

Reliance Communications Limited

Anil Dhirubhai Ambani Group

website: www.rcom.co.in

Regd. Office : H Block, 1st Floor , Dhirubhai Ambani Knowledge City, Navi Mumbai 400710

Unaudited Financial Results (Standalone) for the Quarter ended 30th June, 2009

(Rs. in Lakh - Except EPS and Share data)

| Sl. No. | Particulars | Quarter ended | | Year ended |
|-----------|--|-----------------|----------------|------------------|
| | | 30-Jun-09 | 30-Jun-08 | 31-Mar-09 |
| | | Unaudited | Unaudited | Unaudited |
| 1 | a) Net Income from Operations | 300,613 | 317,647 | 1,258,379 |
| | b) Other Operating Income | 2,551 | 38,150 | 102,679 |
| | Total Income | 303,164 | 355,797 | 1,361,058 |
| 2 | Expenditure | | | |
| | a) Access Charges | 47,108 | 60,943 | 232,506 |
| | b) License Fee | 26,215 | 25,000 | 104,922 |
| | c) Employee Cost | 18,549 | 22,287 | 75,835 |
| | d) Passive Infrastructure Charges | 90,052 | 40,608 | 186,811 |
| | e) Depreciation and Amortisation | 55,632 | 52,943 | 193,352 |
| | f) Other Expenses | 96,274 | 87,916 | 415,234 |
| | g) Total | 333,830 | 289,697 | 1,208,660 |
| 3 | Profit from Operations before Other Income, Financial Charges and Exceptional Items (1-2) | (30,666) | 66,100 | 152,398 |
| 4 | Other Income | 16,543 | 109 | 8,409 |
| 5 | Amortisation of Compensation under Employee Stock Option Scheme | - | 6,397 | 747 |
| 6 | Profit on transfer of OFC division by way of demerger | | | 306,327 |
| 7 | Profit before Financial Charges and Exceptional Items (3+4-5) | (14,123) | 59,812 | 466,387 |
| 8 | Financial Charges (Net) | (57,123) | 24,874 | 25,275 |
| 9 | Profit after Financial Charges but before Exceptional Items (7 - 8) | 43,000 | 34,938 | 441,112 |
| 10 | Exceptional Items | - | - | (40,403) |
| 11 | Profit from Ordinary Activities before Tax (8-9) | 43,000 | 34,938 | 481,515 |
| 12 | Tax Expenses | 6,000 | 200 | 1,240 |
| 13 | Profit from Ordinary Activities after Tax (10 - 11) | 37,000 | 34,738 | 480,275 |
| 14 | Extraordinary Items (net of tax expense) | - | - | - |
| 15 | Net Profit for the period (12-13) | 37,000 | 34,738 | 480,275 |
| 16 | Paid-up Equity Share Capital (Face Value of Rs.5 each) | 103,201 | 103,201 | 103,201 |
| 17 | Reserves excluding Revaluation Reserve as per Balance Sheet of previous accounting year | | | |
| 18 | Earning per Share (EPS) (not annualised) | | | |
| | i) Basic (Rs.) | 1.55 | 1.68 | 23.27 |
| | ii) Diluted (Rs.) | 1.49 | 1.54 | 22.29 |
| 19 | Public Shareholding | | | |
| | Number of Shares | 675,665,821 | 699,215,821 | 674,165,821 |
| | Percentage of Shareholding | 32.74% | 33.88% | 32.66% |
| 20 | Promoters and Promoter Group Shareholding | | | |
| | a) Pledged / Encumbered | | | |
| | - Number of Shares | 272,345,338 | N.A. | 272,345,338 |
| | - Percentage of Shares (as a % of the total shareholding of promoters and Promoter Group) | 19.62% | | 19.60% |
| | - Percentage of Shares (as a % of the total share capital of the company) | 13.19% | | 13.19% |
| | b) Non -encumbered | | | |
| | - Number of Shares | 1,116,015,722 | N.A. | 1,117,515,722 |
| | - Percentage of Shares (as a % of the total shareholding of promoters and Promoter Group) | 80.38% | | 80.40% |
| | - Percentage of Shares (as a % of the total share capital of the company) | 54.07% | | 54.15% |

Segment wise Revenue, Results and Capital Employed

(Rs. in Lakh)

| Sl. No. | Particulars | Quarter ended | | Year ended |
|-----------|--|------------------|------------------|------------------|
| | | 30-Jun-09 | 30-Jun-08 | 31-Mar-09 |
| | | Unaudited | Unaudited | Unaudited |
| 21 | Segment Revenue | | | |
| | a) Wireless | 247,670 | 281,654 | 1,058,970 |
| | b) Global | 95,400 | 96,354 | 417,958 |
| | c) Broadband | 41,797 | 39,110 | 166,131 |
| | d) Others / Unallocated | 2,543 | 109 | 8,409 |
| | Total | 387,410 | 417,227 | 1,651,468 |
| | Less: Inter segment revenue | 67,703 | 61,321 | 282,001 |
| | Net Income from Operations | 319,707 | 355,906 | 1,369,467 |
| 22 | Segment Results | | | |
| | Profit / (Loss) before Tax and Financial Charges from each segment | | | |
| | a) Wireless | (1,923) | 28,352 | 93,620 |
| | b) Global | 4,339 | 21,244 | 55,681 |
| | c) Broadband | (1,927) | 12,763 | 45,864 |
| | d) Others / Unallocated | (14,612) | 3,850 | (34,358) |
| | Total | (14,123) | 66,209 | 160,807 |
| | Less : Amortisation of Compensation under Employee Stock Option Scheme | - | 6,397 | 747 |
| | Less : Financial Charges (Net) | (57,123) | 24,874 | 25,275 |
| | Add : Profit on transfer of OFC division by way of demerger | - | - | 306,327 |
| | Less : Exceptional Items - Financial charges | - | - | (40,403) |
| | Total Profit before Tax | 43,000 | 34,938 | (131,139) |
| 23 | Capital Employed | | | |
| | (Segment assets - Segment liabilities) | | | |
| | a) Wireless | 2,993,892 | 1,626,625 | 2,913,211 |
| | b) Global | 129,145 | 242,396 | 132,830 |
| | c) Broadband | 256,583 | 300,634 | 282,769 |
| | d) Others / Unallocated | 4,676,290 | 2,352,837 | 4,949,909 |
| | Total | 8,055,910 | 4,522,492 | 8,278,719 |

NOTES

1. Figures of the previous periods have been reworked, regrouped, rearranged and reclassified, wherever required.
2. On account of various factors including, in particular, an amendment to Schedule VI of the Companies Act, 1956 ("the Act") withdrawing the requirement to adjust changes in the amounts of liability relating to Loans and Liabilities in foreign currency attributable to Fixed Assets acquired by the Company in the cost of the said Fixed Assets, the Company has decided after the end of the Financial Year 2008 - 09 and after the approval of the Unaudited Financial Results for the Year ending on 31st March, 2009 that it would be more appropriate to account for the changes in the amounts of liabilities, consequent to changes in foreign exchange rates, as part of the profit or loss of the Company for the year in which the changes take place without adjusting the amount of the change in the cost of fixed assets. The accounting policy now adopted by the Company is in line with the Accounting Standard ("AS") 11, "The Effect of Changes in Foreign Exchange Rates" as also in line with the accounting policy adopted by the Company in the Previous Year ending 31st March, 2008 and the accounting policy followed by the Company for similar changes relating to liabilities expressed in foreign exchange other than those relating to fixed assets.

Accordingly, in respect of the Year ending on 31st March, 2009, Rs. 460,839 lakh being the foreign exchange difference relating to such loans/ liabilities, which were earlier adjusted in the cost of fixed assets, have now been charged to the Profit and Loss Account. Rs. 446,457 lakh has been withdrawn from the General Reserve of the Company in accordance with the terms of the Scheme of Arrangement between the Company and Reliance Infratel Limited approved by the Mumbai High Court on 18th July, 2009 and consequently, there is no impact vis-à-vis profits of the year ended 31st March, 2009 of such charge except for consequential effects relating to Depreciation, etc. which have been appropriately dealt with. However, aforesaid adjustment by withdrawing from the General Reserve shall be reversed in case, for any reason, the Order does not become effective.

The revised accounting policy is continued in respect of the Current Year and the financial results for the Quarter ended on 30th June, 2009 have been arrived at on the basis of the revised accounting policy.

The accounting treatment in relation to changes in amount of liabilities consequent to changes in foreign exchange rates was the subject matter of reference in the Review Report of the Auditors for the previous Quarter ending on March 31, 2009.

3. During the quarter, the Company has repurchased and cancelled 297 Foreign Currency Convertible Bonds (FCCBs) of USD 1,00,000 each, at a discount. This has resulted in a saving of Rs. 2,449 lakh which has been reflected as part of Other Income. Consequent upon such repurchase and cancellation, the Company's obligations to convert the said FCCBs into Shares, if so claimed by the FCCB Holders and/ or to redeem the same in foreign currency, have come to an end vis-à-vis the cancelled FCCBs.
- 4.(i) Pursuant to the Scheme of Amalgamation under Section 391 to 394 of the Companies Act, 1956 sanctioned by the Honourable High Court of Bombay vide Order dated 3rd July, 2009, Reliance Gateway Net Limited ("RGNL"), a Wholly Owned Subsidiary of the Company has been amalgamated into the Company with effect from the Appointed Date as 31st March, 2009. As required by the Scheme, the Company has considered the accounting effects of the Scheme into unaudited accounts for the year ended as at 31st March, 2009.

All the assets and liabilities as appearing in the books of the RGNL as on the Appointed Date have been recorded at their respective fair values by the Transferee Company. Excess of Rs. 1,433,205 lakh arising on such transfer of assets and liabilities, in proportion to its Shareholding in Reliance Globalcom Limited, Bermuda, after making the adjustment, in accordance with the Scheme, for cancellation of investments of Rs. 2,09,643 lakh in RGNL and net effect on revaluation of assets and liabilities of the Company selected by the Board as required to be revalued for this purpose ("Identified Assets") of Rs. 1,269,881 lakh has been credited to General Reserve, to be dealt with in accordance with the Scheme.

Further to the above, during the current quarter, additional depreciation of Rs. 28,934 lakh arising on account of fair valuation of Identified Assets, have been adjusted by drawing an equivalent amount from General Reserve, leaving no impact on Profit and Loss Account of the Company.

- (ii) Pursuant to the Scheme of Arrangement ("the Scheme") under Section 391 to 394 of the Companies Act, 1956 sanctioned by the Honourable High Court of Bombay on 18th July, 2009, the Optic Fiber Undertaking, as defined in the Scheme, of the Company has been transferred and vested into Reliance Infratel Limited ("RITL"), a subsidiary of the Company with effect from the Appointed Date as 1st April, 2008.

However, the detailed Order of the Court is yet to be received. Also, the said Order has not become effective as the Company is still to file the said Order with the Registrar of Companies. In the interest of providing relevant information, the Company has decided that, notwithstanding the aforesaid position, the Company would reflect the transactions forming part of the Scheme sanctioned by the said Order in compiling the accounts both for the Year ended 31st March, 2009 and for the Quarter ended 30th June, 2009.

If, for any reason, the Order does not become effective, the financial results for the Year ended on 31st March, 2009 and the Quarter ended on 30th June, 2009 would have to be adjusted by reversal of the following:

- A. In respect of the Year ended 31st March, 2009:

- a) Profit arising from the transfer of the Optic Fibre Division- Rs. 306,327 lakh
- b) Amounts payable to RITL as the Owner of the Optic Fibre Division including amounts charged in accordance with the applicable accounting standards, even though the same are not payable, (Rs. 90,300 lakh) less amounts receivable and savings by way of Depreciation, etc. – Net effect, Rs. 76,512 lakh.

- B. In respect of the Quarter ending 30th June, 2009:

Net effect of amounts payable to RITL as the Owner of the Optic Fibre Division including amounts charged in accordance with the applicable accounting standards, even though the same are not payable (Rs. 22,575 lakh), less savings by way of Depreciation, etc. – Net effect, Rs. 18,722 lakh.

- C. All transactions for the year ending 31st March, 2009 and for the current quarter ending 30th June, 2009 relating to the said Undertaking and recorded as transactions carried out by RITL, the Subsidiary of the Company, may be considered to be transactions carried out by the Company and/ or to the extent they relate to transactions with the Company reversed, as not having taken place.

- (iii) Consequently, the pending Regulatory approvals which were the subject matter of reference by the Auditors in their Review Report on the Financial Results for the year ended 31st March, 2009 have been received and the effect thereof has been incorporated in arriving at the results for the Quarter ended on 30th June, 2009 and in the restated numbers for the year ended on 31st March, 2009.
- (iv) As a consequence of the above, Profit after tax for the year ended as at 31st March, 2009 stands restated to Rs. 480,275 lakh (unaudited) as against Rs. 235,293 lakh (unaudited) disclosed earlier before giving effects of the Schemes. Reserve for the accounting year ended as at 31st March, 2009 shall be available on finalisation of audit. The amount of Reserves, excluding Revaluation Reserves as per the last audited Balance Sheet as on 31st March, 2008 is Rs. 2,380,797 lakh.
5. The Company has provided for Current Tax based on Minimum Alternate Tax (MAT) rate of 15% with applicable surcharge and education cess and discontinued provision of Fringe Benefit Tax (FBT), in view of the proposals contained in the Finance Bill (No.2) 2009.
6. The Board of Directors have declared Interim dividend of Re. 0.80 per equity share of Rs. 5 each i.e. 16% for the financial year 2008 - 09. The interim dividend will be paid on or after 6th August, 2009.
7. The Company is operating with Wireless, Broadband, Global, Investments and Others / Unallocated segments. Accordingly, segment-wise information has been given. This is in line with the requirement of AS 17 "Segment Reporting".
8. No complaint from Investors was pending for redressal at the beginning and end of the quarter. During the quarter, 119 complaints were received and all the complaints were resolved.
9. After review by the Audit Committee, the Board of Directors of the Company has approved the above results at their meeting held on 31st July, 2009, and the same have been subjected to Limited Review by the Statutory Auditors of the Company.

For Reliance Communications Limited

Place: Mumbai
Date: 31st July, 2009

Anil D. Ambani
Chairman