

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 (Consolidated) for the quarter and year ended March 31, 2020

(` in Crore)

Sr. No.	Particulars	Quarter ended			Year ended	
		31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19
		Audited	Unaudited	Audited	Audited	Audited
1	Income					
	(a) Revenue from Operations	257	261	962	1,685	4,015
	(b) Other Income	43	2	127	49	179
	(c) Total Income [(a) + (b)]	300	263	1,089	1,734	4,194
2	Expenses					
	(a) Access Charges, Licence Fees and Network Expenses	162	198	335	1,102	2,133
	(b) Employee Benefits Expenses	(9)	36	166	210	521
	(c) Finance Costs	6	8	39	62	192
	(d) Depreciation, Amortisation and Provision for Impairment	21	60	197	354	820
	(e) Sales and General Administration Expenses	251	89	462	589	980
	(f) Total Expenses [(a) to (e)]	431	391	1,199	2,317	4,646
3	Profit/ (Loss) before Share of Profit/ (Loss) of Associates, Exceptional Items and Tax [1 (c) - 2 (f)]	(131)	(128)	(110)	(583)	(452)
4	Share of Profit / (Loss) of Associates	2	1	-	4	2
5	Profit/ (Loss) before Exceptional Items and Tax [3 + 4]	(129)	(127)	(110)	(579)	(450)
6	Exceptional Items (Refer Note 5 and 7)	-	(8,964)	(384)	(10,214)	2,008
7	Profit/ (Loss) before Tax [5 + 6]	(129)	(9,091)	(494)	(10,793)	1,558
8	Tax Expenses					
	(a) Current Tax	2	5	6	14	13
	(b) Deferred Tax Charge/ (Credit) (net) (including MAT Credit)	-	-	1,458	-	2,412
	(c) Tax Expenses (net) [(a) + (b)]	2	5	1,464	14	2,425
9	Profit/ (Loss) after Tax [7 - 8]	(131)	(9,096)	(1,958)	(10,807)	(867)
10	Profit/ (Loss) before Tax and Exceptional Items from Discontinued Operations	(244)	(263)	(2,598)	(1,142)	(3,136)
11	Exceptional Items relating to Discontinued Operations (Refer Note 9)					
	Provision of liability on account of License and Spectrum Fee	(1,278)	(1,245)	-	(30,837)	
	Impairment of Assets	-	-	(3,222)	-	(3,222)
12	Profit/ (Loss) before Tax from Discontinued Operations [10-11]	(1,522)	(1,508)	(5,820)	(31,979)	(6,358)
13	Tax Expenses of Discontinued Operations	(109)	-	1	(109)	(7)
14	Profit/ (Loss) after Tax from Discontinued Operations [12-13]	(1,413)	(1,508)	(5,821)	(31,870)	(6,351)
15	Other Comprehensive Income/ (Loss) for the period	(43)	(6)	(184)	(25)	12
16	Total Comprehensive Income/ (Loss) for the period [9 + 14 + 15]	(1,587)	(10,610)	(7,963)	(42,702)	(7,206)
17	Profit/ (Loss) for the period attributable to					
	(a) Equity holders of the company	(1,549)	(10,598)	(7,767)	(42,671)	(7,206)
	(b) Non Controlling Interest	5	(6)	(12)	(6)	(12)
18	Total Comprehensive Income/ (Loss) attributable to					
	(a) Equity holders of the company	(1,592)	(10,604)	(7,951)	(42,696)	(7,194)
	(b) Non Controlling Interest	5	(6)	(12)	(6)	(12)
19	Earnings per Share (EPS) (Basic and Diluted) (Rs.)					
	(before exceptional items)					
	(a) Continuing Operations	(0.48)	(0.48)	(5.74)	(2.16)	(6.97)
	(b) Discontinued Operations	(0.51)	(0.93)	(9.43)	(3.74)	(11.36)
	(c) Continuing and Discontinued Operations	(0.99)	(1.41)	(15.16)	(5.90)	(18.33)
	(after exceptional items)					
	(a) Continuing Operations	(0.48)	(33.14)	(7.14)	(39.38)	(3.16)
	(b) Discontinued Operations	(5.17)	(5.47)	(21.17)	(116.11)	(23.10)
	(c) Continuing and Discontinued Operations	(5.65)	(38.61)	(28.30)	(155.49)	(26.26)
20	Paid-up Equity Share Capital (Face Value of Rs. 5 each)	1,383	1,383	1,383	1,383	1,383
21	Debt Equity Ratio (Refer Note 15)				-	-
22	Debt Service Coverage Ratio (DSCR) (Refer Note 15)				-	-
23	Interest Service Coverage Ratio (ISCR) (Refer Note 15)				-	-

Segment wise Revenue, Results , Segment Assets and Segment Liabilities					(₹ in Crore)	
Sr. No.	Particulars	Quarter ended			Year ended	
		31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19
		Audited	Unaudited	Audited	Audited	Audited
1	Segment Revenue					
	(a) India Operation	229	256	475	1,075	1,808
	(b) Global Operation	62	27	751	726	2,821
	(c) Total [(a) + (b)]	291	283	1,226	1,801	4,629
	(d) Less: Inter segment revenue	9	(20)	(137)	(67)	(435)
	(e) Income from Operations [(c) - (d)]	300	263	1,089	1,734	4,194
2	Segment Results					
	Profit / (Loss) before Tax and Finance Cost from each segment					
	(a) India Operation	(159)	(110)	(128)	(477)	(255)
	(b) Global Operation	34	(10)	57	(44)	(5)
	(c) Total [(a) + (b)]	(125)	(120)	(71)	(521)	(260)
	(d) Less : Finance Costs (net)	6	8	39	62	192
	(e) Add : Exceptional Items	-	(8,964)	(384)	(10,214)	2,008
	Total Profit before Tax and share in Profit / (Loss) of Associates	(131)	(9,092)	(494)	(10,797)	1,556
	Total Profit/ (Loss) before Tax from Discontinued Operations	(1,522)	(1,508)	(5,820)	(31,979)	(6,357)
3	Segment Assets					
	(a) India Operation	47,884	48,283	48,300	47,884	48,300
	(b) Global Operation	860	485	7,690	860	7,690
	(c) Others/ Unallocable	1,271	1,255	13,492	1,271	13,492
	(d) Inter segment Eliminations	(2,015)	(1,601)	(1,924)	(2,015)	(1,924)
	(e) Total [(a) to (d)]	48,000	48,421	67,558	48,000	67,558
4	Segment Liabilities					
	(a) India Operation	94,710	93,293	63,832	94,710	63,832
	(b) Global Operation	1,605	1,638	8,909	1,605	8,909
	(c) Others/ Unallocable	1,257	1,372	1,305	1,257	1,305
	(d) Inter segment Eliminations	(1,732)	(1,634)	(2,630)	(1,732)	(2,630)
	(e) Total [(a) to (d)]	95,840	94,669	71,416	95,840	71,416

Consolidated Statement of Assets and Liabilities		(in Crore)	
		As at	
	Particulars	31-Mar-20 Audited	31-Mar-19 Audited
A	ASSETS		
1	Non-Current Assets		
	(a) Property, Plant and Equipment	2,222	7,612
	(b) Capital Work in Progress	193	191
	(c) Goodwill	1,472	1,339
	(d) Other Intangible Assets	19	756
	(e) Intangible Assets under Development	-	4
	(f) Investment in Associates	32	28
	(g) Financial Assets		
	(i) Investments	23	12,005
	(ii) Other Financial Assets	2	7
	(h) Deferred Tax Asset (net)	8	29
	(i) Income Tax Asset (net)	653	492
	(j) Other Non Current Assets	1,025	1,136
	Sub-total Non-Current Assets	5,649	23,599
2	Current Assets		
	(a) Inventories	32	63
	(b) Financial Assets		
	(i) Investments	-	-
	(ii) Trade Receivables	490	1,346
	(iii) Cash and Cash Equivalents	442	832
	(iv) Bank Balances other than (iii) above	113	106
	(v) Other Financial Assets	386	505
	(c) Other Current Assets	5,567	5,780
	(d) Asset held for sale	35,321	35,327
	Sub-total - Current Assets	42,351	43,959
	Total Assets	48,000	67,558
B	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity Share Capital	1,383	1,383
	(b) Other Equity	(49,539)	(5,563)
	Equity Attributable to Shareholders	(48,156)	(4,180)
	Non-Controlling Interest	316	322
	Total Equity	(47,840)	(3,858)
	LIABILITIES		
2	Non-Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	468	-
	(b) Deferred Revenue	-	2,940
	(c) Other Non-Current Liabilities	156	100
	(d) Deferred Tax Liabilities (net)	1,257	1,285
	(e) Provisions	12	200
	Sub-total Non-Current Liabilities	1,893	4,525
3	Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	30,269	31,244
	(ii) Trade Payables		
	Due to Micro Enterprises and Small Enterprises	80	86
	Due to Others	4,103	3,555
	(iii) Other Financial Liabilities	47,914	19,678
	(b) Deferred Revenue	1,930	3,008
	(c) Other Current Liabilities	1,036	1,310
	(d) Income Tax Liabilities (net)	-	20
	(e) Provisions	1,467	1,471
	(f) Liabilities directly related to Assets held for Sale	7,148	6,519
	Sub-total - Current Liabilities	93,947	66,891
	Total Equity and Liabilities	48,000	67,558

Statement of Consolidated Cash Flow for the year ended

(` in Crore)

Sr	Particulars	For the year ended	
		31-Mar-20	31-Mar-19
		Audited	Audited
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit / (Loss) before tax from Continuing Operations	(10,793)	1,558
	Profit / (Loss) before tax from Discontinued Operations	(31,979)	(6,358)
	Profit before tax -Continuing and Discontinuing Operation	(42,772)	(4,800)
	Adjusted for:		
	Provision for Doubtful Debts, Loans and Advances	115	2,804
	Depreciation, Impairment and Amortisation	355	863
	Impairment of Goodwill	-	2,177
	Impact of deconsolidation of subsidiaries/ Impairment of Goodwill	1,250	(4,944)
	Provision for Impairment (net)	8,968	3,981
	Effect of Changes in Foreign Exchange Rate (net)	132	(1)
	(Profit) /Loss on Sale of Assets and Capital Work in Progress (net)	-	(826)
	Finance Costs	717	1,275
	Share of Profit/ (Loss) on investment in associates	(4)	(2)
	Write off other non current asset / Writeback of Provision for Liabilities no longer required	232	(253)
	Interest Income	(9)	(11)
		11,756	5,063
	Operating Profit before Working Capital Changes	(31,016)	263
	Adjusted for:		
	Receivables and Other Advances	34	(405)
	Inventories	31	16
	Trade Payables and Other Liabilities	31,154	272
		31,219	(117)
	Cash Generated from Operations	203	146
	Income Tax Refund	46	411
	Income Tax Paid	(230)	(183)
	Net Cash from Operating Activities	19	374
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Additions of Property, Plant and Equipments, Intangible Assets and Capital Work in Progress/ Intangible under Development	(11)	(284)
	Proceeds from Sale of Property Plant and Equipment	-	974
	Investment in Bank deposits (having original maturity for more than 3 months)	-	23
	Interest Income	16	6
	Net Cash from / (Used in) Investing Activities	5	719
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Net Proceeds from / (Repayment) of Borrowings Current	(2)	230
	Realised foreign exchange loss variation	-	(14)
	Repayment of Borrowings - Non Current	-	(4)
	Finance Cost	(52)	(1,080)
	Net Cash from / (used in) Financing Activities	(54)	(868)
	Net Increase/ (Decrease) in Cash and Cash Equivalents	(30)	225
	Opening Balance of Cash and Cash Equivalents	832	607
	Decrease on account of deconsolidation of Subsidiaries	(360)	
	Effect of Exchange Gain/ (Loss)(net) on Cash and Cash Equivalents	-	-
	Closing Balance of Cash and Cash Equivalents	442	832



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 Niranjana 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 Niranjana 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.

Further, pursuant to the meeting of the committee of creditors of the Corporate Debtor dated March 2, 2020, a resolution plan, submitted by a resolution applicant in respect of the Corporate Debtor, has been approved by the committee of creditors. The application under Section 31 of the Code filed by the RP for approval of resolution plan is currently pending adjudication before the NCLT.

With respect to the financial results for the quarter and yearended March 31,2020, 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;

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- (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 year ended March 31, 2020 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 completed and the RP has filed the necessary applications with the adjudicating authority .

During the quarter ended September 30, 2019, Reliance Communications Infrastructure Limited (RCIL), a wholly owned subsidiary of the Corporate Debtor, had been admitted by NCLT for resolution process under 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 the Corporate Debtor 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 Niranjana Nanavaty as the Resolution Professional (RP) of the Corporate Debtor 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 Corporate Debtor, the Corporate Debtor 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

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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 Corporate Debtor will carry out a comprehensive review of all the assets including investments, liabilities and Impairment of goodwill on Consolidation and accordingly provide for impairment of assets and write back of liabilities, if any. Further, the Corporate Debtor and some of its subsidiaries are in the process of reconciling Goods & Service Tax (GST) and Tax Deducted at source. The Auditors have drawn qualification in this regard in their Audit Report for the quarter and year ended March 31, 2020.

Considering these developments including, in particular, the RP having taken over the management and control of the Corporate Debtor and its three subsidiaries (Group) *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 Group continues to incur loss, current liabilities exceed current assets and Group 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 Group's ability to continue as a going concern. The Auditors have drawn qualification in their Audit Report for the quarter and year ended March 31, 2020.

4. Considering various factors including admission of the Corporate Debtor and its three subsidiaries; RTL RITL and RCIL 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 and accounting impact if any will be given on completion of CIRP.

Further, prior to May 15, 2018, the Corporate Debtor and its said subsidiaries were under Strategic Debt Restructuring (SDR) and asset monetization and debt resolution plan was being worked out. The Corporate Debtor and some of its subsidiaries have not provided Interest of Rs. 1,299 crore and Rs 4,748 crore calculated based on basic rate of interest as per terms of loan for the quarter and year ended March 31, 2020 respectively and foreign exchange loss aggregating to Rs 1,057 crore loss and Rs 1,609 crore loss for the quarter and year ended March 31, 2020 respectively. Had the Corporate Debtor provided Interest and foreign exchange variation, the Loss would have been higher by Rs. 2,356 crore and Rs. 6,357 crore for the quarter and year ended March 31, 2020 respectively. The Auditors have drawn qualification for non provision of interest and foreign exchange variations in their Audit Report for the quarter and year ended March 31, 2020. During the previous years, Interest of Rs 7,998 crore and foreign exchange loss aggregating to Rs 984 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 previous year ended March 31, 2019, the Corporate Debtor was in the process of finalising and implementing its asset monetization and debt resolution plan, comprising the

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Corporate Debtor'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 Corporate Debtor. However RP has highlighted that the Corporate Debtor 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 Corporate Debtor.

During the previous quarter, 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 Corporate Debtor, was conferred on the Corporate Debtor, with effect from December 10, 2019. Consequently RRL has been included for the preparation of consolidated financial results of the Corporate Debtor as per Ind AS 110 "Consolidated Financial Statements" and Investments previously fair valued was recorded at cost. Goodwill of Rs. 1320 crore has been recognised on consolidation of RRL in the consolidated financial statements (Refer note 3 on impairment). Impact on profitability for the quarter and year ended March 31, 2020 is Rs Nil and Rs 8,964 crore loss represented as exceptional items as part of continuing operations.

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".

In this regard it is pertinent to note that the due pertaining to the spectrum (including entire deferred payments) have been claimed by DoT and the same have been admitted by the RP, and accordingly, the dues shall be dealt with in accordance with provisions of the IBC. In accordance with the aforesaid and admission of deferred spectrum installments as claims, the Corporate Debtor and its subsidiary RTL have not paid the installments.

The financial result of discontinued operations is as under:

(Rs in crore)

Particulars	Quarter ended			Year ended	
	31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19
	Audited	Unaudited	Audited	Audited	Audited
Total Income	274	260	248	1,109	1,866
Total Expenses	518	523	2,846	2,251	5,002

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Profit/ (Loss) before Exceptional Item tax	(244)	(263)	(2,598)	(1,142)	(3,136)
Exceptional Item	(1278)	(1,245)	(3,222)	(30,837)	(3,222)
Tax	(109)	-	(1)	(109)	7
Profit/ (Loss) after tax	(1,413)	(1,508)	(5,821)	(31,870)	(6,351)

Cash Flow from	31-Mar-20	31-Mar-19
- Operating activities	237	382
- Investing Activities	13	1,000
- Financing Activities	(54)	(679)

7. During the previous quarter, GCX Limited, an overseas step-down subsidiary of the Corporate Debtor, defaulted in payment to 7% Senior Secondary Notes (Notes) amounting to USD 350 million that had fallen due for repayment on August 01, 2019. An ad hoc group of the Senior Secured Noteholders agreed not to exercise their full rights on default in exchange for placement of an independent director on the GCX board, the retention of a Chief Restructuring Officer for GCX, and the filing of a Chapter 11 plan for GCX and subsidiaries under which the equity interests in GCX would be extinguished and new shares would be issued to the Senior Noteholders. More than 75% of Bond holders have committed their support for the said plan.

GCX and certain subsidiaries (the "Debtors") filed their voluntary Chapter 11 petitions on September 15, 2019, and on the same date, they filed a proposed plan of reorganization and disclosure statement. Over RCom's objections, the Plan was confirmed by the bankruptcy court on December 4, 2019. The Plan, as confirmed, provides that the old equity interests in the Debtors would be extinguished and the new ownership would pass to the participating Noteholders on the "Effective Date" of the Plan. It provided that certain transactions needed to occur and various regulatory approvals needed to be obtained before the Debtors would file a Notice of Effective Date (i.e., a notice declaring that, as of the stated date, the Plan had become effective). As of the present date, the Debtors have not filed any such Notice of Effective Date, and the Plan has not become "effective." As a result, although the Debtors and the Noteholders continue to work towards satisfying the various Plan requirements, technically, RCom has not yet been divested of its indirect equity interest in GCX and the other Debtors. Impact on profitability is Rs Nil and Rs 1,250 crore for the quarter and year ended March 31, 2020 respectively and has been represented as part of Exceptional Items. Hence the figures for the quarter and year ended March 31, 2020 are not comparable with the previous corresponding period.

Pursuant to the order dated February 25, 2020, the court has granted a motion filed by GCX Limited along with the other debtors aimed at addressing the issues they have been having in completing the steps to make their plan effective inter alia seeking the following: (a) that two-

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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. Accordingly, a bifurcation has been created wherein debtors not requiring regulatory approvals could complete their processes and arrive at effective date, while others may wait for occurrence of their effective date upon fulfillment of regulatory approvals.

Further, on April 14, 2020, a notice has been issued intimating that “the Effective Date of the Plan with respect to Debtors FLAG Telecom Development Limited, FLAG Telecom Group Services Limited, FLAG Telecom Ireland Network DAC, FLAG Telecom Network Services DAC, Reliance FLAG Atlantic France SAS, Reliance FLAG Telecom Ireland DAC, Reliance Vanco Group Limited, Vanco Australasia Pty Limited, Vanco GmbH, Vanco SAS, Vanco UK Limited, and VNO Direct Limited (collectively, the “Non-Regulated Debtors”) occurred on April 14, 2020”. Further, the notice states that “Effective Date of the Plan with respect to Debtors GCX Limited, FLAG Telecom Network USA Limited, Reliance Globalcom Limited, and Vanco US, LLC (collectively, the “Regulated Debtors”) is expected to occur at a later date and, as reasonably practicable after the occurrence of such Effective Date, the Debtors will service a notice of Effective Date with respect to the Regulated Debtors on all parties who hold a Claim against, or Interest in, the Regulated Debtors in accordance with the Order”.

A certification has been filed on April 20, 2020 before the court seeking final decree confirming the aforesaid occurrence of effective date for non-regulated debtors and closure of Chapter 11 cases for such entities. The court confirmed the aforesaid and entered order on April 21, 2020

A notice has been filed on June 30, 2020 to further extend the plan effectiveness deadlines to December 31, 2020 with respect to the Regulated Debtors. A motion has been filed on July 2 seeking further extension for (a) the Plan Period through and including December 31, 2020 and (b) the Solicitation Period through and including February 8, 2021. The Debtors have further requested that entry of the Proposed Order be without prejudice to the Debtors’ rights to seek additional extensions of the Exclusive Periods.

8. In Four overseas subsidiaries and two domestic subsidiaries, it indicates the existence of material uncertainty due to loss during year ended March 31, 2020, total liabilities exceeding total assets and holding company Reliance Communications Limited is undergoing insolvency proceeding. The above has been qualified by respective Auditors in their Audit Reports of these subsidiaries. Further, Auditors of two other overseas subsidiaries and three domestic subsidiaries have given Emphasis of Matter for Material Uncertainty on Going Concern. The matter has been referred by the auditors in their Audit Report.
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. Vide order dated March 18, 2020, the Supreme Court has directed that self-assessment/re-assessment of AGR dues by telecom companies will not be permitted and the

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dues are to be paid along with interest and penalty as per the AGR judgment dated October 24, 2019. An application filed by DoT seeking permission from the Supreme Court to *inter alia* recover the AGR dues from the telecom companies in a staggered manner is currently undergoing adjudication and reserved for orders. During the proceedings before the Supreme Court, affidavits have been placed by the Company and its subsidiary Reliance Telecom Limited to put on record the current status of the insolvency resolution process and other details as required to be submitted by the Supreme Court including the audited financials of the last 10 years as well as the Income Tax Returns and the particulars of AGR deposited during the last 10 years.

On July 20, 2020, the Supreme Court *inter alia* has recorded the amounts payable by each telecom operator to the DOT and directed the telecom companies undergoing insolvency proceedings to place on record all documents regarding insolvency and orders passed in the proceeding within 10 days from date of order so that bona fides of initiation of the insolvency proceedings and actions taken may be examined by the Supreme Court and so that it can examine how to ensure that the AGR related dues may be recovered.

In the aforesaid order of the Hon'ble Supreme Court dated July 20, 2020, an amount of Rs. 221.4 crore on account of AGR dues pertaining to Sistema Shyam Teleservices Limited ("SSTL") has been reflected in the AGR dues of RCOM. As per the scheme of arrangement between SSTL and the Corporate Debtor dated October 7, 2016 (approved by the Rajasthan High Court), the aforesaid AGR dues also form a part of the liabilities of identified disputes of the undertaking of SSTL that had been transferred to the Corporate Debtor as on the appointed date of merger i.e., October 31, 2017. Pursuant to the aforesaid, the Corporate Debtor has provided for an amount of Rs. 312.58 Cr (including interest thereof on the principal amount) on account of additional AGR dues in the financial statements for the Quarter and Year ended March 31, 2020.

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 Corporate Debtor had provided for estimated liability aggregating to Rs. 29,559 crore upto the previous quarter ended December 31, 2019 and has provided additional charge of Rs. 1,278 crore (including that of SSTL) during the quarter ended March 31, 2020 thereby aggregating to Rs 30,837 crore for the year ended March 31, 2020 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 Corporate Debtor and its subsidiary; RTL to resolution process under the Code and the moratorium applicable under Code, discharge of the aforesaid liability will be dealt with in accordance with the Code. This matter has been referred to by the Auditors in their Audit report for the quarter and year ended March 31, 2020.

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10. The listed Redeemable Non Convertible Debentures (NCDs) of the Corporate Debtor aggregating to Rs 3,750 crore as on March 31, 2020 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 Corporate Debtor 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 Rs 750 crore, the Corporate Debtor 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. Additional details as required in relation to Non Convertible Debentures (NCDs):

Nature of Instruments	11.20% NCDs	11.25% NCDs
Amount outstanding (Rs in crore)	3,000	750
Previous due date for Principal Repayment and whether paid	01.03.2019 unpaid	07.02.2019 unpaid
Previous due date for payment of Interest	02.03.2019	07.03.2019
Whether Interest was paid on the due date	No	No
Next due date for payment of interest	Not Applicable	Not Applicable
Credit Rating and change in credit rating, if any	ICRA D earlier ICRA BB	CARE D earlier CARE BB
Due Date for Principal Repayment	Rs 3,000 crore on 01.03.2019 (Unpaid)	Rs 375 crore each on 07.02.2018 and 07.02.2019 (Unpaid)
Interest Unpaid up to March 31, 2020 (Rs in crore)	1,007	252

12. Debenture Redemption Reserve (DRR) : Rs 590 crore as on March 31, 2020

13. Networth : Rs. (49,290) crore, as on March 31, 2020 excluding Capital Reserve, Treasury Equity and Exchange Fluctuation Reserve amounting to Rs. 1,134 crore.

14. Figures for the quarter ended March 31, 2020 and March 31, 2019 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.

15. Formula used for the computation of ratios:

- i) Debt Equity Ratio = Debt/ Equity;
- ii) Debt Service Coverage Ratio (DSCR) = Earnings before depreciation, interest and tax/ (Interest + Principal repayment);
- iii) Interest Service Coverage Ratio (ISCR) = Earnings before depreciation, interest and tax/ (Interest expense).

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16. The Corporate Debtor and some of its subsidiaries where assets are held for sale as per Ind AS 105 accordingly lease agreements are considered to be short term in nature and Ind AS 116 has not been applied. The Auditors have drawn qualification in their Audit Report for the quarter and year ended March 31, 2020.
17. A Subsidiary of the Corporate Debtor is in the process of reconciliation of unbilled revenue with customers on account of various business parameters and any GST applicable thereon shall be paid upon completion of pending reconciliation and billing thereof. The Auditors have drawn qualification in their Audit Report for the quarter and year ended March 31, 2020.
18. The Corporate Debtor is operating with India Operations, Global Operations and Others/ Unallocated segments. Accordingly, segment-wise information has been given. This is in line with the requirement of Ind AS 108 "Operating Segments".
19. The Corporate Debtor has opted to publish consolidated financial results for the financial year 2019-20. Standalone financial results, for the quarter and year ended March 31, 2020 can be viewed on the website of the Corporate Debtor, National Stock Exchange of India Limited and BSE Limited at www.rcom.co.in, www.nseindia.com and www.bseindia.com respectively.
20. Additional information on standalone basis is as follows:

(Rs incrore)

Particulars	Quarter ended			Year ended	
	31-Mar-20	31-Dec-19	31-Mar-19	31-Mar-20	31-Mar-19
	Audited	Unaudited	Audited	Audited	Audited
Total Income	156	201	361	818	1,465
Profit/ (Loss) before tax	(1,254)	(12,769)	(110)	(16,863)	8,657
Profit/ (Loss) before tax from Discontinued Operations	(1,275)	(1,160)	(2,002)	(28,475)	(2,252)
Total Comprehensive Income	(2,524)	(13,929)	(3,582)	(45,333)	2,847

21. Provision for Income Tax (Normal Tax/Minimum Alternative Tax) has been calculated as per Income tax Act 1961 after adjusting carried forward losses, write off of earlier years provisions.

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22. It is hereby declared that the Auditors have issued audit reports with qualification on the annual audited Consolidated financial result for the year ended March 31, 2020. Impact of the qualification is given in Annexure 1.
23. Reliance Communications Infrastructure Limited (RCIL), a wholly owned subsidiary of the Corporate Debtor has written to Industrial and Commercial Bank of China, Mumbai branch ("ICBC") requesting for balance confirmation of Rs. 31.62 crore and transfer of the entire amount lying in fixed deposit account including all interest monies accruing thereon up to the date of remittance to the designated TRA account of RCIL. The Auditors and RCIL have not received any confirmation from ICBC yet and the auditors have drawn qualification in this regard in their Audit Report for the quarter and year ended March 31, 2020.
24. The managerial remuneration paid to the Executive Director and CFO of the Corporate Debtor amounting to Rs. 0.49 crore for the financial year exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by Rs. 0.27 crore. His appointment and remuneration has been approved by the Committee of Creditors. The excess amount of Rs 0.27 crore has been reflected as Advance receivable in the financial statements and as per the provisions of the Companies Act, 2013, the excess remuneration is subject to approval of the shareholders which the Corporate Debtor proposes to obtain in the forthcoming Annual General Meeting. This matter has been referred to by the Auditors in their Audit report for the quarter and year ended March 31, 2020.
25. While the Corporate Debtor is sensitive about the impact of the pandemic (covid 19), not only on the human life but on businesses and industrial activity across the globe, however, its effect will only be realized and ascertained over the next few months.

The Corporate Debtor has been monitoring the situation closely and has taken proactive measures to comply with various directions / regulations / guidelines issued by Government of India, various state governments and local bodies to ensure safety of workforce across all its offices.

Vide notification dated March 24, 2020 issued by Ministry of Home Affairs, a nation-wide lockdown was announced to contain COVID-19 outbreak and same had been extended for additional period. However, Telecommunication services, being essential services, had been exempted and permitted to continue operation during the period of lockdown. The Corporate Debtor has continued to provide services to its Enterprise customers without any interruptions and honour commitments, despite facing all odds during lockdown.

The extent to which the COVID-19 pandemic will impact the Corporate Debtor's future financial results will depend on upcoming developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and the action to mitigate its spread as advised by local authorities.

As the Corporate Debtor is undergoing CIRP, it is relevant to note that the period of lockdown is notified to be exempt under the Code for the purpose of timeline to complete the CIRP. This matter has been referred to by the Auditors in their Audit report for the quarter and year ended March 31, 2020.

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26. After review by the Audit Committee, the Directors of the Corporate Debtor have approved the above results at their meeting held on July 31, 2020 which was chaired by Mr. Anish Niranjana Nanavaty, Resolution Professional ('RP') of the Corporate Debtor and RP took the same on record basis recommendation from the directors.

For Reliance Communications Limited

**Anish Niranjana Nanavaty
Resolution Professional**

**Viswanath D.
Executive Director and Chief Financial Officer**

Place: Mumbai
Date: July 31, 2020

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ANNEXURE I

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020
[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)
	1	Turnover / Total income	1,734	1,734
	2	Total Expenditure	12,541	12,541
	3	Net Profit/(Loss)	(10,807)	(10,807)
	4	Net Profit/ (Loss) from Discontinued Operations	(31,870)	(38,227)
	5	Earnings Per Share	(155.49)	(178.66)
	6	Total Assets	48,000	48,000
	7	Total Liabilities	95,840	111,179
	8	Net worth	(47,840)	(63,179)
	9	Any other financial item(s) (as felt appropriate by the management)		
II	Audit Qualification (each audit qualification separately):			
	a.	Details of Audit Qualification:	Non Provision of Interest and Foreign Exchange variation (Refer Note 4)	
	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	Third Time	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Impact is not ascertainable as the Company is under IBC and CIR process initiated	
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	(i) Impairment review of tangible and intangible assets, assets held for sale, investments and reconciliation of credits relating to GST and TDS (Refer Note 3 and, 6), Lease (Refer Note 16), Unbilled Revenue (Refer Note 17) (ii) Qualification on Going Concern in some of Subsidiaries (Refer Note 3 and 8) (iii) Balance Confirmation of Fixed Deposit (Refer Note	

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			23)
		(i) Management's estimation on the impact of audit qualification:	
		(ii) If management is unable to estimate the impact, reasons for the same:	Impact is not ascertainable as the Company is under IBC and CIR process initiated
		(iii) Auditors' Comments on (i) or (ii) above:	Refer 'Basis for Qualified Opinion' in audit report read with relevant notes in the financial results, the same is self explanatory.
III	Signatories:		
		Anish Niranjn Nanavaty Resolution Professional	
		Viswanath D Executive Director and Chief Financial Officer	
		Parimal Kumar Jha Statutory Auditor UDIN - 20124262AAAACY7148	
	Place	Mumbai	
	Date	July 31, 2020	

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