

Reliance Communications Limited

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CIN - L45309MH2004 PLC147531

Unaudited Financial Results (Standalone) for the Quarter and Half year ended September 30, 2018

(₹ in Crore)							
Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		30-Sep-18	30-Jun-18	30-Sep-17	30-Sep-18	30-Sep-17	31-Mar-18
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	(a) Revenue from Operations	334	404	573	738	1,327	2,231
	(b) Other Income	25	-	-	25	-	-
	(c) Total Income [(a) + (b)]	359	404	573	763	1,327	2,231
2	Expenses						
	(a) Access Charges, Licence Fees and Network Expenses	294	288	401	582	1,034	1,631
	(b) Employee Benefits Expenses	8	9	6	17	13	28
	(c) Finance Costs	-	-	-	-	-	-
	(d) Depreciation, Amortisation and Provision for Impairment	54	57	48	111	103	200
	(e) Sales and General Administration Expenses	81	91	76	172	137	308
	(f) Total Expenses [(a) to (e)]	437	445	531	882	1,287	2,167
3	Profit/ (Loss) before Exceptional Items and Tax [1 (c) - 2 (f)]	(78)	(41)	42	(119)	40	64
4	Exceptional Items (Refer Note 5)	8,964	-	-	8,964	-	-
5	Profit / (Loss) before Tax [3 - 4]	8,886	(41)	42	8,845	40	64
6	Tax Expenses						
	(a) Current Tax	-	-	-	-	-	-
	(b) Short provision of earlier years	-	-	-	-	-	1
	(c) Deferred Tax Charge/ (Credit)	2,088	-	-	2,088	(30)	-
	(d) Tax Expenses (net) [(a) to (c)]	2,088	-	-	2,088	(30)	1
7	Profit/ (Loss) after Tax [5 - 6]	6,798	(41)	42	6,757	70	63
8	Profit/ (Loss) before Tax and Exceptional Item from Discontinued Operations	(91)	(101)	(1,919)	(192)	(3,490)	(2,978)
9	Exceptional Items						
	Provision for Impairment of Assets / Diminution in the value of Investments	-	-	-	-	-	6,955
10	Profit/ (Loss) before Tax from Discontinued Operations [8-9]	(91)	(101)	(1,919)	(192)	(3,490)	(9,933)
11	Tax Expenses of Discontinued Operations	-	-	-	-	(580)	-
12	Profit/ (Loss) after Tax from Discontinued Operations [10-11]	(91)	(101)	(1,919)	(192)	(2,910)	(9,933)
13	Other Comprehensive Income/ (Expense) for the period	-	-	(1)	-	-	3
14	Total Comprehensive Income / (loss) for the period [7+ 12 + 13]	6,707	(142)	(1,878)	6,565	(2,840)	(9,867)
15	Earnings per Share (EPS) Basic and Diluted (Rs.)						
	(before exceptional items)						
	(a) Continuing Operations	(0.28)	(0.15)	0.17	(0.43)	0.28	0.24
	(b) Discontinued Operations	(0.33)	(0.37)	(7.78)	(0.70)	(11.79)	(11.53)
	(c) Continuing Operations and Discontinued Operations	(0.61)	(0.52)	(7.61)	(1.13)	(11.51)	(11.30)
	(after exceptional items)						
	(a) Continuing Operations	24.77	(0.15)	0.17	24.62	0.28	0.24
	(b) Discontinued Operations	(0.33)	(0.37)	(7.78)	(0.70)	(11.79)	(38.46)
	(c) Continuing Operations and Discontinued Operations	24.44	(0.52)	(7.61)	23.92	(11.51)	(38.22)
16	Paid-up Equity Share Capital (Face Value of Rs. 5 each)	1,383	1,383	1,244	1,383	1,244	1,383
17	Debt Equity Ratio (Refer Note 11)				2.52	1.68	3.85
18	Debt Service Coverage Ratio (DSCR) (Refer Note 11)				-	(0.27)	-
19	Interest Service Coverage Ratio (ISCR) (Refer Note 11)				-	(0.58)	-

Standalone Statement of Assets and Liabilities		(₹ in Crore)	
	Particulars	As at	As at
		30-Sep-18	31-Mar-18
		Unaudited	Audited
A	ASSETS		
1	Non-Current Assets		
	(a) Property, Plant and Equipment	1,828	2,126
	(b) Capital Work in Progress	147	160
	(c) Intangible Assets	92	104
	(d) Investment in Subsidiaries and Associates	12,523	13,559
	(f) Financial Assets		
	(i) Investment	10,000	-
	(ii) Other Financial Assets	11	11
	(g) Income Tax Asset (net)	234	197
	(h) Deferred Tax Asset (net)	1,470	3,558
	(i) Other Non Current Assets	963	956
	Sub-total Non-Current Assets	27,268	20,671
2	Current Assets		
	(a) Inventories	65	64
	(b) Financial Assets		
	(i) Investments	4,233	4,225
	(ii) Trade Receivables	1,885	1,672
	(iii) Cash and Cash Equivalents	381	147
	(iv) Bank Balances other than (iii) above	54	54
	(v) Loans	7,339	3,640
	(vi) Other Financial Assets	123	126
	(c) Other Current Assets	4,166	4,162
	(d) Assets Held for Sale	21,403	21,188
	Sub-total - Current Assets	39,649	35,278
	Total Assets	66,917	55,949
B	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity Share Capital	1,383	1,383
	(b) Other Equity	14,498	7,933
	Total Equity	15,881	9,316
	LIABILITIES		
2	Non-Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	9,022	9,359
	(b) Other Non-Current Liabilities	83	83
	(c) Provisions	8	18
	Sub-total Non-Current Liabilities	9,113	9,460
3	Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	21,711	18,595
	(ii) Trade Payables		
	Due to Micro Entreprises & Small Enterprises	34	32
	Due to Others	2,933	3,078
	(iii) Other Financial Liabilities	10,393	9,257
	(b) Other Current Liabilities	1,792	850
	(c) Provisions	1,216	1,219
	(d) Liabilities directly related to Assets held for Sale	3,844	4,142
	Sub-total - Current Liabilities	41,923	37,174
	Total Equity and Liabilities	66,917	55,949

Notes:

1. Figures of the previous period have been regrouped and reclassified, wherever required.
2. Pursuant to strategic transformation programme, as a part of Monetization and Resolution Plan of the Company under consideration, inter alia of the Lenders, the Company and its subsidiary companies; Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL), with the permission of and on the basis of suggestions of the Lenders, had for monetization of some specified Assets, entered into definitive binding agreements with Reliance Jio Infocomm Limited (RJio) on December 28, 2017 for sale of Wireless Spectrum, Towers, Fiber and Media Convergence Nodes (MCNs) ["Identified Assets"]. Further, the Company has also entered into a definitive binding agreement with Pantel Technologies Private Limited and Veecon Media and Television Limited for sale of its subsidiary company having DTH Business. The Company and its said subsidiaries expect to close these transactions in a phased manner. In the meanwhile, Hon'ble National Company Law Tribunal (NCLT), Mumbai had, overruling the objections of the Company as also its lenders represented by State Bank of India, the lead member, vide its order dated May 15, 2018 admitted applications filed by an operational creditor for its claims against the Company and its subsidiaries; RTL and RITL and thereby admitted the companies to debt resolution process under the Insolvency and Bankruptcy Code, 2016 (IBC). As a consequence, Interim Resolution Professionals (IRPs) were appointed vide NCLT orders dated May 18, 2018. The Company along with the support of the lenders filed an appeal with Hon'ble National Company Law Appellate Tribunal (NCLAT) challenging the said order of the NCLT and the NCLAT, vide its order dated May 30, 2018, has on the basis of a settlement between the Company and the operational creditor stayed the order passed by the NCLT. Consequently, the Board of Directors of the respective companies stood reinstated. The Company also filed a writ Petition before the Hon'ble Supreme Court to release the Company from the Corporate Insolvency Resolution Process (CIRP). In an interim order in the said writ Petition, which is pending, the Supreme Court, vide its order dated August 3, 2018, has permitted the Company to proceed with the sale of the Identified Assets. On account of delay in completing the sale of certain spectrum not forming part of the Identified Assets, the Company applied to the Supreme Court seeking extension of time for making payment of the settlement amount to the operational creditor. The Supreme Court vide its order dated October 23, 2018 has allowed the Company to pay dues to the operational creditor on or before December 15, 2018. Further, the petition filed by the minority shareholders holding 4.26% stake in RITL, before the NCLT under Section 230 of the Companies Act, 2013 (Section 397-398 of the Companies Act, 1956), stood dismissed as withdrawn vide NCLT order dated July 3, 2018. Consequently, the interim stay granted by the NCLT on the implementation of the resolution approving the sale of the assets of RITL no more survives. The Company is confident that it will fulfill its commitments in respect of settlements with the operational creditor and the minority shareholders as well as finalise and implement a suitable Comprehensive Monetisation and Resolution Plan (MRP), also incorporating strategic transformation programme. On finalisation and implementation of the MRP, the Company will carry out a comprehensive impairment review of its fixed assets, investments and other assets. Considering these developments, the financial results continue to be prepared on going concern basis. This matter has been referred to by the Auditors in their Limited Review Report.

3. The assets pertaining to discontinued operations referred to in Note 2 above, along with liabilities have been classified as assets held for sale and disclosed separately as discontinued operations in line with Ind AS 105 “Non-current Assets Held for Sale and Discontinued Operations”. Assets held for sale are recorded at lower of carrying amount and fair value less cost as per Ind AS 105.

The financial result of discontinued operations is as under:

(₹ in Crore)

Particulars	Quarter ended			Half year ended		Year ended
	30-Sep-18	30-Jun-18	30-Sep-17	30-Sep-18	30-Sep-17	31-Mar-18
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total Income	60	7	826	67	1,779	2,045
Profit/ (Loss) before tax	(91)	(101)	(1,919)	(192)	(3,490)	(9,933)
Profit/ (Loss) after tax	(91)	(101)	(1,919)	(192)	(2,910)	(9,933)

4. Considering all factors including admission of the companies to debt resolution process under the IBC and the Company's Comprehensive Monetisation and Resolution Plan (MRP) submitted to the lenders, for overall debt resolution including interest and fixation of exchange rate for determining the foreign currency loans, the Company and its subsidiary companies, with a view to reflecting fairly the position for the purpose of presentation in respect of the Company's obligation for interest and the principal rupee amount in respect of foreign currency denominated loans, without implying in any way that the terms of lending by the banks and other lenders are altered, has not provided interest of ₹ 968 crore and ₹ 1,877 crore for the quarter and half year ended September 30, 2018 respectively and foreign exchange losses including amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) aggregating to ₹ 832 crore and ₹ 1,429 crore for the quarter and half year ended September 30, 2018, respectively. Had the Company provided Interest and foreign exchange losses, the Profit would have been lower by ₹ 1,800 crore and ₹ 3,306 crore for the quarter and half year ended September 30, 2018. The Auditors had drawn qualification in their audit report for the financial year ended March 31, 2018 for non provision of interest of ₹ 3,055 crore. Further, the auditors have drawn qualification for non provision of interest and foreign exchange variations in their Limited Review Report for the quarter and half year ended September 30, 2018. However, pending final approval of the MRP and considering all the facts and circumstances, the likely impact on the Company's financial position is not ascertainable at this stage.
5. The Company is in the process of finalising and implementing its asset monetization and debt resolution plan, comprising the Company's real estate development plan and restructuring of Debt. As required by the lenders and also to safeguard the development of real estate, the

business taken up by Reliance Realty Limited (RRL), a subsidiary of the Company, it is necessary that control of RRL is conferred on ADA Group. Accordingly in order to align the above, Memorandum and Articles of Association of RRL has been amended as per the provisions of the Companies Act, 2013 and other applicable provisions of law. Consequently, for the purpose of and as per requirement of Ind AS 110 “Consolidated Financial Statement”, Assets and Liabilities pertaining to RRL have been derecognized and Investment in RRL by the Company, has been accounted at fair value, as per Ind AS 109 “Financial Instruments”, and represented as Exceptional Items. Impact on profitability net of tax is ₹ 6,876 crore.

6. The listed Redeemable Non Convertible Debentures (NCDs) of the Company aggregating to ₹ 3,750 crore as on September 30, 2018 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 ₹ 750 crore, the Company has also assigned Telecom Licenses, by execution of Tripartite Agreement with Department of Telecommunications (DoT). The asset cover in case of these NCDs exceeds 100% of the principal amount of the said NCDs.

7. Additional details as required in relation to Non Convertible Debentures (NCDs):

Nature of Instruments	11.20% NCDs	11.25% NCDs
Amount outstanding (₹ in crore)	3,000	750
Previous due date for Principal Repayment and whether paid	Not Applicable	07.02.2018 unpaid
Previous due date for payment of Interest	02.09.2018	07.09.2018
Whether Interest was paid on the due date	No	No
Next due date for payment of interest	02.10.2018	07.10.2018
Credit Rating and change in credit rating, if any	ICRA D	CARE D
Due Date for Principal Repayment	01.03.2019	₹ 375 crore on each dates 07.02.2018 (Unpaid) and 07.02.2019

8. Debenture Redemption Reserve (DRR) : ₹ 590 crore as on September 30, 2018.
9. Net Worth : ₹ 14,483 crore, as on September 30, 2018.
Includes ₹ 5,538 crore created pursuant to the Scheme of Amalgamation approved by Hon’ble High courts which shall for all regulatory purposes be considered to be part of owned funds of the Company.

10. Disclosure as per Ind AS "Operating Segments" is reported in Consolidated Financial Results of the Company. Therefore, the same has not been separately disclosed in line with the provision of Ind AS.
11. Formula used for the computation of ratios:
 - i) Debt Equity Ratio = Debt/ Equity;
 - ii) Debt Service Coverage Ratio (DSCR) = Earnings before depreciation, interest and tax/ (Interest + Principal repayment);
 - iii) Interest Service Coverage Ratio (ISCR) = Earnings before depreciation, interest and tax/ (Interest expense).
12. Provision for Income Tax for the quarter and half year ended September 30, 2018 is based on estimate for the full financial year.
13. After review by the Audit Committee, the Board of Directors of the Company has approved the above results at their meeting held on November 3, 2018 and the financial results for the Quarter and half year ended September 30, 2018 have been subjected to limited review by the Statutory Auditors of the Company.

For Reliance Communications Limited

Place : Mumbai
Date : November 3, 2018

Punit Garg
Executive Director