

Reliance Communications Limited

website: www.rcom.co.in

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

Audited Financial Results (Consolidated) for the Year ended 31st March, 2011

(₹ in Lakh - Except EPS and Share data)

Sl. No.	Particulars	For the year ended	
		31-Mar-2011	31-Mar-2010
		Audited	Audited
1	a) Net Income from Operations	2,208,939	2,068,505
	b) Other Operating Income	34,096	81,133
	Net Income from Operations	2,243,035	2,149,638
2	Expenditure		
	a) Access Charges	264,762	213,773
	b) License Fee	115,717	114,511
	c) Employee Cost	147,571	150,007
	d) Depreciation and Amortisation	650,383	374,652
	e) Other Expenditure	874,556	952,888
	Total	2,052,989	1,805,831
3	Profit from Operations before Other Income, Financial Charges and Exceptional Items (1 - 2)	190,046	343,807
4	Other Income	67,728	63,590
5	Amortisation of Compensation under Employee Stock Option Scheme	(673)	-
6	Profit before Financial Charges, Loss on investment written off and Exceptional Items (3 + 4 - 5)	258,447	407,397
7	Financial Charges	107,223	(118,633)
8	Profit after Financial Charges and Investment Written off but before Exceptional Items (6 - 7)	151,224	526,030
9	Exceptional Items	(537)	3,747
10	Profit from Ordinary Activities before Tax (8 - 9)	151,761	522,283
11	Tax Expenses	1,179	44,539
12	Profit from Ordinary Activities after Tax (10 - 11)	150,582	477,744
13	Extraordinary Items (net of tax expense)	-	-
14	Net Profit for the period (12 - 13)	150,582	477,744
15	Share of Minority Interest	15,027	11,925
16	Share of Associates	990	319
17	Net Profit after Adjustment of share of Minority Interest and Associates (14 - 15 - 16)	134,565	465,500
18	Paid-up Equity Share Capital (Face Value of Rs. 5 each)	103,201	103,201
19	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year	-	4,232,863
20	Debenture Redemption Reserve	8,194	8,194
21	Earning per Share (EPS) before and after Extraordinary Items (not annualised)		
	- Basic (Rs.)	6.52	22.55
	- Diluted (Rs.)	6.25	21.62

Sl. No.	Particulars	For the year ended	
		31-Mar-2011	31-Mar-2010
		Audited	Audited
22	Debt Equity Ratio (Refer note 10)	0.92	0.56
23	Debt Service Coverage Ratio (DSCR) (Refer note 10)	2.94	0.92
24	Interest Service Coverage Ratio (ISCR) (Refer note 10)	9.92	7.49
25	Public Shareholding		
	Number of Shares	663,296,821	669,106,821
	Percentage of Shareholding	32.14%	32.42%
26	Promoters and Promoter Group Shareholding		
	a) Pledged / Encumbered		
	- Number of Shares	Nil	Nil
	- Percentage of Shares (as a % of the total shareholding of promoters and Promoter Group)	N.A.	NA
	- Percentage of Shares (as a % of the total share capital of the company)	N.A.	NA
	b) Non -encumbered		
	- Number of Shares	1,400,730,060	1,394,920,060
	- Percentage of Shares (as a % of the total shareholding of promoters and Promoter Group)	100.00%	100.00%
	- Percentage of Shares (as a % of the total share capital of the company)	67.86%	67.58%

Segment wise Revenue, Results and Capital Employed

(₹ in Lakh)

Sl. No.	Particulars	For the year ended	
		31-Mar-11	31-Mar-10
		Audited	Audited
27	Segment Revenue		
	a) Wireless	1,657,620	1,663,961
	b) Global	1,005,191	831,868
	c) Broadband	264,694	283,855
	d) Investments	5,740	20,949
	e) Others / Unallocated	135,060	96,781
	Total	3,068,305	2,897,414
	Less: Inter segment revenue	(757,542)	(684,186)
	Income from Operations	2,310,764	2,213,228
28	Segment Results		
	Profit / (Loss) before Tax and Financial Charges from each segment		
	a) Wireless	270,047	375,496
	b) Global	47,576	75,405
	c) Broadband	47,065	68,139
	d) Investments	5,740	20,949
	e) Others / Unallocated	(112,654)	(112,593)
	Total	257,774	427,396
	Less : Amortisation of Compensation under Employee Stock Option Scheme	(673)	-
	Less : Financial Charges (Net)	107,223	(118,633)
	Less : Exceptional Items	(537)	23,747
	Total Profit before Tax	151,761	522,282
	Particulars	31-Mar-11	31-Mar-10

		Audited	Audited
29	Capital Employed		
	(Segment assets - Segment liabilities)		
	a) Wireless	5,366,592	4,809,038
	b) Global	688,902	749,398
	c) Broadband	374,752	452,672
	d) Investments	128,791	471,708
	e) Others / Unallocated	1,517,147	900,534
	Total	8,076,184	7,383,350

Notes

1. Figures of the previous year have been regrouped and reclassified, wherever required.
2. Pursuant to the Scheme of Amalgamation ("the Scheme") under Section 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Bombay vide Order dated 29th April, 2011, with an Appointed Date being 1st April, 2010 and filed with the Registrar of Companies (RoC) on 25th May, 2011; Global Innovation Solutions Private Limited ("GISPL" or 'the Transferor Company'), a Wholly Owned Subsidiary of the Company, has been amalgamated into the Company.

Pursuant to the Schemes of Amalgamations ("the Schemes") amongst subsidiary companies, under Section 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Bombay vide Order dated 6th May, 2011, with an Appointed Date being 1st April, 2010 and filed with the Registrar of Companies (RoC) on 25th May, 2011; Matrix Innovations Limited ("MIL" or 'the Transferor Company'), a Wholly Owned Subsidiary of Reliance Communications Infrastructure Limited ("RCIL") and Reliance Communications Maharashtra Private Limited ("RCMPL" or "the Transferor Company"), a Wholly Owned Subsidiary of Reliance Telecom Limited ("the Transferee Company" or "RTL") have been amalgamated into RCIL ('the Transferee Company') and into RTL ('the Transferee Company') respectively. Reliance Global IDC Limited ('RGIL' or 'the Transferor Company'), a Wholly Owned Subsidiary of Reliance Infratel Limited ('RITL'), has been amalgamated, with an Appointed Date being 1st January, 2011, into RITL ('the Transferee Company'), which has been filed with the Registrar of Companies (RoC) on 25th May, 2011. Upon the Schemes becoming effective, all the assets and liabilities as appearing in the books of the respective transferor companies as on the Appointed Date have been recorded at their respective book values by the respective transferee companies. In terms of the Scheme, RITL has adjusted prepaid expenses Rs. 89,000 lakhs against balance available in Securities Premium Account in its Accounts. As required for Consolidation, the said expenses have been adjusted against General Reserve.

3. Pursuant to the Scheme for the transfer of passive infrastructure ("the Scheme") by the Company to Reliance Infratel Limited (RITL), a subsidiary of the Company, RITL, based on a legal opinion, considers the General Reserve created pursuant to the Scheme to be a free reserve and available for any purpose and consequently, has been withdrawn and credited to the Profit and Loss Account, an amount of Rs. 15,941 lakhs in respect of bad debts and Rs. 7,735 lakhs in respect of fuel costs, incurred during the year in preference to Indian Generally Accepted Accounting Principles. Had the Company not made such a withdrawal as per the Scheme, the profit before taxes for the year would have been lower by Rs. 23,676 lakhs.
4. In accordance with the terms of issue of US\$ 500 million Zero Coupon Foreign Currency Convertible Bonds (FCCBs) issued on 9th May, 2006, the Company redeemed all outstanding FCCBs by making payment on due date i.e. 9th May, 2011. As a result, the Company is not required to allot 2,74,13,085 equity shares of Rs. 5 each arising out of conversion of the said FCCBs.
5. During the quarter, based on a legal opinion, income from exclusive and indefeasible right of use (IRU) granted for network capacity to customers is recognised as license income in compliance with Accounting Standard (AS) 9 "Revenue Recognition" on activation of circuits instead of on straight line basis over an assured period of IRU contract. As a result revenue for the year is higher by Rs. 254,500 lakhs and Profit after Tax for the year is lower by Rs. 4,704 lakhs.

6. The Board of Directors has recommended a dividend of Re. 0.50 per equity share of Rs. 5 each i.e. 10% for the financial year ended on 31st March, 2011, subject to approval of the shareholders at the ensuing Annual General Meeting. Such declaration of dividend out of reserve is in compliance with the Companies (Declaration of Dividend out of Reserves) Rules, 1975.
7. As part of ongoing investigations in relation to the entire telecom sector in India, certain preliminary charges were filed in April, 2011 in a Court by an investigative agency (CBI), against Reliance Telecom Limited, a subsidiary of the Company, and three of the executives of the Group. The CBI media release itself clarifies that these are preliminary charges based on its own investigations, and the persons named are presumed to be innocent, till their alleged guilt is established after a fair trial.

As legally advised, the persons so named deny all charges, and will defend themselves in the appropriate legal proceedings. These preliminary charges have no impact on the business, operations, and/ or licenses of Reliance Telecom Limited and Reliance Communications Limited and, even more so, are not connected in any manner to any other listed group companies.

8. 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".
9. The Company has opted to publish Consolidated financial results for the year 2010 - 11. Standalone financial results, for the year ended 31st March, 2011 can be viewed on the website of the Company, National Stock Exchange of India Limited and Bombay Stock Exchange Limited at www.rcom.co.in, www.nseindia.com and www.bseindia.com respectively.

Additional information on standalone basis is as follows:

Particulars	(Rs. in Lakh)	
	Year ended	
	31.03.2011	31.03.2010
	Audited	Audited
Total Income	12,61,401	12,51,172
Profit / (Loss) before tax	(85,953)	61,947
Profit / (Loss) after tax	(75,801)	47,893

10. Formula used for the computation of ratios:
 - i) Debt Equity Ratio = Debt/ Equity;
 - ii) Debt Service Coverage Ratio (DSCR) = Earnings before interest, tax/ (Interest + Principal repayment);
 - iii) Interest Service Coverage Ratio (ISCR) = Earnings before interest, tax/ (Interest expense)

11. No complaint from Investors was pending for redressal at the beginning and end of the quarter. During the quarter 25 complaints were received and all the complaints were resolved.
12. After review by the Audit Committee, the Board of Directors of the Company have approved the above results at their meeting held on 30th May, 2011.

For **Reliance Communications Limited**

Place: Mumbai
Date: 30th May, 2011

Anil D. Ambani
Chairman