

RELIANCE

# Reliance Communications

## Investor Presentation

*August, 2011*

RELIANCE

## Forward looking statements – Important Note

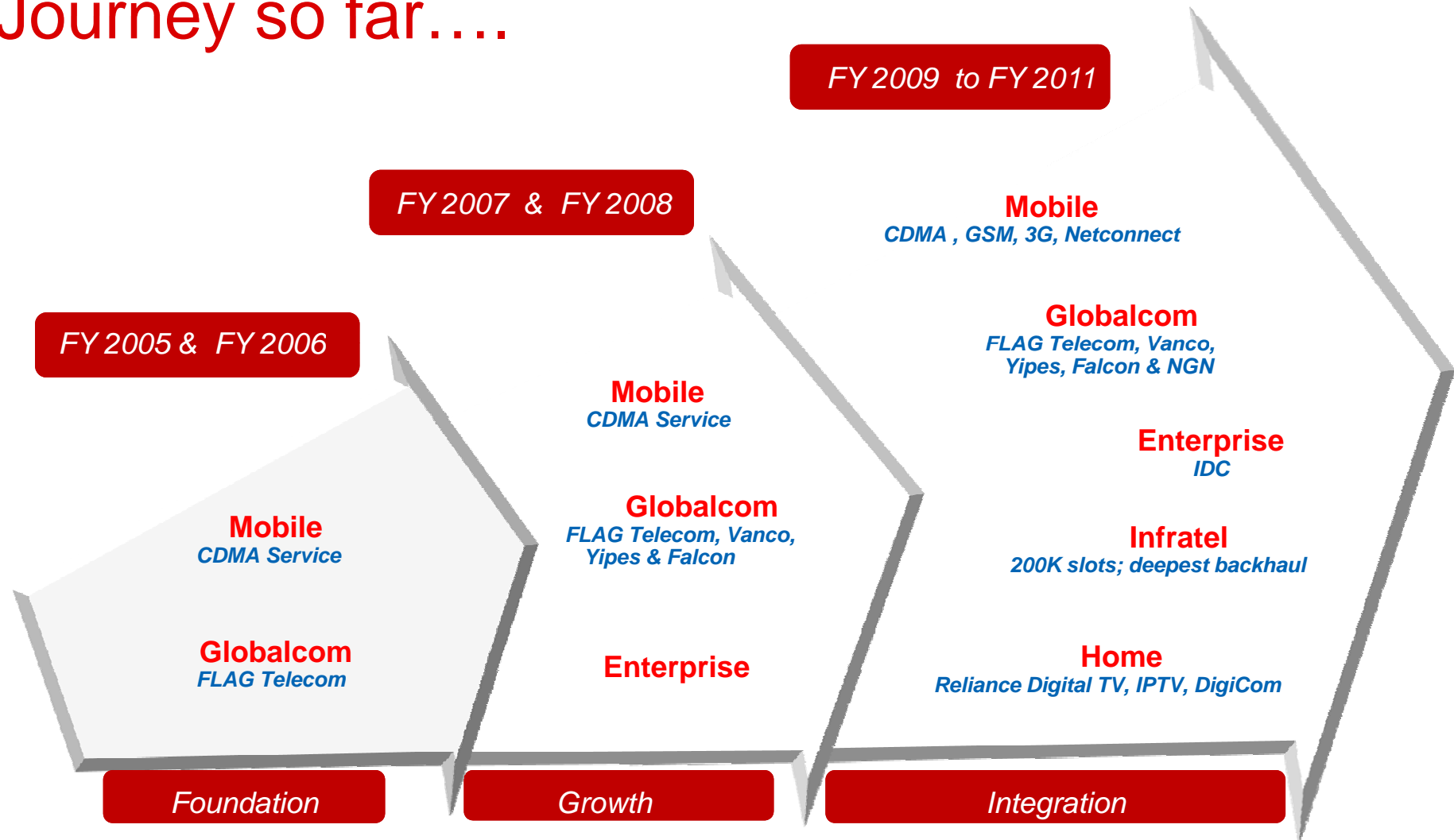
This presentation and the discussion that follows may contain “forward looking statements” by Reliance Communications Ltd (“RCOM”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operation, financial condition, business prospects, 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
  - Global 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
- ❑ 3G license in 13 circles (highest number of circles by single operator)
- ❑ Pan India data leadership

### Global Enterprise

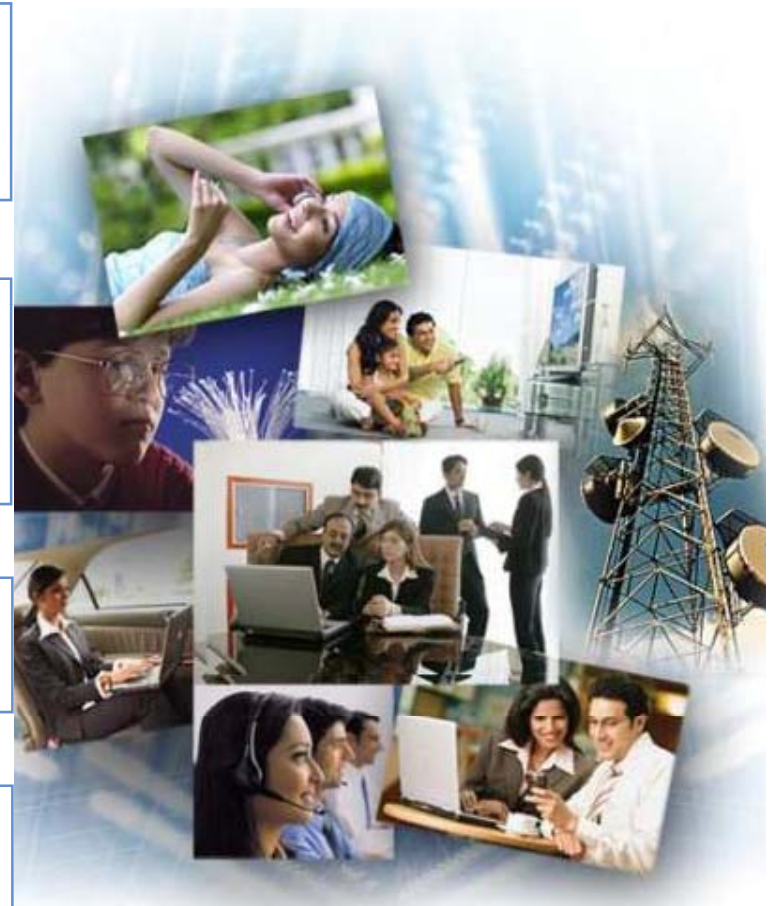
- ❑ Largest global private submarine cable network, blue-chip global clients
- ❑ One stop shop for all large corporates and SMBs for communications, networking and IT infrastructure needs

### 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 3G services & high speed datacards
- ❑ Increased revenue from new service streams (share of VAS & In-roaming revenue)

Global Enterprise



- ❑ Sign long term contracts with existing and new operators to provide pan-India infrastructure and bandwidth
- ❑ Complete NGN Mediterranean and continue to maintain leadership in the Carriers Carrier market
- ❑ 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

Infratel



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

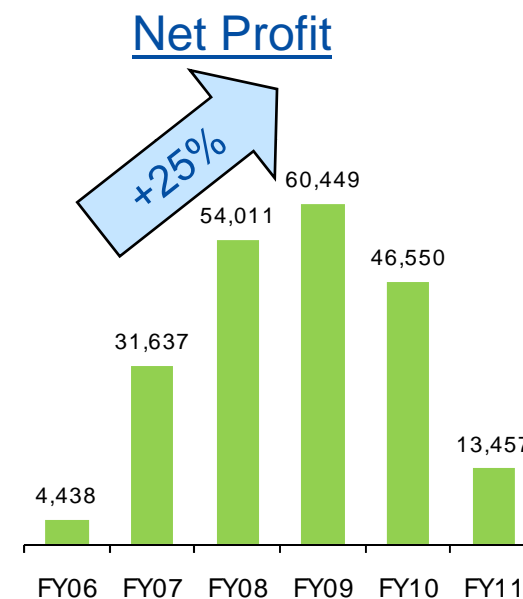
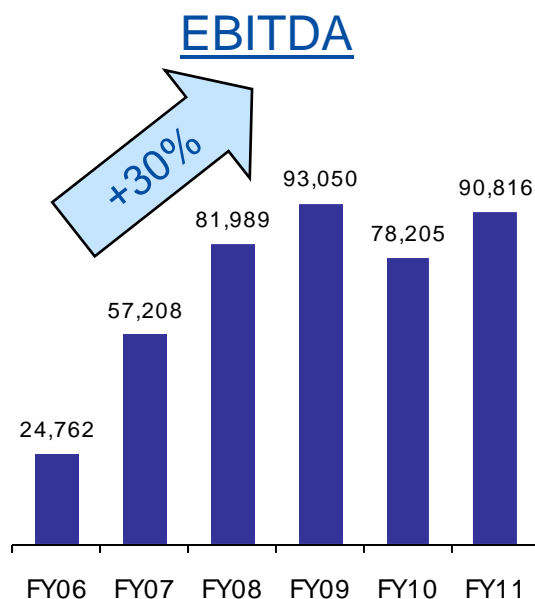
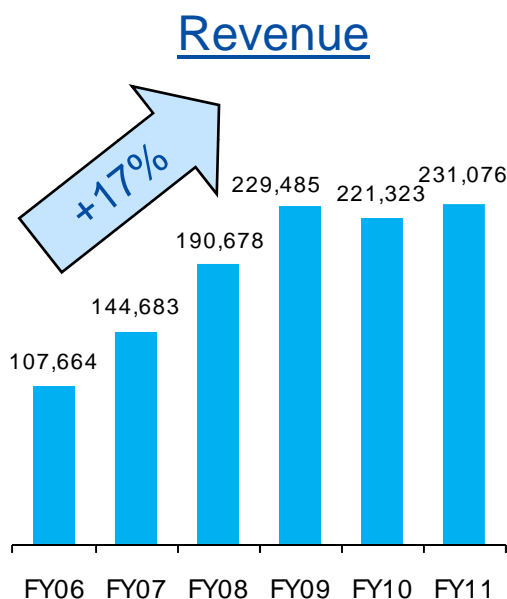
Home



- ❑ 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

# Financial Highlights

## Key Financial Parameters (Rs. Mn)



Maintaining Revenue & EBITDA levels in hyper competitive market

## Contents

- Reliance Communications – an integrated telco

### Wireless

- Global Enterprise
- Home

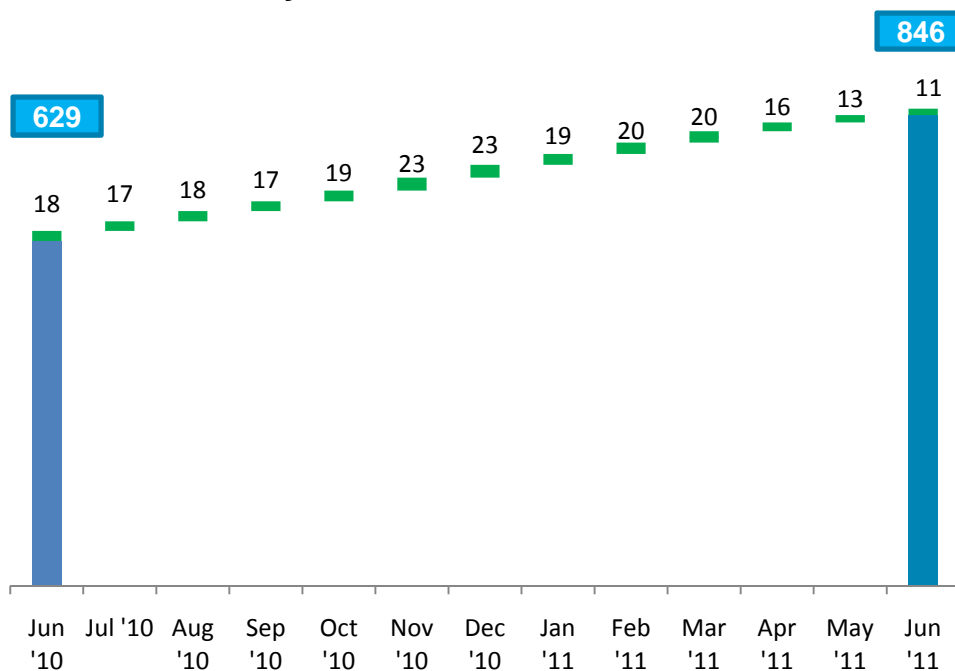
- Key takeaways



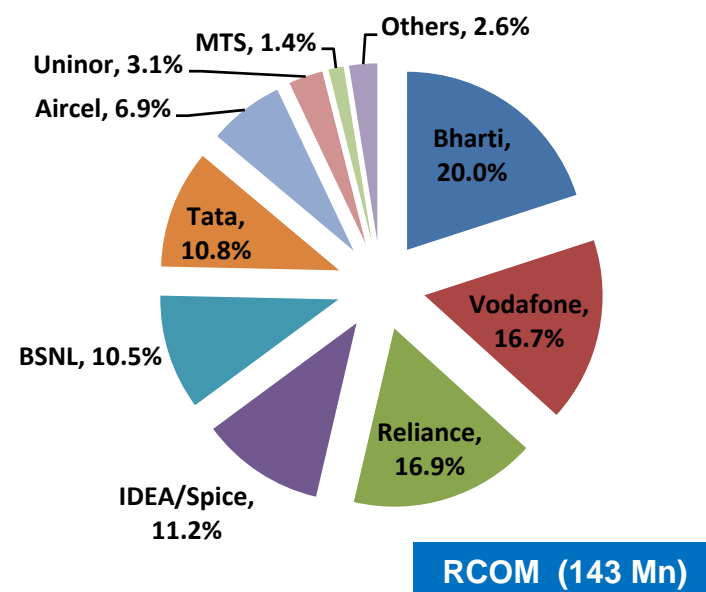
## Industry outlook : India's growing mobile market

India, the world's fastest growing & second biggest mobile market, has fifteen telecom service providers.

**Industry Subscriber Net Additions**



**Customer Market Share**



846 Mn wireless subscribers at the end of June 2011

Source: TRAI

RCOM maintained its Customer Market Share (CMS) and continue to add around 2.5 Mn. customers every month

## Strengths of Wireless Business

- 1 Dual technology advantage
- 2 Data leader (3G + HSD / EVDO)
- 3 143 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.

Product & Service innovations

4.

Distribution & Reach

Unmatched customer proposition

## Coverage



24,000 Towns

600,000 Villages

1 Billion Indians



Voice

Data

VAS

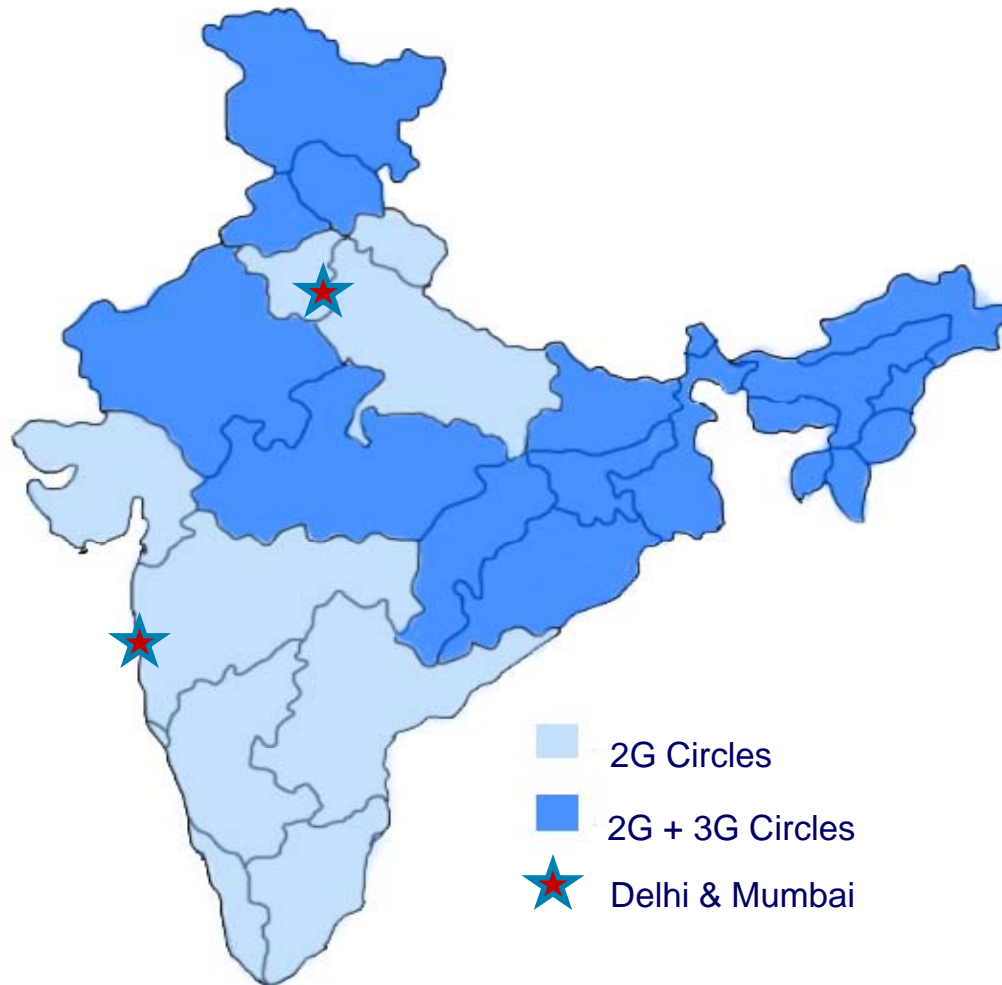
CDMA



GSM

Seamless coverage wherever you go

# Coverage : 3G license in 13 circles



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; Pan-India data leadership

## Coverage : Launched 3G within 100 days of receiving the spectrum

- ❑ 3G services kick off in 3 key metros of Mumbai, Delhi & Kolkata and city of Chandigarh on 13th December, 2010
- ❑ Currently, 3G services are available in 333+ cities & towns



## Coverage : High Speed Data (HSD) in 800+ towns

Enjoy speed with India's superfast wireless broadband

RELIANCE Netconnect+  
Now at ₹1599

► Now available in over 500 towns  
► Unlimited Internet plan starting at ₹750\*

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

Download offers maximum speed of upto 3.1Mbps and a minimum speed of 256 Kbps. Subject to technical feasibility. \*Conditions Apply

RELIANCE Netconnect+ USB Modem

The advertisement features a vibrant purple background with a roller coaster scene at the bottom showing people enjoying the ride. A small image of the Reliance Netconnect+ USB Modem is also shown.

### Competitive differentiation

- ❑ Fastest internet broadband (High Speed Data) service in India's top 800+ cities & towns
- ❑ Seamless handover & connectivity through CDMA 1X in over 20K towns
- ❑ 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

## Customer Choice

### Mobile Handheld

Voice



CDMA



GSM

Data



Video



### Dongles

3G HSPA



CDMA HSD



Wide options for Voice, Data & Video across CDMA & GSM platforms



# Product & Service innovations: Reliance 3G Tab



Reliance 3G Network



Fully Featured Phone  
SMS, MMS, and FM Radio



7 inch Thin Film Transistor (TFT)  
capacitive multi-touch screen



Dual camera (front and rear)  
Photographs & Video Recording



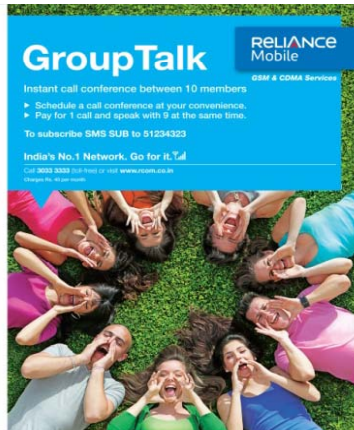
Wi-Fi & Bluetooth enabled  
Personal Wi-Fi Hotspot allowing to  
connect with up to 5 Wi-Fi enabled  
devices (Laptop, Mobile, PC etc ...)

Android 2.3  
(Gingerbread)

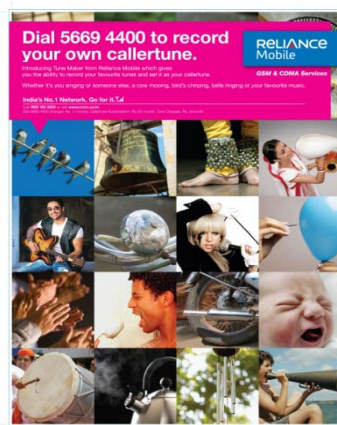


## Product & Service innovations

### Group Talk



### Tune Maker



### Simply Music



### Nokia Life Tools



### Bubby (voice twitter)

### App Store



### Location Based Services



### WAP Portal



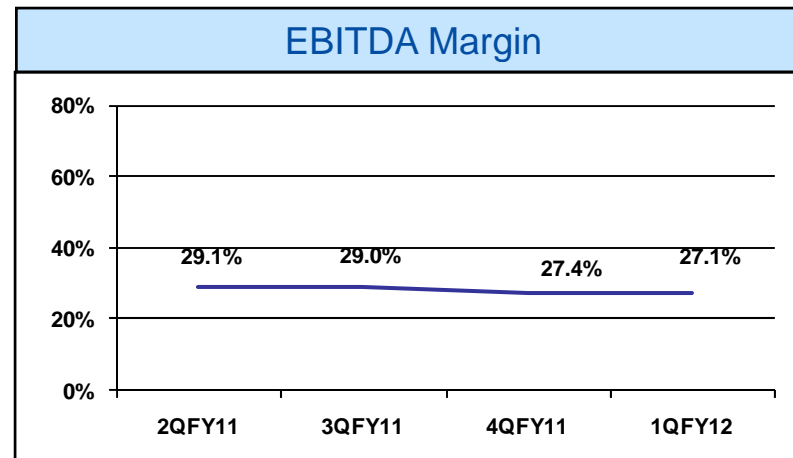
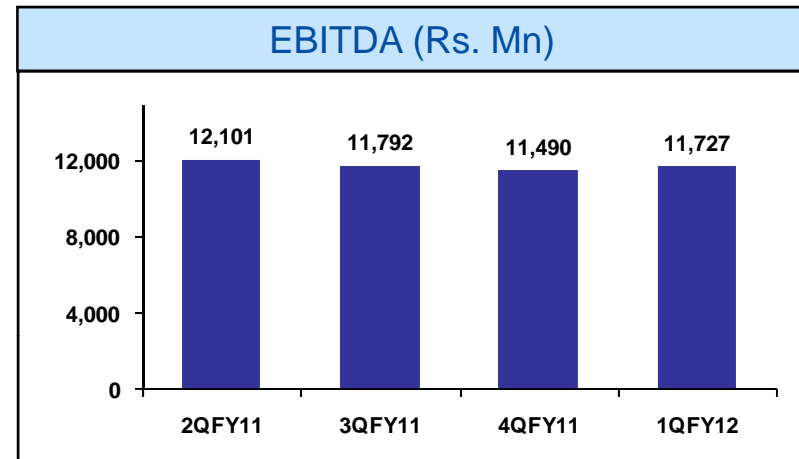
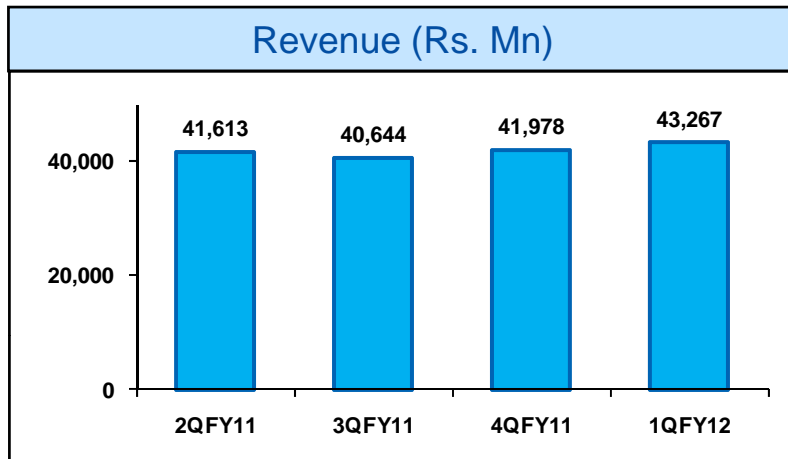
## Distribution & Reach

- ❑ 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 & 900,000 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

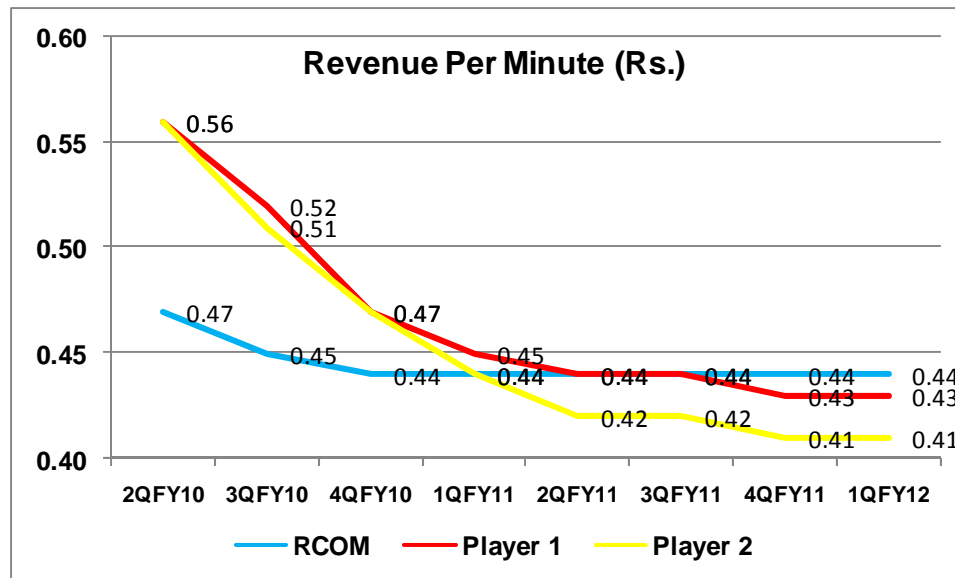
# Financial Performance



Two consecutive quarters of consumption led revenue growth

# Revenue Per Minute (RPM) trend

|          | 2Q'10 | 3Q'10 | 4Q'10 | 1Q'11 | 2Q'11 | 3Q'11 | 4Q'11 | 1Q'12 | Change over last 8 Qtrs. |
|----------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------------|
| Player 1 | 0.56  | 0.52  | 0.47  | 0.45  | 0.44  | 0.44  | 0.43  | 0.43  | -23.2%                   |
| Player 2 | 0.56  | 0.51  | 0.47  | 0.44  | 0.42  | 0.42  | 0.41  | 0.41  | -26.8%                   |
| RCOM     | 0.47  | 0.45  | 0.44  | 0.44  | 0.44  | 0.44  | 0.44  | 0.44  | -6.4%                    |



**RCOM, the only operator which has held on to the RPM over last 6 quarters**

## Contents

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

## Overview



Scalable and proven infrastructure and capabilities are in place  
Target is to scale up the business

## Carrier business : Global connectivity & assets

- ❑ Own 277,000 RKms of optic fiber cable with landing points in 30 countries & world's largest private undersea cable system spanning 65,000 Kilometers
- ❑ Manage over 60,000 customer sites in 163 countries through 700 carrier partners
- ❑ This cable system is seamlessly integrated with 1,90,000 kilometer of fiber optic in India connecting 600,000 villages & 24,000 towns to key business markets in India, USA, Europe, Middle East, and APAC regions
- ❑ Over 1000 direct interconnects with 450+ top networks

**Global Network**

**Long Distance Network in India**



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

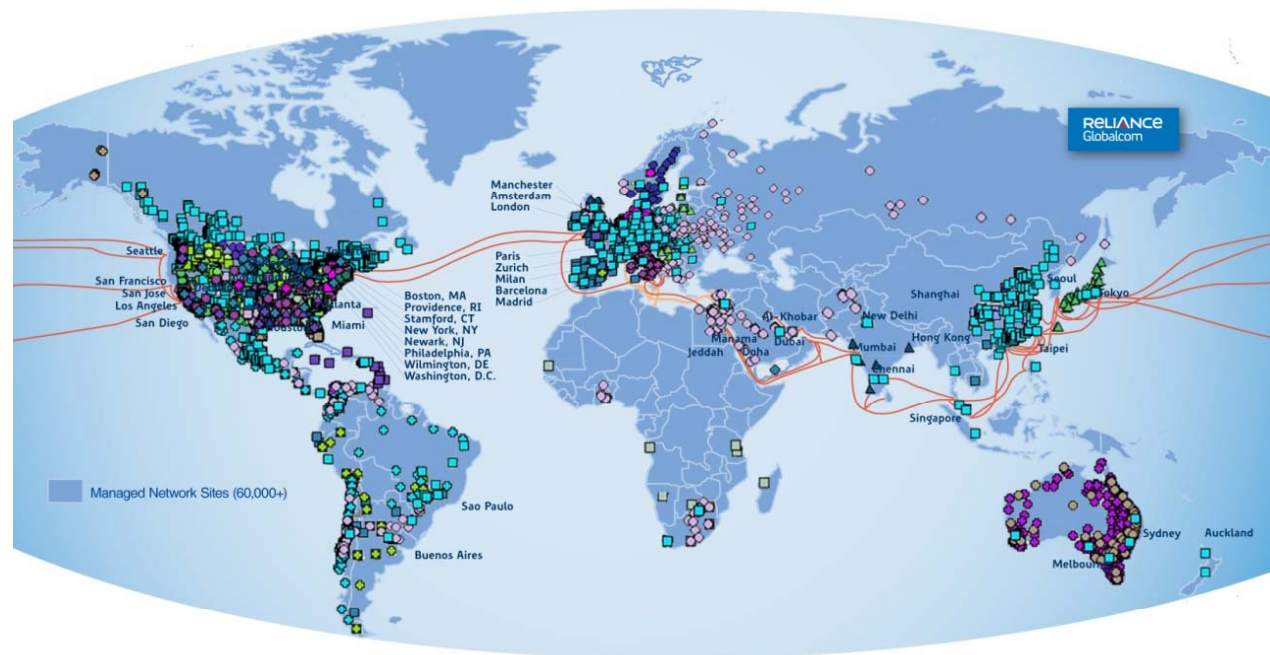


## Enterprise business : Enterprise Managed Network

### Global Connectivity

- ❑ 60,000+ managed sites with reach in 160 countries and territories
- ❑ Metro Ethernet connectivity across 26 Metros outside India
- ❑ High Capacity Access Network customized to meet Customer Demand

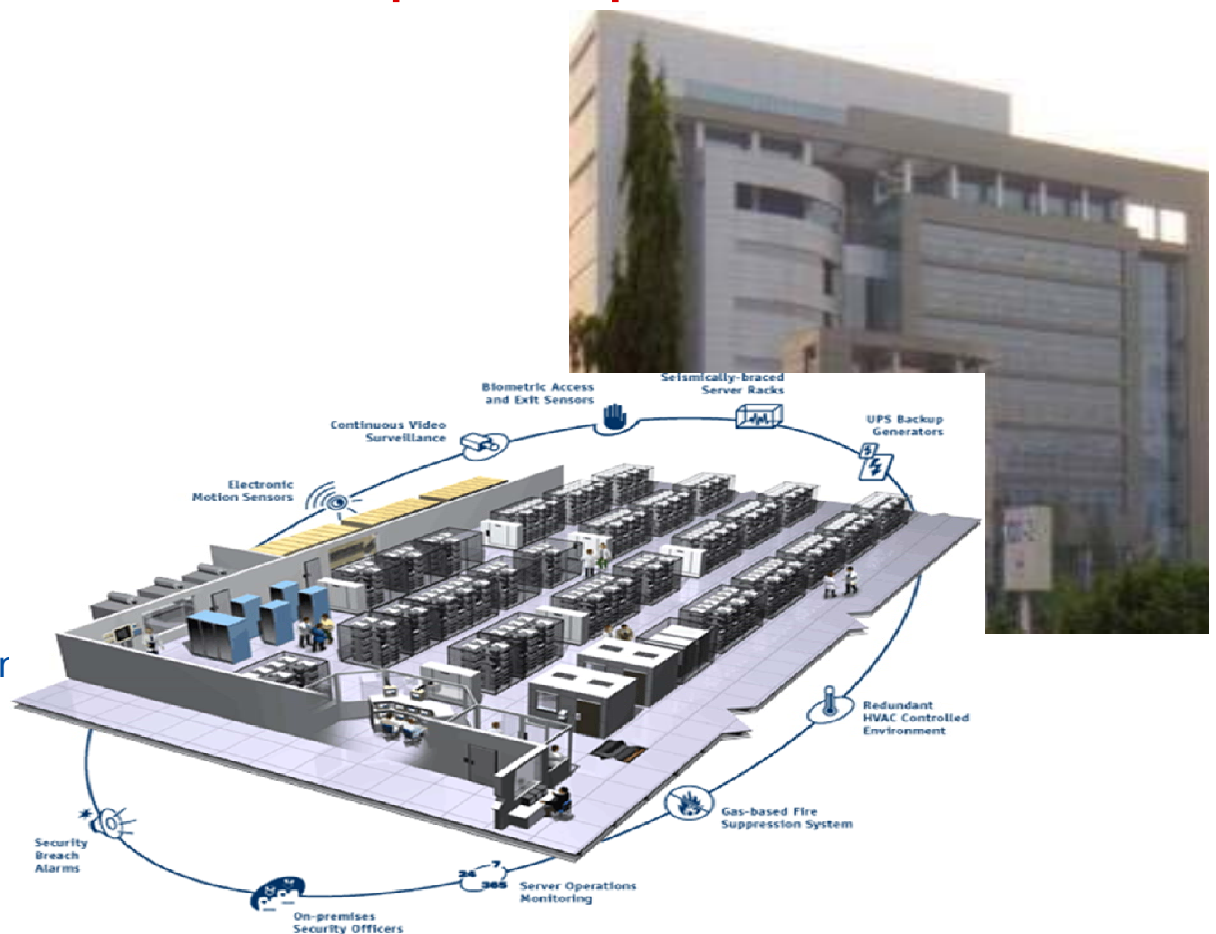
### Global Network



Unparalleled global reach and depth of network

## Enterprise business : Biggest Data center player in India with more than 450,000 sq ft of space

- ❑ 18 (9 India; 9 Outside India) Data centers across the globe with more than 550,000 sq ft of facilities space
- ❑ Geographic redundancy
- ❑ Wide & complex application hosted
  - Core Banking, ATM/ Internet Banking
  - Complex ERP/ SAP Application
  - Complex Intranet/ Customized Apps.
  - Large Messaging Applications



Expanding capacity to cater to fast growing demand

## Consumer business : Calling services to 160+ countries across the globe

### Global Reach

- Retail services in 14 countries including U.S, Canada, U.K., Australia, New Zealand, Hong Kong, Singapore, France, Canada, Spain, Belgium, Netherlands, Austria and India

### Leadership Position

- Over 2.5 million customers for Reliance Global Call service.
- Usage of Reliance Global Call accounts for 40% of total retail market calls from the United States to India.

### Innovative Product Suite

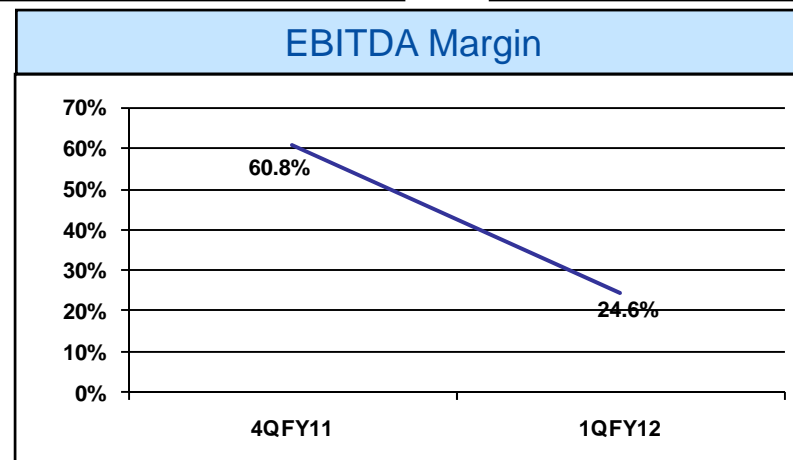
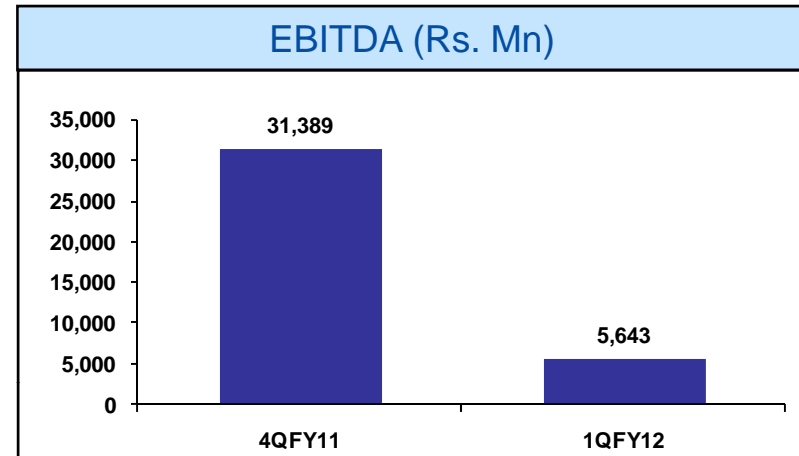
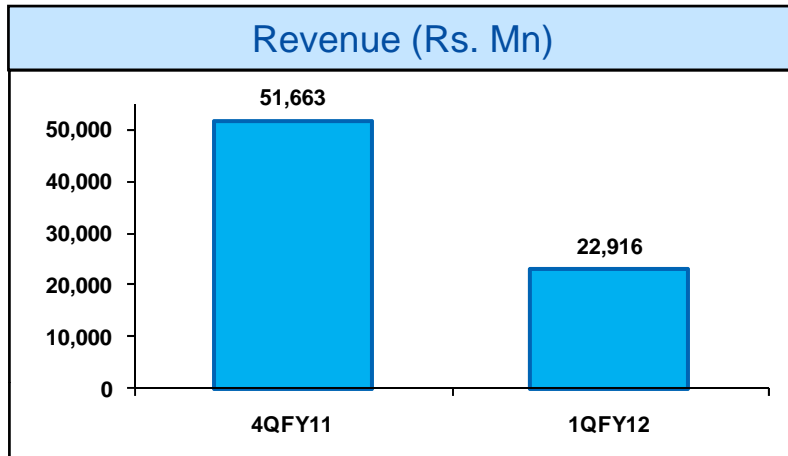
The image displays two screenshots of Reliance's web services. The top screenshot is the Reliance iCall website, featuring a login form, a navigation menu, and promotional banners for international calling services like 'Call @ 1 cent/min' and 'MindBridge'. The bottom screenshot is the Reliance Global Call website, highlighting 'Call over 200 countries' and 'Unmatched Voice Clarity' with various service tiles and a call rate table.

## Global presence and strong customer base

- Over 2,100 enterprise and 2.5 million retail customer base outside India

|                          |                                                                                                                                                                                                                                                                                                                                                                                       |  |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <p><b>Carrier</b></p>    | <ul style="list-style-type: none"> <li>Over 200 carrier customers based on strong long term relationships with over 70% repeat orders;</li> <li>Particularly strong in Asia, the Middle East and India</li> </ul>                                                                                                                                                                     |  |
| <p><b>Enterprise</b></p> | <ul style="list-style-type: none"> <li>Among Top 5 Managed Network Service providers with over 200 global corporate customers</li> <li>Among Top 6 Global Ethernet Service providers with over 1,200 customers in US alone;</li> <li># 1 or # 2 service provider to world's top exchanges including CME, NYSE, NASDAQ.</li> <li>Serve 850 of top 1000 enterprises in India</li> </ul> |  |
| <p><b>Consumer</b></p>   | <ul style="list-style-type: none"> <li>Over 2.5 million retail customers in 14 countries including U.S, Canada, U.K., Australia, New Zealand, Hong Kong, Singapore, France, Canada, Spain, Belgium, Netherlands, Austria and India</li> <li>1.25 million broadband customers in India</li> </ul>                                                                                      |  |

## Financial Performance



Note : 4Q FY'11 Revenue and EBITDA includes IRU license income of Rs 25.45 bn. and Rs. 25.3 bn. respectively.  
 From 1Q FY'12 onwards, RCOM is reporting combined Global and Enterprise business units as a single operating business unit.

Synergies to improve operational efficiencies

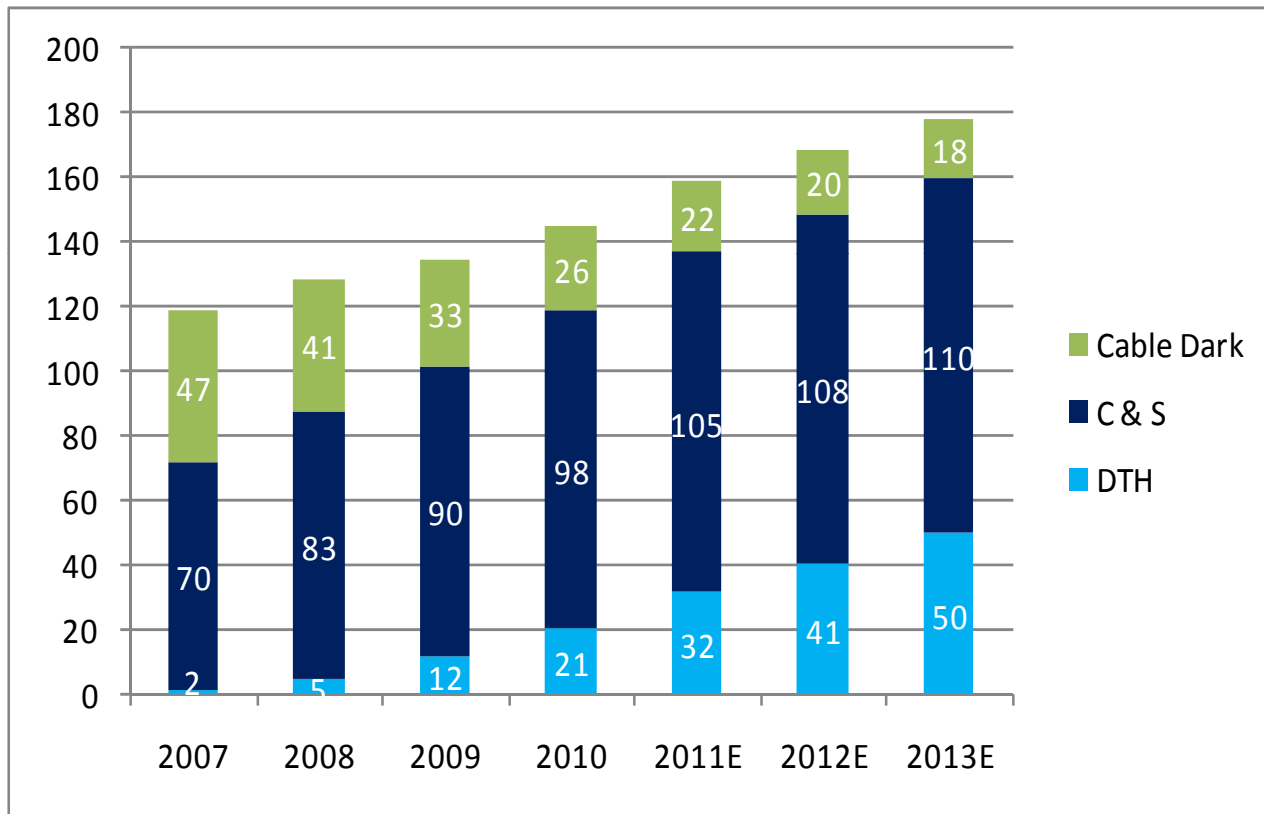
## Contents

- Reliance Communications – an integrated telco
  - Wireless
  - Global Enterprise

Home

- Key takeaways

# Indian Cable & Satellite Market



Source : Industry Estimates

**RELIANCE**  
Digital TV

**Don't just watch TV. Experience it.**

Introducing Reliance Digital TV HD. Now make your TV truly high-definition.

Call 1860-200-8666 or 1800-200-9001 (toll-free) or visit [www.reliancedigitaltv.com](http://www.reliancedigitaltv.com) to buy online

DTH penetration at ~20%% of TV homes; gaining momentum

## Reliance Digital TV (DTH)

- ❑ Industry's 1st offerings of its kind - All 250 channels in High Definition like quality
- ❑ Pioneering HD experience in India
- ❑ Pioneering DVR – “Watch when you want”
- ❑ Key service differentiators
  - More channel choice
  - Pure Digital viewing
  - 8 Cinema channels
  - Easy program guide
  - Quick channel select
  - Interactive applications (iNews, iGames, iCricket, iCooking, etc)
  - Superior MPEG 4 technology

**RELIANCE**  
Digital TV

**If it's on TV,  
it's HD.**

Now get all 250 channels in high-definition like quality.

**250 CHANNELS HD**

₹2590

[www.reliancedigitaltv.com](http://www.reliancedigitaltv.com)

**10x** UP TO 10 TIMES SHARPER PICTURE QUALITY

**16-9** WIDE ASPECT RATIO

**1080p** OVER 2 MILLION PIXELS

**HDMI** HIGH DEFINITION MULTIMEDIA INTERFACE

**DIGITAL SOUND**

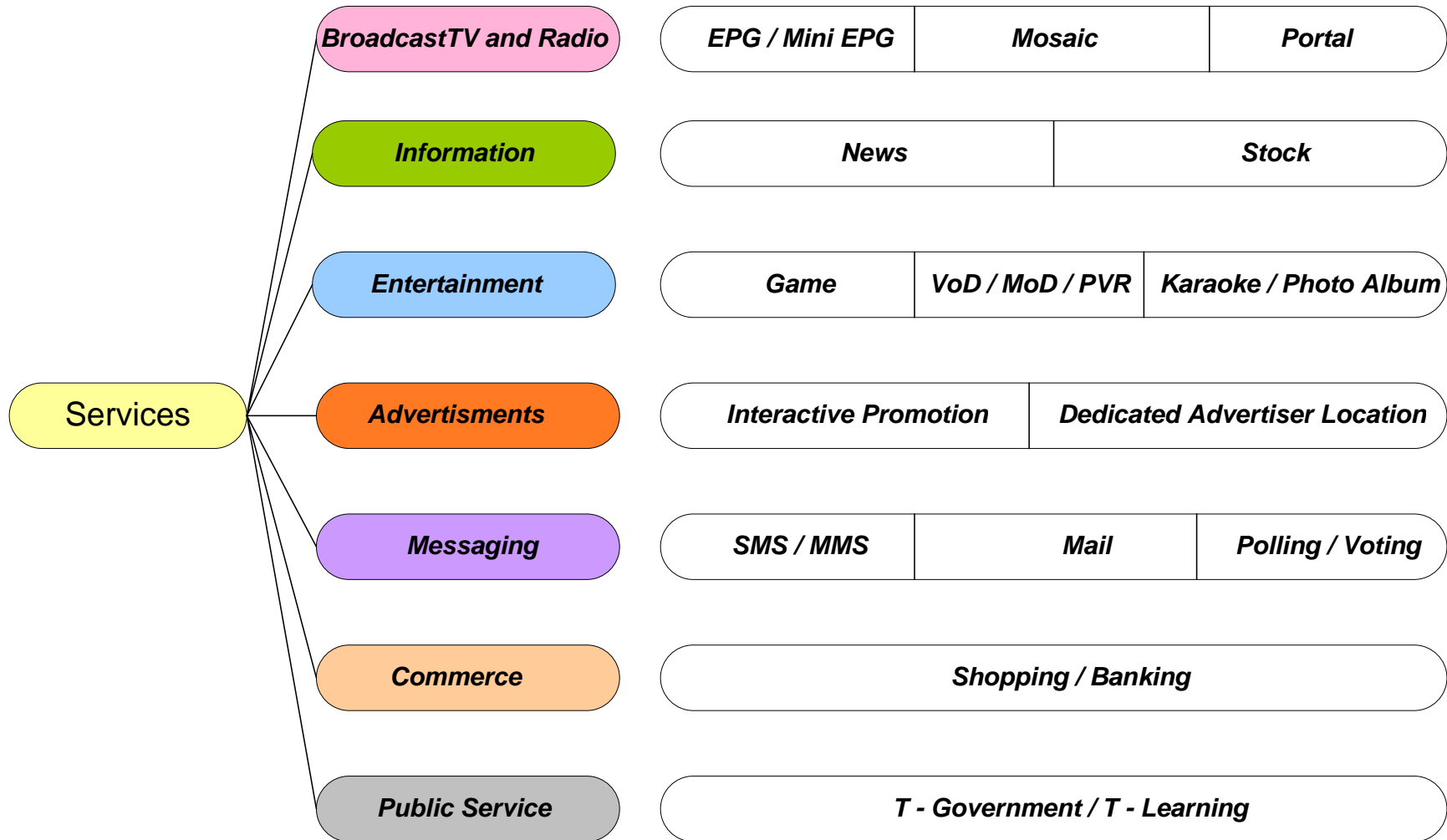
Standee

Size: (W) 3' x (H) 6'

Digital viewing experience will create revolution in TV entertainment platforms



# Digital TV Services: Complete suite of services



## The 4 Pillars of Growth

### Content

- ❑ 250+ channels
- ❑ 8 exclusive movie channels in English, Hindi and other regional languages
- ❑ Interactive features – Games, Shopping, Kids, Stocks, Astrology, Cooking
- ❑ High-definition channels

### Technology

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



Digital TV

### Reach and service

- ❑ 8,100 towns
- ❑ 2,000+ exclusive Reliance retail stores
- ❑ 24x7, 11 language customer service

### Experience

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

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Key takeaways

# Drivers for future growth and shareholder value

## Drivers

- ❑ Reliance Infratel transaction: RCOM received formal indicative offers from several interested parties. Currently, the transaction is proceeding on track and is at advance stage
- ❑ Peak investment phase is over. RCOM continues to be free cash flow positive and this trend to continue in succeeding years
- ❑ Financials at inflection point as GSM and 3G momentum scales up
- ❑ RCOM not only reliant on wireless business for future growth but also on massive opportunity which exists in newer segments including DTH and expansion of Enterprise/IDC
- ❑ Potential for unlocking shareholder value at subsidiary level (Infratel, Global Enterprise, DTH)

## Impact

**Deleveraged Balance sheet**

**Increase revenue generating ability**

**Operational leverage improves margin & profitability**

**Potential of unlocking shareholders value**

**Deleveraged balance sheet coupled with significant free cash flow generation to place RCOM in a much stronger financial position**

RELIANCE

Thank you

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