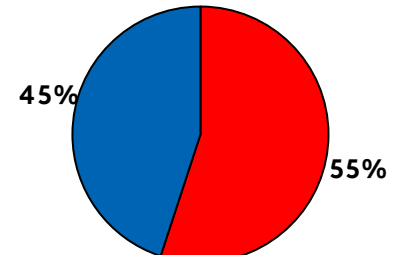
- Moving up in the value chain from pure bandwidth provider to value added service provider



FY2003

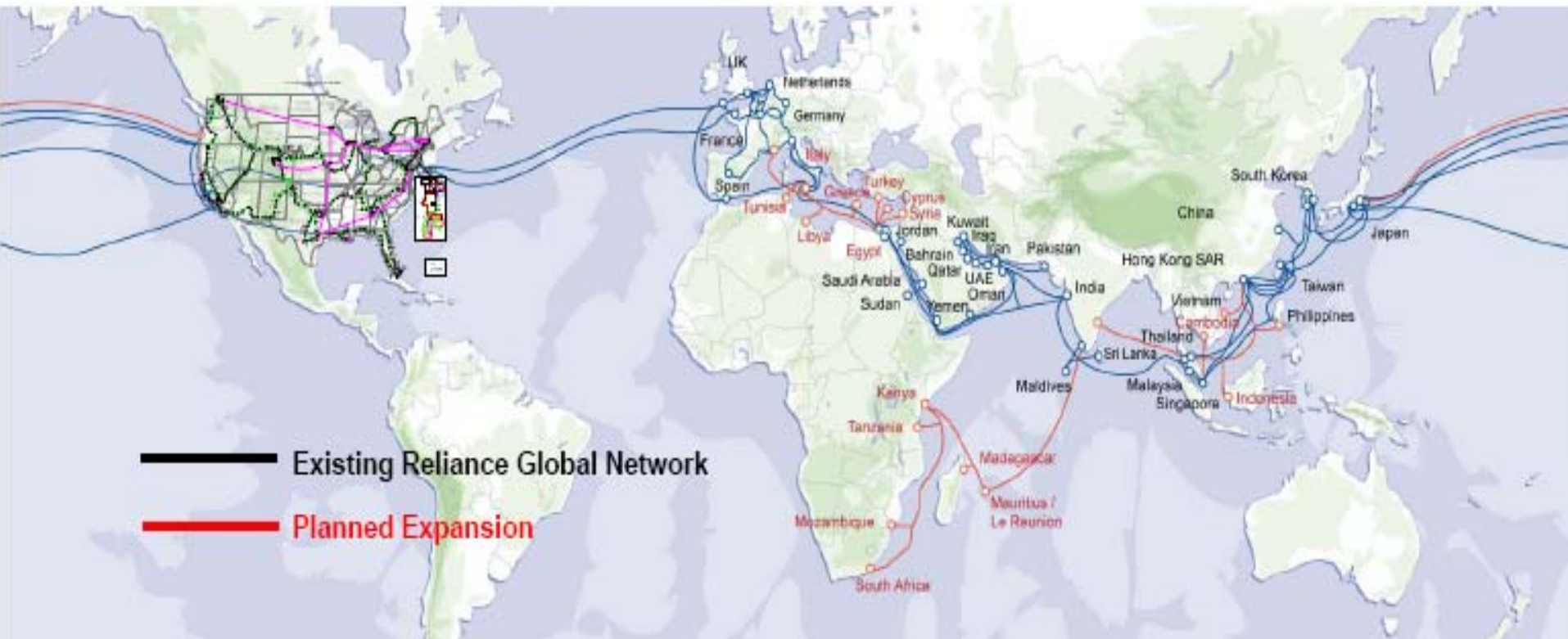


FY2007



Will change the way the world communicates & does business

World's largest IP enabled optic fiber cable



- ❑ Significant asset base drives leadership in voice and data segments

230,000 Rkms of submarine and terrestrial optic fiber cable

Achievements

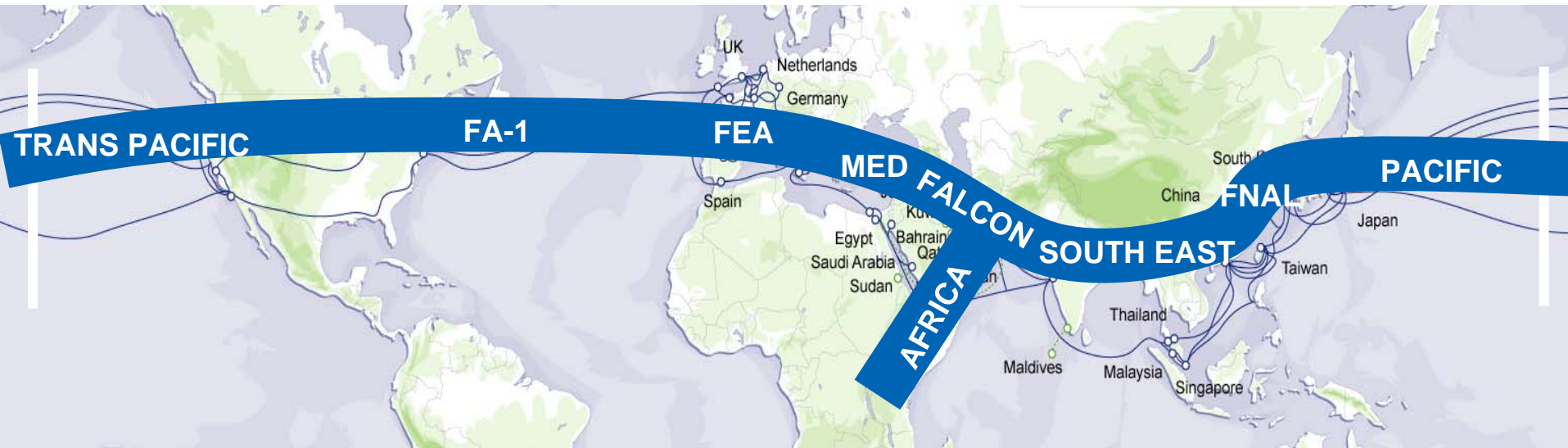
- ❑ **Leadership position in voice**
 - #1 International wholesale carrier
 - #1 ILD and NLD operator in India
 - #1 US to India calling service for retail customers
- ❑ **Largest carrier of international voice: >40% market share**
- ❑ **Only Indian company with > 1 million retail customers in the US**
- ❑ **Clients include several international industry leaders and telcos**



Acquired leadership rapidly across all segments

Rolling out Next Generation Network (NGN)

- ❑ US\$ 450 mn Falcon cable in the Middle East commissioned last year has expanded FLAG's presence from 28 to 40 countries
 - Financed through long term bandwidth sales
- ❑ US\$ 1.5 bn FLAG NGN project to build 50,000 Kms cable
 - Connecting 4 underserved segments with strong growth potential
 - FLAG will connect 60 countries representing 90% of global population



RCOM's acquisition of Yipes to accelerate growth

- ❑ Yipes is a leading Ethernet services company in the US
- ❑ Yipes is highly profitable, with gross operating margins at 55%
- ❑ Plan to further expand Yipes network in US and in 40 new markets globally



- ✓ 22,000 Metro RKms
- ✓ Demand growth: 32% p.a.
- ✓ Acquired at an attractive price of US\$ 300 mn

Yipes industry vertical coverage



Financial



Legal



Government



Healthcare

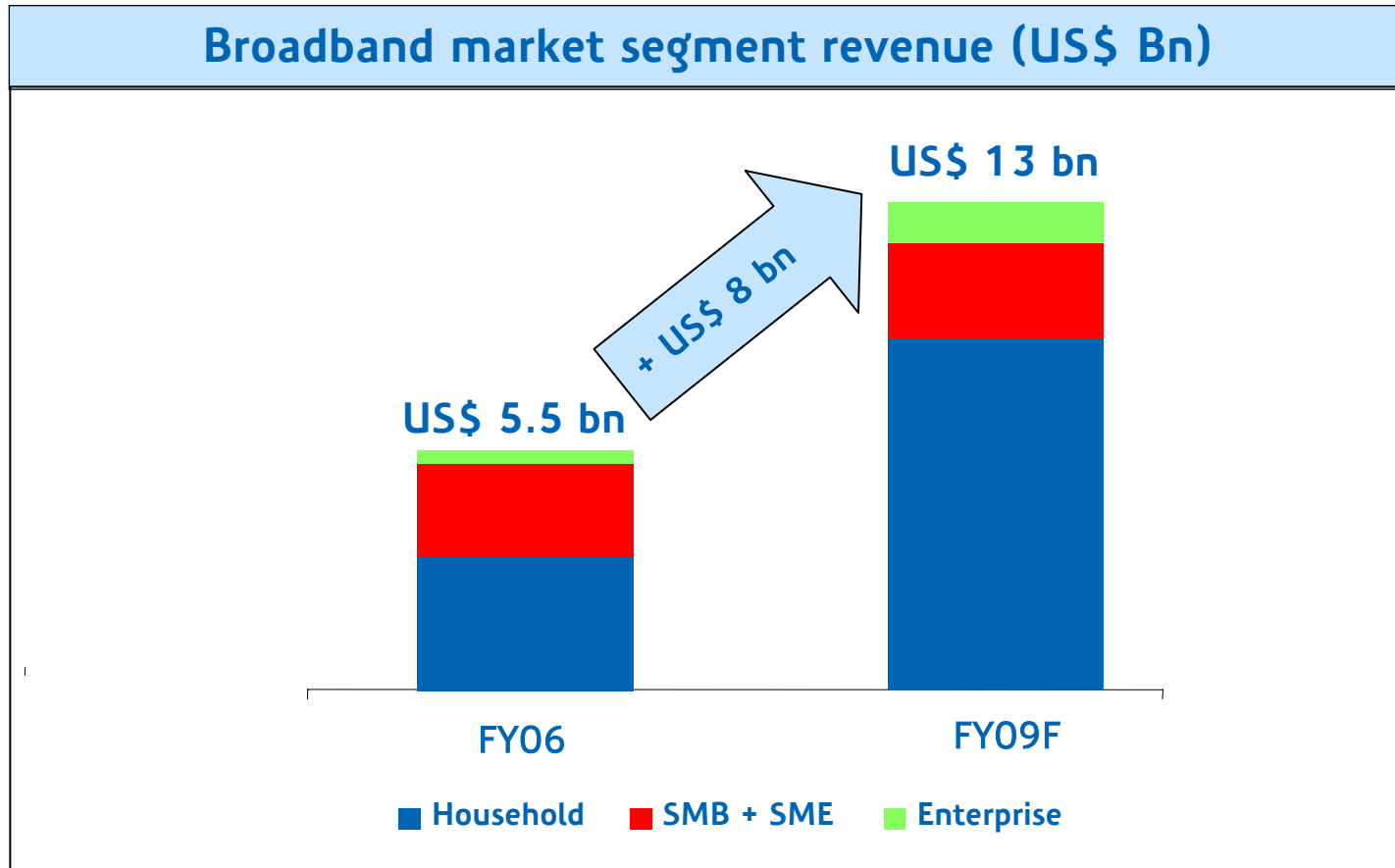


- ▣ Solutions for 4 verticals, accounting for 50% of ethernet market

Nearly 1,000 blue-chip customers in US

Business Segments: Enterprise

Market to grow by US\$ 8 bn in the next 3 years alone



Source : Industry Report

Underserved market: Provides strong growth opportunity

Strong in-roads into marquee accounts...



...representing leading players in the largest usage verticals

850 of Top 1,000 Indian enterprises are our customers

FMCG Segment



Services Segment



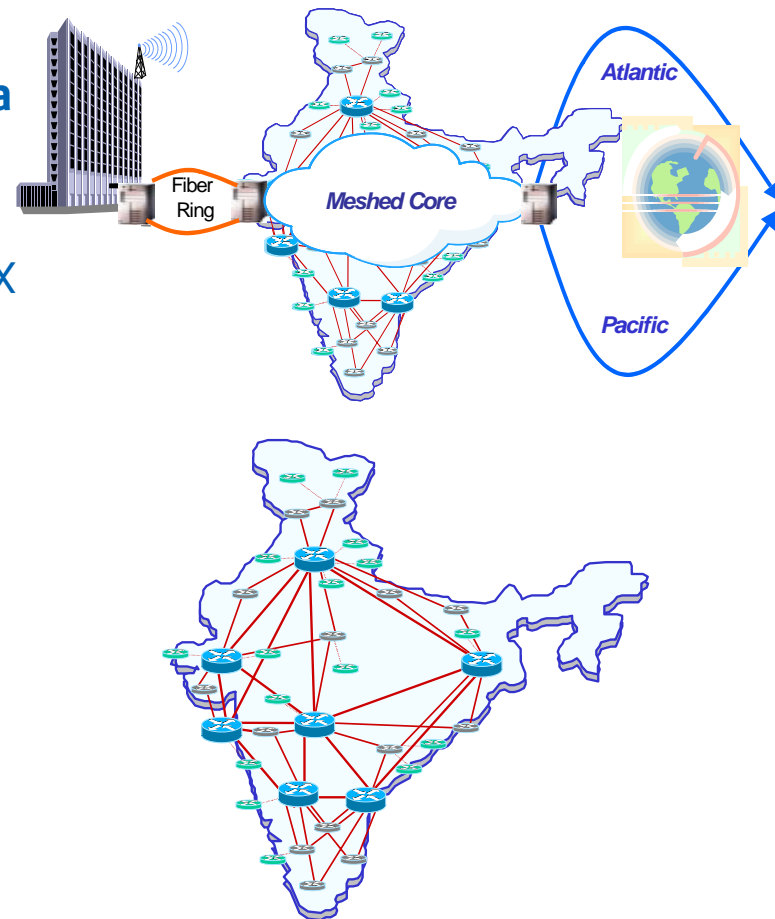
Telecom Operators



Winning >50% of new business generated in the segment

Achievements

- ❑ **>50% market share in highest growth data products**
 - Internet data centers
 - Centrex solutions: virtual, multi-location PBX
 - Virtual private networks
- ❑ **>600,000 buildings connected to our fiber network, to cross 1 mn by year end**
- ❑ **Deploying Broadband and WiMax network in top 10 cities in the country to cover 4 million SMEs**



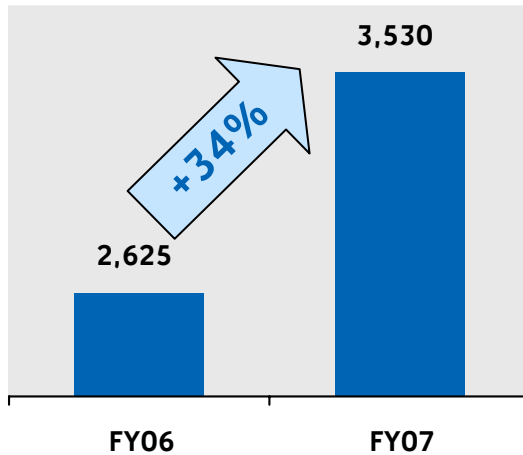
From start up to leading enterprise data franchise in 1st year

Financials

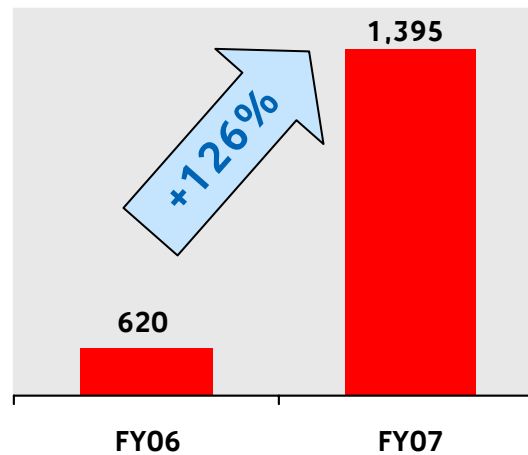
Highlights

Revenue, EBITDA & Net Profit (US\$ Mn)

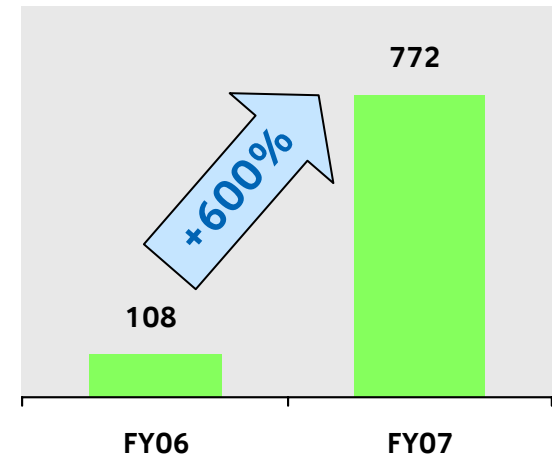
Revenue



EBITDA



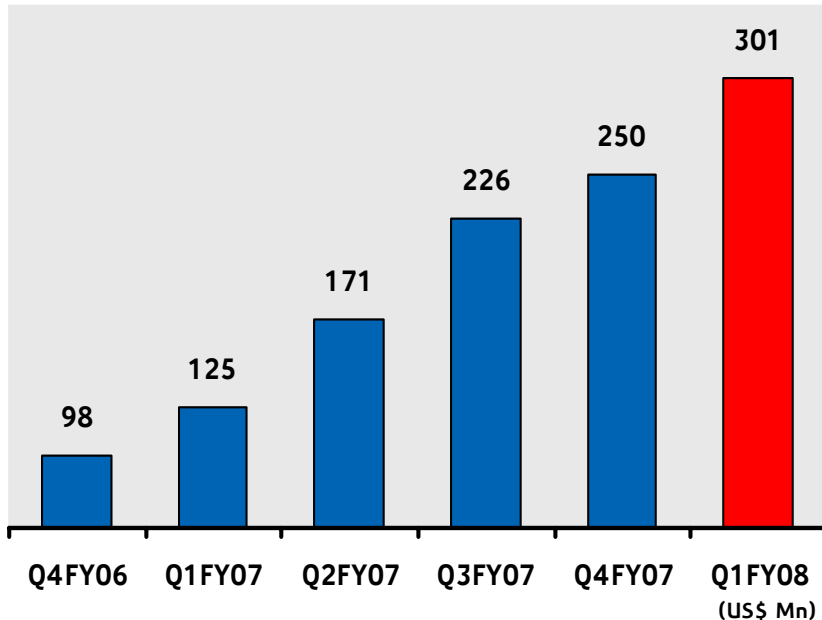
Net Profit



Consistent & Substantial increase in profitability

Consistent Performance

2.5X PAT growth in 5 quarters...



...3rd highest in India





(US\$ Mn)	Q1 FY08 PAT	Growth
Reliance Industries	796	28%
Bharti Airtel	372	100%
Reliance Communications	301	138%
TCS	293	36%
Infosys Technologies	263	35%

(US\$ Mn)

Youngest company to achieve >US\$ 300 mn quarterly PAT

Strong Financial Platform

Raised US\$ 2.5 bn, including US\$ 1.5 bn through FCCBs...

Total Assets		US\$ 13,659 mn
Net worth		US\$ 5,610 mn
Operating Cash Flow		US\$ 1,463 mn* <small>*15 months period</small>
ROE		36%# <small>#1Q annualized and adjusted</small>

...Net debt to equity at 0.1– potential to borrow US\$ 12 bn for growth

Key Recent Developments

5% of Towerco placed with major global investors

- ❑ **Valuation Achieved**
 - Equity value of US\$ 6.75bn
 - Translates to Rs 135 per RCOM share
 - Capital gains of US\$ 300 mn
- ❑ **From 14,000 to 40,000 towers in six months**
- ❑ **Towers built for passive infrastructure sharing**
 - Ability to initially host 4 tenants
 - Expandable to 7 tenants at marginal cost
- ❑ **Optic fiber connectivity across all towers**
- ❑ **RCOM is the anchor tenant through various platforms: CDMA, GSM, WiMAX, etc**



Underleveraged net worth of US\$ 1.2 bn

FLAG



- ❑ World's largest IP network over submarine cable system
- ❑ RCOM plans private placement to unlock value

Special Economic Zone



- ❑ 40 acres SEZ in Mumbai
- ❑ Strong interest from leading IT/ITES companies to set up operations
- ❑ Government approvals already received

BPO



- ❑ Strong capability to service BFSI, telecom & utilities sector
- ❑ Competency in front & back office operations
- ❑ More than 8,000 strong people

Key mantra – Maximisation of shareholder value

DTH Network – to launch before end of 2007



- ❑ India has 110 million TV households of which 50% are not connected through cable or DTH
- ❑ Our DTH services will tap this opportunity
- ❑ This modern network will provide DVD quality picture and better viewing experience

IPTV services – to be launched in top cities



- ❑ IPTV to provide interactive TV & Video services using our existing Ethernet network
- ❑ Our customers will enjoy movies and music on demand, interactive programme guide and gaming

RCOM: Looking Ahead

- ❑ India among the most attractive growth markets in the world
- ❑ RCOM is India's only integrated telecom company
- ❑ RCOM to have world's largest network covering a billion people in more than 23,000 towns and 600,000 villages
- ❑ RCOM is the most profitable telecom company in India with EBITDA margin >42%
- ❑ RCOM has an underleveraged balance sheet with the ability to finance future growth through debt

The journey of growth has just begun...

Thank you

September 2007