

Reliance Communications Limited

website: www.rcom.co.in

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

CIN - L45309MH2004 PLC147531

Audited Financial Results (Standalone) for the quarter and year ended March 31, 2018

		(₹ in Crore)				
Sr. No.	Particulars	Quarter ended			Year ended	
		31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17
		Audited	Unaudited	Audited	Audited	Audited
1	Income					
	(a) Revenue from Operations	407	497	852	2,231	3,537
	(b) Other Income	-	-	-	-	-
	(c) Total Income [(a) + (b)]	407	497	852	2,231	3,537
2	Expenses					
	(a) Access Charges, Licence Fees and Network Expenses	278	319	737	1,631	2,906
	(b) Employee Benefits Expenses	8	7	9	28	37
	(c) Finance Costs	-	-	-	-	-
	(d) Depreciation, Amortisation and Provision for Impairment	51	46	55	200	216
	(e) Sales and General Administration Expenses	95	76	41	308	247
	(f) Total Expenses [(a) to (e)]	432	448	842	2,167	3,406
3	Profit/ (Loss) before Exceptional Items and Tax [1 (c) - 2 (f)]	(25)	49	10	64	131
4	Exceptional Items	-	-	-	-	-
5	Profit / (Loss) before Tax [3 - 4]	(25)	49	10	64	131
6	Tax Expenses					
	(a) Current Tax	-	-	-	-	-
	(b) Short/(Excess) provision of earlier years	0	1	-	1	-
	(c) Deferred Tax Charge/ (Credit)	30	-	(23)	-	(94)
	(d) Tax Expenses (net) [(a) to (c)]	30	1	(23)	1	(94)
7	Profit/ (Loss) after Tax [5 - 6]	(55)	48	33	63	225
8	Profit/ (Loss) before Tax and Exceptional Item from Discontinued Operations	704	(192)	(942)	(2,978)	(3,986)
9	Exceptional Items					
	Provision for Impairment of Assets / Diminution in the value of Investments	6,955	-	-	6,955	-
10	Profit/ (Loss) before Tax from Discontinued Operations [8-9]	(6,251)	(192)	(942)	(9,933)	(3,986)
11	Tax Expenses of Discontinued Operations	580	-	(815)	-	(1,965)
12	Profit/ (Loss) after Tax from Discontinued Operations [10-11]	(6,831)	(192)	(127)	(9,933)	(2,021)
13	Other Comprehensive Income/ (Expense) for the period	3	-	-	3	(1)
14	Total Comprehensive Income / (loss) for the period [7+ 12 + 13]	(6,883)	(144)	(94)	(9,867)	(1,797)
15	Earnings per Share (EPS) (before and after exceptional items) Basic and Diluted (Rs.)					
	(a) Continuing Operations	(0.20)	0.18	0.13	0.24	0.91
	(b) Discontinued Operations	(24.89)	(0.73)	(0.51)	(38.46)	(8.19)
16	Paid-up Equity Share Capital (Face Value of Rs. 5 each)	1,383	1,383	1,244	1,383	1,244
17	Debt Equity Ratio (Refer Note 11)				3.85	1.53
18	Debt Service Coverage Ratio (DSCR) (Refer Note 11)				-	0.07
19	Interest Service Coverage Ratio (ISCR) (Refer Note 11)				-	0.25

Standalone Statement of Assets and Liabilities		(₹ in Crore)	
	Particulars	As at	As at
		31-Mar-18	31-Mar-17
		Audited	Audited
A	ASSETS		
1	Non-Current Assets		
	(a) Property, Plant and Equipment	2,126	14,751
	(b) Capital Work in Progress	160	1,130
	(c) Intangible Assets	104	13,797
	(d) Intangible Assets under development	-	66
	(e) Investment in Subsidiaries and Associates	13,559	17,090
	(f) Financial Assets		
	(i) Other Financial Assets	11	72
	(g) Income Tax Asset (net)	197	227
	(h) Deferred Tax Asset (net)	3,558	3,558
	(i) Other Non Current Assets	956	5,167
	Sub-total Non-Current Assets	20,671	55,858
2	Current Assets		
	(a) Inventories	64	108
	(b) Financial Assets		
	(i) Investments	4,225	4,599
	(ii) Trade Receivables	1,672	1,636
	(iii) Cash and Cash Equivalents	147	455
	(iv) Bank Balances other than (iii) above	54	188
	(v) Loans	3,640	6,215
	(vi) Other Financial Assets	126	385
	(c) Other Current Assets	4,162	4,445
	(d) Assets Held for Sale	21,188	-
	Sub-total - Current Assets	35,278	18,031
	Total Assets	55,949	73,889
B	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity Share Capital	1,383	1,244
	(b) Other Equity	7,933	22,840
	Total Equity	9,316	24,084
	LIABILITIES		
2	Non-Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	9,359	18,629
	(ii) Deferred Payment Liabilities	-	1,407
	(iii) Other Financial Liabilities	-	269
	(b) Other Non-Current Liabilities	83	87
	(c) Provisions	18	31
	Sub-total Non-Current Liabilities	9,460	20,423
3	Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	18,595	7,928
	(ii) Trade Payables	3,110	2,435
	(iii) Other Financial Liabilities	9,257	17,131
	(b) Other Current Liabilities	850	666
	(c) Provisions	1,219	1,222
	(d) Liabilities directly related to Assets held for Sale	4,142	-
	Sub-total - Current Liabilities	37,173	29,382
	Total Equity and Liabilities	55,949	73,889

Notes:

1. Figures of the previous period have been regrouped and reclassified, wherever required.
2. Pursuant to the Schemes of Arrangement ("the Schemes") sanctioned by the Hon'ble High Court of Judicature at Bombay / Gujarat, variation on account of changes in exchange rates including amortisation of the balance in "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" and depreciation consequent to addition of exchange differences to the cost of capitalised assets aggregating to ₹ 61 crore and ₹ 448 crore during the quarter and year ended March 31, 2018 respectively, have been withdrawn from General Reserve. The Company has, in accordance with the said Schemes, adjusted additional depreciation and amortization of ₹ Nil and ₹ 280 crore, arising on fair value of the assets, for the quarter and year ended March 31, 2018 respectively by withdrawing an equivalent amount from General Reserve. Impairment charge to the extent of ₹ 5,948 crore, arising on account of strategic transformation programme as a part of debt resolution plan consequent to the process of monetisation of the assets of the Company, as permitted under the said Schemes, has been adjusted by withdrawing an equivalent amount from the balance available in General Reserve and Reserve for Business Restructuring. The charge disclosed in the Financial Results is net of such withdrawal. These matters have been referred to by the Auditors in their Audit Report.
3. The listed Redeemable Non Convertible Debentures (NCDs) of the Company aggregating to ₹ 3,750 crore as on March 31, 2018 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.
4. 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	Not Applicable	07.02.2018 unpaid
Previous due date for payment of Interest	02.03.2018	07.03.2018
Whether Interest was paid on the due date	No	No
Next due date for payment of interest	02.04.2018	07.04.2018
Credit Rating and change in credit rating, if any	ICRA D earlier ICRA BB	CARE D earlier CARE BB
Due Date for Principal Repayment	01.03.2019	Rs 375 crore on each dates 07.02.2018 (Unpaid) and 07.02.2019

5. Debenture Redemption Reserve (DRR) : ₹ 590 crore as on March 31, 2018.

6. Net Worth : ₹ 7,919 crore, as on March 31, 2018
Includes ₹ 5,538 crore created pursuant to the Scheme of Amalgamation approved by High courts which shall for all regulatory purposes be considered to be part of owned funds of the Company.
7. The Company was engaged with Joint Lenders' Forum (JLF), constituted on June 2, 2017 and under standstill period till December 2017 pursuant to the strategic Debt Restructuring Scheme (SDR Scheme) of Reserve Bank of India (RBI). Consequent to circular of 12th February, 2018 of RBI, the Company continued to work closely with the Lenders to finalise an overall debt resolution plan. Pursuant to strategic transformation programme, as a part of debt resolution plan of the Company under consideration, inter alia of the Lenders, the Company and its subsidiaries; 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). Further, the Company has also entered into a definitive binding agreement with Pantel Technologies Private Limited and Veecon Media and Television Limited for sale of its subsidiary company having DTH Business. The Company and its said subsidiaries expected to close these transactions in a phased manner. In the meanwhile, Hon'ble National Company Law Tribunal (NCLT), Mumbai has, overruling the objections of the Company as also its lenders represented by State Bank of India, the lead member, vide its order dated May 15, 2018 admitted applications filed by an operational creditor for its claims against the Company and its subsidiaries; RTL and RITL and thereby admitted the companies to debt resolution process under the Insolvency and Bankruptcy Code, 2016 (IBC). As a consequence, Interim Resolution Professionals (IRPs) were appointed vide NCLT's order dated May 18, 2018. The Company along with the support of the lenders filed an appeal with Hon'ble National Company Law Appellate Tribunal (NCLAT) challenging the order of NCLT admitting the Company to IBC proceedings. The Hon'ble NCLAT, vide its order dated May 30, 2018, stayed the order passed by NCLT and consequently, the Board stands reinstated. Further, Minority Shareholders holding 4.26% stake in RITL had accused the management of RITL of "Oppression of minority shareholders and mismanagement" and filed a petition in NCLT. Based on an amendment to the Petition, the NCLT stayed RITL's proposed asset sale (Tower and Fibre). The parties have subsequently settled the dispute and the restriction on sale stands vacated pursuant to order admitting RITL to the IBC proceeding is vacated. The Company is confident that a suitable debt resolution plan would be formulated along with its lenders as per the strategic transformation programme. Considering these developments, the financial results continue to be prepared on going concern basis. This matter has been referred to by the Auditors in their Audit Report.
8. The aforesaid assets along with liabilities have been classified as assets held for sale and disclosed separately as discontinued operations in line with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". Assets held for sale are recorded at lower of carrying amount and fair value less cost as per Ind AS 105 and ₹ 6,955 crore has been accounted as impairment.

The financial result of discontinued operations is as under:

(₹ in Crore)

Particulars	Quarter ended			Year ended	
	31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17
	Audited	Unaudited	Audited	Audited	
Total Income	29	237	1,166	2,045	5,617
Profit/ (Loss) before tax	(6,251)	(192)	(942)	(9,933)	(3,986)
Profit/ (Loss) after tax	(6,831)	(192)	(127)	(9,933)	(2,021)

9. Considering all factors including admitting the companies to debt resolution process under the IBC the Company, with a view to reflecting fairly the position for the purpose of presentation in respect of the Company's obligation for interest and without implying in any way that the terms of lending by the banks and other lenders are altered, has not provided interest of ₹ 829 crore during the quarter under review and ₹ 811 crore for the previous quarter and reversed interest of ₹ 1,415 crore provided during the earlier quarters of the year. Had the Company provided Interest, the Loss would have been higher by ₹ 829 crore and ₹3,055 crore for the quarter and year ended March 31, 2018 respectively. The Auditors have drawn qualification in this regards in their Audit Report.
10. 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.
11. Formula used for the computation of ratios:
- Debt Equity Ratio = Debt/ Equity;
 - Debt Service Coverage Ratio (DSCR) = Earnings before depreciation, Impairment, interest and tax/ (Interest + Principal repayment);
 - Interest Service Coverage Ratio (ISCR) = Earnings before depreciation, Impairment, interest and tax/ (Interest expense).
12. Figures for the quarter ended March 31, 2018 and March 31, 2017 are balancing figures between the audited figures in respect of the full financial year and published year to date figures upto the third quarter of the relevant financial years.
13. It is hereby declared that the Auditors have issued audit reports with qualification on the annual audited financial result for the year ended March 31, 2018. Impact of the qualification is given in Annexure 1.
14. After review by the Audit Committee, the Board of Directors of the Company has approved the above results at their meeting held on May 30, 2018.

For Reliance Communications Limited

Anil D. Ambani
Chairman

Place : Mumbai
Date : May 30, 2018

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with
Annual Audited Financial Results - Standalone)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
			Rs. in crore	
	1	Turnover / Total income	2,231	2,231
	2	Total Expenditure	2,167	2,167
	3	Net Profit/(Loss)	63	63
	4	Net Profit / (Loss) from Discontinued Operations	(9,933)	(12,988)
	5	Earnings Per Share (Rs.)	(38.22)	(50.04)
	6	Total Assets	55,949	55,949
	7	Total Liabilities	46,633	49,688
	8	Net worth	9,316	6,261
	9	Any other financial item(s) (as felt appropriate by the management)		
II	Audit Qualification (each audit qualification separately):			
	a.	Details of Audit Qualification:	Not Providing Interest	
	b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion	
	c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	First Time	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Impact is likely to be nil, if request for waiver is accepted by Lenders	
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	Not Applicable	
		(i) Management's estimation on the impact of audit qualification:	-	

		(ii) If management is unable to estimate the impact, reasons for the same:	-
		(iii) Auditors' Comments on (i) or (ii) above:	-
III	Signatories:		
		Executive Director	
		Director and Chief Financial Officer	
		Audit Committee Chairman	
		Statutory Auditor	
	Place	Mumbai	
	Date	May 30, 2018	