

Reliance Communications Limited

website: www.rcom.co.in

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

CIN - L45309MH2004 PLC147531

Unaudited Financial Results (Consolidated) for the Quarter and Nine Months ended December 31, 2016

(₹ in Crore)						
Sr. No.	Particulars	Quarter ended			Nine Months ended	
		31-Dec-16	30-Sep-16	31-Dec-15	31-Dec-16	31-Dec-15
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1	Income from operations					
	(a) Net Income from Operations	4,820	5,090	5,375	15,157	16,099
	(b) Other Operating Income	2	10	45	24	173
	Total Income from Operations (net)	4,822	5,100	5,420	15,181	16,272
2	Expenses					
	(a) Access Charges	912	786	662	2,464	1,914
	(b) License Fee	160	184	230	550	741
	(c) Employee Cost	281	283	291	867	821
	(d) Depreciation and Amortisation	1,165	833	974	2,828	3,112
	(e) Other Expenses	2,363	2,347	2,318	7,236	7,265
	Total Expenses	4,881	4,433	4,475	13,945	13,853
3	Profit from Operations before Other Income, Finance Costs , Exceptional Items and Tax (1 - 2)	(59)	667	945	1,236	2,419
4	Other Income	100	42	23	244	104
5	Profit from Ordinary activities before Finance Costs , Exceptional Items and Tax (3 + 4)	41	709	968	1,480	2,523
6	Finance Costs	958	825	699	2,578	2,133
7	Profit / (Loss) from Ordinary activities after Finance Costs but before Exceptional Items and Tax (5 - 6)	(917)	(116)	269	(1,098)	390
8	Exceptional Items	-	-	-	-	-
9	Profit / (Loss) from Ordinary Activities before Tax and Share in Profit / (Loss) of Joint Venture and Associates (7 - 8)	(917)	(116)	269	(1,098)	390
10	Tax Expenses (net)	(428)	(177)	(46)	(759)	(190)
11	Net Profit / (Loss) from ordinary Activities after Tax (9 - 10)	(489)	61	315	(339)	580
12	Share of (Profit) / Loss of Associates	(1)	(1)	-	(3)	(1)
13	Non Controlling Interest	43	23	12	102	32
14	Net Profit/ (Loss) after Taxes and Non Controlling Interest (11 - 12 - 13)	(531)	39	303	(438)	549
15	Other Comprehensive Income (net of tax)	47	(11)	10	126	268
16	Total Comprehensive Income (14 + 15)	(484)	28	313	(312)	817
17	Paid-up Equity Share Capital (Face Value of Rs. 5 each)	1,244	1,244	1,244	1,244	1,244
18	Earnings per Share (EPS) (not annualised)					
	- Basic (Rs.)	(2.15)	0.16	1.23	(1.77)	2.22
	- Diluted (Rs.)	(2.15)	0.16	1.23	(1.77)	2.22

Segment wise Revenue, Results , Segment Assets and Segment Liabilities						(₹ in Crore)
Sr. No.	Particulars	Quarter ended			Nine Months ended	
		31-Dec-16	30-Sep-16	31-Dec-15	31-Dec-16	31-Dec-15
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
1	Segment Revenue					
	(a) India Operation	4,267	4,488	4,668	13,448	14,191
	(b) Global Operation	1,132	1,089	1,234	3,406	3,419
	Total	5,399	5,577	5,902	16,854	17,610
	Less: Inter segment revenue	(477)	(435)	(459)	(1,429)	(1,234)
	Income from Operations	4,922	5,142	5,443	15,425	16,376
2	Segment Results					
	Profit / (Loss) before Tax and Finance Cost from each segment					
	(a) India Operation	5	611	804	1,287	2,420
	(b) Global Operation	36	98	164	193	103
	Total	41	709	968	1,480	2,523
	Less : Finance Costs (net)	958	825	699	2,578	2,133
	Less : Exceptional Items	-	-	-	-	-
	Total Profit before Tax and share in Profit / (Loss) of Associate	(917)	(116)	269	(1,098)	390
3	Segment Assets					
	a) India Operation	85,123	85,166	83,330	85,123	83,330
	b) Global Operation	13,608	12,285	13,593	13,608	13,593
	c) Others/ Unallocable (net of Eliminations)	3,696	3,945	3,349	3,696	3,349
	Total	102,427	101,396	100,272	102,427	100,272
4	Segment Liabilities					
	a) India Operation	21,364	17,350	15,818	21,364	15,818
	b) Global Operation	2,584	6,231	6,941	2,584	6,941
	c) Others/ Unallocable (net of Eliminations)	2,624	2,277	1,819	2,624	1,819
	Total	26,572	25,858	24,578	26,572	24,578

Notes

1. Figures of the previous period have been regrouped and reclassified, wherever required.
2. Pursuant to the Schemes of Arrangement ("the Schemes") sanctioned by the Hon'ble High Court of Judicature at Bombay, exchange variation on account of changes in exchange rates including amortisation of the balance in "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" and depreciation consequent to addition of exchange differences to the cost of capitalised assets aggregating to ₹ 275 crore and ₹ 713 crore during the quarter and nine months ended December 31, 2016 respectively, are withdrawable from General Reserve. These withdrawable items are not considered in the accounts for the quarter and nine months ended on December 31, 2016 and consequently, no withdrawal has been made. The necessary effects, if any, will be carried out at the year end. Also, the Company has, as permitted under the said Schemes, adjusted additional depreciation and amortisation of ₹ 170 crore and ₹ 635 crore, arising on fair value of the assets, for the quarter and nine months ended on December 31, 2016 respectively by withdrawing an equivalent amount from General Reserve. These matters have been referred to by the Auditors in their Limited Review Report.
3. The listed Redeemable Non Convertible Debentures (NCDs) of the Company aggregating to ₹ 4,625 crore as on December 31, 2016 are secured by way of first pari passu charge on the whole of the movable properties, plant and equipment and Capital Work in Progress, both present and future, including all insurance contracts relating thereto of the Borrower Group; comprising of the Company and its subsidiary companies namely; Reliance Telecom Limited (RTL), Reliance Infratel Limited (RITL) and Reliance Communications Infrastructure Limited (RCIL). Out of the above, in case of NCDs of ₹ 1,625 crore, the Company has also assigned Telecom Licences, by execution of Tripartite Agreements with Department of Telecommunications (DoT). Further, NCDs of ₹ 500 crore have been secured by pledge of equity shares of RCIL held by the Company and of RTL held by the Company and Reliance Infocomm Infrastructure Limited (RIIL) by execution of the Share Pledge Agreement. The asset cover in case of these NCDs exceeds 100% of the principal amount of the said NCDs.
4. Pursuant to execution of the Acquisition Agreement dated December 21, 2016 between the Company and Brookfield Infrastructure Group (Brookfield) in relation to transfer of Reliance Infratel Limited's (RITL's) nationwide tower business and related infrastructure to Brookfield, a Scheme of Arrangement (the Scheme) under Section 230 to 240 of the Companies Act, 2013 has been filed on January 30, 2017 with the Mumbai Bench of the National Company Law Tribunal ("NCLT") for demerger of Tower Business of Reliance Infratel Limited (RITL, a subsidiary) into another subsidiary namely Towercom Infrastructure Private Limited (Towercom), which on transfer thereof upon completion of the said Scheme will be wholly owned and independently managed by affiliates of Brookfield. The consideration subject to adjustment as per the Acquisition Agreement shall be discharged by issue of Non Convertible Debentures of the face value of ₹ 6,900 crore and Redeemable Preference Shares of the face value of ₹ 100 crore plus takeover of debt of upto ₹ 4,000 crore. Also, in accordance with the Share Subscription Agreement dated December 21, 2016, the Company will be entitled to subscribe by itself or through eligible nominees to specified shares of Towercom which based on certain conditions will entitle the holder of the said shares to 49% of the future economic upside from the said Tower Business. Considering that the Agreements are subject to various conditions precedent, no effect is given to these agreements and Scheme in the Accounts.

5. The Company has adopted Indian Accounting Standard (Ind AS) from April 1, 2016 with a transition date of April 1, 2015. The figures for the quarter and nine months ended December 31, 2015 have also been converted as per Ind AS.

Reconciliation of the effects of the transition on Statement of Profit and Loss for the quarter and nine months ended December 31, 2015 as previously reported and as per Ind AS is as follows:

Sr.	Adjustments to Increase/ (Decrease) in Net Profit	Amount (₹ in crore)	
		Quarter ended December 31, 2015	Nine months ended December 31, 2015
1	Net profit as previously reported as per Indian GAAP	171	504
2	Restatement of Revenue	145	180
3	Impact on Depreciation	(84)	(325)
4	Fair Valuation impact of Financial Instruments	(18)	(37)
5	Deferred Tax Credit	80	218
6	Non Controlling Interest	15	15
7	Others	(6)	(6)
8	Net Profit before Other Comprehensive Income as per Ind AS	303	549

6. During the quarter under review, Reliance Globalcom Services Inc., a wholly owned subsidiary of the Company divested Ethernet Business Division including customer contracts, which did not contribute any significant revenue and/ or net worth on consolidation.
7. The Company is operating with India Operations, Global Operations and Others/ Unallocated segments. Accordingly, segment-wise information has been given. This is in line with the requirement of Ind AS 108 "Operating Segments".
8. The Company has opted to publish consolidated financial results for the financial year 2016-17. Standalone financial results, for the quarter and nine months ended December 31, 2016 can be viewed on the website of the Company, National Stock Exchange of India Limited and BSE Limited at www.rcom.co.in, www.nseindia.com and www.bseindia.com respectively.
9. Provision for Income Tax for the quarter ended December 31, 2016 is based on the estimate for the full financial year.

10. Additional information on standalone basis is as follows:

(₹ in Crore)

Particulars	Quarter ended			Nine months ended	
	31-Dec-16	30-Sept-16	31-Dec-15	31-Dec-16	31-Dec-15
	Unaudited			Unaudited	
Total Income	2,258	2,286	2,528	7,136	7,620
Profit/ (Loss) before tax	(1,187)	(882)	(781)	(2,923)	(2,014)
Total Comprehensive Income	(280)	(864)	(477)	(1,703)	(1,069)

11. After review by the Audit Committee, the Board of Directors of the Company has approved the above results at their meeting held on February 11, 2017 and the financial results for the Quarter and nine months ended December 31, 2016 have been subjected to limited review by the Statutory Auditors of the Company.

For Reliance Communications Limited

Place: Mumbai
Date : February 11, 2017

Anil D. Ambani
Chairman