

**RELIANCE COMMUNICATIONS ANNOUNCES
FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2017**

**INDIAN TELECOM SECTOR CONTINUES TO BE SEVERELY IMPACTED IN THE FIRST
QUARTER OF 2017-18 OWING TO DISRUPTIVE PRICING AND HYPERCOMPETITION**

**TOTAL REVENUE FOR THE QUARTER RS. 3,591 CRORE, DOWN 33% YOY;
EBIDTA FOR THE QUARTER RS. 543 CRORE, DOWN 65.2% YOY
NET LOSS AT RS 1,221 CRORE (NET PROFIT OF RS 54 CRORE FOR
CORRESPONDING QUARTER ENDED JUNE 30, 2016)**

**RCOM IN FINAL STAGES OF COMPLETING FUTURE-PROOF TWO-YEAR
JOURNEY OF ALL-ROUND STRATEGIC TRANSFORMATION**

**MERGER OF SSTL WIRELESS BUSINESS TO BE COMPLETED IN AUGUST 2017
ADDING HIGHLY VALUABLE 30 MHZ OF 850 BAND SPECTRUM IN 8 KEY CIRCLES WITH
EXTENDED LIFE TILL 2033**

**MERGER OF WIRELESS BUSINESS WITH AIRCEL PROGRESSING WELL AND ON TRACK,
WILL LEAD TO DEBT REDUCTION OF RS 14,000 CRORE AND PROVIDE
SUBSTANTIAL REVENUE, CAPEX AND OPEX SYNERGIES TO MERGEDCO**

**SALE OF TOWER BUSINESS TO BROOKFIELD IN FINAL STAGES OF APPROVALS,
WILL LEAD TO REDUCTION OF DEBT BY RS 11,000 CRORE**

**RCOM DEBT TO REDUCE BY RS 25,000 CRORE ON COMPLETION
OF THESE TWO TRANSACTIONS DURING THIS FY**

**RCOM TO CONTINUE HOLDING STRATEGIC STAKE OF 50% IN AIRCEL JV
AND 49% ECONOMIC UPSIDE IN TOWER BUSINESS, PROVIDING
FUTURE MONETISATION OPPORTUNITIES FOR FURTHER DELEVERAGING**

**POST COMPLETION OF TRANSACTIONS, RCOM WILL FOCUS ON HIGHER-GROWTH
AND HIGHER-MARGIN BUSINESSES OF DOMESTIC ENTERPRISES, DATA CENTERS,
OPTICAL FIBER AND INTERNATIONAL BUSINESS IN GCX**

**RCOM EXPECTS DEVELOPMENT OF REAL ESTATE PORTFOLIO TO YIELD SIGNIFICANT
PROCEEDS FOR FURTHER DEBT REDUCTION**

Mumbai, August 12, 2017: Reliance Communications Limited (RCOM) today announced its consolidated financial results for the quarter ended June 30, 2017.

The telecom sector in India continues to be very adversely impacted during the financial year 2017-18 by competitive intensity on a scale never witnessed before in the country.

For the first time in over 20 years, the telecom sector registered de-growth in revenues, leading to a reduction in the Government's share in revenues, sharp drop in operating margins, accompanied by increased interest costs arising from a staggering industry debt burden, and higher depreciation and amortisation charges as a result of higher spectrum purchase costs.

Steep declines in profitability and / or net losses have been reported for the past two quarters by all telecom operators in the country without exception, and a couple of operators have shut down their entire operations in the country.

RCOM - Key Highlights for Q1 FY18:

- Consolidated revenues stood at Rs. 3,591 crore, down 33.0% YoY, and EBITDA at Rs. 543 crore, down 65.2% YoY compared to the corresponding quarter ended June 30, 2016, consequent to the impact of disruptive pricing and unprecedented competitive intensity in the industry.
- The EBITDA margin declined to 15.1%, compared to 29.1% in the corresponding quarter.
- Indian operations' revenues and EBITDA stood at Rs. 3,048 crore and Rs. 367 crore respectively; while Global revenues and EBITDA were Rs. 839 crore and Rs. 176 crore, respectively.

Strategic Transformation - Key Transaction Updates:

RCOM launched a comprehensive programme for all-round strategic transformation in the Year 2015, with an emphasis on industry consolidation, an asset-light business model, future sustainability and cost efficiencies. The programme is now in the final stages of completion, and the update on various initiatives is as follows:

- **SSTL's consolidation into RCOM:** The proposed merger of SSTL's wireless operations with RCOM, marking the 1st in-country consolidation in the Indian telecom industry, has received all approvals and is expected to be completed in August, 2017. The merger will add highly-valuable 30 MHz of 850 band spectrum in 8 key circles, and will extend the validity of spectrum in these circles for an additional period of 12 years, till the Year 2033.
- **Spectrum sharing deal with Jio:** RCOM's 850 MHz spectrum sharing arrangements with Reliance Jio have been fully implemented and are now operational for the past over 9 months. This unique arrangement has enabled RCOM to deliver access and connectivity to a world-class, nationwide 4G LTE network to millions of valued customers, with minimal Capex and considerably lower operating costs.
- **Consolidation of RCOM's wireless business with Aircel:** The proposed consolidation of RCOM's wireless business with Aircel will place the merged wireless entity among the top 3 ranking operators in 12 important circles, and among the top 4 operators in India on the basis of customer base and revenues.

The combined entity will enjoy substantial benefits of scale, and Capex and Opex synergies, with an estimated NPV of ~Rs. 20,000 crore. As part of this transaction, RCOM's overall debt will reduce by Rs 14,000 crore, together with transfer of liability for spectrum instalments of an additional approximately Rs 6,000 crore.

RCOM and Aircel have already received approvals for the merger scheme from the Stock Exchanges, the Securities and Exchange Board of India (SEBI), the Competition Commission of India (CCI) and the shareholders of both companies. The demerger and merger Scheme has been filed in the National Company Law Tribunal (NCLT). Approvals from the shareholders of both RCOM and Aircel have been duly received in the NCLT-convened meeting in April 2017. Lenders' and other requisite consents are expected to be received shortly.

- **Monetisation of Tower Assets:** The proposed transaction for the sale of the tower infrastructure owned by the Company to Brookfield Asset Management has received requisite approvals from the Competition Commission of India. The business demerger and transfer scheme has been filed with the NCLT as well. Shareholders' approvals have also been received in the NCLT-convened meeting in April 2017, and lenders' and other consents are expected to be received shortly.

RCOM will receive an upfront cash payment of Rs 11,000 crore from the proposed transaction and the same will be fully utilised for reduction of debt. RCOM will also receive a 49% future economic upside in the Towers business.

Upon completion of the Aircel merger and sale of the Tower business, RCOM's debt will stand reduced by approx. Rs 25,000 crore, or 60%.

Upon completion, the Company will hold highly valuable stakes of 50% in the Aircel JV and 49% economic upside in the towers business, providing future monetisation opportunities for significant further deleveraging.

RCOM will also continue to own and operate its existing high-growth and higher-margin businesses in the domestic enterprise segment, Data Centers, optical fibre and international business in GCX.

About Reliance Communications

Reliance Communications Limited founded by the late Shri Dhirubhai H Ambani (1932-2002) is the flagship company of the Reliance Group. The Reliance Group currently has a net worth in excess of Rs. 100,840 crore (US \$15.2 billion), cash flows of over Rs 11,300 crore (US \$1.7 billion) and net profit of over Rs 5,100 crore (US\$ 0.8 billion).

Reliance Communications is India's foremost and truly integrated telecommunications service provider. The Company has a customer base of nearly 95 million including over 2.6 million individual overseas retail customers. Reliance Communications corporate clientele includes over 39,000 Indian and multinational corporations including small and medium enterprises and over 290 global, regional and domestic carriers.

Reliance Communications has established a pan-India, next generation, integrated (wireless and wireline), convergent (voice, data and video) digital network that is capable of supporting best-of-class services spanning the entire communications value chain, covering over 21,000 cities and towns and over 400,000 villages. Reliance Communications owns and operates the world's largest next generation IP enabled connectivity infrastructure, comprising over 280,000 kilometers of fibre optic cable systems in India, USA, Europe, Middle East and the Asia-Pacific region.

Q1 FY18 Financial Results: Summary (IND AS)

Particulars	(Rs. Crore)		
	1Q FY17	1Q FY18	Inc/ Dec (Y-o-Y)
Turnover	5,361	3,591	-33.0%
EBITDA	1,560	543	-65.2%
<i>EBITDA margin</i>	<i>29.1%</i>	<i>15.1%</i>	
Depreciation	830	1,184	42.7%
Financial Charges (net)	795	998	25.5%
PBT	(65)	(1,639)	
Tax	(154)	(429)	
PAT (after minority interest / associates)	54	(1,221)	