

Reliance Communications Limited

Reliance - Anil Dhirubhai Ambani Group

website : www.reliancecommunications.co.in, www.rcovl.com

Regd. Office : H Block, 1st Floor , Dhirubhai Ambani Knowledge City, Navi Mumbai 400710

Audited Consolidated Financial Results for the Quarter and Year ended 31st March, 2007

(Rs. In Crore - Except earnings per share)

Sr. No.	Particulars	Quarter ended		Twelve months ended		Financial Year ended (fifteen months)
		31-Mar-07	31-Mar-06	31-Mar-07	31-Mar-06	31-Mar-07
						(See Note 1)
1	Net Income	3,936.91	2,970.40	14,468.29	10,766.35	17,440.25
	a) Income from Services	3,873.57	2,907.59	14,262.47	10,627.26	17,190.37
	b) Other Income	63.34	62.81	205.82	139.09	249.88
2	Total Expenditure	2,301.70	1,928.18	8,747.66	8,231.13	10,747.44
	a) Access Charges and Licence Fee	997.75	1,029.10	3,782.22	4,040.41	4,774.31
	b) Network Expenses	442.26	334.90	1,673.67	1,534.60	2,033.42
	c) Staff Cost	245.12	182.50	907.90	839.43	1,128.80
	d) Selling and Marketing Expenses	391.66	236.58	1,625.95	1,816.69	1,844.42
	e) General Administration Expenses	224.91	145.10	757.92	-	966.49
3	Operating Profit before Finance Charges, Depreciation, Amortisations, Exceptional Items and Provision against Fixed Assets	1,635.21	1,042.22	5,720.63	2,535.22	6,692.81
4	Finance Charges (Net)	(39.15)	42.47	0.37	321.47	64.68
5	Operating Profit before Depreciation, Amortisation, Exceptional Items and Provision against Fixed Assets	1,674.36	999.75	5,720.26	2,213.75	6,628.13
6	Depreciation, Amortisation and Provision against Fixed Assets (See Note 3)	637.76	545.70	2,465.30	1,698.68	2,919.28
7	Operating Profit before Exceptional Items	1,036.60	454.05	3,254.96	515.07	3,708.85
8	Exceptional items and adjustments pursuant to Scheme of Amalgamation and Arrangement (See Note 5)	(2.75)	37.40	30.24	37.43	109.32
9	Profit before Tax	1,039.35	416.65	3,224.72	477.64	3,599.53
10	Provision for Current Tax	11.84	8.83	46.53	15.08	52.65
	Provision for Fringe Benefit Tax	13.51	2.21	14.58	1.48	15.16
	Provision for Defferred Tax	(10.41)	2.76	0.44	17.17	5.29
11	Profit after Tax	1,024.41	402.85	3,163.17	443.91	3,526.43
12	Paid-up share capital					
	Equity shares (Face Value of Rs. 5 each)	1,022.31	1,022.31	1,022.31	1,022.31	1,022.31
13	Reserve excluding Revaluation Reserve (As per Balance Sheet) of previous accounting year	21,908.65	10,719.64	21,908.65	10,719.64	21,908.65
14	Earning per Share (of Rs. 5) (Not Annualised)					
	- Basic	5.01	1.97	15.74	3.63	17.54
	- Diluted	4.84	1.97	15.45	2.17	17.22
15	Aggregate of Non-promoter Shareholding					
	Number of shares	679,803,930	727,235,610	679,793,530	727,235,610	679,803,930
	Percentage of shareholding	33.25%	59.46%	33.25%	59.46%	33.25%

Segment Analysis

		Quarter ended		Twelve months ended		Financial Year ended (fifteen months)
		31-Mar-07	31-Mar-06	31-Mar-07	31-Mar-06	31-Mar-07
		-	-			
16	Segment revenue					
	a) Wireless	2,968.61	2,120.63	10,727.61	7,364.00	12,818.43
	b) Global	1,293.98	1,415.47	5,176.98	5,186.00	7,050.79
	c) Broadband	329.14	194.59	1,144.14	513.00	1,312.97
	d) Investments	32.43	31.37	107.16	-	130.18
	e) Others / Unallocated	62.40	12.49	264.46	320.00	418.58
						-
	Total	4,686.56	3,774.55	17,420.35	13,383.00	21,730.96
	Less: Inter segment Revenue	(749.64)	(804.15)	(2,952.06)	(2,616.65)	(4,290.70)
						-
17	Net after Inter segment Revenue	3,936.92	2,970.40	14,468.29	10,766.35	17,440.26
18	Segment results					
	Profit / (Loss) before tax and interest from each segment					
	a) Wireless	698.81	414.81	2,250.82	1,017.81	2,737.21
	b) Global	188.29	83.94	732.68	131.20	861.61
	c) Broadband	109.74	8.74	354.44	(42.44)	349.90
	d) Investments	30.83	29.85	95.75	-	111.13
	e) Others / Unallocated	(30.21)	(40.82)	(178.36)	(270.03)	(286.31)
	Total	997.46	496.52	3,255.33	836.54	3,773.54
	Less : Finance Charges (Net)	(39.15)	42.44	0.37	321.47	64.69
	Less : Other Unallocable expenditure net of un-allocable income	(2.74)	37.43	30.23	37.43	109.33
19	Profit Before Tax	1,039.36	416.65	3,224.72	477.64	3,599.53
20	Capital Employed					
	(Segment Assets - Segment Liabilities)					
	a) Wireless	15,646.14	10,544.44	15,646.14	10,544.44	15,646.14
	b) Global	5,684.65	4,360.36	5,684.65	4,360.36	5,684.65
	c) Broadband	3,029.83	2,595.48	3,029.83	2,595.48	3,029.83
	d) Investments	14,494.71	-	14,494.71	-	14,494.71
	e) Others / unallocated	1,650.42	4,586.00	1,650.42	4,586.00	1,650.42
	Total	40,505.75	22,086.28	40,505.75	22,086.28	40,505.75

NOTES

- 1 The Current financial year of the Company commenced on 1st January, 2006. Accordingly, the current financial year relates to the period of 15 (fifteen) months from 1st January, 2006 to 31st March, 2007. For the period prior to 31st December, 2005 the Company had no subsidiaries and therefore, no Consolidated Financial Statements have been prepared. However, with a view to providing more relevant information, consolidated results have been disclosed for the year ended 31st March 2007 and correspondingly, consolidated results have been compiled on a proforma basis as if the Scheme of Amalgamation and Arrangement referred to in Note 3(i) was in force have been compiled and disclosed for the year from 1st April, 2005 to 31st March, 2006 These include the period from 1st January, 2006 to 31st March, 2006 which are also included in the current financial year.
- 2 Subject to approval of the shareholders, the Board of Directors have recommended dividend @10%, i.e. Re. 0.50 per equity share each of Rs. 5, aggregating to Rs.119.60 crore inclusive of tax on dividend for the financial year ended 31st March, 2007. The Register of Members and Share Transfer Book of the Company will remain closed from 7th July, 2007 to 17th July, 2007 (Both the days inclusive) for the purpose of payment of dividend, if declared by the shareholders at ensuing Annual General Meeting.
- 3 (i) The Scheme of Amalgamation and Arrangement (Scheme) for the amalgamation of Reliance Infocomm Limited, Ambani Enterprises Private Limited, Reliance Business Management Private Limited, Formax Commercial Private Limited, Reliance Communications Technologies Limited, Reliance Software Solutions Private Limited, Reliance Communications Solutions Private Limited and Panther Consultants Private Limited ("Transferor Companies") and demerger of the Network division of the Reliance Communications Infrastructure Limited with the Company, as approved by the High Courts of Judicature in Bombay and Gujarat became effective from 12th September, 2006. In terms of the said Scheme, the Company has allotted 82,14,84,568 equity shares of Rs.5/- each. Upon said allotment, the paid up equity Share capital of the Company has increased to Rs. 1,022.31 crores divided into 204,46,14,990 equity shares of Rs. 5/- each. Further, as an integral part of the said Scheme, Reliance Communications Infrastructure Limited, Reliance Telecom Limited, Flag Telecom Group Limited and certain other companies became wholly owned subsidiaries of the Company.

(ii) As approved by the Hon'ble High Court of Judicature of Bombay, the depreciation is net of the amount of Rs.660.52 Crore adjusted from provision for business restructuring and Scheme related expenditure of Rs.28.53 Crore is adjusted from provision for business restructuring.
- 4 (i) The Scheme of Arrangement (Scheme) for the demerger of the passive infrastructure of the Company and Reliance Telecom Limited, subsidiary of the Company with Reliance Telecom Infrastructure Limited ("RTIL", a subsidiary of the Company) as approved by the High Court of Judicature at Bombay vide Order dated 16th March, 2007 became effective from 10th April, 2007. In terms of the said scheme, the assets and liabilities constituting passive infrastructure of the Company and Reliance Telecom Limited, subsidiary of the Company, vested with RTIL at their respective fair values on the effective date.

(ii) The Scheme of Amalgamation for the Amalgamation of Reliance Next Generation Technology Private Limited ("RNGTPL") with RTIL, subsidiaries of the Company, as approved by the High Court of Judicature at Bombay vide Order dated 23rd March, 2007 became effective from 30th March, 2007. In terms of the said scheme, all the assets and liabilities as appearing in the books of RNGTPL are recorded in the books of RTIL at their book value and excess of the net asset value is credited to General Reserve in RTIL.

(iii) Synergy Enterprises Solutions Private Limited ("SESPL"), one of the wholly owned subsidiaries of the Company, is proposed to be merged with RCIL (another wholly owned subsidiary of the Company) in terms of a Scheme of Arrangement under Section 391-394 of the Companies Act, 1956, pursuant to which the business of SESPL will be consolidated with the business of RCIL and a petition for sanction by the High Court of Judicature at Bombay has been filed.

(iv) Reliance Infoinvestments Limited ("RIIL") one of the wholly owned subsidiaries of the Company, is proposed to be merged with RCIL, (another wholly owned subsidiary of the Company), in terms of a Scheme of Arrangement under Section 391-394 of the Companies Act, 1956 pursuant to which the business of RIIL will be consolidated with the business of RCIL. The Bombay High Court has sanctioned the merger which will be effective when a copy of the Order of the Court is filed with the Registrar of Companies.

(v) Reliable Internet Service Limited ("RISL"), wholly owned subsidiary of the Company, is proposed to be merged with Reliance Telecom Limited (a wholly owned subsidiary of the Company) in terms of a scheme of Arrangement under Section 391-394 of the Companies Act, 1956, pursuant to which the business of RISL will be consolidated with the business of RTL and a petition for sanction by the High Court of Judicature of Bombay is filed.
- 5 Investments in equity shares of Reliance Infocomm Limited held by the Company of value Rs.9,239.77 crore, prior to amalgamation (as referred in Note 3(i) given above) has in accordance with the Scheme inter alia for merger of Reliance Infocomm Limited into the Company, been written off through the Profit and Loss Account of the Company and an equivalent amount has been withdrawn from Reserve arising (not created) on vesting inter alia of the said investments on Demerger from Reliance Industries Limited. This has no impact on the Net Worth of the Company which as on 31st March 2007 is Rs. 22,930.65 crore.
- 6 During the period, Gateway Net Trading Pte. Ltd., Reliance Communications (Singapore) Pte Limited, Reliance Communications (Hongkong) Limited, Reliance Communications (New Zealand) Pte Limited, Reliance Communication (Australia) Pty. Limited, RCOM Malaysia SDN.BHD, Synergy Entrepreneurs Solutions Private Limited and Reliance Next Generation Technology Private Limited became subsidiaries of the Company and Paradox Studios Limited, Reliance Digital World Limited and NIS Sparta Limited ceased to be subsidiaries of the Company pursuant to disinvestment and Assam Network Private Limited, Rajasthan Network Private Limited, Synergy Infocomm Solutions Private Limited ceased to be subsidiaries of the company pursuant to Scheme of Amalgamation involving other subsidiaries of the Company.
- 7 No complaint from Investors was pending at the beginning of the quarter. During the quarter 30 complaints were received and all the complaints were resolved. No complaint was pending as on 31st March, 2007.
- 8 The Company is operating under Wireless, Broadband, Global, Investments and others segments as per Accounting Standard 17 (Segment Reporting) issued by the Institute of Chartered Accountants of India and accordingly segment wise information are given.
- 9 Previous periods figures have been reworked, regrouped, rearranged and reclassified, wherever required.
- 10 After review by the Audit Committee, Board of Directors of the Company took the above results on record at their meeting held on 30th April, 2007.

For Reliance Communications Limited

Mumbai
30th April, 2007.

Anil D. Ambani
Chairman