

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 (Standalone) for the Quarter and Half year ended September 30, 2019

		(₹ in Crore)					
Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18	31-Mar-19
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income						
	(a) Revenue from Operations	225	236	334	461	738	1,379
	(b) Other Income	-	-	25	-	25	86
	(c) Total Income [(a) + (b)]	225	236	359	461	763	1,465
2	Expenses						
	(a) Access Charges, Licence Fees and Network Expenses	190	200	294	390	582	901
	(b) Employee Benefits Expenses	32	39	8	71	17	105
	(c) Finance Costs	-	-	-	-	-	-
	(d) Depreciation, Amortisation and Provision for Impairment	57	57	54	114	111	277
	(e) Sales and General Administration Expenses	71	47	81	118	172	489
	(f) Total Expenses [(a) to (e)]	350	343	437	693	882	1,772
3	Profit/ (Loss) before Exceptional Items and Tax [1 (c) - 2 (f)]	(125)	(107)	(78)	(232)	(119)	(307)
4	Exceptional Items (Refer Note 7)	(2,608)	-	8,964	(2,608)	8,964	8,964
5	Profit / (Loss) before Tax [3 - 4]	(2,733)	(107)	8,886	(2,840)	8,845	8,657
6	Tax Expenses						
	(a) Current Tax	-	-	-	-	-	-
	(b) Deferred Tax Charge/ (Credit)	-	-	2,088	-	2,088	3,558
	(c) Tax Expenses (net) [(a) to (b)]	-	-	2,088	-	2,088	3,558
7	Profit/ (Loss) after Tax [5 - 6]	(2,733)	(107)	6,798	(2,840)	6,757	5,099
8	Profit/ (Loss) before Tax and Exceptional Item from Discontinued Operations	(360)	(92)	(91)	(452)	(192)	(485)
9	Exceptional Items (Refer Note 9)						
	Provision of Liability on account of License & Spectrum fee	(25,588)			(25,588)		
	Provision for Impairment of Assets / Diminution in the value of Investments	-	-	-	-	-	(1,767)
10	Profit/ (Loss) before Tax from Discontinued Operations [8-9]	(25,948)	(92)	(91)	(26,040)	(192)	(2,252)
11	Tax Expenses of Discontinued Operations	-	-	-	-	-	-
12	Profit/ (Loss) after Tax from Discontinued Operations [10-11]	(25,948)	(92)	(91)	(26,040)	(192)	(2,252)
13	Other Comprehensive Income/ (Expense) for the period	-	-	-	-	-	-
14	Total Comprehensive Income / (loss) for the period [7+ 12 + 13]	(28,681)	(199)	6,707	(28,880)	6,565	2,847
15	Earnings per Share (EPS) Basic and Diluted (Rs.)						
	(before exceptional items)						
	(a) Continuing Operations	(0.45)	(0.39)	(0.28)	(0.84)	(0.43)	(6.48)
	(b) Discontinued Operations	(1.31)	(0.34)	(0.33)	(1.65)	(0.70)	(1.77)
	(c) Continuing Operations and Discontinued Operations	(1.76)	(0.73)	(0.61)	(2.49)	(1.13)	(8.25)
	(after exceptional items)						
	(a) Continuing Operations	(9.96)	(0.39)	24.77	(10.35)	24.62	18.58
	(b) Discontinued Operations	(94.55)	(0.34)	(0.33)	(94.89)	(0.70)	(8.21)
	(c) Continuing Operations and Discontinued Operations	(104.51)	(0.73)	24.44	(105.24)	23.92	10.37
16	Paid-up Equity Share Capital (Face Value of Rs. 5 each)	1,383	1,383	1,383	1,383	1,383	1,383
17	Debt Equity Ratio (Refer Note 16)				-	2.52	3.25
18	Debt Service Coverage Ratio (DSCR) (Refer Note 16)				-	-	-
19	Interest Service Coverage Ratio (ISCR) (Refer Note 16)				-	-	-

Standalone Statement of Assets and Liabilities		(₹ in Crore)	
	Particulars	As at	As at
		30-Sep-19	31-Mar-19
		Unaudited	Audited
A	ASSETS		
1	Non-Current Assets		
	(a) Property, Plant and Equipment	1,543	1,645
	(b) Capital Work in Progress	98	98
	(c) Intangible Assets	18	24
	(d) Investment in Subsidiaries and Associates	19,915	22,524
	(e) Financial Assets		
	(i) Other Financial Assets	1	2
	(f) Income Tax Asset (net)	221	181
	(g) Other Non Current Assets	699	932
	Sub-total Non-Current Assets	22,495	25,406
2	Current Assets		
	(a) Inventories	61	61
	(b) Financial Assets		
	(i) Investments	4,219	4,218
	(ii) Trade Receivables	1,538	1,527
	(iii) Cash and Cash Equivalents	273	185
	(iv) Bank Balances other than (iii) above	44	40
	(v) Loans	6,536	6,528
	(vi) Other Financial Assets	223	311
	(c) Other Current Assets	4,136	4,075
	(d) Assets Held for Sale	19,731	19,731
	Sub-total - Current Assets	36,761	36,676
	Total Assets	59,256	62,082
B	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity Share Capital	1,383	1,383
	(b) Other Equity	(17,876)	11,003
	Total Equity	(16,493)	12,386
	LIABILITIES		
2	Non-Current Liabilities		
	(a) Other Non-Current Liabilities	83	83
	(b) Provisions	23	22
	Sub-total Non-Current Liabilities	106	105
3	Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	28,340	28,335
	(ii) Trade Payables		
	Due to Micro Entreprises & Small Enterprises	29	30
	Due to Others	2,845	2,700
	(iii) Other Financial Liabilities	38,553	12,830
	(b) Other Current Liabilities	447	446
	(c) Provisions	1,217	1,217
	(d) Liabilities directly related to Assets held for Sale	4,212	4,033
	Sub-total - Current Liabilities	75,643	49,591
	Total Equity and Liabilities	59,256	62,082

Cash Flow Statement for the period ended		(` in Crore)	
Sr. No.	Particulars	Half year ended	
		30-Sep-19	30-Sep-18
		Unaudited	Unaudited
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit / (Loss) before tax from Continuing Operations	(2,840)	8,847
	Profit / (Loss) before tax from Discontinued Operations	(26,040)	(192)
	Profit before tax -Continuing and Discontinuing Operation	(28,880)	8,655
	Adjusted for:		
	Provision for Doubtful Debts and Advances	9	31
	Write off other non current assets / (Write back) of old Liabilities	233	(25)
	Depreciation and Amortisation Expenses	114	111
	Provision for diminution in the Value/ (profit)on fair Value of Investments	2,608	(8,964)
	Effect of change in Foreign Exchange Rate (net)	2	(31)
	Finance Costs (net)	206	121
	Interest Income	(6)	(8)
		3,166	(8,765)
	Operating Profit before Working Capital Changes	(25,714)	(110)
	Adjusted for:		
	Receivables and Other Advances	53	62
	Inventories	-	(1)
	Trade Payables and Other Liabilities	25,818	146
		25,871	207
	Cash Generated from Operations	157	96
	Income Tax Refund	-	-
	Income Tax Paid	(40)	(37)
	Net Cash from Operating Activities	117	59
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Additions of Property, Plant and Equipments, Intangible Assets and Capital Work in Progress/ Intangible Assets under Developments (including realised loss capitalised)	(4)	(27)
	Proceeds from Sale of Property, Plant and Equipments	-	793
	Refund of Loans given to Subsidiaries	1	124
	Loans given to Subsidiaries	-	(572)
	Investment in Bank deposits (having original maturity for more than 3 months)	1	-
	Interest Income	-	2
	Net Cash from / (Used in) Investing Activities	(2)	321
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Net Proceeds from/ (Repayment) of Borrowings - Current	-	398
	Finance Costs	(27)	(544)
	Net Cash from / (used in) Financing Activities	(27)	(146)
	Net Increase/ (Decrease) in Cash and Cash Equivalents	88	234
	Opening Balance of Cash and Cash Equivalents	185	147
	Closing Balance of Cash and Cash Equivalents	273	381

Notes:

1. Pursuant to an application filed by Ericsson India Pvt. Ltd before the National Company Law Tribunal, Mumbai Bench ("NCLT") in terms of Section 9 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder ("Code"), the NCLT had admitted the application and ordered the commencement of corporate insolvency resolution process ("CIRP") of Reliance Communications Limited ("Corporate Debtor") vide its order dated May 15, 2018. The NCLT had appointed Mr. Pardeep Kumar Sethi as the interim resolution professional for the Corporate Debtor vide its order dated May 18, 2018. However, the Hon'ble NCLAT by an order dated May 30, 2018 had stayed the order passed by the Hon'ble NCLT for initiating the CIRP of the Corporate Debtor and allowed the management of the Corporate Debtor to function. In accordance with the order of the Hon'ble NCLAT, Mr. Pardeep Kumar Sethi handed over the control and management of the Corporate Debtor back to the erstwhile management of the Corporate Debtor on May 30, 2018. Subsequently, by order dated April 30, 2019, the Hon'ble NCLAT allowed stay on CIRP to be vacated. On the basis of the orders of the Hon'ble NCLAT, Mr. Pardeep Kumar Sethi, wrote to the management of the Corporate Debtor on May 02, 2019 requesting the charge, operations and management of the Corporate Debtor to be handed over back to IRP. Therefore, Mr. Pardeep Kumar Sethi had in his capacity as IRP taken control and custody of the management and operations of the Corporate Debtor from May 02, 2019. Subsequently, the committee of creditors of the Corporate Debtor pursuant to its meeting held on May 30, 2019 resolved, with requisite voting share, to replace the existing interim resolution professional, i.e. Mr. Pardeep Kumar Sethi with Mr. Anish Niranjana Nanavaty as the resolution professional for the Corporate Debtor in accordance with Section 22(2) of the Code. Subsequently, upon application by the CoC in terms of Section 22(3) of the Code, the NCLT appointed Mr. Anish Niranjana Nanavaty as the resolution professional for the Corporate Debtor ("RP") vide its order dated June 21, 2019, which was published on June 28, 2019 on the website of the NCLT. Accordingly, the IRP handed over the matters pertaining to the affairs of the Corporate Debtor to the RP as on June 28, 2019 who assumed the powers of the board of directors of the Corporate Debtor and the responsibility of conducting the CIRP of the Corporate Debtor.

With respect to the financial statements for the quarter and half year ended September 30, 2019, the RP has signed the same solely for the purpose of ensuring compliance by the Corporate Debtor with applicable laws, and subject to the following disclaimers:

- (i) The RP has furnished and signed the report in good faith and accordingly, no suit, prosecution or other legal proceeding shall lie against the RP in terms of Section 233 of the Code;
- (ii) No statement, fact, information (whether current or historical) or opinion contained herein should be construed as a representation or warranty, express or implied, of the RP including, his authorized representatives and advisors;
- (iii) The RP, in review of the financial results and while signing this statement of financial results, has relied upon the assistance provided by the directors of the Corporate Debtor, and certifications, representations and statements made by the directors of the Corporate Debtor, in relation to these financial results. The statement of financial results of the Corporate Debtor for the quarter and half year ended September 30, 2019 have been

taken on record by the RP solely on the basis of and relying on the aforesaid certifications, representations and statements of the aforesaid directors and the management of the Corporate Debtor. For all such information and data, the RP has assumed that such information and data are in the conformity with the Companies Act, 2013 and other applicable laws with respect to the preparation of the financial statements and that they give true and fair view of the position of the Corporate Debtor as of the dates and period indicated therein. Accordingly, the RP is not making any representations regarding accuracy, veracity or completeness of the data or information in the financial statements.

(iv) In terms of the provisions of the Code, the RP is required to undertake a review of certain transactions. Such review has been initiated and the RP may be required to accordingly act on the results of such review in terms of the provisions of the Code.

2. Figures of the previous period have been regrouped and reclassified, wherever required.
3. During the previous quarter, the CIRP in respect of each of the Corporate Debtor and its subsidiaries; Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL) has been recommenced, and interim resolution professionals had been appointed in respect of the aforesaid companies. Subsequently, appointment of Mr. Anish Niranjana Nanavaty as the Resolution Professional (RP) of the Company and its subsidiaries has been confirmed by the NCLT vide its order dated June 21, 2019 which was published on June 28, 2019 on the NCLT's website.

Pursuant to strategic transformation programme, as a part of asset monetization and resolution plan of the Company, the Company and its subsidiary companies; RTL and RITL, with the permission of and on the basis of suggestions of the Lenders, had entered into definitive binding agreements with Reliance Jio Infocomm Limited (RJio) for monetisation of certain specified assets on December 28, 2017 for sale of Wireless Spectrum, Towers, Fiber and Media Convergence Nodes (MCNs). During the previous financial year, the said asset sale agreements were terminated by mutual consent on account of various factors and developments including *inter alia* non receipt of consents from lenders and permission/ approvals from Department of Telecommunication.

On completion of the corporate insolvency resolution process, the Company will carry out a comprehensive review of all the assets including investment in subsidiaries and liabilities and accordingly provide for impairment of assets and write back of liabilities, if any. The Auditors have drawn qualification in this regard in their Limited Review Report for the quarter and half year ended September 30, 2019.

Considering these developments including, in particular, the RP having taken over the management and control of the Company and its two subsidiaries *inter alia* with the objective of running them as going concerns, the financial results continue to be prepared on going concern basis. However, since the Company continues to incur loss, current liabilities exceed current assets and Company has defaulted in repayment of borrowings, payment of regulatory and statutory dues, these events indicate that material uncertainty exists that may cast significant doubt on Company's ability to continue as a going concern. The Auditors have drawn

qualification in their Limited Review Report for the quarter and half year ended September 30, 2019.

4. Considering various factors including admission of the Company and its two subsidiaries; RTL and RITL to CIRP under the Code, there are various claims submitted by the operational creditors, the financial creditors, employees, other creditors. The overall obligations and liabilities including obligation for interest on loans and the principal rupee amount in respect of loans including foreign currency denominated loans shall be determined during the CIRP. Further, prior to May 15, 2018, the Company and its said subsidiaries were under Strategic Debt Restructuring (SDR) and asset monetization and debt resolution plan was being worked out. The Company has not provided Interest of ₹ 1,060 crore and ₹ 2,040 crore for the quarter and half year ended September 30, 2019, respectively and foreign exchange variation aggregating to ₹ 374 crore Loss and ₹ 347 crore Loss for the quarter and half year ended September 30, 2019, respectively. Had the Company provided Interest and foreign exchange variation, the Loss would have been higher by ₹ 1,434 crore and ₹ 2,387 crore for the quarter and half year ended September 30, 2019, respectively. The Auditors have drawn qualification for non provision of interest and foreign exchange variations in their Review Report for the quarter and half year ended September 30, 2019. During the previous years, Interest of ₹ 6,962 crore and foreign exchange variation aggregating to ₹ 803 crore were not provided and the Auditors had drawn qualification in their audit report for the financial year ended March 31, 2018 and March 31, 2019.
5. During the previous year, the Articles of Association (AoA) of Reliance Realty Limited ("RRL") (a subsidiary of the Company) were amended which consequently transferred control of RRL to Reliance Anil Dhirubhai Ambani Group ("ADAG") from the Company. This was done in order to shift certain liabilities of the Company to RRL envisaging an asset monetisation program which subsequently did not materialise. As erstwhile resolution plan outside the Code did not materialize, the control of RRL need to be restored with the Company. Accordingly the special provisions in AoA of RRL giving control to ADAG needs to be amended to transfer the control of RRL to the Company. Upon completion of necessary approvals and compliances, Assets and Liabilities of RRL shall be recognized on a Line by Line basis while preparing Consolidated Financial Statement as per Indian Accounting Standard 110.
6. The assets pertaining to Wireless Spectrum, Fiber and Media Convergence Nodes (MCNs) continued to be classified as assets held for sale at the value ascertained at the end of March 31, 2018, along with liabilities, for the reasons referred in Note 3 above and disclosed separately as discontinued operations in line with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations".

The financial result of discontinued operations is as under:

(₹ in Crore)

Particulars	Quarter ended			Half year ended		Year ended
	30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18	31-Mar-19
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total Income	2	4	60	6	67	635
Profit/ (Loss) before tax	(25,948)	(92)	(91)	(26,040)	(192)	(2,252)
Profit/ (Loss) after tax	(25,948)	(92)	(91)	(26,040)	(192)	(2,252)

7. GCX Limited, an overseas step-down subsidiary of the Company, defaulted in payment to 7% Senior Secondary Notes (Notes) amounting to USD 350 million fallen due for repayment on August 01, 2019 and consequently, during the quarter, GCX Limited has initiated a voluntary application under chapter 11 of the United States Bankruptcy Code to effectuate a prepackaged plan of reorganization. More than 75% of Bond holders have committed their support for the said plan. Based on these facts, Control over GCX Limited and its subsidiaries ceased to exist and accordingly the said companies are deconsolidated with effect from July 01, 2019 for the purpose of and as per requirement of Ind AS 110 "Consolidated Financial Statement". Investment in the deconsolidated subsidiaries has been accounted at fair value, as per Ind AS 109 "Financial Instruments". Impact on profitability is ₹ 2,608 crore and has been represented as Exceptional Items. Hence the figures for the quarter and half year ended September 30, 2019 are not comparable with the previous corresponding period.
8. During the quarter, Reliance Communications Infrastructure Limited, a wholly owned subsidiary of the Company, has been admitted by NCLT for resolution process under the Code.
9. The Hon'ble Supreme Court of India, vide its order dated October 24, 2019 has dismissed the petition filed by the telecom operators and agreed with the interpretation of the Department of Telecommunications (DoT) to the definition of Adjusted Gross Revenue (AGR) under the license. The DoT had during the pendency of the various proceedings simultaneously directed Special Audit in relation to the computation of License fee, Spectrum fee, applicable interest and penalties thereon, which is under progress for the financial year 2015-16 onwards. In this regard, the Company has provided for estimated liability aggregating to ₹ 25,588 crore upto September 30, 2019 of ₹ 21,420 crore towards License fee (₹ 3,892 crore, ₹ 4,967 crore and ₹ 12,561 crore towards principal, penalty and interest on principal and penalty respectively) and ₹ 4,168 crore towards Spectrum Usage Charges (₹ 936 crore, ₹ 355 crore and ₹ 2,877 crore towards principal, penalty and interest on principal and penalty respectively) as exceptional items which may undergo revision based on demands from DoT and / or any developments in this matter. Considering various factors including admission of the Company and its two subsidiaries; RTL

and RITL to resolution process under the Insolvency and Bankruptcy Code, 2016 (IBC) and the moratorium applicable under IBC, discharge of the liability will be dealt with in accordance with the Code. The matter has been referred by the auditors in their Limited Review Report

10. The listed Redeemable Non Convertible Debentures (NCDs) of the Company aggregating to ₹ 3,750 crore as on September 30, 2019 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.

11. 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	01.03.2019 unpaid	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	Not Applicable	Not Applicable
Credit Rating and change in credit rating, if any	ICRA D	CARE D
Due Date for Principal Repayment	₹ 3,000 crore on 01.03.2019 (Unpaid)	₹ 375 crore on each dates 07.02.2018 and 07.02.2019 (Unpaid)
Interest Unpaid up to September 30, 2019 (₹ in crore)	839	210

12. Debenture Redemption Reserve (DRR) : ₹ 590 crore as on September 30, 2019.

13. Net Worth : ₹ (-) 17,890 crore, as on September 30, 2019.

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.

14. The Company's assets are held for sale as per Ind AS 105 and being short term in nature, Ind AS 116 has not been applied. The Auditors have drawn qualification in their Limited Review Report for the quarter and half year ended September 30, 2019.

15. Disclosure as per Ind AS 108 "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.
16. 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).
17. Provision for Income Tax for the quarter and half year ended September 30, 2019 is based on estimate for the full financial year.
18. After review by the Audit Committee, the Directors of the Company have approved the above results at their meeting held on November 15, 2019 which was chaired by Mr. Anish Niranjana Nanavaty, Resolution Professional ('RP') of the Company and RP took the same on record basis recommendation from the directors. The Financial Results for the quarter and half year ended September 30, 2019 are subject to Limited Review by the Statutory Auditors of the Company.

For Reliance Communications Limited

**Anish Niranjana Nanavaty
Resolution Professional**

**Manikanta V.
Director and Chief Financial Officer**

Place: Mumbai

Date : November 15, 2019