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 Nine months ended December 31, 2019

(₹ in Crore)

Sr. No.	Particulars	Quarter ended			Nine Months ended		Year ended
		31-Dec-19	30-Sep-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Mar-19
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	**Income**						
	(a) Revenue from Operations	201	225	341	662	1,079	1,379
	(b) Other Income	-	-		-	25	86
	(c) Total Income [(a) + (b)]	**201**	**225**	**341**	**662**	**1,104**	**1,465**
2	**Expenses**						
	(a) Access Charges, Licence Fees and Network Expenses	178	190	241	568	823	901
	(b) Employee Benefits Expenses	32	32	24	103	41	105
	(c) Finance Costs	-	-	-	-	-	-
	(d) Depreciation, Amortisation and Provision for Impairment	56	57	55	170	166	277
	(e) Sales and General Administration Expenses	61	71	99	179	271	489
	(f) Total Expenses [(a) to (e)]	**327**	**350**	**419**	**1,020**	**1,301**	**1,772**
3	**Profit/ (Loss) before Exceptional Items and Tax [1 (c) - 2 (f)]**	**(126)**	**(125)**	**(78)**	**(358)**	**(197)**	**(307)**
4	Exceptional Items (Refer Note 5 & 7)	(12,643)	(2,608)	-	(15,251)	8,964	8,964
5	**Profit / (Loss) before Tax [3 - 4]**	**(12,769)**	**(2,733)**	**(78)**	**(15,609)**	**8,767**	**8,657**
6	**Tax Expenses**						
	(a) Current Tax	-	-	-	-	-	-
	(b) Deferred Tax Charge/ (Credit)	-	-		-	2,088	3,558
	(c) Tax Expenses (net) [(a) to (b)]	**-**	**-**	**-**	**-**	**2,088**	**3,558**
7	**Profit/ (Loss) after Tax [5 - 6]**	**(12,769)**	**(2,733)**	**(78)**	**(15,609)**	**6,679**	**5,099**
8	Profit/ (Loss) before Tax and Exceptional Item from Discontinued Operations	(109)	(360)	(58)	(561)	(250)	(485)
9	Exceptional Items (Refer Note 9)						
	Provision of Liability on account of License & Spectrum fee	(1,051)	(25,588)		(26,639)	-	-
	Provision for Impairment of Assets / Diminution in the value of Investments	-	-	-	-	-	(1,767)
10	Profit/ (Loss) before Tax from Discontinued Operations [8-9]	(1,160)	(25,948)	(58)	(27,200)	(250)	(2,252)
11	Tax Expenses of Discontinued Operations	-	-	-	-	-	-
12	**Profit/ (Loss) after Tax from Discontinued Operations [10-11]**	**(1,160)**	**(25,948)**	**(58)**	**(27,200)**	**(250)**	**(2,252)**
13	Other Comprehensive Income/ (Expense) for the period	-	-	-	-	-	-
14	**Total Comprehensive Income / (loss) for the period [7+ 12 + 13]**	**(13,929)**	**(28,681)**	**(136)**	**(42,809)**	**6,429**	**2,847**
15	**Earnings per Share (EPS) Basic and Diluted (Rs.)**						
	(before exceptional items)						
	(a) Continuing Operations	(0.46)	(0.45)	(0.28)	(1.30)	(0.72)	(6.48)
	(b) Discontinued Operations	(0.40)	(1.31)	(0.21)	(2.04)	(0.91)	(1.77)
	(c) Continuing Operations and Discontinued Operations	(0.86)	(1.76)	(0.49)	(3.34)	(1.63)	(8.25)
	(after exceptional items)						
	(a) Continuing Operations	(46.53)	(9.96)	(0.28)	(56.88)	24.34	18.58
	(b) Discontinued Operations	(4.23)	(94.55)	(0.21)	(99.12)	(0.91)	(8.21)
	(c) Continuing Operations and Discontinued Operations	(50.76)	(104.51)	(0.49)	(156.00)	23.43	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

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 Niranjan 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 Niranjan 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 results for the quarter and nine months ended December 31, 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 nine months ended December, 2019 have been taken on record by the RP solely on the basis of and on relying 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 results 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 results.

(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 quarter ended June 30, 2019, the CIRP in respect of each of the Corporate Debtors, i.e. the Company and its subsidiaries; Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL) has been re-commenced, and interim resolution professionals had been appointed in respect of the aforesaid companies. Subsequently, appointment of Mr. Anish Niranjan 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. 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 and nine months ended December 31, 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 nine months ended December 31, 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 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 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 ₹ 1,024 crore and ₹ 3,064 crore calculated based on basic rate of interest as per terms of loan for the quarter and nine months ended December 31, 2019 respectively and foreign exchange variation aggregating to ₹ 103 crore loss and ₹ 450 crore loss for the quarter and nine months ended December 31, 2019 respectively. Had the Company provided Interest and foreign exchange variation, the Loss would have been higher by 1,127 crore and ₹ 3,514 crore for the quarter and nine months ended December 31, 2019 respectively. The Auditors have drawn qualification for non provision of interest and foreign exchange variations in their Review Report for the quarter and nine months ended December 31, 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 Quarter ended December 31, 2019, pursuant to amendment of the Articles of Association in the Extra Ordinary General Meeting of Reliance Realty Limited (RRL), held on December 10, 2019, the control of RRL, a subsidiary of the Company, was conferred on the Company, with effect from December 10, 2019. Consequently RRL has been included for the preparation of consolidated financial results of the Company as per Ind AS 110 "Consolidated Financial Statement" and Investments previously fair valued have now been recorded at cost. Impact on profitability is ₹ 8,964 crore loss represented as exceptional items as part of continuing operations.

   During the previous year ended March 31,2019, the Company was 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. Accordingly as required by the lenders and also to safeguard the development of real estate and the business taken up by RRL, it was felt necessary that control of RRL be conferred on ADA Group. However, in view of the monetization plan having failed and the resumption of the corporate insolvency resolution process, the control of RRL has now been transferred from ADA Group to the Company. It is however highlighted that the Company shall not be responsible for any actions undertaken by ADA Group in control of RRL prior to the vesting of control of RRL with the Company.

6. Assets held for sale including Wireless Spectrum, Towers, Fiber and Media Convergence Nodes (MCNs) continue to be classified as 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**			**Nine months ended**		**Year ended**
	31-Dec-19	**30-Sep-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**	**31-Mar-19**
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total Income	3	2	30	9	97	635
Profit/ (Loss) before tax	(1,160)	(25,948)	(58)	(27,200)	(250)	(2,252)
Profit/ (Loss) after tax	(1,160)	(25 948)	(58)	(27,200)	(250)	(2,252)

7. During previous quarter, 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 previous quarter, GCX Limited and its subsidiaries/ affiliates had initiated a voluntary application under Chapter 11 of the United States Bankruptcy Code to effectuate a prepackaged plan of reorganization in the District of Delaware court. More than 75% of Bond holders have committed their support for the said plan. Based on the above, Control by the Company over GCX Limited and its subsidiaries has ceased to exist upon initiation of the voluntary application under Chapter 11 of the United States Bankruptcy Code 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”. During the quarter, pursuant to the order of the District of Delaware court dated December 4, 2019, the holder of Notes have become entitled to be the owners of GCX Limited in terms of the plan as approved under Chapter 11 of the United States Bankruptcy Code on the effective date upon implementation of the approved plan. The plan has been approved by the District of Delaware court on December 4, 2019, and the plan is pending implementation. Impact on profitability is Rs. 3,679 crore for the quarter ended December 31, 2019. Impact on profitability is Rs. 6,287 crore for the nine months ended December 31, 2019 and has been represented as part of Exceptional Items. Hence the figures for the quarter and nine months ended December 31, 2019 are not comparable with the previous corresponding period.
Further, GCX Limited along with the other debtors have filed another motion aimed at addressing the issues they have been having in completing the steps to make their plan effective: (a) Debtors' Motion for Entry of an Order (I)(A) Clarifying That Two-Step Emergence is Permitted Under the Confirmation Order and Plan Documents, or, Alternatively, (B)

Deeming Two-Step Emergence a Non-Material Plan Modification and Amending the Confirmation Order to Reflect the Same, (II) Approving Entry into Transition Services Agreement, and (III) Granting Related Relief. A hearing is scheduled on February 27, 2020; objections are due by February 20, 2020.

8. During the previous quarter, Reliance Communications Infrastructure Limited, a wholly owned subsidiary of the Company, had 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 had 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 had provided for estimated liability aggregating to ₹ 25,588 crore in the previous quarter ended September 30, 2019 and has provided additional charge of ₹ 1,051 crore during the quarter ended December 31, 2019 thereby aggregating to ₹ 26,639 crore for the nine months ended December 31, 2019 and represented as exceptional items relating to discontinued operations 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 December 31, 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. The Company and some of its subsidiaries where 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 nine months ended December 31, 2019.

12. Provision for Income Tax for the quarter and nine months ended December 31, 2019, is based on estimate for the full financial year.

13. 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 provisions of Ind AS.

14. After review by the Audit Committee, the Directors of the Company have approved the above results at their meeting held on February 14, 2020 which was chaired by Mr. Anish Niranjan 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 nine months ended December 31, 2019 are subject to Limited Review by the Statutory Auditors of the Company.

For Reliance Communications Limited

Anish Niranjan Nanavaty
Resolution Professional

Viswanath D.
Executive Director and Chief Financial Officer

Place: Mumbai

Date : February 14, 2020.