

**RELIANCE COMMUNICATIONS ANNOUNCES
FINANCIAL RESULTS FOR FY 2016-17**

INDIAN TELECOM SECTOR SEVERELY IMPACTED IN FY 2016-17 OWING TO FREE OFFERS, DISRUPTIVE PRICING AND HYPERCOMPETITION

RCOM'S FINANCIAL PERFORMANCE AFFECTED OWING TO CRISIS IN THE SECTOR, RESULTING IN FIRST TIME FULL YEAR LOSS SINCE INCEPTION

**RCOM PERFORMANCE IMPACTED IN LINE WITH INDUSTRY TRENDS
TOTAL REVENUE RS 19,949 CRORE, DOWN 10.8% YOY
NET LOSS AT RS 1,285 CRORE (NET PROFIT OF RS 660 CRORE IN FY 2016)**

RCOM AT FINAL STAGES OF COMPLETING FUTURE PROOF 2-YEAR JOURNEY OF ALL-ROUND STRATEGIC TRANSFORMATION

**MERGER OF SSSL WIRELESS BUSINESS
TRANSACTION TO BE COMPLETED IN JUNE 2017 WITH RECEIPT OF DOT APPROVALS
ADDING HIGHLY VALUABLE 30 MHZ OF 850 BAND SPECTRUM IN 8 KEY CIRCLES WITH
EXTENDED LIFE TILL 2033**

**SPECTRUM SHARING AND TRADING DEAL WITH JIO COMPLETED
ARRANGEMENTS FULLY OPERATIONAL PROVIDING STATE-OF-THE-ART 4G LTE
ACCESS AND CONNECTIVITY TO RCOM CUSTOMERS AT MINIMAL CAPEX**

**MERGER OF WIRELESS BUSINESS WITH AIRCEL AT FINAL STAGES OF APPROVALS
WILL LEAD TO DEBT REDUCTION OF RS 14,000 CRORE
AND PROVIDE SUBSTANTIAL REVENUE, CAPEX AND OPEX SYNERGIES TO MERGEDCO**

**SALE OF TOWER BUSINESS TO BROOKFIELD IN FINAL STAGES OF APPROVALS
WILL LEAD TO REDUCTION OF DEBT BY RS 11,000 CRORE
RCOM RETAINS 49% ECONOMIC UPSIDE**

**RCOM DEBT TO REDUCE BY RS 25,000 CRORE ON COMPLETION OF TRANSACTIONS
DURING THIS FINANCIAL YEAR**

**RCOM TO CONTINUE HOLDING STRATEGIC STAKE OF 50% IN AIRCEL JV
AND 49% ECONOMIC UPSIDE IN TOWER BUSINESS
PROVIDING FUTURE MONETISATION OPPORTUNITIES FOR FURTHER DELEVERAGING**

**POST COMPLETION OF TRANSACTIONS, RCOM TO FOCUS ON HIGHER GROWTH AND
HIGHER MARGIN BUSINESSES OF ENTERPRISE, DATA CENTERS, OPTICAL FIBER
AND INTERNATIONAL BUSINESS IN GCX**

Mumbai, May 27, 2017: Reliance Communications Limited (RCOM) today announced its consolidated financial results for the quarter ended March 31, 2017. The Company has adopted Indian Accounting Standards (Ind AS) from April 1, 2016 with a transition date of April 1, 2015.

The telecom sector in India has been very adversely impacted during the financial year 2016-17 by competitive intensity on a scale never witnessed before in the country.

For the first time in over 20 years, the telecom sector registered de-growth in revenues, leading to a reduction in the Government's share in revenues, sharp drop in operating margins, accompanied by increased interest costs arising from a staggering industry debt burden, and higher depreciation and amortisation charges as a result of higher spectrum purchase costs.

Steep declines in profitability and / or net losses have been reported for the past two quarters by all telecom operators in the country without exception, and a couple of operators have shut down their entire operations in the country.

RCOM - Key Highlights for Q4 FY17:

- Consolidated revenues stood at Rs. 4,524 crore, down 8.1%, and EBITDA at Rs. 1,083 crore, down 10.2%, compared to the trailing quarter, in line with industry trends, and led by the impact of free offers, disruptive pricing and unprecedented competitive intensity in the industry.
- The EBITDA margin declined to 24%, compared to 24.5% in the trailing quarter.
- Indian operations' revenues and EBITDA stood at Rs. 3,916 crore and Rs. 908 crore respectively; while Global revenues and EBITDA were Rs. 988 crore and Rs. 175 crore respectively.

RCOM - Key Highlights for FY17:

- Consolidated revenues stood at Rs. 19,949 crore, down 10.8%, on account of free offers, disruptive pricing and unprecedented competitive intensity in the industry; the impact of complete shutdown of RCOM's CDMA operations during 1st Half FY17; and full year impact of moving to higher cost ICR arrangements in 5 circles consequent upon end of the validity period of 900 MHz spectrum held by the Company.
- The Company suffered a net loss of Rs. 1,285 crore for the year, compared to a net profit of Rs. 660 crore in the previous year, owing to the drop in revenues, decline in EBITDA margin for the year from 34.2% to 27%, and increase in interest costs.

Strategic Transformation - Key Transaction Updates:

RCOM launched a comprehensive programme of all-round strategic transformation in the year 2015, with emphasis on industry consolidation, an asset light business model, future sustainability, and cost efficiencies. The programme is now at the final stages of completion, and the update on various initiatives is as follows:

- **SSTL's consolidation into RCOM:** The proposed merger of SSTL's wireless operations with RCOM, marking the 1st in-country consolidation in the Indian telecom industry, has received all approvals, and is expected to be completed in June, 2017. The merger will add highly valuable 30 MHz of 850 band spectrum in 8 key circles, and will extend validity of spectrum in these circles for an additional period of 12 years, till 2033.

- **Spectrum trading and sharing deal with Jio:** Our 850 MHz spectrum trading and sharing arrangements with Reliance Jio have been fully implemented, and are now operational for the past over 6 months. This unique arrangement has enabled RCOM to deliver access and connectivity to a world class, nationwide 4G LTE network to millions of valued customers, with minimal capex and considerably lower operating costs.
- **Consolidation of RCOM's wireless business with Aircel:** The proposed consolidation of RCOM's wireless business with Aircel will place the merged wireless entity among the top 3 ranking operators in 12 important circles, and among the top 4 operators in India on the basis of customer base and revenues.

The combined entity will enjoy substantial benefits of scale, and capex and opex synergies with an estimated NPV of ~Rs. 20,000 crore. As part of this transaction, RCOM's overall debt will reduce by Rs 14,000 crore, together with transfer of liability for spectrum instalments of an additional approx. Rs. 6,000 crore.

We have received approvals from the Stock Exchanges, Securities and Exchange Board of India's (SEBI) and Competition Commission of India (CCI). The demerger and merger Scheme has been filed in the National Company Law Tribunal (NCLT). Approvals from the shareholders of both RCOM and Aircel have been duly received in the NCLT convened meeting during April 2017. The lenders' and other requisite consents are expected to be received in the next few months.

- **Monetisation of Tower Assets:** The proposed transaction for sale of the tower infrastructure owned by the Company to Brookfield has received requisite approvals from CCI. The business demerger and transfer scheme has been filed with the NCLT. Shareholders' approvals have been received in the NCLT convened meeting during April 2017, and lenders' and other consents are expected in the next few months.

RCOM will receive an upfront cash payment of Rs. 11,000 crore from the proposed transaction and the same will be fully utilised for reduction of debt. RCOM will also receive 49% future economic upside in the Towers business.

Upon completion of the Aircel merger and sale of the Tower business, RCOM's debt will stand reduced by approx. Rs 25,000 crore.

Upon completion, the Company will hold highly valuable stakes of 50% in the Aircel JV and 49% economic upside in the towers business, providing future monetisation opportunities for significant further deleveraging.

RCOM will also continue to own and operate its existing high growth and higher margin businesses in the domestic enterprise segment, Data Centers, optical fibre and international business in GCX.

About Reliance Communications

Reliance Communications Limited founded by the late Shri Dhirubhai H Ambani (1932-2002) is the flagship company of the Reliance Group. The Reliance Group currently has a net worth in excess of Rs. 100,840 crore (US \$15.2 billion), cash flows of over Rs 11,300 crore (US \$1.7 billion) and net profit of over Rs 5,100 crore (US\$ 0.8 billion).

Reliance Communications is India's foremost and truly integrated telecommunications service provider. The Company has a customer base of nearly 95 million including over 2.6 million

individual overseas retail customers. Reliance Communications corporate clientele includes over 39,000 Indian and multinational corporations including small and medium enterprises and over 290 global, regional and domestic carriers.

Reliance Communications has established a pan-India, next generation, integrated (wireless and wireline), convergent (voice, data and video) digital network that is capable of supporting best-of-class services spanning the entire communications value chain, covering over 21,000 cities and towns and over 400,000 villages. Reliance Communications owns and operates the world's largest next generation IP enabled connectivity infrastructure, comprising over 280,000 kilometers of fibre optic cable systems in India, USA, Europe, Middle East and the Asia-Pacific region.

Q4 FY17 Financial Results: Summary (IND AS)

Particulars	(Rs. Crore)		
	3Q FY17	4Q FY17	Inc/ Dec (Q-o-Q)
Turnover	4,922	4,524	-8.1%
EBITDA	1,206	1,083	-10.2%
<i>EBITDA margin</i>	24.5%	24%	
Depreciation	1,165	1,393	19.6%
Financial Charges (net)	958	983	2.7%
PBT	(916)	(1,293)	
Tax	(428)	(343)	
PAT (after minority interest / associates)	(531)	(966)	