

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 ended June 30, 2019

					₹ in crore
Sr. No.	Particulars	Quarter ended			Year ended
		30-Jun-19	31-Mar-19	30-Jun-18	31-Mar-19
		Unaudited	Audited	Unaudited	Audited
1	Income				
	(a) Revenue from Operations	236	300	404	1,379
	(b) Other Income	-	61	-	86
	(c) Total Income [(a) + (b)]	236	361	404	1,465
2	Expenses				
	(a) Access Charges, Licence Fees and Network Expenses	200	78	288	901
	(b) Employee Benefits Expenses	39	64	9	105
	(c) Finance Costs	-	-	-	-
	(d) Depreciation, Amortisation and Provision for Impairment	57	111	57	277
	(e) Sales and General Administration Expenses	47	218	91	489
	(f) Total Expenses [(a) to (e)]	343	471	445	1,772
3	Profit/ (Loss) before Exceptional Items and Tax [1 (c) - 2 (f)]	(107)	(110)	(41)	(307)
4	Exceptional Items	-	-	-	8,964
5	Profit / (Loss) before Tax [3 + 4]	(107)	(110)	(41)	8,657
6	Tax Expenses				
	(a) Current Tax	-	-	-	-
	(b) Short/(Excess) provision of earlier years	-	-	-	-
	(c) Deferred Tax Charge/ (Credit)	-	1,470	-	3,558
	(d) Tax Expenses (net) [(a) to (c)]	-	1,470	-	3,558
7	Profit/ (Loss) after Tax [5 - 6 (d)]	(107)	(1,580)	(41)	5,099
8	Profit/ (Loss) before Tax and Exceptional Item from Discontinued Operations	(92)	(235)	(101)	(485)
9	Exceptional Items from Discontinued Operations				
	Provision for Impairment of Assets / Diminution in the value of Investments	-	1,767	-	1,767
10	Profit/ (Loss) before Tax from Discontinued Operations [8-9]	(92)	(2,002)	(101)	(2,252)
11	Tax Expenses of Discontinued Operations		-	-	-
12	Profit/ (Loss) after Tax from Discontinued Operations [10-11]	(92)	(2,002)	(101)	(2,252)
13	Other Comprehensive Income/ (Expense) for the period	-	-	-	-
14	Total Comprehensive Income / (loss) for the period [7+ 12 + 13]	(199)	(3,582)	(142)	2,847
15	Earnings per Share (EPS) Basic and Diluted (Rs.)				
	(before exceptional items)				
	(a) Continuing Operations	(0.39)	(5.76)	(0.15)	(6.48)
	(b) Discontinued Operations	(0.34)	(0.86)	(0.37)	(1.77)
	(c) Continuing Operations and Discontinued Operations	(0.73)	(6.62)	(0.52)	(8.25)
	(after exceptional items)				
	(a) Continuing Operations	(0.39)	(5.76)	(0.15)	18.58
	(b) Discontinued Operations	(0.34)	(7.30)	(0.37)	(8.21)
	(c) Continuing Operations and Discontinued Operations	(0.73)	(13.06)	(0.52)	10.37
16	Paid-up Equity Share Capital (Face Value of Rs. 5 each)	1,383	1,383	1,383	1,383

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 stayed the order passed by the Hon'ble NCLT for initiating the Corporate Insolvency Resolution (CIR) process 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 CIR process to be vacated and directed the Hon'ble NCLT to pass necessary orders on May 07, 2019. 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 has in his capacity as IRP took 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 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 has appointed Mr. Anish Nanavaty as the resolution professional for the Corporate Debtor (“**RP**”) vide its order dated June 21, 2019, which was published and made available on June 28, 2019 on the website of the NCLT. Accordingly, the IRP has handed over the matters pertaining to the affairs of the Corporate Debtor to the RP as on June 28, 2019 who has 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 ended June 30, 2019, the RP has signed the same solely for the purpose of ensuring compliance by the Corporate Debtor with applicable law, and subject to the following disclaimers:

- (i) The RP has assumed control of the Corporate Debtor with effect from June 28, 2019 and therefore was not in control of the operations or the management of the Corporate Debtor for majority of the period to which the underlying report pertains to;
- (ii) 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;
- (iii) 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;

- (iv) The RP, while signing this statement of financial results, has relied upon the assistance provided by the directors of the Corporate Debtor, in review of the financial results 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 ended June 30, 2019 have been taken on record by the RP solely on the basis of and on 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.
- (v) 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 Board had decided that the Company and its subsidiaries; Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL) on account of non receipt of 100% approvals and consensus from lenders, (as mentioned by RBI's February 12, 2018 circular) on all important issues, and numerous legal issues at Hon'ble High Court, TDSAT and Supreme Court, should seek resolution through the Hon'ble National Company Law Tribunal (NCLT), and accordingly, filed application before the Hon'ble National Company Law Appellate Tribunal (NCLAT) for reinstatement of debt resolution process. The Hon'ble NCLAT vide its order dated April 30, 2019 vacated the stay and directed the Hon'ble NCLT to pass necessary orders on May 7, 2019. The Hon'ble NCLT recommenced the resolution process under the Insolvency and Bankruptcy Code, 2016 (IBC). As a consequence Interim Resolution Professionals (IRPs), namely Mr. Pardeep Kumar Sethi, for the Company, Ms Mitali Shah for RTL and Mr. Manish Kaneria for RITL, appointed vide Hon'ble NCLT orders dated May 18, 2018, with effect from May 02, 2019 again took control and custody of the management and operation of the Company and its said subsidiaries. Subsequently, the Hon'ble NCLT in its hearing dated June 21, 2019 orally pronounced the approval for the appointment of Mr. Anish Nanavaty as the Resolution Professional (RP) of the Company and its subsidiaries RTL and RITL, which was published on June 28, 2019 ("Order"). The petition filed before the Hon'ble NCLT under the Companies Act, 2013 (Section 397-398 of the Companies Act, 1956) by the minority shareholders holding 4.26% stake in RITL, stood dismissed as withdrawn pursuant to settlement terms agreed. Further, RITL Minority Shareholders had filed a contempt petition before the Hon'ble NCLAT in relation to non adherence of settlement terms within stipulated time which has been dismissed.

Pursuant to strategic transformation programme, as a part of Monetization and Resolution Plan of the Company under implementation, 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). During the previous quarter, 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 finalisation and implementation of the insolvency resolution process through Hon'ble NCLT, the Company will carry out a comprehensive review of all the assets and liabilities and accordingly provide for impairment of assets and write back of liabilities, if any. Further, the Company is in the process of reconciling Goods & Service Tax (GST) and Tax Deducted at source. The Auditors have drawn qualification in this regard in their Limited Review Report for the quarter ended June 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 ended June 30, 2019.

- 4) Considering various factors including admission of the Company and its two subsidiaries; Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL) to debt resolution process under the IBC with effect from May 15, 2018 and pursuant to the commencement of Corporate Insolvency Resolution (CIR) Process of the Company under Insolvency and Bankruptcy Code, 2016 (IBC), there are various claims submitted by the operational creditors, the financial creditors, employees and 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 CIR Process. 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 have not provided Interest of ₹ 980 crore for the quarter ended June 30, 2019 and foreign exchange variation aggregating to ₹ 27 crore gain for the quarter ended June 30, 2019. Had the Company provided Interest and foreign exchange variation, the Loss would have been higher by ₹ 953 crore for the quarter ended June 30, 2019. The Auditors have drawn

qualification for non provision of interest and foreign exchange variations in their Audit Report for the quarter ended June 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) The listed Redeemable Non Convertible Debentures (NCDs) of the Company aggregating to ₹ 3,750 crore as on June 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 Licences, 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.
- 6) 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 didn't materialise. As erstwhile resolution plan outside IBC did not materialize, the control of RRL needs 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 and per Indian Accounting Standard 110.
- 7) The assets pertaining to Wireless Spectrum, Towers, 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 para 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			Year ended
	30-Jun-19	31-Mar-19	30-Jun-18	31-Mar-19
	Unaudited	Audited	Unaudited	Audited
Total Income	4	537	7	635
Profit/ (Loss) before tax	(92)	(2,002)	(101)	(2,252)
Profit/ (Loss) after tax	(92)	(2,002)	(101)	(2,252)

- 8) The Company's Assets are held for sale as per Ind AS 105 and being short term in nature, Ind AS 116 "Lease" has not been applied. The Auditors have drawn qualification in their Limited Review Report for the quarter ended June 30, 2019.
- 9) 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.
- 10) After review by the Audit Committee, the Directors of the Company have approved the above results at their meeting held on August 9, 2019 which was chaired by Mr. Anish Nanavaty, Resolution Professional ('RP') of the Company and RP took the same on record. The Financial Results for the quarter ended June 30, 2019 are subject to Limited Review by the Statutory Auditors of the Company.

For Reliance Communications Limited

**Anish Nanavaty
Resolution Professional**

**Suresh Rangachar
Director**

**Manikantan V.
Chief Financial Officer**

Place: Mumbai

Date : August 09, 2019