

ACTION

Removed from Asia Pacific Conviction Buy List Reliance Communications (RLCM.BO)

Removed from Conviction Buy; maintain Buy, TP cut to Rs678

What happened

We are removing Reliance Communication (RCOM) from our Conviction Buy list, since the stock has breached the stop-loss territory within our Conviction List coverage universe. The stock has fallen 20.8% since we added it to the Conviction Buy list on May 20, 2008 vs. a 19.9% drop in BSE30-Sensex. Over the past 12 months, RCOM has fallen by 8.0% vs. a 4.4% drop in the BSE30-Sensex. In our view, a market-wide contraction in multiples, rising cost of capital and uncertainty over the outcome of RCOM's ongoing dialogue with MTN with respect to any M&A activity have led to a sharp downturn in RCOM's stock price.

Current view

We maintain our 'Buy' rating on RCOM as we see two key catalysts for the stock panning out over the next 6-9 months – the launch of RCOM's pan-India GSM services and RCOM securing external tenancy on its tower network – thus crystallizing the value of both RCOM's core business and its tower subsidiary. In our view, any outcome of RCOM's ongoing dialogue with MTN for a potential combination of their business would be neutral-to-positive for shareholders, unless RCOM ends up overstressing its balance sheet in the process (FY09E net-debt to equity is 0.58).

Our revised 12-month target price of Rs678 (from Rs811), incorporating our regional strategy team's risk free rate forecast of 9% (previously 7.5%) for India and thus raising our assumed WACC for RCOM to 12.1% (from 11.1%), implies a 43% upside from RCOM's current share price. RCOM's target price is a sum of DCF-based value of its business (Rs672/share) and net proceeds (Rs6/share) from the 5% stake sale in R-Infratel in July 2007, which is held in trust for RCOM. We peg RCOM's core business value at Rs562/share and attributable tower business value at Rs110/share. Our DCF-based equity value of RCOM's tower subsidiary (R-Infratel) is US\$7.6 bn (previously US\$8.9 bn). Key risks: (1) Delay in pan-India GSM rollout beyond 2HFY09, (2) poor uptake of external tenancy on its tower network, (3) sub-par wireless KPIs.

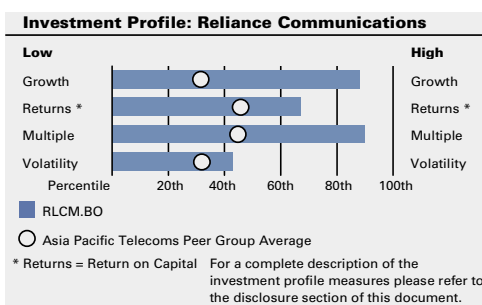
INVESTMENT LIST MEMBERSHIP

Asia Pacific Buy List

Coverage View: Neutral

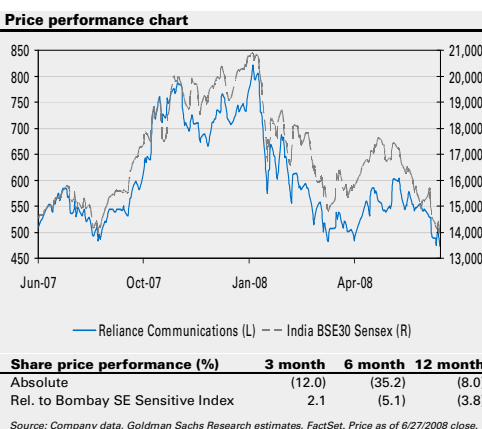
India:
Telecom Services

Anirudh Gangahar
+91(22)6616-9040 | anirudh.gangahar@gs.com Goldman Sachs India SPL
Rishi Jhunjunwala
+91(80)6637-8667 | rishi.jhunjunwala@gs.com Goldman Sachs India SPL



Key data	Current
Price (Rs)	473.55
12 month price target (Rs)	678.00
Market cap (Rs mn / US\$ mn)	977,419.0 / 22,794.3
Foreign ownership (%)	--

	3/08	3/09E	3/10E	3/11E
EPS (Rs)	23.83	27.68	34.06	43.39
EPS growth (%)	55.8	16.2	23.0	27.4
EPS (diluted) (Rs)	23.83	27.68	34.06	43.39
EPS (basic pre-ex) (Rs)	25.14	28.98	35.27	44.22
P/E (X)	19.9	17.1	13.9	10.9
P/B (X)	4.5	3.4	2.7	2.1
EV/EBITDA (X)	16.5	10.9	8.3	6.3
Dividend yield (%)	0.2	0.2	0.5	1.1
ROE (%)	27.8	23.7	22.5	22.1



The Goldman Sachs Group, Inc. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification, see the text preceding the disclosures. For other important disclosures go to www.gs.com/research/hedge.html. Analysts employed by non-US affiliates are not required to take the NASD/NYSE analyst exam.

Reliance Communications: Summary financials

Profit model (Rs mn)	3/08	3/09E	3/10E	3/11E	Balance sheet (Rs mn)	3/08	3/09E	3/10E	3/11E
Total revenue	188,297.7	255,775.6	338,145.1	419,124.6	Cash & equivalents	115,981.0	66,040.2	24,932.4	48,980.5
Cost of goods sold	(62,590.9)	(82,478.8)	(106,370.1)	(128,316.7)	Accounts receivable	27,224.0	35,130.9	41,800.0	46,629.3
SG&A	(46,096.0)	(66,052.4)	(84,473.2)	(103,344.2)	Inventory	4,059.0	5,154.8	6,280.6	7,239.3
R&D	--	--	--	--	Other current assets	65,892.0	78,572.6	89,529.1	95,831.3
Other operating profit/(expense)	0.0	0.0	0.0	0.0	Total current assets	213,156.0	184,898.6	162,542.1	198,680.4
EBITDA	79,610.8	107,244.4	147,301.9	187,463.7	Net PP&E	448,924.0	623,569.6	723,690.9	757,931.3
Depreciation & amortization	(28,052.6)	(36,683.5)	(52,557.2)	(64,543.2)	Net intangibles	35,587.5	35,587.5	35,587.5	35,587.5
EBIT	51,558.2	70,560.9	94,744.7	122,920.5	Total investments	2,797.0	2,797.0	2,797.0	2,797.0
Interest income	11,424.8	8,118.7	4,622.8	3,490.5	Other long-term assets	0.0	0.0	0.0	0.0
Interest expense	(7,427.3)	(10,519.7)	(12,730.8)	(13,275.8)	Total assets	700,464.5	846,842.6	924,617.5	994,996.2
Income/(loss) from uncons. subs.	0.0	0.0	0.0	0.0	Accounts payable	48,909.1	60,155.1	73,426.9	84,675.0
Others	0.0	0.0	0.0	0.0	Short-term loans	0.0	0.0	0.0	0.0
Pretax profits	55,555.7	68,159.8	86,636.7	113,135.2	Other current liabilities	150,357.9	184,726.6	167,600.7	136,566.7
Income tax	(2,836.2)	(7,838.4)	(10,829.6)	(15,838.9)	Total current liabilities	241,687.0	284,327.8	278,868.9	259,857.9
Minorities	(1,097.5)	(109.8)	(1,721.2)	(2,929.3)	Long-term debt	215,681.0	249,027.6	249,830.1	223,671.6
Net income pre-preferred dividends	51,622.0	60,211.7	74,086.0	94,367.0	Other long-term liabilities	0.0	(361.2)	(794.4)	(794.4)
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	215,681.0	248,666.4	249,035.7	222,877.2
Net income (pre-exceptionals)	51,622.0	60,211.7	74,086.0	94,367.0	Total liabilities	457,368.0	532,994.2	527,904.6	482,735.1
Post-tax exceptionals	2,375.2	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	53,997.2	60,211.7	74,086.0	94,367.0	Total common equity	218,785.5	289,427.7	370,571.0	483,189.9
EPS (basic, pre-except) (Rs)	25.14	28.98	35.27	44.22	Minority interest	24,311.0	24,420.8	26,141.9	29,071.2
EPS (basic, post-except) (Rs)	26.28	28.98	35.27	44.22	Total liabilities & equity	700,464.5	846,842.6	924,617.5	994,996.2
EPS (diluted, post-except) (Rs)	23.83	27.68	34.06	43.39	BVPS (Rs)	106.00	138.43	175.56	223.96
DPS (Rs)	0.75	1.00	2.50	5.00	Net debt	99,700.0	182,987.4	224,897.7	174,691.1
Dividend payout ratio (%)	2.9	3.5	7.1	11.3					
Free cash flow yield (%)	(10.4)	(11.1)	(1.8)	6.6					
Growth & margins (%)	3/08	3/09E	3/10E	3/11E	Ratios	3/08	3/09E	3/10E	3/11E
Sales growth	30.1	35.8	32.2	23.9	ROE (%)	27.8	23.7	22.5	22.1
EBITDA growth	39.2	34.7	37.4	27.3	ROA (%)	9.0	7.8	8.4	9.8
EBIT growth	58.4	36.9	34.3	29.7	ROACE (%)	17.1	14.9	14.8	16.2
Net income growth	70.7	11.5	23.0	27.4	Inventory days	25.9	20.4	19.6	19.2
EPS growth	44.3	10.3	21.7	25.4	Receivables days	44.1	44.5	41.5	38.5
Gross margin	66.8	67.8	68.5	69.4	Payable days	272.1	241.3	229.2	224.9
EBITDA margin	42.3	41.9	43.6	44.7	Net debt/equity (%)	41.0	58.3	56.7	34.1
EBIT margin	27.4	27.6	28.0	29.3	Interest cover - EBIT (X)	NM	29.4	11.7	12.6
					Total debt/total capital (%)	47.0	44.2	38.6	30.4
Cash flow statement (Rs mn)	3/08	3/09E	3/10E	3/11E	Valuation	3/08	3/09E	3/10E	3/11E
Net income pre-preferred dividends	51,622.0	60,211.7	74,086.0	94,367.0	P/E basic (X)	19.9	17.1	13.9	10.9
D&A add-back	28,052.6	36,683.5	52,557.2	64,543.2	P/B (X)	4.5	3.4	2.7	2.1
Minorities interests add-back	0.0	0.0	0.0	0.0	EV/EBITDA (X)	16.5	10.9	8.3	6.3
Net (inc)/dec working capital	(3,659.9)	2,243.3	5,476.9	5,476.9	Div yield (%)	0.2	0.2	0.5	1.1
Other operating cash flow	45,813.5	18,714.2	(29,687.2)	(36,561.2)	Additional metrics	3/08	3/09E	3/10E	3/11E
Cash flow from operations	122,925.7	117,601.1	103,720.9	130,738.3	Total wireline voice rev (Rs mn)	--	--	--	--
Capital expenditures	(206,204.2)	(211,319.1)	(152,688.5)	(98,783.6)	Total wireline data rev (Rs mn)	--	--	--	--
Acquisitions	0.0	0.0	0.0	0.0	Total mobile rev (Rs mn)	149,755.2	201,211.8	258,972.0	314,897.1
Divestitures	0.0	0.0	0.0	0.0	Total wireline subscribers (000)	--	--	--	--
Others	(122.6)	0.0	0.0	0.0	Total internet subscribers (000)	--	--	--	--
Cash flow from investments	(206,326.8)	(211,319.1)	(152,688.5)	(98,783.6)	Total mobile subscribers (000)	45,793.7	67,047.3	88,407.2	106,037.9
Dividends paid (common & pref)	(1,811.1)	(2,446.1)	(6,173.9)	(12,620.9)	% prepaid of total mobile subs	--	--	--	--
Inc/(dec) in debt	41,297.7	33,346.6	802.5	(26,158.5)	Mobile blend monthly ARPU (Rs)	338.2	297.2	277.7	269.9
Common stock issuance (repurchase)	(3,057.1)	12,876.6	13,231.2	30,872.8	% blend mobile ARPU from data	--	--	--	--
Other financing cash flows	0.0	0.0	0.0	0.0	Mobile blended MOU/sub (min)	464.1	440.9	445.3	449.7
Cash flow from financing	36,429.5	43,777.1	7,859.8	(7,906.6)	Mobile monthly blend churn (%)	--	--	--	--
Total cash flow	(46,971.6)	(49,940.8)	(41,107.9)	24,048.1	Marketing expense/total rev (%)	--	--	--	--
Free cash flow	(129,092.0)	(112,070.8)	(18,847.2)	68,532.8	Mobile capex/mobile rev (%)	114.7	69.3	31.9	20.4
					Wireline capex/wireline rev (%)	80.7	94.9	90.1	41.5

Note: Last actual year may include reported and estimated data.

Source: Company data, Goldman Sachs Research estimates.

Analyst Contributors

Anirudh Gangahar

anirudh.gangahar@gs.com

Rishi Jhunjunwala

rishi.jhunjunwala@gs.com

Exhibit 1: DCF-based-sum-of-the-parts value implies 43% upside to current levels

Reliance Communications					
DCF value (Rs/share)	672	DCF - Core business	672		
% of EV in forecast period	23.5%	Infratel - Cash held in Trust	6		
% of EV in second stage	38.2%	SOTP (Rs / Share)	678		
% of EV in terminal year	38.3%	Potential Upside / Downside to TP	43.2%		
Second stage duration (yrs)	10				
Second stage sales growth	10.0%				
Second stage EBIT margin	40.0%				
Terminal year growth	4.0%		Core Business: Sensitivity to WACC and TG		
Terminal year EBITDA margin	35.0%				
Risk Free Rate (Rf)	9.0%		11.6%	12.1%	12.6%
Equity Risk Premium (Rp)	6.0%	3.0%	692	637	588
Assumed Beta (B)	1.10	3.5%	712	654	602
Forecast Period Avg. D/E	50.0%	4.0%	734	672	618
Cost of Equity	15.6%	4.5%	760	693	635
Avg. Post Tax Cost of Debt	5.2%	5.0%	789	717	655
WACC	12.1%				

Source: Goldman Sachs research estimates.

Exhibit 2: R-Infratel financials and valuation buildup

(Financials in Rs mn)									
Reliance Infratel	FY07	FY08	FY09E	FY10E	FY11E	FY12E	FY13E	FY14E	FY15E
YE No of Towers	-	35,000	59,000	70,445	78,607	84,968	90,189	94,959	99,388
YoY			69%	19%	12%	8%	6%	5%	5%
Overall Tenancy Ratio	-	1.06	1.55	2.00	2.25	2.45	2.57	2.66	2.73
- RCOM (Internal)	3.15	1.06	1.30	1.50	1.57	1.62	1.69	1.73	1.77
- Third party (External)	-	-	0.25	0.50	0.68	0.83	0.89	0.93	0.96
YE Tenants	13,849	36,989	91,447	140,839	176,966	207,868	231,963	252,810	271,042
YoY		123%	147%	54%	26%	17%	12%	9%	7%
Total Revenues		16,225	35,934	63,036	81,467	96,384	104,452	114,367	123,973
Site Maintenance Costs		2,313	4,647	6,584	7,799	8,805	9,700	10,548	11,390
Electricity & Fuel Charges		5,204	10,964	16,004	19,258	21,848	23,987	25,836	27,635
Land Lease		1,619	3,790	5,350	6,314	7,622	8,366	9,064	10,466
Personnel Expenses		243	557	1,009	1,271	1,466	1,549	1,654	1,748
Administrative expenses		211	467	819	1,059	1,253	1,324	1,413	1,494
Operating Expenses		9,591	20,426	29,766	35,701	40,994	44,925	48,515	52,732
EBITDA		6,634	15,508	33,270	45,766	55,390	59,527	65,852	71,240
EBITDA Margin		40.9%	43.2%	52.8%	56.2%	57.5%	57.0%	57.6%	57.5%
Depreciation		4,024	9,437	12,999	15,516	17,321	18,725	19,896	20,944
EBIT		2,610	6,071	20,271	30,250	38,069	40,802	45,955	50,297
EBIT Margin		16.1%	16.9%	32.2%	37.1%	39.5%	39.1%	40.2%	40.6%
Tax Rate (%)		34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
EBIT(1-t)		1,723	4,007	13,381	19,968	25,129	26,933	30,335	33,201
Add: Depreciation		4,024	9,437	12,999	15,516	17,321	18,725	19,896	20,944
Less: Capex		(32,603)	(73,066)	(35,714)	(26,108)	(20,853)	(17,116)	(15,638)	(14,520)
Less: Increase in NWC		3,494	12,627	4,699	(11,143)	(16,296)	(845)	(583)	(482)
FCFF		(23,362)	(46,995)	(4,636)	(1,767)	5,301	27,697	34,011	39,143
Explicit period PV	164,361								
PV of terminal value	256,665								
RCOM holding in R-Infratel	95.0%								
RCOM Shares o/s (million)	2,064								
WACC	11.0%								
Terminal Growth	3.0%								
					Rs mn		US\$ mn		
					Enterprise Value		421,027		
					Market Cap		323,593		
					Value (Rs/Share) for RCOM		149		

Source: Company data, Goldman Sachs research estimates.

Exhibit 3: Regional telcos – valuation snapshot

Relative global peers, growth adjusted valuations for BRTI, IDEA and RCOM are inexpensive, underlying 3-yr CAGR in EBITDA is higher

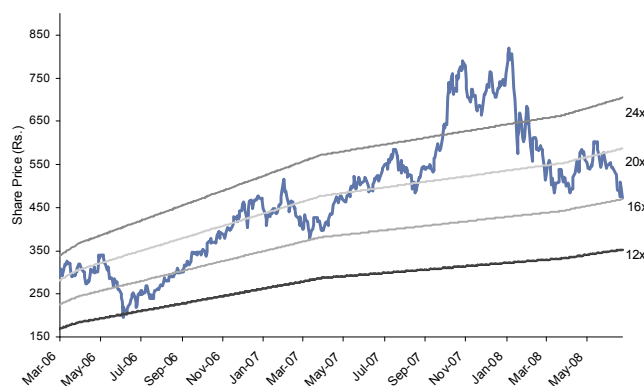
	Ticker	Rating	Currency	Current Price	Mkt Cap. (US\$mn)	07-10E CAGR			PEG (x)	EVG(x)	P/E (x)			EV/EBITDA (x)			
						Rev	EBITDA	EPS	07-10E	07-10E	2007	2008E	2009E	2007	2008E	2009E	
Developed Asia																	
KT Corp	030200.KS	Neutral	W	44,800.00	11,862	1.4%	-3.2%	-12.2%	NM	NM	12.9	18.5	15.1	4.6	4.9	4.7	
Dacom Corp	015940.KS	Buy	W	16,650.00	1,331	9.9%	4.8%	-0.7%	19.4	0.6	9.4	13.6	9.6	2.9	3.1	2.5	
PCCW Limited	0008.HK	Neutral	HK\$	4.71	4,080	2.6%	6.0%	17.6%	0.6	0.9	21.1	11.4	13.0	7.4	5.5	6.0	
Average						4.4%	2.4%	2.2%	6.3	0.4	10.9	10.9	9.4	3.5	3.1	3.0	
EMEA - Wireless																	
Cellcom Israel Ltd.	CEL	Buy	\$	33.88	3,333	2.0%	2.3%	2.7%	4.7	2.9	12.8	12.5	11.8	6.6	6.5	6.3	
MobiNil	EMOB.CA	Neutral	£E	163.19	3,049	9.7%	8.2%	4.0%	2.1	0.6	8.9	8.3	8.0	5.5	5.3	5.0	
MTN Group	MTNJ.J	Neutral	R	129.90	30,528	15.6%	15.2%	21.8%	0.8	0.4	22.8	17.3	12.6	8.1	6.2	5.1	
Orascom Telecom	ORTE.CA	Buy	£E	68.98	11,925	9.6%	10.5%	3.1%	4.5	0.6	11.6	14.3	10.5	7.2	6.1	4.9	
Partner Communications	PTNR.TA	Neutral	NIS	80.75	3,652	3.4%	3.3%	3.0%	4.5	2.1	13.4	13.4	12.3	7.1	6.9	6.5	
Turkcell (ADR)	TKC	Buy	\$	14.95	13,156	3.6%	0.6%	11.0%	0.7	6.6	9.7	7.4	7.1	4.1	4.2	3.7	
Vimpel Communications	VIP	Buy	\$	29.82	30,456	22.4%	18.9%	18.0%	0.8	0.4	20.8	14.0	12.7	8.9	7.0	5.7	
Average						9.5%	8.4%	9.1%	2.6	1.9	14.3	12.5	10.7	6.8	6.0	5.3	
Emerging Asia - Wireline																	
China Telecom	0728.HK	Neutral	HK\$	4.21	43,673	1.2%	0.4%	4.0%	3.4	11.5	14.7	13.6	13.1	4.5	4.4	4.0	
Philippine Long Distance	TEL.PS	Buy	P	2,395.00	10,180	4.2%	4.3%	7.6%	1.6	1.3	12.7	12.1	10.2	5.8	5.7	5.0	
Average						2.7%	2.3%	5.8%	2.5	6.4	13.7	12.8	11.6	5.1	5.0	4.5	
Emerging Asia - Wireless																	
Bakrie Telecom	BTEL.JK	Neutral	Rp	270.00	791	40.8%	41.2%	50.8%	0.6	0.2	42.9	28.9	12.5	17.0	7.9	5.3	
China Mobile	0941.HK	Sell	HK\$	104.40	267,701	12.0%	9.9%	16.6%	0.9	0.7	21.1	15.5	13.3	8.7	7.2	6.2	
China Unicom	0762.HK	Buy	HK\$	13.96	24,446	6.1%	0.7%	-12.7%	NM	7.7	17.2	18.2	25.8	5.0	5.0	5.8	
Hutchison Telecommunications*	2332.HK	Buy	HK\$	11.00	6,743	9.2%	13.8%	NM	NM	NM	NM	37.5	27.2	5.1	4.4	3.6	
Mobile-8 Telecom	FREN.JK	Sell	Rp	116.00	254	26.9%	26.3%	53.7%	0.5	0.3	48.9	28.7	13.5	9.4	7.6	5.6	
Average						19.0%	18.4%	27.1%	0.7	2.2	32.5	25.8	18.5	9.1	6.4	5.3	
India																	
Bharti Airtel	BRTI.BO	NR	Rs	746.80	33,054	29.6%	30.5%	27.2%	0.6	0.3	21.2	16.6	13.3	12.8	9.6	7.1	
Idea Cellular	IDEA.BO	NR	Rs	97.45	5,893	32.2%	32.7%	15.9%	1.6	0.4	25.0	25.0	21.9	13.7	11.5	9.4	
Reliance Communications	RLCM.BO	Buy	Rs	473.55	22,794	30.6%	33.0%	22.1%	0.8	0.3	19.9	17.1	13.9	13.5	10.8	8.2	
MTNL	MTNL.BO	Neutral	Rs	91.50	1,344	2.2%	2.8%	2.4%	NM	NM	13.9	15.1	14.1	1.6	0.7	0.2	
Tata Communications	TATA.BO	Neutral	Rs	375.25	2,708	NA	NA	NA	NA	NA	25.5	19.2	16.3	11.2	9.2	7.8	
Average (BRTI, RCOM, IDEA)						30.8%	32.1%	21.7%	1.0	0.3	22.0	19.6	16.4	13.4	10.6	8.2	

* The stock is on our Conviction list.

Note: For Indian companies, 2007-2010E corresponds to FY2008-11E. Our 12-month target prices are based on DCF or SOTP valuation. Risks: Change in business dynamics, macroeconomic factors and regulatory environment.

For important disclosures, please go to <http://www.gs.com/research/hedge.html>.

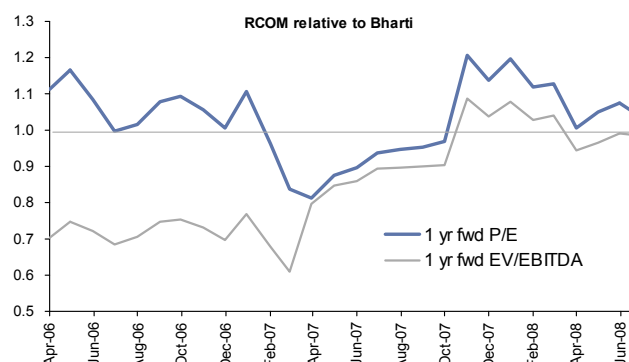
Source: Reuters, Bloomberg, Goldman Sachs research estimates, Company data.

Exhibit 4: RCOM one-year forward P/E band

Source: Company data, Datastream, Goldman Sachs research estimates

Exhibit 5: RCOM relative to Bharti

Premium to BRTI's 1-yr forward P/E, EV/EBITDA is marginal



Source: Company data, Datastream, Goldman Sachs research estimates

Exhibit 6: Reliance Communications share price performance versus peer group

Prices as of the close of June 27, 2008

Company	Ticker	Primary analyst	Price currency	Price as of 06/27/08	Price performance since 05/20/08	3 month price performance	6 month price performance	12 month price performance
Asia Pacific Telecoms Peer Group								
Reliance Communications	RLCM.BO	Anirudh Gangahar	INR	473.55	-20.8%	-12.0%	-35.2%	-8.0%
Bakrie Telecom	BTEL.JK	Brian Wee, CFA	IDR	270.00	-11.5%	-21.7%	-35.2%	-32.9%
Bharti Airtel	BRTI.BO	Anirudh Gangahar	INR	746.80	-9.9%	-9.4%	-22.7%	-11.0%
China Communication Services	0552.HK	Helen Zhu	HKD	5.71	-8.8%	8.1%	-25.1%	2.9%
China Mobile (HK)	0941.HK	Helen Zhu	HKD	104.40	-20.1%	-9.5%	-24.7%	25.1%
China Mobile (HK) (ADR)	CHL	Helen Zhu	USD	66.38	-19.1%	-10.7%	-23.7%	23.1%
China Netcom	0906.HK	Helen Zhu	HKD	20.85	-11.3%	-4.6%	-13.3%	-4.4%
China Netcom (ADS)	CN	Helen Zhu	USD	53.40	-10.2%	-5.7%	-13.0%	-4.6%
China Telecom	0728.HK	Helen Zhu	HKD	4.21	-21.6%	-14.1%	-33.0%	-11.2%
China Telecom (ADR)	CHA	Helen Zhu	USD	53.89	-20.5%	-14.2%	-32.2%	-12.2%
China Unicom	0762.HK	Helen Zhu	HKD	13.96	-15.4%	-20.4%	-22.4%	5.6%
China Unicom (ADS)	CHU	Helen Zhu	USD	18.04	-13.3%	-18.8%	-19.9%	5.5%
China United Telecommunications	600050.SS	Helen Zhu	CNY	6.65	-24.3%	-25.6%	-45.9%	13.5%
Chunghwa Telecom	2412.TW	Kathy Chen	TWD	75.00	-3.8%	-3.8%	13.8%	20.4%
Chunghwa Telecom (ADR)	CHT	Kathy Chen	USD	24.56	-2.3%	-3.9%	21.7%	29.7%
CITIC 1616 Holdings	1883.HK	Lucy Liu	HKD	2.14	-1.8%	5.4%	-1.8%	-29.8%
Far EasTone Telecommunications	4904.TW	Kathy Chen	TWD	46.95	-5.7%	-4.9%	-8.4%	-8.4%
Hanaro Telecom	033630.KQ	Han Joon Kim	KRW	7,990.00	3.5%	-23.2%	-26.7%	-9.6%
Hutchison Telecom (ADR)	HTX	Kathy Chen	USD	21.00	-1.1%	-1.5%	-4.2%	-35.4%
Hutchison Telecommunications	2332.HK	Kathy Chen	HKD	11.00	-1.8%	0.0%	-4.7%	7.8%
Idea Cellular	IDEA.BO	Anirudh Gangahar	INR	97.45	-12.4%	-5.6%	-28.1%	-18.9%
KT Corp	030200.KS	Han Joon Kim	KRW	44,800.00	-3.9%	-5.1%	-10.1%	3.8%
KT Corp (ADR)	KTC	Han Joon Kim	USD	21.26	-3.7%	-11.1%	-18.6%	-8.8%
KT Freetel	032390.KS	Han Joon Kim	KRW	27,650.00	-5.1%	-1.8%	-10.8%	-3.3%
LG Dacom	015940.KS	Han Joon Kim	KRW	16,650.00	-18.8%	-10.0%	-21.6%	-31.1%
LG Telecom	032640.KS	Han Joon Kim	KRW	7,940.00	-17.3%	6.6%	-22.9%	-22.9%
Mahanagar Telephone Nigam	MTNL.BO	Anirudh Gangahar	INR	91.50	-12.2%	-6.8%	-50.1%	-42.3%
Mobile-8 Telecom	FREN.JK	Brian Wee, CFA	IDR	116.00	-6.5%	-24.7%	-55.4%	-60.7%
PCCW Limited	0008.HK	Kathy Chen	HKD	4.71	-2.7%	-4.8%	1.5%	-1.7%
Philippine Long Distance	TEL.PS	Kathy Chen	PHP	2,395.00	-10.6%	-12.3%	-24.7%	-8.6%
Philippine Long Distance (ADR)	PHI	Kathy Chen	USD	52.85	-14.9%	-19.0%	-29.0%	-7.4%
Singapore Post	SPOS.SI	Brian Wee, CFA	SGD	1.10	0.9%	-4.3%	-0.9%	-12.7%
SK Telecom	017670.KS	Han Joon Kim	KRW	191,000.00	-7.3%	3.5%	-23.9%	-9.7%
SK Telecom (ADR)	SKM	Han Joon Kim	USD	20.67	-7.4%	-3.2%	-31.7%	-24.0%
SmarTone	0315.HK	Kathy Chen	HKD	7.82	-2.6%	5.7%	7.6%	-12.7%
Taiwan Mobile	3045.TW	Kathy Chen	TWD	54.00	-6.4%	-6.9%	-5.1%	3.9%
Tata Communications	TATA.BO	Anirudh Gangahar	INR	375.25	-25.9%	-30.8%	-49.2%	-19.8%
India BSE30 Sensex				13,802	-19.9%	-13.8%	-31.7%	-4.4%

Note: Results presented should not and cannot be viewed as an indicator of future performance. This table shows movement in absolute share price and not total shareholder return.

Source: Quantum database.

Reg AC

I, Anirudh Gangahar, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Investment profile

The Goldman Sachs Investment Profile provides investment context for a security by comparing key attributes of that security to its peer group and market. The four key attributes depicted are: growth, returns, multiple and volatility. Growth, returns and multiple are indexed based on composites of several methodologies to determine the stocks percentile ranking within the region's coverage universe.

The precise calculation of each metric may vary depending on the fiscal year, industry and region but the standard approach is as follows:

Growth is a composite of next year's estimate over current year's estimate, e.g. EPS, EBITDA, Revenue. **Return** is a year one prospective aggregate of various return on capital measures, e.g. CROCI, ROACE, and ROE. **Multiple** is a composite of one-year forward valuation ratios, e.g. P/E, dividend yield, EV/FCF, EV/EBITDA, EV/DACF, Price/Book. **Volatility** is measured as trailing twelve-month volatility adjusted for dividends.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

Coverage group(s) of stocks by primary analyst(s)

Anirudh Gangahar: Asia Pacific Technology, Asia Pacific Telecoms.

Asia Pacific Technology: Acer, ASUSTeK Computer, Atheros Communications, Inc., Catcher Technology, Cheng Uei Precision (Foxlink), Compal Electronics, D-Link Corp., Foxconn Technology, Gemtek Technology, Giga-Byte Technology, Global Mixed-mode Technology, High Tech Computer, Hon Hai Precision, Inventec Appliances, ITEQ, Kinsus Interconnect Technology, MiTAC International, Nanya PCB, Phison Electronics, Phoenix Precision Technology, Quanta Computer, Realtek Semiconductor, Richtek Technology, Sunplus Technology, Sunplus Technology (GDR), Suzlon Energy, Tripod, TXC Corp, Unimicron, VIA Technologies, Wistron, Wistron NeWeb, ZyXEL Communications Corp..

Asia Pacific Telecoms: Bakrie Telecom, Bharti Airtel, Chunghwa Telecom, Chunghwa Telecom (ADR), CITIC 1616 Holdings, Far EasTone, Hanaro Telecom, Hutchison Telecom (ADR), Hutchison Telecommunications, Idea Cellular, KT Corp, KT Corp (ADR), KT Freetel, LG Dacom, LG Telecom, Mahanagar Telephone Nigam, Mobile-8 Telecom, PCCW Limited, Philippine Long Distance, Philippine Long Distance (ADR), Reliance Communications, Singapore Post, SK Telecom, SK Telecom (ADR), SmarTone, Taiwan Mobile, Tata Communications.

Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by the Global Investment Research Division of Goldman Sachs and referred to in this research.

Goldman Sachs expects to receive or intends to seek compensation for investment banking services in the next 3 months: Reliance Communications (Rs473.55)

Goldman Sachs had an investment banking services client relationship during the past 12 months with: Reliance Communications (Rs473.55)

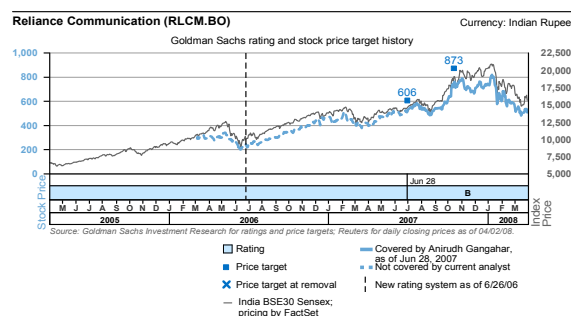
Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	28%	57%	15%	51%	44%	41%

As of Apr 1, 2008, Goldman Sachs Global Investment Research had investment ratings on 2,975 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by NASD/NYSE rules. See 'Ratings, Coverage groups and views and related definitions' below.

Price target and rating history chart(s)



The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; market making and/or specialist role.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director, advisory board member or employee of any company in the analyst's area of coverage. **Distribution of ratings:** See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at <http://www.gs.com/research/hedge.html>. Goldman, Sachs & Co. is a member of SIPC (<http://www.sipc.org>).

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. **Canada:** Goldman Sachs Canada Inc. has approved of, and agreed to take responsibility for, this research in Canada if and to the extent it relates to equity securities of Canadian issuers. Analysts may conduct site visits but are prohibited from accepting payment or reimbursement by the company of travel expenses for such visits. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited; **Japan:** See below. **Korea:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in Russian law, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian Law on Appraisal. **Singapore:** Further information on the covered companies referred to in this research may be obtained from Goldman Sachs (Singapore) Pte. (Company Number: 198602165W). **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Services Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union: Disclosure information in relation to Article 4 (1) (d) and Article 6 (2) of the European Commission Directive 2003/126/EC is available at http://www.gs.com/client_services/global_investment_research/europeanpolicy.html

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer under the Financial Instrument and Exchange Law, registered with the Kanto Financial Bureau (Registration No. 69), and is a member of Japan Securities Dealers Association (JSJA) and Financial Futures Association of Japan (FFJAJ). Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage groups and views and related definitions

Buy (B), Neutral (N), Sell (S) -Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's return potential relative to its coverage group as described below. Any stock not assigned as a Buy or a Sell on an Investment List is deemed Neutral. Each regional Investment Review Committee manages various regional Investment Lists to a global guideline of 25%-35% of stocks as Buy and 10%-15% of stocks as Sell; however, the distribution of Buys and Sells in any particular coverage group may vary as determined by the regional Investment Review Committee. Regional Conviction Buy and Sell lists represent investment recommendations focused on either the size of the potential return or the likelihood of the realization of the return.

Return potential represents the price differential between the current share price and the price target expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage groups and views: A list of all stocks in each coverage group is available by primary analyst, stock and coverage group at <http://www.gs.com/research/hedge.html>. The analyst assigns one of the following coverage views which represents the analyst's investment outlook on the coverage group relative to the group's historical fundamentals and/or valuation. **Attractive (A).** The investment outlook over the following 12 months is favorable relative to the coverage group's historical fundamentals and/or valuation. **Neutral (N).** The investment outlook over the following 12 months is neutral relative to the coverage group's historical fundamentals and/or valuation. **Cautious (C).** The investment outlook over the following 12 months is unfavorable relative to the coverage group's historical fundamentals and/or valuation.

Not Rated (NR). The investment rating and target price, if any, have been removed pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target, if any, for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

Ratings, coverage views and related definitions prior to June 26, 2006

Our rating system requires that analysts rank order the stocks in their coverage groups and assign one of three investment ratings (see definitions below) within a ratings distribution guideline of no more than 25% of the stocks should be rated Outperform and no fewer than 10% rated Underperform. The analyst assigns one of three coverage views (see definitions below), which represents the analyst's investment outlook on the coverage group relative to the group's historical fundamentals and valuation. Each coverage group, listing all stocks covered in that group, is available by primary analyst, stock and coverage group at <http://www.gs.com/research/hedge.html>.

Definitions

Outperform (OP). We expect this stock to outperform the median total return for the analyst's coverage universe over the next 12 months. **In-Line (IL).** We expect this stock to perform in line with the median total return for the analyst's coverage universe over the next 12 months. **Underperform (U).** We expect this stock to underperform the median total return for the analyst's coverage universe over the next 12 months.

Coverage views: Attractive (A). The investment outlook over the following 12 months is favorable relative to the coverage group's historical fundamentals and/or valuation. **Neutral (N).** The investment outlook over the following 12 months is neutral relative to the coverage group's historical fundamentals and/or valuation. **Cautious (C).** The investment outlook over the following 12 months is unfavorable relative to the coverage group's historical fundamentals and/or valuation.

Current Investment List (CIL). We expect stocks on this list to provide an absolute total return of approximately 15%-20% over the next 12 months. We only assign this designation to stocks rated Outperform. We require a 12-month price target for stocks with this designation. Each stock on the CIL will **automatically** come off the list after 90 days unless renewed by the covering analyst and the relevant Regional Investment Review Committee.

Global product; distributing entities

The Global Investment Research Division of Goldman Sachs produces and distributes research products for clients of Goldman Sachs, and pursuant to certain contractual arrangements, on a global basis. Analysts based in Goldman Sachs offices around the world produce equity research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy.

This research is disseminated in Australia by Goldman Sachs JBWere Pty Ltd (ABN 21 006 797 897) on behalf of Goldman Sachs; in Canada by Goldman Sachs Canada Inc. regarding Canadian equities and by Goldman Sachs & Co. (all other research); in Germany by Goldman Sachs & Co. oHG; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs JBWere (NZ) Limited on behalf of Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman, Sachs & Co. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom and European Union.

European Union: Goldman Sachs International, authorised and regulated by the Financial Services Authority, has approved this research in connection with its distribution in the European Union and United Kingdom; Goldman, Sachs & Co. oHG, regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht, may also be distributing research in Germany.

General disclosures in addition to specific disclosures required by certain jurisdictions

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by our Global Investment Research Division.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees, excluding equity analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this research.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors.

Current options disclosure documents are available from Goldman Sachs sales representatives or at <http://www.theocc.com/publications/risks/riskchap1.jsp>. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Our research is disseminated primarily electronically, and, in some cases, in printed form. Electronic research is simultaneously available to all clients.

Disclosure information is also available at <http://www.gs.com/research/hedge.html> or from Research Compliance, One New York Plaza, New York, NY 10004.

Copyright 2008 The Goldman Sachs Group, Inc.

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.