

**RELIANCE**

Communications

**Annual Report  
2019-20**

## **Profile**

Reliance Communications Limited (RCOM), together with its subsidiary Globalcom IDC Limited, is a telecommunication service provider with businesses including India Data Center Business and India National Long Distance business. RCOM conducts a substantial portion of its business through subsidiary companies, including Globalcom IDC Limited and Reliance Infratel Limited.

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**16<sup>th</sup> Annual General Meeting on Saturday, September 26, 2020 at 12.00 noon (IST) through Video Conference (VC) / Other Audio Visual Means (OAVM)**

This Annual Report can be accessed at [www.rcom.co.in](http://www.rcom.co.in)

# Reliance Communications Limited

## Notice

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting (AGM) of the Members of **Reliance Communications Limited** ("Company"), a company in Corporate Insolvency Resolution Process under the provisions of the Insolvency and Bankruptcy Code, 2016, will be held on Saturday, September 26, 2020 at 12.00 p.m. through Video Conference (VC)/ Other Audio Visual Means (OAVM) to transact the following business;

### Background:

Pursuant to an application filed by Ericsson India Pvt. Ltd before the Hon'ble 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 ("CIR process" or "CIRP") of the Company vide its order dated May 15, 2018 ("Admission Order"). The Hon'ble NCLT had, pursuant to the Admission Order, appointed an interim resolution professional for the Company ("IRP") vide its order dated May 18, 2018. In terms of the Admission Order, *inter alia*, the management of the affairs of the Company was vested in the IRP.

Subsequently, the Hon'ble National Company Law Appellate Tribunal ("NCLAT"), while adjudicating upon an appeal preferred against the admission of the insolvency application against the Company, vide its order dated May 30, 2018, *inter alia*, stayed the Admission Order and allowed the management of the Company to function ("Stay Order"). On April 30, 2019, the NCLAT, upon allowing the withdrawal of the aforesaid appeal, vacated all interim orders including the Stay Order. Upon vacation of the Stay Order, the CIR Process of the Company recommenced.

Thereafter, the committee of creditors of the Company resolved with the requisite voting share, to replace the IRP with Mr. Anish Niranjana Nanavaty, as the resolution professional for the Company ("RP" or "Resolution Professional"). Subsequently, the Hon'ble NCLT has appointed Mr. Anish Niranjana Nanavaty as the RP for the Company vide its order dated June 21, 2019, which was published on June 28, 2019. Accordingly, the management of the Company vests in the RP during the continuance of the CIR process period of the Company.

In accordance with the provisions of the Code, various resolution plans in respect of the Company were received by the RP. The committee of creditors of the Company ("COC"), in their meeting held on March 02, 2020, has approved the resolution plan submitted by UV Asset Reconstruction Company Limited ("Resolution Plan") which was subsequently submitted to the Hon'ble NCLT on March 6, 2020 in accordance with Section 30(6) of the Code. The same is sub-judice with the Hon'ble NCLT.

In view hereof, Annual General Meeting is being called and convened.

### Ordinary Business:

1. To consider and adopt:
  - a) the audited financial statements of the Company for the financial year ended March 31, 2020 and the reports of the Directors and Auditors thereon, and
  - b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 and the report of the Auditors thereon.

2. To appoint a Director in place of Shri Punit Garg (DIN: 00004407), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

(His re-appointment is a part of compliance with section 152(6) of the Companies Act, 2013. However, the powers of the Board shall continue to remain suspended during the continuance of CIR Process. The tenure of directors will be subject to the terms of the Resolution Plan as may be approved by the NCLT in terms of Section 31 of the Code).

### Special Business:

#### 3. Ratification of Remuneration payable to Cost Auditor

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** a fee of ₹ 2.50 lakh (Rupees two lakh fifty thousand only) excluding tax and out of pocket expenses, if any, for the financial year 2020-21 payable to M/s. V. J. Talati & Co., Cost Accountants (Firm Registration Number 00213), appointed by the Resolution Professional as the Cost Auditors of the Company, based on recommendation of the Directors, for auditing the cost accounting records of the Company for the financial year ending March 31, 2021 be and is hereby ratified pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force).

**RESOLVED FURTHER THAT** the Resolution Professional of the Company or any other persons exercising the powers of the Board of Directors in terms of the Resolution Plan approved by the NCLT, directly or through any person authorized in this behalf be and are hereby authorised to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

#### 4. Appointment of Shri Vishwanath Devaraja Rao as a Whole-Time Director and Chief Financial Officer.

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as 'the Act') and the relevant rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), and the applicable regulations under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the provisions of the Articles of Association of the Company and as per terms and conditions of the agreement executed with him and any other applicable provisions of law, Shri Vishwanath Devaraja Rao (DIN:08607657), whose appointment as an Additional Director and designated as Whole-Time Director and Chief Financial Officer was approved by the Committee of Creditors of the Company in terms of Section 28 of the Insolvency and Bankruptcy Code, 2016, in its meeting

## Notice

held on November 13, 2019 and such appointment is effective from November 19, 2019 and who holds office up to the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for appointment as a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 196, 197, 198 and 203 of the Act, read with Schedule V to the Act, and other applicable provisions, if any, of the Act and the rules made thereunder, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Articles of Association of the Company and subject to such other sanctions / consents / approvals as may be necessary, consent of the Members be and is hereby accorded to the appointment of Shri Vishwanath Devaraja Rao as a Whole-time Director designated as an Executive Director and Chief Financial Officer of the Company for a period of three years commencing from November 19, 2019 as per the terms and conditions including the remuneration as set out in the statement annexed to this notice, with liberty to the Resolution Professional of the Company or any other persons exercising the powers of the Board of Directors in terms of the Resolution Plan approved by the NCLT, directly or through any person authorized in this behalf to alter and vary the terms and conditions of said appointment including the remuneration payable to him during the tenure of his appointment in accordance with applicable law such that the remuneration payable to him shall not exceed the limits specified in the Act read with Schedule V to the Act as amended from time to time.

**RESOLVED FURTHER THAT** the Resolution Professional of the Company or any other persons exercising the powers of the Board of Directors in terms of the Resolution Plan approved by the NCLT, directly or through any person authorized in this behalf, be and is hereby authorized to do all such acts, deeds, attend to such matters and things and take all steps as may be necessary, proper and expedient to give effect to this resolution."

For **Reliance Communications Limited**  
(Company under Corporate Insolvency Resolution Process)

**Rakesh Gupta**  
Company Secretary

### Registered Office:

H Block, 1<sup>st</sup> Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
CIN:L45309MH2004PLC147531  
Website: www.rcom.co.in

Date: July 31, 2020

### Notes:

1. Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act") relating to item of Special Business to be transacted at the Annual General Meeting ("AGM") is annexed hereto.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the Company for holding of the "AGM" through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. Accordingly, in compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
3. The AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
4. Re-appointment of Director:  
At the ensuing AGM, Shri Punit Garg, Director of the Company shall retire by rotation under the provisions of the Act and being eligible, offers himself for re-appointment.  
The details pertaining to Mr. Punit Garg pursuant to the requirements of Regulation 36(3) of the Listing Regulations are furnished in the Corporate Governance Report forming part of this Annual Report.
5. Corporate Members are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution / Authorization, etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting, to M/s. KFin Technologies Private Limited (Kfintech), the Registrar and Transfer Agent, by email through its registered email address to praveendmr@kfintech.com.
6. In compliance with the aforesaid MCA Circulars, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Kfintech or CDSL / NSDL ("Depositories"). Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website at www.rcom.co.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of Kfintech at www.kfintech.com.
7. Members whose email address is not registered can register the same in the following manner:
  - a. Members holding share(s) in physical mode can register their e-mail ID on the Company's website at <https://www.rcom.co.in/investor-relations/shareholder-registration> by providing the requisite details of their holdings and documents for registering their e-mail address; and

# Reliance Communications Limited

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- b. Members holding share(s) in electronic mode are requested to register / update their e-mail address with their respective Depository Participants "DPs" for receiving all communications from the Company electronically.
8. The Company has engaged the services of M/s. KFin Technologies Private Limited("Kfintech"), Registrars and Transfer Agent as the authorized agency for conducting e-AGM and providing e-voting facility to the members of the Company.
9. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
10. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
11. Relevant documents referred to in the accompanying Notice calling the AGM are available on the website of the Company for inspection by the Members.
12. Members are advised to refer to the section titled "Investor Information" provided in this Annual Report.
13. As mandated by SEBI, effective from April 01, 2019, the securities of listed companies shall be transferred only in dematerialised form. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise share(s) held by them in physical form.
14. Members are requested to fill in and submit online Feedback Form provided in the 'Investor Relations' section on the Company's website [www.rcom.co.in](http://www.rcom.co.in) to aid the Company in its constant endeavour to enhance the standards of service to investors.
15. **Instructions for attending the AGM and e-voting are as follows:**
- A. **Instructions for attending the AGM:**
1. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM at <https://ris.kfintech.com/vc/login2vc.aspx> by using their remote e-voting login credentials and selecting the 'Event' for Company's AGM. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further, Members can also use the OTP based login for logging into the e-voting system.
2. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and Members who may like to express their views or ask questions during the AGM may register themselves at <https://ris.kfintech.com/agmvcspeakerregistration>. Facility of joining AGM will be closed on expiry of 15 minutes from the schedule time of the AGM. Those Members who register themselves as speaker will only be allowed to express views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time for the AGM.
3. Facility of joining the AGM through VC / OAVM shall be available for 1,000 members on first come first served basis. However, the participation of members holding 2% or more shares, Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Auditors, Resolution Professional and his advisors are not restricted on first come first serve basis.
4. Members who need technical assistance before or during the AGM, can contact Kfintech at <https://ris.kfintech.com/agmqa/agmqa/login.aspx>
- B. **Instructions for e-voting**
1. In compliance with the provisions of Section 108 of the Act read with Rules made there under and Regulation 44 of the Listing Regulations, the Company is offering e-voting facility to all Members of the Company. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners (in case of electronic shareholding) maintained by the Depositories as on the cut-off date i.e. Friday 18<sup>th</sup> September, 2020 only shall be entitled to avail the facility of remote e-voting/e-voting at the AGM. Kfintech will be facilitating remote e-voting to enable the Members to cast their votes electronically. Members can cast their vote online from 10.00 A.M. (IST) on Tuesday, September 22, 2020 to 5.00 P.M. (IST) on Friday, September 25, 2020. At the end of remote e-voting period, the facility shall forthwith be blocked.
2. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
3. The Members present in the AGM through VC / OAVM and have not cast their vote on the Resolutions through remote e-voting, and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
4. The procedure and instructions for remote e-voting are as follows:
- a. Open your web browser during the remote e-voting period and navigate to "<https://evoting.karvy.com>".
- b. Enter the login credentials (i.e., user-id and password) mentioned in the letter. Your Folio No. / DP ID No. / Client ID No. will be your User- ID.

User – ID	For Members holding shares in Demat Form:-
For NSDL	8 Character DP ID followed by 8 Digits Client ID
For CDSL	16 digits beneficiary ID
User – ID	For Members holding shares in Physical Form:-

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	Event Number followed by Folio No. registered with the Company
Password	Your unique password is sent via e-mail forwarded through the electronic notice
Captcha	Please enter the verification code i.e. the alphabets and numbers in the exact way as they are displayed for security reasons

- c. After entering these details appropriately, click on "LOGIN".
  - d. Members holding shares in Demat / Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). Kindly note that this password can be used by the Demat holders for voting in any other Company on which they are eligible to vote, provided that the other company opts for e-voting through Kfintech e-Voting platform. System will prompt you to change your password and update your contact details like mobile number, e-mail ID, etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - e. You need to login again with the new credentials.
  - f. On successful login, system will prompt you to select the 'Event' i.e. 'Company Name'.
  - g. If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and have cast your vote earlier for any company, then your existing login ID and password are to be used.
  - h. On the voting page, you will see Resolution Description and against the same the option 'FOR / AGAINST / ABSTAIN' for voting. Enter the number of shares (which represents the number of votes) under 'FOR / AGAINST / ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding. If you do not wish to vote, please select 'ABSTAIN'.
  - i. After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - j. Once you 'CONFIRM' your vote on the Resolution whether partially or otherwise, you will not be allowed to modify your vote.
5. Corporate Members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant Board or governing body Resolution / Authorisation together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to 'evoting@karvy.com'. The file / scanned image of the Board Resolution / authority letter should be in the naming format 'Corporate Name Event no.'.
  6. The voting rights of the Members shall be in proportion to the number of shares held by them in the equity share capital of the Company as on the cut-off date being Friday, 18<sup>th</sup> September, 2020.  
  
In case of joint holders, the Member whose name appears as the first holder in order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
  7. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [https:// evoting.karvy.com/](https://evoting.karvy.com/) to reset the password.
  8. The Resolution Professional have appointed Mr. Anil Lohia, Partner or in his absence Mr. Chandahas Dayal, Partner, M/s. Dayal and Lohia, Chartered Accountants as the Scrutiniser to scrutinise the voting process in a fair and transparent manner. The Scrutiniser will submit their report to the Resolution Professional or any other person authorised by him after completion of the scrutiny and the results of voting will be announced after the AGM of the Company. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the AGM. The result of the voting will be submitted to the Stock Exchanges, where the shares of the Company are listed and posted on the website of the Company at [www.rcom.co.in](http://www.rcom.co.in) and also on the website of Kfintech at [https:// evoting.karvy.com](https://evoting.karvy.com).
  9. In case of any query pertaining to e-voting, please visit Help and FAQs section available at Kfintech's website <https://evoting.karvy.com> OR contact toll free no.1800 4250 999.

# Reliance Communications Limited

## Statement pursuant to Section 102(1) of the Companies Act, 2013 and pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the accompanying Notice dated July 31, 2020

### Item No. 3

#### Rectification of Remuneration payable to Cost Auditor

The appointment and remuneration of M/s. V. J. Talati & Co., Cost Accountants (Firm Registration No.00213) as the Cost Auditor to audit the cost accounting records of the Company for the financial year ending March 31, 2021, at a remuneration of ₹ 2.50 lakh (Rupees two lakh and fifty thousand only) excluding tax and out of pocket expenses, if any was approved by the Resolution Professional on the recommendations of the Directors.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor needs to be ratified by the members of the Company.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution set out at Item no. 3 of the Notice, except to the extent of their shareholding in the Company.

The Resolution Professional based on the recommendation of Directors, the said Ordinary Resolution set out at Item No. 3 of the accompanying Notice is recommended for the approval of the Members.

### Item No. 4

#### Appointment of Shri Vishwanath Devaraja Rao as a Whole-Time Director and Chief Financial Officer.

As the Company is under corporate insolvency resolution process, the Committee of Creditors of the Company at their meeting held on November 13, 2019, had appointed Shri Vishwanath Devaraja Rao, as an Additional Director designated as a Whole-Time Director and Chief Financial Officer for a period of three years effective from November 19, 2019. His appointment and remuneration have been approved by the Committee of Creditors. The notice period of Shri Vishwanath Devaraja Rao will be 3 months.

As per provisions of the Companies Act, 2013 ("the Act"), the tenure of office of Shri Vishwanath Devaraja Rao as an Additional Director is up to the date of ensuing Annual General Meeting.

Shri Vishwanath Devaraja Rao has given his consent for the appointment at the ensuing Annual General Meeting and has also confirmed that he is not in any way disqualified from appointment as per the provisions of the Act.

The Company has also received a notice in writing from a member under Section 160 of the Act, proposing the candidature of Shri Vishwanath Devaraja Rao for the office of a Director of the Company.

Shri Vishwanath Devaraja Rao is functioning in a professional capacity and he does not have any interest in the capital of the Company or in any of its subsidiary companies either directly or indirectly or through any other statutory structures. He is not related to the Directors, Promoters or Key Managerial Personnel of the Company or any of its subsidiaries at any time during the last two years before his appointment.

Shri Vishwanath Devaraja Rao fulfils the conditions for eligibility of the appointment as contained in Part I of Schedule V of the Act.

The details pertaining to Shri Vishwanath Devaraja Rao pursuant to the requirements of Schedule V of the Act, Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings are given as under:

#### General Information

- (i) **Nature of industry** – Telecom
- (ii) **Date or expected date of commencement of commercial production:** – July 15, 2004
- (iii) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus** – Not Applicable.
- (iv) **Financial performance based on given indicators**

(₹ in crore)

Particular (Consolidated Financials)	2019-20	2018-19	2017-18
Total Income	1,734	4,194	4,684
Profit before Tax	(10,793)	1,558	(3)
Provision for Tax	14	2425	16
Profit / (Loss) After Tax	(10,807)	(867)	(19)

- (v) **Foreign investments or collaborations, if any** – None.

The foreign shareholding was 4.95% as on March 31, 2020.

#### Information about the appointee:

- (i) **Background details:**

Shri Vishwanath Devaraja Rao, aged 61 years, is a member of The Institute of Chartered Accountants of India, with a degree in Commerce. He was Joint President of Reliance Communications Limited. He has over 37 years of experience. He is with Reliance Group since more than 19 years. He has varied and rich experience in corporate, finance and managerial functions. Prior to Reliance, he has also worked in PepsiCo India, Hindustan Lever and other listed companies handling accounts and finance functions.

- (ii) **Past remuneration:**

In the financial year 2018-19, the total remuneration paid to Shri Vishwanath Devaraja Rao – Joint President of Reliance Communications Limited was ₹ 1.30 Crores.

- (iii) **Recognition or awards:**

Nil.

- (iv) **Job profile and his suitability:**

As Shri Vishwanath Devaraja Rao has the requisite professional qualification and experience, he is eminently suited for the position.

- (v) **Remuneration proposed:**

The proposed remuneration is ₹ 1.56 Crores per annum as fixed salary which has been approved by the Committee of Creditors. Shri Vishwanath Devaraja Rao is entitled for annual increment, as may be decided by the Committee of



## Statement pursuant to Section 102(1) of the Companies Act, 2013 and pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the accompanying Notice dated July 31, 2020

Creditors based on his performance and the performance of the Company and as per the Company Policy.

**(vi) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):**

The remuneration proposed to the appointee is comparable with persons holding similar positions in the industry. The proposed remuneration is commensurate to the size and operation of the Company.

**(vii) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any – None**

**Other information:**

**(i) Reasons of loss or inadequate profits –** The Corporate Insolvency Resolution Process of the Company resumed from April 30, 2019 and the Company has suffered loss for the year owing to drop in revenues, decline in EBITDA margin for the year, other expenses and provision for liability on account of license and spectrum fees pursuant to the order of Hon'ble Supreme Court, reversal of fair valuation of investment carried out in previous year and provision for diminution in the value of investment in subsidiaries.

**(ii) Steps taken or proposed to be taken for improvement –** At present your Company is under Corporate Insolvency and Restructuring Process (CIRP). The Resolution Professional is endeavouring to operate the business of the company in most beneficial manner for the company's long term sustainability and growth.

**(iii) Expected increase in productivity and profits in measurable terms –** Same as above point no. (ii).

**(iv) Particulars of remuneration to Shri Vishwanath Devaraja Rao in terms of Schedule V has been provided under the Corporate Governance report forming part of this Annual Report.**

**Disclosures**

The disclosures required under Schedule V of the Act have been incorporated in the Directors' Report under Corporate Governance section.

Shri Rao is also a Director in Globalcom Mobile Commerce Limited, a subsidiary of the Company as the Non Executive Director.

Further, Shri Rao is a member of the Audit Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Company.

Shri Rao will be liable to retire by rotation in accordance with the provisions of the Act.

The relatives of Shri Rao may be deemed to be interested in the resolution set out in Item No. 4 of the Notice, to the extent of their equity shareholding interest, if any, in the Company.

Save and except Shri Vishwanath Devaraja Rao none of the Directors, Key Managerial Personnel of the Company and their relatives are, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice. The Resolution Professional based on the recommendation of Directors, accordingly recommends the Special Resolution set out at Item No. 4 of the accompanying Notice for the approval of the Members.

For **Reliance Communications Limited**  
(Company under Corporate Insolvency Resolution Process)

**Rakesh Gupta**  
Company Secretary

**Registered Office:**

H Block, 1<sup>st</sup> Floor  
Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710  
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Website: www.rcom.co.in

Date: July 31, 2020

# Reliance Communications Limited

## Directors' Report

Dear Shareowners,

Your Directors present the 16<sup>th</sup> Annual Report and the audited financial statements for the financial year ended March 31, 2020.

Pursuant to an application filed by Ericsson India Pvt. Ltd before the Hon'ble 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 ("CIR process") of the Reliance Communication Limited ("Company"/ Corporate Debtor) vide its order dated May 15, 2018 ("Admission Order"). The NCLT had, pursuant to the Admission Order, appointed an interim resolution professional (IRP) for the Corporate Debtor vide its order dated May 18, 2018. In terms of the Admission Order, inter alia, the management of the affairs of the Corporate Debtor was vested with the IRP.

Subsequently, the Hon'ble National Company Law Appellate Tribunal ("NCLAT"), while adjudicating upon an appeal preferred against the admission of the insolvency application against the Corporate Debtor, vide its order dated May 30, 2018, *inter alia*, stayed the Admission Order and allowed the management of the Corporate Debtor to function ("Stay Order"). On April 30, 2019, the NCLAT, upon allowing the director and shareholder of the Corporate Debtor to withdraw its aforesaid appeal, vacated all interim orders including the Stay Order.

Thereafter, the Committee of Creditors (CoC) of the Corporate Debtor resolved with the requisite voting share, to replace the IRP with the undersigned, as the resolution professional for the Corporate Debtor ("RP" or "Resolution Professional"). Subsequently, the Hon'ble NCLT has appointed Mr. Anish Niranjana Nanavaty as the RP for the Corporate Debtor vide its order dated June 21, 2019, which was published on June 28, 2019.

In accordance with the provisions of the Code, various resolution plans in respect of the Company were received by the RP. The CoC of the Company, in their meeting held on March 02, 2020, had approved a resolution plan submitted by UV Asset Reconstruction Company Limited ("Resolution Plan") which was subsequently submitted to the NCLT on March 6, 2020 in accordance with Section 30(6) of the Code. The same is sub-judice with the NCLT.

### Financial performance and state of the Company's affairs

The standalone financial performance of the Company for the year ended March 31, 2020 is summarised below:

Particulars	Financial Year ended March 31, 2020		* Financial Year ended March 31, 2019	
	₹ in crore	US\$ in million**	₹ in crore	US\$ in million**
Total income	818	109	1,465	212
Gross profit /(Loss) before depreciation, Amortisation and exceptional items	(1,429)	(190)	(30)	(4)
Less:				
Depreciation and amortization	183	24	277	40
Profit/ (Loss) before Exceptional items and Tax	(1,612)	(214)	(307)	(44)
Exceptional items:				
(Loss) / Profit on Fair Value of Investments	(15,251)	(2,025)	8,964	1,296
Profit/ (Loss) before Tax	(16,863)	(2,239)	8,657	1,252
Current tax / Excess provision for Tax of earlier years	-	-	-	-
Deferred Tax charge/ (credit)	-	-	3,558	515
Profit / (Loss) after tax	(16,863)	(2,239)	5,099	737
Profit / (Loss) after tax from Discontinued Operations	(28,475)	(3,780)	(2,252)	(325)
Other Comprehensive Income				
Re-measurement Gain/ (Loss) of defined benefit plans (Net of tax)	(45,333)	(6,018)	2,847	412
Total Comprehensive Income	(45,333)	(6,018)	2,847	412
Add : Balance brought forward from previous year	(14,183)	(1,883)	(17,030)	(2,463)
Profit available for appropriation			-	-
Balance carried to Balance Sheet	(59,516)	(7,901)	(14,183)	(2,051)

\* Figures of previous year have been regrouped and reclassified, wherever required.

\*\* Exchange Rate ₹ 75.3245 = US\$ 1 as on March 31, 2020 (₹ 69.155 = US\$ 1 as on March 31, 2019).

## Directors' Report

### Financial Performance

During the year under review, your Company has earned from Continuing Operations income of ₹ 818 crore against ₹ 1,465 crore in the previous year. The Company has incurred an operational loss of ₹ 30,087 crore (including loss from discontinuation of wireless business of ₹ 28,475 crore) and including provision for diminution in the value of Investment, there is a Loss of ₹ 45,333 crore for the year as compared to profit of ₹ 2,847 crore in the previous year. The performance and financial position of the subsidiary companies and associate companies are included in the consolidated financial statement of the Company and presented in the Management Discussion and Analysis Report forming part of this Annual Report.

The outbreak of COVID-19 pandemic has significantly impacted businesses around the world. The Government of India ordered a nationwide lockdown, initially for 21 days which was extended thereafter. Presently, the lockdown in Maharashtra is valid till July 31, 2020. This has resulted in significant reduction in economic activities all over India.

However, Telecommunication services, being essential services, are allowed to continue operation during the period of lockdown. The Company 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 Company'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.

### Dividend

During the year under review, since the Company is under CIR Process and due to current year losses, no dividend on the equity shares of the Company has been recommended.

### Business Operations

The Company provides telecom services to the business and government segments. These include a comprehensive portfolio spanning Network Connectivity, Cloud Networking, Data Center Services, Enterprise Voice, Cloud Telephony, Access Number Services, Collaboration Services, Wholesale Voice & Value Added Service (VAS). The Company serves nearly 40,000 businesses of all sizes—from multinational conglomerates to SMEs—belonging to almost every vertical: BFSI, Manufacturing, Logistics, Healthcare, IT & ITeS, OTT and New Media, to name just a few.

With nine world-class data centers spread across key business markets in India (Mumbai, Bengaluru, Chennai & Hyderabad), we are a leading provider of data center services in the region to hundreds of enterprise customers, including many of India's marquee brands in the BFSI, FMCG, new media and e-commerce industry segments. These services cover Colocation, Shared IT Infrastructure and IT Managed Services.

### Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), is presented in a separate section forming part of this Annual Report.

### Issue and Redemption of Non-Convertible Debentures

The Company has not carried out any fresh issue of Non Convertible Debentures (NCDs) in the current financial year.

NCDs issued during the earlier years matured for final redemption during the financial year 2018-19, but remains unpaid in view of the ongoing CIR Process.

### Deposits

The Company has never accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 ("the Act") and the Companies (Acceptance of Deposits) Rules, 2014. There are no unclaimed deposits, unclaimed/unpaid interest, refunds due to the deposit holders or to be deposited with the Investor Education and Protection Fund as on March 31, 2020.

### Particulars of Loans, Guarantees or Investments

The Company has complied with provisions of Section 186 of the Act, to the extent applicable with respect to Loans, Guarantees or Investments during the year.

Pursuant to the provisions of Section 186 of the Act, the details of the Investments made by the Company are provided in the standalone financial statement under Notes No. 2.03 and 2.08.

### Subsidiary and Associate Companies

During year under review, GCX Limited, an overseas step-down subsidiary of the Company, defaulted in payment to 7% Senior Secondary Notes (Notes) amounting to USD 350 million fallen due for repayment on August 01, 2019 and consequently, on 15<sup>th</sup> September, 2019, GCX Limited and its subsidiaries/affiliates had initiated a voluntary application under Chapter 11 of the United States Bankruptcy Code to effectuate a pre-packaged plan of reorganization in the District of Delaware court. More than 75% of Bond holders have committed their support for the said plan. Based on the above, Control by the Company over GCX Limited and its subsidiaries has ceased to exist upon initiation of the voluntary application under Chapter 11 of the United States Bankruptcy Code and accordingly the said Companies were deconsolidated with effect from July 01, 2019 for the purpose of and as per the requirements of Ind AS 110 "Consolidated Financial Statement". Investment in the deconsolidated subsidiaries has been accounted at fair value, as per Ind AS 109 "Financial Instruments". In addition, pursuant to the order of the District of Delaware court dated December 4, 2019, the holder of Notes have become entitled to be the owners of GCX Limited in terms of the plan as approved under Chapter 11 of the United States Bankruptcy Code on the effective date upon implementation of the approved plan. The plan has been approved by the District of Delaware court on December 4, 2019, and the plan is pending for implementation.

Pursuant to an application filed by Ericsson India Pvt. Ltd before the Hon'ble NCLT in terms of Section 9 of the Code, the NCLT had admitted the application and ordered the commencement of CIR process of the Reliance Infratel Limited and Reliance Telecom Limited, subsidiary companies, vide its order dated May 15, 2018. Mr. Anish Niranjana Nanavaty has been appointed as the resolution professional of Reliance Infratel Limited and Reliance Telecom Limited.

# Reliance Communications Limited

## Directors' Report

Further, pursuant to an application filed by State Bank of India under Section 7 of the Code, the Hon'ble NCLT vide order dated September 25, 2019, ordered the commencement of CIR process in terms of the Code in respect of Reliance Communications Infrastructure Limited, a wholly owned subsidiary of the Company and has appointed Mr. Anish Niranjana Nanavaty as the resolution professional of Reliance Communications Infrastructure Limited.

The summary of the performance and financial position of the each of the subsidiary and associate companies are presented in Form AOC – 1 and in Management Discussion and Analysis Report forming part of this Annual Report. Also, a report on the performance and financial position of each of the subsidiary companies and associate companies as per the Act is provided in the consolidated financial statement. Also, a report on the performance and financial position of each of the subsidiaries, associates as per the Act is provided in the consolidated financial statement.

The Policy for determining material subsidiary companies can be accessed on the Company's website at the link <http://www.rcom.co.in/Rcom/about-us/investor-relations/corporate-governance.html>.

### Standalone and Consolidated Financial Statements

The Audited financial statements of the Company are drawn up, both on standalone and consolidated basis, for the financial year ended March 31, 2020, in accordance with the requirements of the Companies (Indian Accounting Standard) Rules, 2015 (Ind AS) notified under Section 133 of the Act, read with relevant rules and other accounting principles. The Consolidated Financial Statement has been prepared in accordance with Ind-AS and relevant provisions of the Act based on the financial statements received from subsidiaries, associates as approved by their respective Board of Directors.

As Reliance Infratel Limited, Reliance Telecom Limited and Reliance Communications Infrastructure Limited, subsidiaries of the Company are under CIR Process, financial results of these companies are approved and received from these companies and accordingly the Consolidated Financial Statements are prepared.

### Directors

During the year under review, Prof. J. Ramachandran, Shri R N Bhardwaj, Shri Deepak Shourie and Shri A K Purwar completed their term as Independent Directors of the Company and ceased to be Directors of the Company w.e.f. 16<sup>th</sup> September, 2019.

Further, during the year, Shri Anil D Ambani, Smt. Chhaya Virani and Smt. Manjari Kacker have resigned with effect from 15<sup>th</sup> November, 2019; Smt. Ryna Karani has resigned with effect from 14<sup>th</sup> November, 2019 and Shri Suresh Rangachar has resigned with effect from 13<sup>th</sup> November, 2019 as Directors of the Company. Certain directors being Shri Anil D Ambani, Shri Suresh Rangachar and Smt. Manjari Kacker have also filed their respective DIR-11 forms with the Registrar of Companies. The aforementioned resignations were put up to the CoC of the Company for their consideration in accordance with Section 28(1)(j) of the Code. However, CoC of the Company at its meeting held on November 20, 2019 considered the resignations tendered by the above directors and expressed a unanimous view that the resignations cannot be accepted and instructed the Resolution Professional to convey to the directors to continue with their duties and responsibilities as directors and provide all cooperation in the corporate insolvency resolution

process, at least until the completion of the insolvency resolution process of the Company.

In light of the above, it was duly communicated to the aforesaid directors of the Company that their resignations have not been accepted and they are advised to continue to perform their duties and responsibilities as the directors of the Company and provide all cooperation to Resolution Professional in the CIR process.

Accordingly, Shri Anil D Ambani, Smt. Chhaya Virani, Smt. Manjari Kacker, Smt. Ryna Karani and Shri Suresh Rangachar continues to be on the composition of the board of directors and the respective committees of the Company.

Due to abovementioned events, Company has not received necessary Annual disclosures as required under section 164(2) and Section 184(1) of the Companies Act, 2013 from Shri Anil D Ambani, Smt. Chhaya Virani, Smt. Ryna Karani, Smt. Manjari Kacker and Shri Suresh Rangachar, Directors of the Company.

Shri Vishwanath Devaraja Rao was appointed as an Executive Director and Chief Financial Officer of the Company with effect from 19<sup>th</sup> November, 2019 on account of the vacancy created by the resignation of Shri Manikantan V w.e.f. November 19, 2019, as the Director and Chief Financial Officer of the Company, notice of which was received by the Company on October 4, 2019, and approved by the COC of the Company in its meeting held on November 13, 2019, and passing of resolution through e-voting, for which voting concluded on November 19, 2019.

The Directors and Resolution Professional of the Company places on record their sincere appreciation for the valuable contribution made by Prof. J. Ramachandran, Shri R N Bhardwaj, Shri Deepak Shourie, Shri A K Purwar and Shri Manikantan V during their tenure as Directors of the Company.

In terms of the provisions of the Companies Act, 2013, Shri Punit Garg, Director of the Company retires by rotation and being eligible, offers himself for reappointment at the ensuing AGM.

A brief profile of Shri Punit Garg along with requisite details as stipulated under Regulation 36(3) of the Listing Regulations are provided in this Annual Report.

The details of programme for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates and related matters are placed on the website of the Company at the link <http://www.rcom.co.in/Rcom/about-us/investor-relations/corporate-governance.html>. In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are the persons of high integrity and repute. They fulfill the conditions specified in the Act and the Rules made thereunder and are independent of the management.

### Key Managerial Personnel

Shri Punit Garg ceased to be Executive Director of the Company w.e.f. 5<sup>th</sup> April, 2019, however he is continuing as a Non Executive Director of the Company.

Shri Rakesh Gupta has been appointed as the Company Secretary and Compliance Officer of the Company with effect from 20<sup>th</sup> July, 2019 pursuant to the resignation of Shri Prakash Shenoy as the Company Secretary and Compliance officer of the Company with effect from July 19, 2019, which has been duly approved by the Committee of Creditors (CoC) of the Company in its meeting held on July 9, 2019.

## Directors' Report

Shri Vishwanath Devaraja Rao has been appointed as the Executive Director and Chief Financial Officer of the Company with effect from November 19, 2019, on account of the vacancy created by the resignation of Shri Manikantan V, as the Director and Chief Financial Officer of the Company as approved by the CoC of the Company in its meeting held on November 13, 2019, and passing of resolution through e-voting, which voting concluded on November 19, 2019.

Except as mentioned above, there was no change in the Key Managerial Personnel of the Company.

### Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employees

The Nomination and Remuneration Committee of the Board has devised a policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Employees. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director, which has been put up on the Company's website at <http://www.rcom.co.in/investorrelations> and also is attached as Annexure - A.

Currently, as the Company is under CIR Process, the approval of CoC is necessary for the appointment and remuneration of Directors and Key Managerial personnel of the Company.

### Directors' Responsibility Statement

Pursuant to the requirements under Section 134(5) of the Act with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i In preparation of the annual accounts for the financial year ended March 31, 2020, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the loss of the Company for the year ended on that date;
- iii The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv The Directors had prepared the annual financial statements for the financial year ended March 31, 2020 on a 'going concern' basis;
- v The Directors had laid down internal financial controls to be followed by the Company and such financial controls are adequate and are operating effectively, and
- vi The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**Note:** Since the Company is under CIR Process, management of the affairs of the Company is vested with Resolution Professional, all the above mentioned duties and responsibility of Directors have been performed by directors under the direction of RP of the Company.

### Contracts and Arrangements with Related Parties

All contracts/ arrangements/ transactions entered into by the Company during the financial year under review with related parties were on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

During the year, the Company has not entered in to any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of Company on materiality of related party transactions.

All Related Party Transactions were placed before the Audit Committee for approval. Omnibus approval of the Audit Committee was obtained for the transactions which were of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were reviewed and statements giving details of all related party transactions were placed before the Audit Committee on a quarterly basis.

During the year under review, as the Company is under CIR Process, in terms of Section 28(1)(f) of the Code, approval of the CoC was taken for related party transactions in CoC meeting(s) held on October 3, 2019 and November 25, 2019 and February 24, 2020.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link <http://www.rcom.co.in/Rcom/about-us/investor-relations/corporate-governance.html>. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

There are no transactions entered by the Company with persons / entities as mentioned in Regulation 34 (3) and 53 (f) in Schedule V, A, 2A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Material Changes and Commitments, if any, affecting the financial position of the Company

Except as disclosed in this report, there were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

### Meetings of the Board

A calendar of Meetings is prepared and circulated in advance to the Directors. During the financial year ended March 31, 2020, the Directors held 3 meetings and in addition to above-mentioned Directors meetings, on May 27, 2019, the Interim Resolution Professional of the Company ("IRP") held a meeting with the management of the Company for considering and approving the audited financial results for the financial year ended March 31, 2020 in terms of Section 134 of the Companies Act, 2013 and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The additional details about aforesaid meetings are given in the Corporate Governance Report forming part of this report.

### Audit Committee

The Audit Committee of the Directors consists of Independent Directors namely Smt. Manjari Kacker, Chairperson, Smt. Ryna

## Directors' Report

Karani, Smt. Chhaya Virani and Non Independent Directors, Shri Punit Garg, Shri Vishwanath Devaraja Rao, as members.

During the year, all the recommendations made by the Audit Committee were accepted by the Directors and RP of the Company.

### Auditors and Auditors' Report

At the 12<sup>th</sup> Annual General Meeting (AGM) held on September 27, 2016, M/s. Pathak H.D. & Associates, Chartered Accountants were appointed as the statutory auditors of the Company to hold office till the conclusion of the 17<sup>th</sup> AGM. Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s. Pathak H.D. & Associates, Chartered Accountants, the Statutory Auditors of the Company have been appointed as Auditors for a term of 5 years. The Company has received a confirmation from the said Auditors that they are not disqualified to act as the Auditors and are eligible to hold the office as Auditors of the Company.

The Auditors in their report to the members have given a qualified opinion and the response of the Company with respect to it is as follows:

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 Company has not provided Interest of ₹ 4,212 crore (₹ 4,748 crore in case of consolidated) calculated based on basic rate of interest as per terms of loan for the year ended March 31, 2020 and foreign exchange variation aggregating to ₹ 1,313 crore loss (₹ 1,609 loss in case of consolidated) for the year ended March 31, 2020. Had the Corporate Debtor provided Interest and foreign exchange variation, the Loss would have been higher by ₹ 5, 525 crore (₹ 6,357 crore in case of consolidated) for the year ended March 31, 2020.

On completion of the corporate insolvency resolution process, the Company will carry out a comprehensive review of all the assets including investment in subsidiaries and liabilities which are pending for confirmation and accordingly provide for impairment of assets and write back of liabilities, if any. Further, the Company is in the process of reconciling Goods & Service Tax (GST) and Tax Deducted at source.

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 Company's assets are held for sale as per Ind AS 105 and accordingly lease agreements are considered to be short term in nature and Ind AS 116 has not been applied.

The observations and comments given by the Auditors in their report read together with notes on financial statements are self explanatory particularly Note No. 2.15, 2.31, 2.48 and 2.52 (standalone financials) and 2.16, 2.41, 2.53, 2.60 and 2.61 (consolidated financials) and hence the same to be treated as explanation provided under Section 134 of the Act.

The audited financial statement are drawn up both on standalone and consolidated basis for the financial year ended March 31, 2020, in accordance with the requirements of the Ind-AS Rules.

As per the provisions of Clause (ca) of Sub-section (3) of Section 134 of the Act, the auditors of the Company have not reported any fraud under sub-section (12) of Section 143 of the Act.

### Cost Auditors

Pursuant to the provisions of the Act and the Companies (Cost Records and Audit) Rules, 2014, the Resolution Professional on the recommendation of directors in a meeting dated 31<sup>st</sup> July, 2020 have appointed M/s. V. J. Talati & Co., Cost Accountants, as the Cost Auditors to conduct cost audit for the telecommunications businesses of the Company for the financial year ending March 31, 2021 and their remuneration is subject to ratification by the Members at the ensuing Annual General Meeting of the Company.

The Provisions of Section 148(1) of the Act are applicable to the Company and accordingly the Company has maintained cost accounts and records in respect of the applicable products for the year ended March 31, 2020.

### Secretarial Standards

During the year under review, the Company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

### Secretarial Audit & Secretarial Compliance Report

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Resolution Professional on the recommendation of Directors had appointed M/s. Ashita Kaul & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. There is no qualification, reservation or adverse remark made in their Secretarial Audit Report submitted to the Company. The Secretarial Audit Report is attached herewith as Annexure B.

Pursuant to circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019, issued by the Securities and Exchange Board of India (SEBI) the Company has obtained Annual Secretarial Compliance Report from a Practising Company Secretary (PCS) on compliance of all applicable SEBI Regulations and circulars/guidelines issued there under and the copy of the same shall be submitted with the Stock Exchanges within the prescribed due date.

### Annual Return

As required under Section 134(3)(a) of the Act, the Annual Return for the financial year 2019-20 is put up on the Company's website and can be accessed at <https://www.rcom.co.in/investor-relations-Annual Return>.

## Directors' Report

### Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (the Rules), as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules are provided in the Annual Report. Disclosures relating to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, also forms part of this Annual Report.

However, having regard to the provisions of second proviso to Section 136(1) of the Act, the Annual Report, excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining the same may write to the Company Secretary and the same will be furnished on request.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

As the Company does not carry on any manufacturing activity, being a telecommunications service provider, most of the information of the Company as required under Section 134(3) (m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable. However, the information as applicable has been given in the Annexure C forming part of this Report.

### Corporate Governance

The Company has adopted the "Reliance Group-Corporate Governance Policies and Code of Conduct" which sets out the systems, process and policies conforming to the international standards. The report on Corporate Governance as stipulated under Regulation 34(3) read with Para C of Schedule V of the Listing Regulations is presented in separate section forming part of this Annual Report

A Certificate from, M/s. Ashita Kaul & Associates, Practicing Company Secretary, conforming compliance to the conditions of Corporate Governance as stipulated under Para E of Schedule V of the Listing Regulations, is enclosed to this Report.

### Ombudspersons & Whistle Blower (Vigil Mechanism)

The Company has formulated an Ombudspersons & Whistle Blower (Vigil Mechanism) to address the genuine concern, if any of the directors and employees. The details of the same have been stated in the Report on Corporate Governance and the policy can also be accessed on the Company's website at [www.rcom.co.in](http://www.rcom.co.in)

### Risk Management

The Company had constituted a Risk Management Committee in the Board of Directors meeting held on 14<sup>th</sup> November, 2014 consisting of majority of directors and senior managerial personnel of the Company; however these mandatory provisions of Listing Regulations are not applicable to the Company. The Board of Directors of the Company has dissolved the Risk Management Committee in its meeting held on 3<sup>rd</sup> November, 2018. Audit Committee looks after the functions of the Risk Management Committee.

The Company is currently under corporate insolvency resolution process pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016 and considering these developments including, in particular, the RP having taken over the management and control of the Company and its three subsidiaries (Group) inter alia with the objective of running them as going concerns, the Company 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.

Further, the Company has a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhances Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting.

The risk framework has different risk models which helps in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business segments.

### Compliance with provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to uphold and maintain the dignity of women employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year one such complaints was received and the same was redressed immediately.

The Company has also constituted an Internal Compliance Committee under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

### Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility Committee in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules 2014. The Corporate Social Responsibility Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company. The CSR policy may be accessed on the Company's website at the link; <http://www.rcom.co.in/Rcom/about-us/investor-relations/corporate-governance.html>.

The CSR Committee as on March 31, 2020 comprised of Smt. Manjari Kacker as Chairperson and Shri Punit Garg, Shri Vishwanath Devaraja Rao, Smt. Ryna Karani and Smt. Chhaya Virani as members. The annual report on CSR activities is annexed as Annexure D.

### Orders, if any, passed by Regulators or Courts or Tribunals

Except as disclosed in this report, no orders have been passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operation.

## Directors' Report

### Internal Financial Controls and their adequacy

The Company has in place adequate internal financial controls across the organization. The same is subject to review periodically by the Internal Audit Cell and by the Audit Committee for its effectiveness.

During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

### Business Responsibility Report

Business Responsibility Report for the year under review as stipulated under the Listing Regulations is presented under separate section forming part of this Annual Report.

### Acknowledgement

Your Directors express their sincere appreciation for the cooperation and assistance received from shareholders, debenture holders, bankers, financial institutions, regulatory

bodies, government Authorities, debenture trustee and other business constituents during the year under review. The Directors express their sincere thanks to the Resolution Professional and Committee of Creditors of the Company for continuous support during the year. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff and look forward to their continued support in future.

**Punit Garg**

Non Executive Director

**Vishwanath Devaraja Rao**

Executive Director and  
Chief Financial Officer

Place: Mumbai

Date : July 31, 2020



**Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management employees**

**1. Introduction**

- 1.1 Reliance Communications Limited ("Company") considers human resources as its invaluable assets. This policy aims to harmonise the aspirations of the directors/ employees with the goals of the Company.
- 1.2 Human capital is a strategic source of value creation. As part of our progressive HR philosophy, it is necessary to have in place a comprehensive Compensation Policy, which is in line with the industry trend and is employee friendly.

**2. Objectives**

- 2.1 Ensuring that the quantum and composition of remuneration is reasonable and sufficient to attract, retain and motivate, employees to run the Company successfully.
- 2.2 Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- 2.3 Ensure that annual compensation review considers industry/ business outlook and strategies adopted by industry peers, differentiates employees based on their performance/skill sets and also protects employees, particularly those in junior cadre, against inflationary pressures;
- 2.4 Retention of high performers at all levels and those playing critical roles.

**3. Scope**

The Board has constituted the "Nomination and Remuneration Committee" in line with the requirements under the provisions of the Companies Act, 2013. This Policy sets out the broad guiding principles for the Committee for recommending to the Board the appointment and remuneration of the directors, key managerial personnel and senior managerial personnel of the Company.

**4. Definitions**

- 4.1. "Director" means a director appointed to the Board of the Company.
- 4.2. "Key Managerial Personnel" means
  - (i) the Chief Executive Officer or the Managing Director or the Manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-time Director;
  - (iv) the Chief Financial Officer; and
  - (v) such other officer as may be prescribed under the Companies Act, 2013.
- 4.3. "Senior Management" means personnel of the company who are members of its core management team excluding Board of Directors comprising of all members of management one level below the executive directors, if any.

**5. Policy**

- 5.1 Appointment of Directors/ Key Managerial / Senior Management personnel  
The Nomination and Remuneration Committee, inter alia, considers qualifications, positive attributes, areas of expertise and number of Directorships and Memberships held in various committees of other companies by such persons for selection. The Board considers the recommendation of the Committee and takes appropriate

decisions. The Company also considers the requirement of skills and effectiveness of persons contributing to the Company's business and policy decisions.

- 5.2 Remuneration to Directors/ Key Managerial Personnel
  - 5.2.1 The remuneration of the Directors/ Managing Director/ Whole time Directors and Managers etc. will be governed as per provisions contained in the Companies Act, 2013 and rules made therein from time to time.
  - 5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as approved by the Board of Directors from time to time. The Non-Executive Directors shall also be entitled to profit related Commission, if approved by the Board, in addition to the sitting fees.
  - 5.2.3 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Directors/ Key Managerial Personnel/ Senior Management Personnel of the Company within the overall limits, if any, approved by the shareholders.
  - 5.2.4 The remuneration structure shall include the following components:
    - (i) Basic Pay
    - (ii) Perquisites and Allowances
    - (iii) Stock Options, if any.
    - (iv) Commission (Applicable in case of Executive Directors/ Directors)
    - (v) Retiral Benefits
    - (vi) Performance Linked Incentives
  - 5.2.5 The Annual Plan, Objectives, financial results of the Company shall be reviewed by the Nomination and Remuneration Committee and performance incentives, increment, revision in remuneration etc. will be proposed based on the achievements.
- 5.3 Remuneration to other employees  
Employees shall be assigned grades/bands according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade/bands and shall be based on various factors such as job profile, skill sets, seniority, experience, performance and prevailing remuneration levels for equivalent jobs.
- 6. Retention Features as part of Compensation Package**  
Based on the organizational need for retaining performing employees and those in critical roles, certain retention features may be rolled out as part of the overall compensation package. These may take form of Retention Bonuses (RBs); Special Monetary Programs (SMPs), Long-term Incentives (LTIs), Employee Stock Options etc.
- 7. Modification and Amendment**  
The policy is subject to modification, amendment and alterations by the management at any time without assigning any reasons.

### Form No. MR-3

### Secretarial Audit Report

### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

### [Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Reliance Communications Limited  
H Block, 1<sup>st</sup> Floor,  
Dhirubhai Ambani Knowledge City,  
Navi Mumbai – 400 710.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Reliance Communications Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has followed proper Board processes and have required compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Reliance Communications Limited for the financial year ended on March 31, 2020 according to the provisions of the:

- i Companies Act, 2013 ('the Act') and the Rules made thereunder;
- ii Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- c. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not Applicable to the Company during audit period);
- d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period);
- h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during audit period); and
- i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent of its applicability.

We have also examined compliance with applicable clauses of the following:

- i Secretarial Standards issued by the Institute of Company Secretaries of India;
- ii Listing Agreements entered into by the Company with BSE Limited, National Stock Exchange of India Limited, Luxembourg Stock Exchange and Singapore Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines as applicable mentioned above except the following:

Unaudited financial results for the Quarter and half year ended September 30, 2019 pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were filed with Stock Exchange on 15.11.2019, i.e. by a delay of 1 day.

We further report that, the Company is under corporate insolvency resolution process (CIR Process) pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016. With effect from June

## Directors' Report

28, 2019, its affairs, business and assets are being managed by, and the powers of the board of directors are vested in, the Resolution Professional, Mr. Anish Niranjana Nanavaty, appointed by Hon'ble National Company Law Tribunal, Mumbai Bench, vide order dated June 21, 2019.

**We further report that,** having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check basis, the Company has complied with the following laws applicable specifically to the Company:

- a. The Indian Telegraph Act, 1885 and Rules made thereunder and as amended from time to time;
- b. The Telecom Regulatory Authority of India Act, 1997 and Rules made thereunder and as amended from time to time.
- c. The Insolvency and Bankruptcy Code, 2016 and Regulations made thereunder and as amended from time to time.

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions at Directors Meetings and Committee Meetings are carried out and recorded in the minutes of meetings of the Directors and Committee of the Board accordingly.

We further report that, there are adequate systems and processes in the Company, which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **Ashita Kaul & Associates**  
**Company Secretaries**

**Proprietor**  
**FCS 6988/ CP 6529**

Date : 24.06.2020

Place : Thane

UDIN : F006988B000373420

Disclosure under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014

### I. Conservation of Energy:

The steps taken or impact on conservation of energy

The Company requires energy for its operations and the Company is making all efforts to conserve energy by monitoring energy costs and periodically reviews of the consumption of energy. It also takes appropriate steps to reduce the consumption through efficiency in usage and timely maintenance / installation / upgradation of energy saving devices.

The steps taken by the Company for utilizing alternate sources of energy

The capital investment on energy conservation equipments

### II. Technology Absorption, Adoption and Innovation:

- i. The efforts made towards technology absorption
- ii. The benefits derived like product improvement, cost reduction, product development or import substitution
- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
  - a. The details of technology imported
  - b. The year of import
  - c. Whether technology been fully absorbed ?
  - d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.
- iv. The expenditure incurred on Research and development

The Company uses latest technology and equipments in its business. Further the Company is not engaged in any manufacturing activities.

The Company has not spent any amount towards research and developmental activities and has been active in harnessing and tapping the latest and the best technology in the industry.

### III. Total foreign exchange earnings and outgo:

- a. Total Foreign Exchange earnings : ₹ 82.23 crore
- b. Total Foreign Exchange outgo : ₹ 91.73 crore

**Annual Report on Corporate Social Responsibilities (CSR) activities for the financial year 2019-20.**

**1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:**

The Company has a robust CSR Policy at Group level. As per the said policy, all our efforts are focused towards two goals: building a great enterprise for the stakeholders and a great future for our country.

Our approach is to interweave social responsibility into the Company's mainstream business functions through translating commitments into policies, which not only drive all employees but influence and mobilize stakeholders, especially partners and suppliers, to embrace responsible business practices in their respective spheres of action. The policy affirms business objectives and strategy along with our commitment to preserve natural resources and augment the growth and development of employees and families, the communities we operate in, suppliers/vendors, and our investors. Through the social policy manual, the Company seeks to engage with all the stakeholders, using it as a reference or guideline for all stakeholders and practitioners. Our CSR policy is placed on our website at the link <https://rcom.co.in/our-company/investor-relations/corporate-governance/>

**2. The Composition of the CSR Committee:**

1.	Smt. Manjari Kacker	- Independent Director	- Chairperson
2.	Shri Punit Garg*	- Non Executive Director*	- Member
3.	Shri Vishwanath Devaraja Rao**	- Executive Director and CFO	- Member
4.	Smt. Ryna Karani	- Independent Director	- Member
5.	Smt. Chhaya Virani	- Independent Director	- Member

\*Shri Punit Garg ceased to be Executive Director of the Company w.e.f. 5<sup>th</sup> April, 2019, however he continues to be a Non Executive Director & Member of CSR Committee of the Company.

\*\*Shri Vishwanath Devaraja Rao was inducted in CSR Committee w.e.f. February 14, 2020

**3. Average net profit of the Company for last three financial years:**

Average net loss of ₹ 17,451 Crore.

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

Nil.

**5. Details of CSR spent during the financial year:**

a. Total amount spent for the financial year :- NA

b. Amount unspent, if any :- NA

c. Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects or activity identified.	Sector in which the project is covered.	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or program was undertaken.	Amount Outlay (budget) Project or Programs wise.	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative Expenditure upto the reporting period.	Amount spent: Direct or through implementing agency.
Not applicable							

**6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

Not applicable.

**7. A Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.**

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and policy of the Company.

**By the Order of the Resolution Professional**

**Vishwanath Devaraja Rao**

Executive Director & Chief Financial Officer

Date: July 31, 2020

# Reliance Communications Limited

## Management Discussion and Analysis

### Forward-looking statements

Statements in this Management Discussion and Analysis of Financial Conditions and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of the future events.

The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statements. Important factors that could influence the Company's operations include interconnect usage charges, determination of tariff and such other charges and levies by the regulatory authority, changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 2013 (the Act) and comply with the Accounting Standards notified under Section 133 of the Act. The management of Reliance Communications Limited has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect, in a true and fair manner, the state of affairs for the year.

The following discussions on our financial conditions and results of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the Annual Report.

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "Reliance", "RCOM", "RCOM Group" or "Reliance Communications" are to Reliance Communications Limited and its subsidiary companies, joint ventures and associate companies.

The Company is undergoing the corporate insolvency resolution process in terms of the provisions of the Insolvency and Bankruptcy Code, 2016 ("Code"). In terms of the said process, a resolution plan in relation to RCOM has been approved by the committee of creditors ("COC") of RCOM, as per the provisions of the Code. An application in relation to the resolution plan as approved by the COC of RCOM has been filed at the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT"), in terms of Section 31 of the Code, and the said application is presently pending approval of the Hon'ble NCLT. Upon the approval of the resolution plan by the NCLT, the business operations of RCOM shall be carried out as per the terms contained in the said resolution plan.

Further, as mentioned above as the Company is in Corporate Insolvency Resolution Process ("CIR Process") hence outlook, opportunity and threats, developments, risk and concerns and ratios has not been provided separately as required under Listing Regulations.

### Indian Telecom Industry

India continues to be the one of the largest telecommunications market in the world, with around 989 Million subscribers. FY 2019-20 saw the consolidation of the Indian mobile

telecommunications market into three private players, besides the two PSUs. India has transformed from multi-player hyper competitive market to an Oligopoly and possibly moving towards a duopoly. The industry players balance sheet is stretched with unsustainable debt, continued hyper price competition and upcoming demands for high capex on account of 5G and fiber expansion.

The consolidation has also led to the coming of specialist B2B strengths into sharp focus. Now that Reliance Communications is a pure play B2B operator, the Company is able to better utilize its resources towards focused delivery of its services to the enterprise segment.

### Industry statistics

- Total number of telephone subscribers (Wireless and Wireline) in India is 1177.97 million at the end of March 2020, against 1,183 million at the end of March 2019.
- Wireless subscribers accounted for 98.3% of the overall telecom subscriber base.
- Wireless tele-density declined to 85.87% in March 2020, compared to 90.11% at the end of March 2019.
- The Internet subscriber base showed growth and at the end of March 2020, the total as at 687.44 million, against 544 million in March 2019. Wireless Internet continued to remain the preferred medium of access and accounted for nearly 97% of the subscriber base.

### Company Overview

#### Business Areas

Reliance Communications Limited (RCOM), together with its subsidiary Globalcom IDC Limited (GIDC), is a telecommunication service provider with businesses including India Data Center Business (IDC) and India National Long Distance (NLD) business.

RCOM currently serves several Indian corporations, including, regional and domestic carriers. RCOM conducts a substantial portion of its business through subsidiary companies, including Globalcom IDC Limited and Reliance Infratel Limited (RITL).

#### India Operations

#### India Enterprise services

In India, RCOM provides wireline telecom services to the business and government segments. These include a comprehensive portfolio spanning Network Connectivity, Cloud Networking, Data Center Services, Enterprise Voice, Cloud Telephony, Access Number Services, Collaboration Services, Wholesale Voice & Value Added Service (VAS). The Company currently serves several businesses of all sizes—from multinational conglomerates to SMEs—belonging to almost every vertical: BFSI, Manufacturing, Logistics, Healthcare, IT & ITeS, OTT and New Media, to name just a few.

With nine world-class data centers spread across key business markets in India (Mumbai, Bengaluru, Chennai & Hyderabad), we are now a leading provider of data center services in the region to hundreds of enterprise customers, including many of India's marquee brands in the BFSI, FMCG, new media and e-commerce industry segments. These services cover Colocation, Shared IT Infrastructure and IT Managed Services.

## Management Discussion and Analysis

### Reliance Infratel Limited (Telecom Infrastructure Business)

RITL, a subsidiary of RCOM, is in the business of building, owning and operating telecommunication towers, optic fiber cable assets and related assets at designated sites, and to provide these passive telecommunication infrastructure assets on a shared basis to wireless service providers and other communications service providers under long-term contracts. These customers use the space on our telecommunications towers to install their active communication-related equipment to operate their wireless communications networks. Customers can also use our optic fiber network to connect the sites to the core network and for connectivity between telecom Circles.

### Global Operations

#### Overview

RCOM provide Wholesale Voice services to Mobile Network Operators (MNOs), Fixed Network Operators (FNOs), Tier 1 Carriers, Calling Card Companies and Over-the-Top (OTT) players across the world. Using our global Next-Generation Network (NGN), multiple international Voice PoPs, and established relationships with Carriers across the globe, we help carry Voice to almost every possible destination on the planet.

### Business Strategy

#### a. Network Infrastructure Enhancement

We will continue to enhance our network infrastructure and data center footprint across India in order to master the combination of Cloud Orchestration, Fiber Ubiquity Doing so will establish our strategic building blocks as we continue to move towards becoming the technology infrastructure company of the next decade. Our infrastructure plan will focus on three key areas:

- **Data Center Centric Networks-** We will build low-cost, distributed, focused compute and diverse compute centers at strategic locations across key markets, with initial deployment in India.
- **High-Speed Trunking between Data Centers -** We will build scalable 100 Gig+ super-highways between every CBD based on the Forward Operating Center concept. In addition, we will establish ownership economics with glass-through capabilities across land and sea.
- **Commoditized Low-Cost Last Mile Access-**We will further Branch Connect and low-cost UBRs and open FOCs to allow access to multiple last-mile providers. We will access carrier interconnect centers in every major market seamlessly.

#### b. Continue to Focus on Enhancing Products and Services Portfolio

We aim to continue to grow our revenue streams through the expansion of our portfolio of service offerings and specific sales and marketing initiatives aimed at increasing our Enterprise customer base across India and globally. Such efforts include focus on new products and enhancements of our solutions portfolio, including VPN, Next-Generation Enterprise Networking, Branch Connect, IP Centrex, SIP Trunk, and SIP Toll-Free Service.

#### c. Focus on Reduction of Operating Costs

In line with our growth, we also focus on cost management and margin expansion through various measures to reduce our operating costs and achieve cost optimization. We have entered into sharing agreements also to lower our regulatory cash outflows as well as future capex expansion needs.

### Financial Performance - Overview

The Company's standalone financial performance is disclosed under the head 'Financial Performance' in the Directors' Report. The consolidated performance of the Company is given below:

#### Revenues and operating expenses

On a consolidated basis, in the continuing operations, the Company earned total revenues of ₹ 1,734 crore (US \$229 million). The net loss after tax recorded by the Company was ₹ 10,807 crore (US \$1,428 million). Total operating expenditure stood at ₹ 1,901 crore (US \$ 251 million).

#### Operating profit of the continuing operations before finance charges, depreciation and amortisation, exceptional items and provision against fixed assets (EBITDA)

The Company earned EBITDA of ₹(-) 167 crore (US \$(-) 22 million). The EBITDA margin for the year was (-) 9.63 per cent.

#### Depreciation and amortization

The Depreciation and Amortization charges were ₹ 354 crore (US \$ 47 million).

#### Loss before / after tax

The Loss before exceptional item was ₹ 583 crore (US \$ 77 million). Exceptional Item (Loss) ₹ (-)10,214 crore (US \$ 1,350 million), Tax was to the tune of ₹ 14 crore (US \$ 2 million). The Loss after tax was ₹ 10,807 crore (US \$ 1428 million).

#### Balance Sheet

As on March 31, 2020, the Company had total assets of ₹ 48,000 crore (US \$ 6,345 million). Stakeholders' equity was negative (-) ₹ 48,156 crore (US \$ 6,365 million), while net debt (i.e. net of excluding cash and cash equivalents) was ₹ 45,060 crore (US \$ 5,956 million), giving a net debt to equity ratio of (0.94) times.

### Segment-wise Review

#### 1. India Operations

##### Overview

RCOM's 'India Operations' segment comprises the following businesses-voice, long-distance services and broadband access to enterprise customers; and managed Internet data centre services. Additionally, our company Reliance Tech Services Limited (RTS) is a complete end-to-end IT and Technology solutions provider to RCOM Business units through delivery and operational excellence.

##### Revenues and Profit

The revenues for the financial year ended March 31, 2020 were ₹ 1,075 crore (US \$ 142 million). The EBITDA during the same period was (loss) (-) ₹ 285 crore (US \$ 38 million), while the EBIT (Earnings before Interest and Tax) was (loss) (-) ₹ 477 crore (US \$63 million).

## Management Discussion and Analysis

### 2. Global Operations

#### Overview

The Global Business Unit offers the International long-distance voice, our business segments Carrier Business units. We provide carrier voice Services,.

#### Revenues and Profit

The Revenues for the financial year ended March 31, 2020 in this segment were ₹ 726 crore (US \$96 million). While the EBITDA was (loss) ₹(-) 118 crore (US\$ (-)16 million), the EBIT was loss (-) ₹ 44 crore (US \$(-) 6 million).

#### Strategic Business Units

##### 1. Reliance Communications Infrastructure Limited (RCIL)

RCIL, a wholly-owned subsidiary of the Company, offers Other marketing services.

#### Revenues and Operating Expenses

RCIL earned total revenues of ₹ 13 crore (US \$ 2 million) during the year, compared to ₹ 444 crore (US \$ 64 million) for the previous year. RCIL incurred total operating expenses of ₹ 18 crore (US \$ 2 million), compared to ₹ 262 crore (US \$ 38 million) in the previous year.

#### Net Profit / (Loss)

The net loss after tax recorded by RCIL was ₹ 11 crore (US \$ 1 million), compared to loss of ₹ 2,093 crore (US \$303 million) in the previous year.

#### Balance Sheet

As on March 31, 2020, RCIL had total assets (net) of ₹ 3,952 crore (US \$522 million) and shareholders' fund negative amounting to ₹ 2,278 crore (US \$301 million).

##### 2. Reliance Telecom Limited (RTL)

RTL, a wholly-owned subsidiary of the Company, holding telecom license in Madhya Pradesh, West Bengal, Himachal Pradesh, Odisha, Bihar, Assam, Kolkata and North East service areas.

Pursuant to an application filed by Ericsson India Pvt. Ltd before the Hon'ble 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 ("CIR process" or "CIRP") of RTL vide its order dated May 15, 2018 ("Admission Order"). The Hon'ble NCLT had, pursuant to the Admission Order, appointed an interim resolution professional for RTL ("IRP") vide its order dated May 18, 2018. In terms of the Admission Order, inter alia, the management of the affairs of RTL was vested in the IRP.

Subsequently, the Hon'ble National Company Law Appellate Tribunal ("NCLAT"), while adjudicating upon

an appeal preferred against the admission of the insolvency application against RTL, vide its order dated May 30, 2018, inter alia, stayed the Admission Order and allowed the management of RTL to function ("Stay Order"). On April 30, 2019, the NCLAT, upon allowing the withdrawal of the aforesaid appeal, vacated all interim orders including the Stay Order. Upon vacation of the Stay Order, the CIR Process of RTL re-commenced.

Thereafter, the committee of creditors of RTL resolved with the requisite voting share, to replace the IRP with Mr. Anish Niranjana Nanavaty, as the resolution professional for RTL ("RP" or "Resolution Professional"). Subsequently, the Hon'ble NCLT has appointed Mr. Anish Niranjana Nanavaty as the RP for RTL vide its order dated June 21, 2019, which was published on June 28, 2019. Accordingly, the management of RTL vests in the RP during the continuance of the CIR process of RTL.

In accordance with the provisions of the Code, various resolution plans in respect of RTL were received by the RP. The committee of creditors of RTL ("COC"), in their meeting held on March 02, 2020, has approved the resolution plan submitted by UV Asset Reconstruction Company Limited ("Resolution Plan") which was subsequently submitted to the Hon'ble NCLT on March 6, 2020 in accordance with Section 30(6) of the Code. The same is sub-judice with the Hon'ble NCLT.

#### Revenues and Operating Expenses

RTL earned total revenues of ₹ Nil (US \$ Nil) during the year, compared to ₹ 23 crore (US \$3 million) in the previous year. RTL incurred total operating expenses of ₹ 31 crore (US \$4 million), compared to ₹ 80 crore (US \$12 million) in the previous year.

#### Net Profit / (Loss)

The net loss after tax recorded by RTL was ₹ 3,304 crore (US \$437 million), compared to net loss of ₹ 334 crore (US \$48 million) in the previous year.

#### Balance Sheet

As on March 31, 2020, RTL had total assets of ₹ 3,840 crore (US \$508 million) and shareholders' fund negative amounting to ₹ 10,084 crore (US \$1,333 million).

##### 3. Reliance Infratel Limited (RITL)

RITL, subsidiary of the Company, is in the business of telecom Infrastructure.

Pursuant to an application filed by Ericsson India Pvt. Ltd before the Hon'ble 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 ("CIR process" or "CIRP") of RITL vide its order dated May 15, 2018 ("Admission Order"). The Hon'ble NCLT had, pursuant to the Admission Order, appointed an interim resolution professional for RITL ("IRP") vide its order dated May 18, 2018. In terms



## Management Discussion and Analysis

of the Admission Order, inter alia, the management of the affairs of RITL was vested in the IRP.

Subsequently, the Hon'ble National Company Law Appellate Tribunal ("NCLAT"), while adjudicating upon an appeal preferred against the admission of the insolvency application against the Company, vide its order dated May 30, 2018, inter alia, stayed the Admission Order and allowed the management of the Company to function ("Stay Order"). On April 30, 2019, the NCLAT, upon allowing the withdrawal of the aforesaid appeal, vacated all interim orders including the Stay Order. Upon vacation of the Stay Order, the CIR Process of RITL re-commenced.

Thereafter, the committee of creditors of RITL resolved with the requisite voting share, to replace the IRP with Mr. Anish Niranjana Nanavaty, as the resolution professional for RITL ("RP" or "Resolution Professional"). Subsequently, the Hon'ble NCLAT has appointed Mr. Anish Niranjana Nanavaty as the RP for RITL vide its order dated June 21, 2019, which was published on June 28, 2019. Accordingly, the management of RITL vests in the RP during the continuance of the CIR process of RITL.

In accordance with the provisions of the Code, various resolution plans in respect of RITL were received by the RP. The committee of creditors of RITL ("COC"), in their meeting held on March 02, 2020, has approved the resolution plan submitted by Infrastructure Projects, a division of Reliance Digital Platform & Project Service Limited, which was subsequently submitted to the Hon'ble NCLT on March 6, 2020 in accordance with Section 30(6) of the Code. The same is sub-judice with the Hon'ble NCLT.

### Revenues and Operating Expenses

RITL earned total revenues of ₹ 1,343 crore (US \$178 million) during the year, compared to ₹ 1,450 crore (US \$210 million) in the previous year. The Company incurred total operating expenses of ₹ 1522 crore (US \$201 million), compared to ₹ 1,574 crore (US \$228 million) in the previous year.

### Net Profit / (Loss)

The net loss after tax recorded by RITL was ₹ 66 crore (US \$9 million), compared to loss of ₹ 132 crore (US \$19 million) in the previous year.

### Balance Sheet

As on March 31, 2020, RITL had total assets of ₹ 12,887 crore (US \$1,703 million). Shareholders' fund was ₹ 1,155 crore (US \$153 million).

### Adequacy of Internal Control and Systems

The Company has internal controls aimed at achieving efficiency in operations, optimum utilization of resources, effective monitoring and compliance with all applicable laws. The Management Audit Team undertakes extensive checks, process reviews and also conducts internal audits. The Audit Committee of the Board reviews major findings in the internal audit reports as well as the adequacy of internal controls.

### Risk Management Framework

The Company has instituted a Risk Management framework based on identification of potential risk areas, evaluation of risk intensity, and clear-cut risk mitigation policies, plans and procedures both at the enterprise and operating levels. The framework seeks to facilitate a common organizational understanding of the exposure to various risks and uncertainties at an early stage, followed by timely and effective mitigation. The Audit Committee of the Board reviews the risk management framework at periodic intervals.

### Corporate Governance

The Company's 'Code of Conduct' policy which has set out the systems, process and policies conforming to international standards are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors both local and global and all other stakeholders. We maintained the highest standards of corporate governance principles and best practices.

### Human Resource and Employees Relations

In the area of HR and Talent Management, the prime focus for the company has been on development of people and process efficiencies.

Under people efficiency improvements, teams across various functions underwent in-house tailor-made trainings anchored by functional SPOCs, and team managers underwent trainings on managing performance through effective feedback process. As part of creating process efficiencies in this field, several process (both online and offline) were analyzed and revamped to make these more effective and impactful. Team structures and roles were closely analyzed and aligned in order to create efficiencies within teams. In addition, changes were made in some key policies to make these more effective and efficient.

### Corporate Social Responsibility

At RCom, CSR is inculcated well within the culture of the Company and continuous efforts were taken to strengthen its social initiatives each year to make the programs more sustainable and support the community at large.

### Background:

Pursuant to an application filed by Ericsson India Pvt. Ltd before the Hon'ble 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 ("CIR process" or "CIRP") of the Reliance Communication Limited ("Company") vide its order dated May 15, 2018 ("Admission Order"). The NCLT had, pursuant to the Admission Order, appointed an interim resolution professional for the Company ("IRP") vide its order dated May 18, 2018. In terms of the Admission Order, inter alia, the management of the affairs of the Company was vested in the IRP.

Subsequently, the Hon'ble National Company Law Appellate Tribunal ("NCLAT"), while adjudicating upon an appeal preferred against the admission of the insolvency application against the Company, vide its order dated May 30, 2018, inter alia, stayed the Admission Order and allowed the management of the Company to function ("Stay Order"). On April 30, 2019, the NCLAT, upon allowing the director and shareholder of the Company to withdraw its aforesaid appeal, vacated all interim orders including the Stay Order.

Thereafter, the committee of creditors of the Company resolved with the requisite voting share, to replace the IRP with the undersigned, as the resolution professional for the Company ("RP" or "Resolution Professional"). Subsequently, the NCLT has appointed Mr. Anish Niranjana Nanavaty as the RP for the Company vide its order dated June 21, 2019, which was published on June 28, 2019.

Accordingly, as per Section 17 of the Code, the powers of the board of directors of the Company stand suspended and the same are vested in and are exercised by the RP. However, while the powers of the board of directors stand suspended, the directors continue to hold their respective positions/ designations in the Company and are required to extend all assistance and cooperation to the RP as required in managing the affairs of the Company. Meetings of the board and committees are called in compliance with the provisions of applicable laws governing the Company, where matters are discussed and the recommendations of the Directors are taken note of by the RP for the purpose of managing the operations of the Company as a going concern, ensure company remains in compliance and for good corporate governance.

Further, as per Regulation 15(2A) and (2B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), the provisions specified in Regulations 17, 18, 19, 20 and 21 of the LODR Regulations shall not be applicable during the corporate insolvency resolution process of the Company and the roles and responsibilities of the board of directors and the committees, specified in the respective regulations of the LODR Regulations, shall be fulfilled by the RP.

In accordance with the provisions of the Code, various resolution plans in respect of the Company were received by the RP. The committee of creditors of the Company ("CoC"), in their meeting held on March 02, 2020, has approved a resolution plan submitted by UV Asset Reconstruction Company Limited ("Resolution Plan") which was subsequently submitted to the NCLT on March 6, 2020 in accordance with Section 30(6) of the Code. The same is sub-judice with the NCLT.

### Corporate governance philosophy

The Company follows the highest standards of corporate governance principles and best practices by adopting the "Reliance Group – Corporate Governance Policies and Code of Conduct" as is the norm for all constituent companies in the group. These policies prescribe a set of systems and processes guided by the core principles of transparency, disclosure, accountability, compliances, ethical conduct and the commitment to promote the interests of all stakeholders. The policies and the code are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our stakeholders.

### Governance Practices and Policies

The Company has formulated number of policies and introduced several governance practices as follows to comply with the applicable statutory and regulatory requirements with most of them introduced long before they were made mandatory.

#### A. Values and commitments

We have set out and adopted a policy document on 'values and commitments' of the Company. We believe that any business conduct can be ethical only when it rests on the nine core values viz. honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

#### B. Code of ethics

Our policy document on 'Code of Ethics' demands that our employees conduct the business with impeccable integrity and by excluding any consideration of personal profit or advantage.

#### C. Business policies

Our 'Business Policies' cover a comprehensive range of issues such as fair market practices, insider information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

#### D. Separation of the Chairman's supervisory role from the executive management

In line with the best global practices, we have adopted the policy to ensure that the Chairman of the Board shall be a Non-executive Director.

#### E. Policy on Prohibition of insider trading

This document contains the policy on prohibiting trading in the securities of the Company, based on insider or privileged information.

#### F. Policy on prevention of sexual harassment

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

#### G. Ombudspersons & Whistle blower (vigil mechanism) Policy

Our Ombudspersons & Whistle Blower (vigil mechanism) policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personal action.

## Corporate Governance Report

It is affirmed that no person has been denied direct access to the chairperson of Audit Committee.

### H. Environment Policy

The Company is committed to achieve excellence in environmental performance, preservation and promotion of clean environment. These are the fundamental concern in all our business activities.

### I. Risk management

Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

### J. Boardroom practices

#### a. Chairman

In line with the highest global standards of corporate governance, the Board has separated the Chairman's role from that of an executive in managing day to day business affairs.

#### b. Board charter

The Company has a comprehensive charter, which sets out clear and transparent guidelines on matters relating to the composition of the Board, scope and function of the Board and its Committees, etc.

#### c. Board committees

Pursuant to the provisions of the Companies Act, 2013 ('the Act') and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') the Board had constituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee of Directors.

#### d. Selection of independent directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field / profession, and who can effectively contribute to the Company's business and policy decisions are considered by Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of directorships and memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation, and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which she / he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, gives a declaration that she / he meets the criteria of independence as provided under law.

#### e. Tenure of independent directors

Tenure of Independent Directors on the Board of the Company shall not exceed the time period as per provisions of the Companies Act, 2013 and the Listing Regulations amended from time to time.

#### f. Independent Director's interaction with stakeholders

Member(s) of Stakeholders Relationship Committee interacts with the stakeholders on their suggestions and queries, if any, which are forwarded to the Company Secretary.

#### g. Familiarisation of board members

The Board members are periodically given formal orientation and training with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. The Board members are also provided with necessary documents / brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Periodic updates for members are also given out on relevant statutory changes and on important issues impacting the Company's business environment.

The details of program for familiarisation of independent directors is put up on the website of the Company at the link [http://www.rcom.co.in/Rcom/aboutus/ir/pdf/Directors\\_familiarisation.pdf](http://www.rcom.co.in/Rcom/aboutus/ir/pdf/Directors_familiarisation.pdf)

#### h. Meeting of Independent Directors with operating team

The independent directors of the Company can meet in executive sessions with the various operating teams as and when they deem necessary. These discussions may include topics such as, operating policies and procedures, risk management strategies, measures to improve efficiencies, performance and compensation, strategic issues for Board consideration, flow of information to directors, management progression and succession and others as the independent directors may determine. During these executive sessions, the independent directors have access to members of management and other advisors, as the independent directors may determine and deem fit.

As the Company is currently under corporate insolvency resolution process pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016 and powers of Board of Directors stands suspended, during the year under review no such meeting of Independent Directors with operating team was held.

## Corporate Governance Report

### i. Subsidiaries

All the subsidiaries of the Company are managed by their respective boards except Reliance Infratel Limited, Reliance Telecom Limited and Reliance Communications Infrastructure Limited which are under Corporate Insolvency Resolution Process. In all other subsidiaries, their boards have the rights and obligations to manage their companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies.

### j. Commitment of directors

The meeting dates for the entire financial year are scheduled in the beginning of the year and an annual calendar of meetings of the Board and its committees is circulated to the directors. This enables the directors to plan their commitments and facilitates attendance at the meetings of the Board and its committees.

**Note:** Since the Company is under CIR process, all practices and policies framed related to Board Room are subject to the provisions of the Insolvency and Bankruptcy Code, 2016.

### K. Role of the Company Secretary in Governance Process

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company and to ensure compliance with applicable statutory requirements and Secretarial Standards to provide guidance to directors and to facilitate to convening of meetings and is the interface between the management and regulatory authorities for governance matters. All the directors of the Company have access to the advice and services of the Company Secretary.

### L. Independent Statutory Auditors

The Company's financial statements are audited by a leading independent audit firm M/s. Pathak H. D. & Associates LLP, Chartered Accountants.

### M. Compliance with the code and rules of Luxembourg Stock Exchange

The Global Depository Receipts (GDRs) issued by the Company are listed on the Luxembourg Stock Exchange (LSE) and 6.5 percent Senior Secured Notes due in 2020 are listed on the Singapore Stock Exchange (SGX). The Company has reviewed the code on corporate governance of LSE and SGX and the Company's corporate governance practices conform to these codes and rules from time to time.

### N. Compliance with the Listing Regulations

During the year, the Company is fully compliant with the mandatory requirements of the Listing Regulations, except for approval of financial results for the quarter and half year ended September 30, 2019, within prescribed due date, for which the Company has paid the fine in terms of circular

No. SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 3, 2018.

We present our report on compliance of governance conditions specified in Listing Regulations as follows:

### I. Board of Directors

the Board Composition as on 31<sup>st</sup> March, 2020 was as follows:

#### 1. Board composition – Board strength and representation

As on March 31, 2020, the Board comprised of Seven Directors. The composition and category of directors on the Board of the Company are as under:

Category	Name of directors	DIN
Chairman, Promoter, Non-Executive and Non-Independent Director	Shri Anil D. Ambani*	00004878
Independent Directors	Smt. Ryna Karani*	00116930
	Smt. Chhaya Virani*	06953556
	Smt. Manjari Kacker*	06945359
Non-Executive Non-Independent Director	Shri Punit Garg	00004407
	Shri Suresh Rangachar*	00020887
Executive Director and Chief Financial Officer#	Shri Vishwanath Devaraja Rao#	08607657

\*Shri Anil D Ambani, Smt. Manjari Kacker and Smt. Chhaya Virani, Directors tendered their resignation as Directors of the Company *vide* resignation letters dated 15<sup>th</sup> November, 2019 and Shri Suresh Rangachar and Smt. Ryna Karani resigned from their position as directors on 13<sup>th</sup> November, 2019 and 14<sup>th</sup> November, 2019 respectively, and certain directors being Shri Anil D Ambani, Shri Suresh Rangachar and Smt. Manjari Kacker have also filed their respective DIR-11 forms with the Registrar of Companies. The Committee of Creditors of the Company ("CoC"), in its meeting held on 20<sup>th</sup> November, 2019 refused to accept the resignations tendered by such directors. Further, the CoC instructed that the said directors be advised to continue with their duties and responsibilities as directors of the Company and provide all cooperation to the RP during the CIRP. Accordingly, the name of such directors continues to reflect in the composition of the board of directors and the respective committees of the Company.

Further, the RP has filed an application with the Hon'ble National Company Law Tribunal, Mumbai bench ("NCLT"), praying to the NCLT to direct Shri Anil D. Ambani and Shri Suresh Rangachar to continue as directors on the board of the Company and accordingly, declare the resignations tendered by them as null and void. The said application is pending for hearing at the NCLT.

Due to abovementioned events, the Company has not received annual declaration of Independence from Independent Directors of the Company and the Company cannot confirm that the Independent Directors fulfil the conditions specified in the Act and the Listing Regulations and are independent of the management.

## Corporate Governance Report

#Shri Manikantan V, ceased to be Executive Director and Chief Financial Officer of the w.e.f. November 19, 2019 and Shri Vishwanath Devaraja Rao was appointed as Executive Director and Chief Financial Officer of the Company with effect from 19<sup>th</sup> November, 2019 by Resolution Professional with the approval of Committee of Creditors of the Company.

### Notes:

- None of the directors are related to any other director.
- None of the directors has any business relationship with the Company.
- None of the directors has received any loans and advances from the Company during the financial year.
- The tenure of Prof. J. Ramachandran, Shri R N Bhardwaj, Shri Deepak Shourie and Shri A K Purwar got completed on 16<sup>th</sup> September, 2019 as Independent Directors of the Company and they ceased to be Directors of the Company w.e.f. 16<sup>th</sup> September, 2019.

As per Regulation 15(2A) and (2B) of the Listing Regulation, the provisions of Regulation 17 to 21 of Listing Regulations ("LODR") is not applicable to the Company during the undergoing CIR Process.

## 2. Conduct of Board proceedings

As the Company is under CIR process, the powers of the board of directors of the Company stand suspended and the same are vested in and are exercised by the RP. However, while the powers of the board of directors stand suspended, the directors continue to hold their respective positions/ designations in the Company and are required to extend all assistance and cooperation to the RP as required in managing the affairs of the Company as they are well versed with the business of the Company.

The Board holds minimum four meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company. During the year under review, due to ongoing CIR process, the meetings of the Board/Committees were chaired by Resolution Professional of the Company.

Meetings of the board and committees are called in compliance with the provisions of applicable laws governing the Company, where the following matters are discussed and the recommendations of the Directors are taken note of by the RP for the purpose of managing the operations of the Company as a going concern, ensure company remains in compliance and for good corporate governance.

- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring

implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.

- Monitoring the effectiveness of the Company's governance practices and making changes as needed.
- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- Aligning key executive and Board remuneration with the longer term interests of the Company and its shareholders.
- Ensuring a transparent Board nomination process to the Board of Directors with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- Overseeing the process of disclosure and communications.
- Monitoring and reviewing Board Evaluation Framework

## 3. Directors meetings

The Directors held 3 meetings during financial year 2019-20 on August 09, 2019, November 15, 2019 and February 14, 2020. The maximum time gap between any two meetings was 97 days and the minimum gap was 90 days. The meetings are normally held at Mumbai.

Further, in addition to abovementioned Directors meetings, On May 27, 2019, the Interim Resolution Professional of the Company ("IRP") held a meeting with the management of the Company for considering and approving the audited financial results for the financial year ended March 31, 2019 in terms of Section 134 of the Companies Act, 2013 and Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company periodically reviews compliance reports of all laws applicable to the Company.

# Reliance Communications Limited

## Corporate Governance Report

### 4. Attendance of Directors

Attendance of directors at the Board/Directors meetings held during financial year 2019-20 and the last Annual General Meeting held on September 30, 2019 and the details of directorships (calculated as per provisions of Section 165 of the Act), Committee Chairmanships and memberships held by the directors as on March 31, 2020 were as under:

Name of the Director	Number of Board/Directors meetings attended out of three meetings held	Attendance at the last AGM held on September 30, 2019	Number of directorship (including RCOM)	Committee(s) membership (including RCOM)	
				Membership	Chairmanship
Shri Anil D. Ambani	0	Absent	12	0	0
Smt. Manjari Kacker	1	Absent	8	5	2
Shri Punit Garg	2	Absent	4	6	0
Smt. Chhaya Virani	1	Present	7	10	6
Smt. Ryna Karani	1	Absent	8	9	2
Shri Suresh Rangachar	1	Absent	2	1	0
Shri Vishwanath Devaraja Rao*	1	N.A.	2	2	0
Shri Manikantan V.*	2	Present	NA	NA	NA
Shri A K Purwar <sup>#</sup>	0	NA	NA	NA	NA
Prof. J. Ramachandran <sup>#</sup>	0	NA	NA	NA	NA
Shri Deepak Shourie <sup>#</sup>	0	NA	NA	NA	NA
Shri R N Bhardwaj <sup>#</sup>	1	NA	NA	NA	NA

\*Shri Vishwanath Devaraja Rao was appointed as Executive Director and Chief Financial Officer with effect from 19<sup>th</sup> November, 2019 on account of the vacancy created by the resignation of Shri Manikantan V, as the Director and Chief Financial Officer of the Company, notice of which was received by the Company on October 4, 2019, and approved by the committee of creditors of the Company in its meeting held on November 13, 2019, and passing of resolution through e-voting, which voting concluded on November 19, 2019.

<sup>#</sup>The tenure of Prof. J. Ramachandran, Shri R N Bhardwaj, Shri Deepak Shourie and Shri A K Purwar got completed on 16<sup>th</sup> September, 2019 as Independent Directors of the Company and they ceased to be Directors of the Company w.e.f. 16<sup>th</sup> September, 2019.

#### Notes:

- None of the directors hold directorships in more than 20 companies of which directorship in public companies does not exceed 10 in line with the provisions of Section 165 of the Act.
- No Director holds directorship in more than 8 listed entities.
- None of the directors hold membership of more than 10 committees of board, nor, is a Chairman of more than 5 committees of across board of all listed entities.
- None of the independent director holds the position of the Independent Director in more than seven listed companies as required under the Listing Regulations.
- None of the Director has been appointed as Alternate Director for Independent Director.
- The information provided above pertains to the following committees in accordance with the provisions of Regulation 26(1) (b) of Listing Regulations: (i) Audit Committee, and (ii) Stakeholders Relationship Committee.
- The Committee membership and chairmanship above excludes membership and chairmanship in private companies, foreign companies and Section 8 companies.
- Membership of Committees includes chairmanship, if any.

The details of directorships, committee-memberships and chairmanship as provided in this report is on the basis of best available information with the Company.

As the Company is under CIR Process, the separate meeting of Independent Directors as required under Regulation 25(3) was not held during the year under review.

Corporate Governance Report

5. Directorships in other listed entities:

The details of directorships held by the directors of the Company in other listed entities as on March 31, 2020 are as follows:

Name of Director	Other directorships in listed entities	
	Name of Listed entities	Category
Shri Anil D Ambani	Reliance Infrastructure Limited	Promoter, Non Executive and Non Independent Director
	Reliance Power Limited	Promoter, Non Executive and Non Independent Director
	Reliance Capital Limited	Promoter, Non Executive and Non Independent Director
Smt. Manjari Kacker	Dhanvarsha Finvest Limited	Non Executive and Independent Director
	Reliance Infrastructure Limited	Non Executive and Independent Director
	Arshiya Limited	Non Executive and Independent Director
Shri Punit Garg	Reliance Infrastructure Limited	Executive Director and Chief Executive Officer
Smt. Chhaya Virani	Reliance Capital Limited	Non Executive and Independent Director
	Reliance Home Finance Limited	Non Executive and Independent Director
Smt. Ryna Karani	Reliance Infrastructure Limited	Non Executive and Independent Director
	INEOS Styrolution India Limited	Non Executive and Independent Director
	Prime Urban Development India Limited	Non Executive and Independent Director
Shri Vishwanath Devaraja Rao	None	NA
Shri Suresh Rangachar	None	NA

6. Core Skills / Expertise / Competencies available with the Board

The board comprises of highly qualified members who possess required skills, expertise and competence that allow them to make effective contributions to the Board and its Committees.

The core skills/ expertise/ competencies required in the Board in the context of the Company's Businesses and sectors functioning effectively as identified by the Board of Directors of the Company are tabulated below:

Core skills/ competencies/ expertise	Name of the Directors						
	Shri Anil D. Ambani	Ms.Chhaya Virani	Ms. Ryna Karani	Ms. Manjari Kacker	Shri Punit Garg	Shri Vishwanath Devaraja Rao	Shri Suresh Rangachar
Business Strategy	✓	✓	✓	✓	✓	✓	✓
Business Policy	✓	✓	✓	✓	✓	✓	✓
Business Development	✓	✓	✓	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓
Legal	✓	✓	✓	✓	✓	✓	✓
Commercial	✓	✓	✓	✓	✓	✓	✓
Project Management	✓	✓	✓	✓	✓	✓	✓
Procurement	✓	-	-	-	✓	✓	-
Engineering	✓	-	-	-	✓	✓	-
Finance	✓	✓	✓	✓	✓	✓	✓
Human Resource	✓	✓	✓	✓	✓	✓	✓

7. Details of Directors

The abbreviated resumes of all the Directors are furnished hereunder:

**Shri Anil D. Ambani**, 61 years, B.Sc. Hons. and MBA from the Wharton School of the University of Pennsylvania, is the Chairman of our Company, Reliance Capital Limited, Reliance Infrastructure Limited and Reliance Power Limited.

As on March 31, 2020, Shri Anil D. Ambani held 18,59,171 equity shares of the Company.

**Smt. Manjari Kacker**, 68 years, holds a master's degree in Chemistry and a diploma in Business Administration. She has more than 40 years of experience in taxation, finance, administration and vigilance. She was in the Indian Revenue Service batch of 1974. She held various

assignments during her tenure in the tax department and was also a member of the Central Board of Direct Taxes. She has also served as the Functional Director (Vigilance and Security) in Air India and has also represented India in international conferences.

Ms. Manjari Kacker is also a Director in Reliance Infrastructure Limited, Dhanvarsha Finvest Limited, EGK Foods Private Limited, Water Systems & Infrastructure Development Services Private Limited, Hindustan Gum and Chemicals Limited, Zaffiro Learning Private Limited and Arshiya Limited.

Smt. Manjari Kacker is Chairperson of CSR Committee and Audit Committee of the Company. She is member of Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Company.

## Corporate Governance Report

She does not hold any share in the Company as on March 31, 2020.

**Shri Punit Garg**, 56 years, a qualified Engineer, is part of senior management team of Reliance Groupsince 2001. He has held several positions in the Company, including CEO of Indian and Global Enterprise Business, Corporate Strategy and Regulatory Affairs of the Company. With rich experience of over 34 years, Shri Garg has created and led billion dollar businesses. As a visionary, strategist and team builder he has driven profitable growth through innovation and operational excellence. He was President, Telecom Business of the Company and elevated to the Board as Executive Director of the Company before resigning as Executive Director of the Company on April 05, 2019.

He is also on the Board of Reliance Infrastructure Limited, BSES Yamuna Power Limited and BSES Rajdhani Power Limited.

Shri Garg is a member of the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and CSR Committee of the Company.

He is holding one equity share of the Company as on March 31, 2020.

**Smt. Chhaya Virani**, 66 years, graduated from Mumbai University with a bachelors' degree in Arts. She also acquired a bachelors' degree in legislative laws from the Government Law College in 1976. She is a partner in M/s. ALMT Legal Advocates and Solicitors.

Smt. Virani is also a Director in Reliance Capital Limited, Reliance Home Finance Limited, Reliance Infratel Limited, Reliance General Insurance Company Limited, Reliance Corporate Advisory Services Limited and Reliance Capital Pension Fund Limited.

Smt. Virani is a member of the Audit Committee, Nomination and Remuneration Committee and CSR Committee and chairperson of Stakeholders Relationship Committee of the Company.

She does not hold any share in the Company as on March 31, 2020.

**Smt. Ryna Karani**, 52 years, is partner of ALMT Legal, Advocates and Solicitors since November 2006 and part of the firm's corporate and commercial team. She has been practicing as a lawyer since 1994 and is enrolled as Advocate with the Bar Council of Maharashtra and Goa. Her practice includes advising on mergers and acquisitions, joint ventures, private equity and investment funds on a full range of corporate transactions including cross border transactions. She has advised and assisted a number of foreign clients in establishing a presence in India through incorporation of companies and/or establishment of liaison offices. She is a member of the Society of Women Lawyers.

Besides her M&A practice, she advises clients on infrastructure projects including submission and preparation of Request for Proposal (RFPs), finalizing tenders, drafting and negotiating concession agreements and related documents.

Smt. Ryna Karani also regularly advises clients on loan transactions (both Rupee and external commercial borrowings), including drafting and negotiating the loan agreements, security and other related documents. She also provides advice on general corporate matters, commercial contracts real estate matters.

She is a director on the Board of Reliance Infrastructure Limited, Mumbai Metro One Private Limited, BSES Yamuna Power Limited, BSES Rajdhani Power Limited, Prime Urban Development India Limited, INEOS Styrolution India Limited and Addivant India Private Limited.

Smt. Karani is a member of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and CSR Committee of the Company.

She does not hold any share in the Company as on March 31, 2020.

**Shri Suresh Rangachar** aged 55 years, holds Master's degree in Computer Science. He has been with the Company since last 18 years. He was elevated as the Non Executive Non Independent Director on the Board of the Company.

Shri Rangachar is also on the Board of Reliance Infratel Limited (RITL), a subsidiary of the Company as the Non Executive Director.

Shri Rangachar is a member of the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee of Reliance Infratel Limited.

He does not hold any share in the Company as on March 31, 2020.

### **Shri Vishwanath Devaraja Rao**

Shri Vishwanath Devaraja Rao, aged 61 years, is a member of The Institute of Chartered Accountants of India, with a degree in Commerce. He is working as Joint President of Reliance Communications Limited. He has over 37 years of experience. He is with Reliance Group since more than 19 years. He has varied and rich experience in corporate, finance and managerial functions. Prior to Reliance, he has also worked in PepsiCo India, Hindustan Lever and other listed companies handling accounts and finance functions.

He is also on the Board of Globalcom Mobile Commerce Limited, a subsidiary of the Company as the Non Executive Director.

Shri Vishwanath Devaraja Rao is a member of the Audit Committee, Stakeholders Relationship Committee and CSR Committee of the Company.

He does not hold any share in the Company as on March 31, 2020.

## **8. Insurance coverage**

The Company has obtained Directors and Officers liability insurance coverage in respect of any legal action that might be initiated against directors/officers of the Company and its subsidiary companies.



Corporate Governance Report

II. Audit Committee

Since the Company is under CIR process, as per Regulation 15(2A) and (2B) of the Listing Regulations, Regulations 17, 18,19, 20 and 21 of the Listing Regulations relating to various committees including Audit Committee are not applicable to the Company during the CIR Process. The Company has an Audit Committee and the composition and terms of reference of Audit Committee are in compliance with the provisions of Section 177 of the Companies Act, 2013, Listing Regulations and other applicable laws.

The Audit Committee presently comprises of Smt Manjari Kacker, Chairperson, Smt. Ryna Karani, Smt. Chhaya Virani all Independent Directors and Shri Punit Garg and Shri Vishwanath Devaraja Rao, Directors as members. All the members of the Committee possess financial / accounting expertise / exposure.

The tenure of Prof. J. Ramachandran, Shri R N Bhardwaj, Shri Deepak Shourie got completed on 16<sup>th</sup> September, 2019 as Independent Directors of the Company and they ceased to be members of Audit Committee w.e.f. 16<sup>th</sup> September, 2019. Further, Shri Manikantan V, due to his resignation as Executive Director and Chief Financial Officer of the Company ceased to be member of the Committee w.e.f. November 19, 2019 and subsequently, Shri Vishwanath Devaraja Rao was inducted in Stakeholders Relationship Committee w.e.f. February 14, 2020. As noted above, Smt. Manjari Kacker and Smt. Chhaya Virani, Directors tendered their resignation as Directors of the Company vide resignation letters dated 15<sup>th</sup> November, 2019. However, since the CoC refused to accept the resignations tendered by such directors, the name of such directors continues to reflect in the composition of the Audit Committee.

The Audit Committee, inter-alia, advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and risk management can be improved.

The terms of reference, inter-alia, comprises the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Subject to and conditional upon the approval of the Board of Directors, Approval of Related Party Transactions (RPTs) or subsequent modifications thereto. Such approval can be in the form of omnibus approval of RPT subject to conditions not inconsistent with the conditions specified in Regulation 23(2) and Regulation 23(3) of the Listing Regulations. Such approval shall not be required for transactions with a wholly owned subsidiary whose accounts are consolidated with the Company;
9. Subject to review by the Board of Directors, Review on quarterly basis, of RPTs entered into by the Company pursuant to each omnibus approval given pursuant to (8) above;
10. Scrutiny of inter-corporate loans and investments;
11. Valuation of undertakings or assets of the company, wherever it is necessary;
12. Review the Company's established system and processes of internal financial controls and risk management systems;
13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussion with internal auditors of any significant findings and follow up there on;
- c. Major accounting entries involving estimates based on the exercise of judgment by management
- d. Significant adjustments made in the financial statements arising out of audit findings
- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of any related party transactions
- g. Modified opinion(s) in the draft audit report

## Corporate Governance Report

16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To review the functioning of the Whistle Blower mechanism;
20. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
21. Review of utilization made by the subsidiary company out of loans and / or advances / investment made by the holding company. The threshold will be applied in cases where the aggregate amount exceeds ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower & will include existing loans / advances / investments existing as on the date of coming into force of this provision.
22. To review and publish quarterly consolidated financial statements with a condition that at least eighty percent of consolidated revenue, assets and profits should have been audited or reviewed.
23. To disclose in the last quarter of the financial year, any material adjustments made which relate to earlier period will have to be disclosed. Further, Cash flow statements to be made and disclosed as part of its standalone and consolidated financial results every six months.
24. To Review of compliances as per the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, at least once in a financial year and shall also verify that the systems for internal control are adequate and are operating effectively.
25. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and

Explanation (i): The term 'related party transactions' shall have the same meaning as provided in Regulation 23 of the Listing Regulations.

The Audit Committee is also authorised to:

1. Investigate any activity within its terms of reference;
2. Seek any information from any employee;
3. Obtain outside legal or other professional advice;

4. Secure attendance of outsiders with relevant expertise, if it considers necessary;
5. Call for comments from the auditors about internal controls systems and the scope of audit, including the observations of the auditors;
6. Review financial statements before submission to the Board; and
7. Discuss any related issues with the internal and statutory auditors and the management of the Company.

The Audit Committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;
2. statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. management letters / letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses; and
5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. statement of deviations:
  - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the listing regulations.
  - ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the listing regulations.

During the year under review, the Committee was re-constituted by the Directors and RP of the Company on August 09, 2019 and February 14, 2020.

However, as the Company is under CIRP, the powers of the board of directors of the Company stand suspended and the same are vested in and are exercised by the RP. The directors continue to hold their respective positions/ designations in the Company and are required to extend all assistance and cooperation to the RP as required in managing the affairs of the Company.

Meetings of the Audit Committee are called in compliance with the provisions of applicable laws governing the Company, where matters are discussed and the recommendations of the members of the Audit Committee are taken note of by the Directors and the RP for the purpose of managing the operations of the Company as a going concern, ensure company remains in compliance and for good corporate governance, subject to the provisions of the Code.

## Corporate Governance Report

The minutes of the meetings of Audit Committee are placed before the Board.

The Directors have confirmed that during the financial year, they have accepted all recommendations of Audit Committee which are mandatorily required.

### Attendance at the meetings of the Audit Committee held during 2019-20.

The Audit Committee held its meetings on August 09, 2019, November 15, 2019 and February 14, 2020. The maximum time gap between any two meetings was 97 days and the minimum gap was 90 days, respectively.

Attendance at the meeting of the Audit Committee held during financial year 2019-20, is as follows:

Name of the Members	Number of Meetings	
	held during the tenure	attended
Smt. Manjari Kacker	3	1
Shri Punit Garg	3	2
Shri Manikantan V (Ceased to be member on 19.11.2019)	2	2
Smt. Ryna Karani	3	1
Smt. Chhaya Virani	3	1
Shri Vishwanath Devaraja Rao (Inducted as member on 14.02.2020)	1	1
Prof. J. Ramachandran (Ceased to be member on 16.09.2019)	1	0
Shri R N Bhardwaj (Ceased to be member on 16.09.2019)	1	1
Shri Deepak Shourie (Ceased to be member on 16.09.2019)	1	0

The Chairperson of the Audit Committee was not present at the last Annual General Meeting of the Company.

The Audit Committee considered all the points in terms of its reference at periodic intervals.

The Company Secretary acts as the Secretary to the Audit Committee.

During the year, the Audit Committee discussed with the Company's Auditors the overall scope and plans for the independent audit.

The Management represented to the Committee that the Company's financial statements were prepared in accordance with prevailing laws and regulations.

The Committee discussed the Company's audited financial statement, the rationality of significant judgments and the clarity of disclosures in the financial statements. Based on the review and discussions conducted with the Management and the auditors, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with prevailing laws and regulations in all material aspects.

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions

are in accordance with the prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control systems of the Company. The Committee also reviewed the financial policies of the Company and expressed its satisfaction with the same. The Committee, after review expressed its satisfaction on the independence of both the internal as well as the statutory auditors.

The Company has appointed Cost Auditors pursuant to Section 148 of the Companies Act, 2013 [SAM Note: Did CoC appoint the cost auditors or did the Audit Committee?]. Further, the cost audit reports were placed and discussed at the Audit Committee Meeting.

### III. Nomination and Remuneration Committee

Since the Company is under Corporate Insolvency Resolution Process, as per Regulation 15(2A) and (2B) of the Listing Regulations, Regulations 17, 18, 19, 20 and 21 of the Listing Regulations relating to various committees including Nomination and Remuneration Committee are not applicable to the Company during the CIR Process. Despite the abovementioned exemption, the Company has a Nomination and Remuneration Committee and the composition and terms of reference of Nomination and Remuneration Committee are in compliance with the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations. The Committee comprises of four members as on 31<sup>st</sup> March, 2020, viz; Smt. Manjari Kacker, Smt. Ryna Karani, Smt. Chhaya Virani and Shri Punit Garg as members.

The tenure of Prof. J. Ramachandran, Shri R N Bhardwaj, Shri Deepak Shourie got completed on 16<sup>th</sup> September, 2019 as Independent Directors of the Company and they ceased to be members of Nomination and Remuneration Committee w.e.f. 16<sup>th</sup> September, 2019. As noted above, Smt. Manjari Kacker and Smt. Chhaya Virani, Directors tendered their resignation as Directors of the Company vide resignation letters dated 15<sup>th</sup> November, 2019. However, since the CoC refused to accept the resignations tendered by such directors, the name of such directors continues to reflect in the composition of the Nomination and Remuneration Committee.

Shri Punit Garg, Non Executive Director of the Company was inducted in the committee w.e.f. 14<sup>th</sup> February, 2020.

During the year under review, the Committee was re-constituted by the Directors and RP of the Company on 14<sup>th</sup> February, 2020.

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

The terms of reference, inter alia comprises the following:

- To follow process for selection and appointment of new directors and succession plans.
- Recommend to the Board from time to time, a compensation structure for directors, key managerial personnel and the senior management personnel.
- Identifying persons who are qualified to be appointed as directors and who may be appointed in Senior

# Reliance Communications Limited

## Corporate Governance Report

Management in accordance with the criteria laid down and to recommend their appointment and/or removal to the Board.

- iv. Formulation the criteria for evaluation of performance of Independent Directors, the Board and the committees thereof.
- v. To assess whether to extend or continue the term of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors;
- vi. Devising a policy on board diversity.
- vii. Performing functions relating to all share based employees benefits;
- viii. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees.
- ix. Recommending to the Board, all remunerations, in whatever form, payable to senior Management of the Company.

Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management Employees has been provided as an Annexure to the Directors' Report.

As mentioned above, the Company is under Corporate Insolvency Resolution Process and as per Regulation 15(2A) and (2B) of the Listing Regulations, the provisions specified in Regulations 19 of the Listing Regulations relating to Nomination and Remuneration Committee including are not applicable to the Company during CIRP and thus there was no meeting of Nomination and Remuneration Committee held during FY 2019-20.

During the financial year in terms of approval granted by shareholders and Committee of Creditors, the Executive Director / Whole Time Director of the Company were paid remuneration as follows:

Sr No	Particulars	(In ₹)		
		Shri Manikantan V. Director and CFO*	Shri Punit Garg, Executive Director (till April 05, 2019)	Shri Vishwanath Devaraja Rao Director and CFO*
1.	Remuneration	1,03,91,898	2,93,889	44,65,134
2.	Perquisite	4,190	49,832	1,05,491
3.	Contribution To PF / Superannuation Fund	4,61,218	13,324	2,15,252
4.	Allowances, Bonuses, Commission and any other component	1,84,871	5,341	86,280
	• Provision for Gratuity			
	<b>Total</b>	<b>1,10,42,177</b>	<b>3,62,386</b>	<b>48,72,157</b>

\*Shri Vishwanath Devaraja Rao was appointed as Executive Director and Chief Financial Officer of the Company with effect from November 19, 2019 on account of the vacancy created by the resignation of Shri Manikantan V. as the Director and Chief Financial Officer of the Company, notice of which was received by the Company on October 4, 2019, and approved by the committee of creditors of the Company in its meeting held on November 13, 2019, and passing of resolution through e-voting, which voting concluded on November 19, 2019.

### Criteria for making payments to non executive directors

The remuneration to non executive directors is benchmarked with the relevant market and performance oriented, balanced between financial and sectoral market, comparative scales, aligned to Corporate goals, role assumed and number of meetings attended.

### Details of sitting fees paid to the Directors during the Financial Year ended March 31, 2020.

Name of the Directors	Designation	Sitting Fee paid (₹ in Lakhs)
Shri Anil D. Ambani	Non Executive Director, Chairman	0.00
Prof. J. Ramachandran	Independent Director	0.00
Shri Deepak Shourie	Independent Director	0.00
Shri A. K. Purwar	Independent Director	0.00
Shri R. N. Bhardwaj	Independent Director	0.00
Smt. Manjari Kacker	Independent Director	0.00
Smt. Chhaya Virani	Independent Director	0.00
Smt. Ryna Karani	Independent Director	0.00
Shri Punit Garg	Non Executive Director	1.60

### Notes:

- a. There were no other pecuniary relationships or transactions of non executive directors vis-à-vis the Company.
- b. The Company has so far not issued any stock options to its non-executive directors.
- c. Pursuant to the limits approved by the Board, eligible non executive directors were paid sitting fees of ₹ 40,000 (excluding service tax) for attending each meeting of the Board and its committees.
- d. No remuneration by way of Commission to the non executive directors is proposed for the financial year 2019-20.

## Corporate Governance Report

### IV. Stakeholders Relationship Committee

Since the Company is under Corporate Insolvency Resolution Process, as per Regulation 15(2A) and (2B) of the Listing Regulations 17, 18, 19, 20 and 21 of the Listing Regulations relating to various committees including Stakeholders Relationship Committee are not applicable to the Company during the CIR Process. Despite the abovementioned exemption, the Company has a Stakeholders Relationship Committee ('SRC') in terms of Section 178 of the Act and Listing Regulations. The composition and terms of reference of SRC are in compliance with the applicable provisions of the Act, Listing Regulations and other applicable laws.

During the year under review, the Committee was re-constituted by the Directors and RP of the Company on 14<sup>th</sup> February, 2020. As on March 31, 2020, the Committee has five members consisting of Smt. Chhaya Virani, Chairperson and Smt. Manjari Kacker, Shri Punit Garg, Smt. Ryna Karani and Shri Vishwanath Devaraja Rao as members.

The tenure of Prof. J. Ramachandran, Shri R N Bhardwaj, Shri Deepak Shourie got completed on 16<sup>th</sup> September, 2019 as Independent Directors of the Company and they ceased to be members of Stakeholders Relationship Committee w.e.f. 16<sup>th</sup> September, 2019. Further, Shri Manikantan V, due to his resignation as Executive Director and Chief Financial Officer of the Company ceased to be member of the Committee w.e.f. November 19, 2019 and Shri Vishwanath Devaraja Rao was inducted in Stakeholders Relationship Committee w.e.f. February 14, 2020. As noted above, Smt. Manjari Kacker and Smt. Chhaya Virani, Directors tendered their resignation as Directors of the Company vide resignation letters dated 15<sup>th</sup> November, 2019. However, since the CoC refused to accept the resignations tendered by such directors, the name of such directors continues to reflect in the composition of the Stakeholders Relationship Committee.

The terms of reference, *inter-alia*, comprises the following:

- To resolve the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.
- To review the measures taken for effective exercise of voting rights by shareholders.
- To review the adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Transfer Agent.
- To review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

As mentioned above, the Company is under Corporate Insolvency Resolution Process and as per Regulation 15(2A) and (2B) of the Listing Regulations, the provisions specified in Regulations 20 of the Listing Regulations relating to Stakeholders Relationship Committee including are not

applicable to the Company during the CIR Process and thus there was no meeting of Stakeholders Relationship Committee held during FY 2019-20.

The Company Secretary acts as the Secretary to the Stakeholders Relationship Committee.

The Chairman of the Stakeholders Relationship Committee was present at the last Annual General Meeting of the Company.

### V. Corporate Social Responsibility (CSR) Committee

In terms of Section 135 of the Act, the Company has a Corporate Social Responsibility (CSR) Committee. The composition and terms of reference of Corporate Social Responsibility Committee are in compliance with the provisions of Section 135 of the Companies Act, 2013 and other applicable laws. During the year under review, the Committee was re-constituted by the Directors and RP of the Company on 14<sup>th</sup> February, 2020. The CSR Committee as on March 31, 2020 comprised of Smt. Manjari Kacker as Chairperson and Shri Punit Garg, Shri Vishwanath Devaraja Rao, Smt. Ryna Karani and Smt. Chhaya Virani as members.

The tenure of Prof. J. Ramachandran, Shri R N Bhardwaj, Shri Deepak Shourie got completed on 16<sup>th</sup> September, 2019 as Independent Directors of the Company and they ceased to be members of CSR Committee w.e.f. 16<sup>th</sup> September, 2019. Further, Shri Manikantan V, due to his resignation as Executive Director and Chief Financial Officer of the Company ceased to be member of the Committee w.e.f. November 19, 2019 and Shri Vishwanath Devaraja Rao was inducted in CSR Committee w.e.f. February 14, 2020. As noted above, Smt. Manjari Kacker and Smt. Chhaya Virani, Directors tendered their resignation as Directors of the Company vide resignation letters dated 15<sup>th</sup> November, 2019. However, since the COC refused to accept the resignations tendered by such directors, the name of such directors continues to reflect in the composition of the Corporate Social Responsibility Committee.

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy'. The CSR Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company.

The Committee's constitution and terms of reference meet with the requirements of the Act.

During the year under review, no meeting of the CSR Committee was held.

The Company Secretary acts as the Secretary to CSR Committee.

### VI. Risk Management Committee

The Audit Committee looks after the functions of the Risk Management Committee and Management presents risk and mitigation of the current businesses of the Company at Audit Committee Meetings. As and when require in future, said Committee will be constituted.

## Corporate Governance Report

### VII. Compliance Officer

Shri Rakesh Gupta, Company Secretary is the Compliance Officer for complying with the requirements of various provisions of Law, Rules, Regulations applicable to the Company including SEBI Regulations and the Uniform Listing Agreements executed with the Stock Exchanges.

During the year, Shri Rakesh Gupta was appointed as the Company Secretary and Compliance Officer of the Company with effect from 20<sup>th</sup> July, 2019 pursuant to the resignation of Shri Prakash Shenoy as the Company Secretary and Compliance officer of the Company with effect from July 19, 2019, which has been duly approved by the, Committee of Creditors of the Company in its meeting held on July 9, 2019.

### IX. General Body Meetings

The Company held its General Meetings in last three years as under:

Financial Year and type of meeting	Date and Time	Whether Special Resolution passed or not
2018-19 AGM	September 30, 2019 at 4.00 PM	No
2017-18 AGM	September 18, 2018 At 9.30 a.m.	Yes 1. Revision of Borrowing Limits of the Company 2. Appointment of Shri Punit Garg as an Executive Director 3. Appointment of Shri Manikanthan V. as a Director and Chief Financial Officer 4. Alterations to the Article of Associations of the Company 5. Private Placement of Non-Convertible Debentures and / or other Debt Securities
2016-17 AGM	September 26, 2017 at 4.00 p.m.	Yes 1. Private Placement of Non-Convertible Debentures and / or other Debt Securities 2. Adoption of new Articles of Association of the Company. 3. Approval for issue and allotment of equity shares to the lenders by way of conversion of loans in terms of Strategic Debt Restructuring Scheme.
2016-17 Tribunal Convened Meeting	April 24, 2017 at 9.30 a.m.	To approve composite scheme of arrangements between the Company, Aircel Limited and others.

The Annual General Meeting for FY 2018-19 was held at Rama & Sundri Watumull Auditorium, Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai – 400020. The Annual General Meetings (AGM) for FY 2016-17, 2017-18 were held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020. Tribunal convened meeting was held at Reliance Energy Management Institute, Jogeshwari-Vikhroli Link Road, Opp. Seepz North Gate No.3, Aarey Colony, Aarey Colony Road, Mumbai 400 065.

During the year, there was no Extra-ordinary General Meeting held by the Company.

### X. Postal Ballot

The Company had not conducted any business through Postal Ballot during the financial year 2019-20.

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing of a special resolution through postal ballot.

### XI. Details of utilisation

During the year, the Company has not raised any funds through Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32(7A) of the Listing Regulations.

### XII. Means of Communication

- Quarterly Results:** Quarterly Results in ordinary course are published in Financial Express, English newspaper circulating in substantially the whole of India and in Navshakti, (Marathi) vernacular newspaper and are also posted on the Company's website [www.rcom.co.in](http://www.rcom.co.in)
- Media Releases and Presentations:** Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on Company's website.
- Website:** The Company's website [www.rcom.co.in](http://www.rcom.co.in) contains a separate dedicated section 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and Annual Report of the Company, information on dividend declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company as called for in terms of Listing Regulations is provided on Company's website and the same is updated regularly.
- Annual Report:** The Annual Report containing, *inter alia*, Notice of Annual General Meeting, Audited Financial Statement, Consolidated Financial Statement, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report, Business Responsibility Report and Corporate Governance Report forms part of the Annual Report and are displayed on the Company's website.

Corporate Governance Report

The Companies Act, 2013 read with the Rules made thereunder and the Listing Regulations facilitate the service of documents to members through electronic means. In compliance with the various relaxations provided by SEBI and MCA due to COVID-19 Pandemic, the Company have e-mailed the soft copies of the Annual Report to all those members whose e-mail IDs were available with the Company/ its Registrar and Transfer Agent or Depositories and urged those members to register their e-mail IDs to receive the said communication.

- e. **NSE Electronic Application Processing System (NEAPS):** The NEAPS is web based system designed by NSE for corporate. The Shareholding Pattern, Corporate Governance Report, Corporate announcement, Media Release, Results etc. are also filed electronically on NEAPS.
- f. **BSE Corporate Compliance and Listing Centre ("the Listing Centre"):** The Listing Centre is web based application designed by BSE for corporate's. The Shareholding Pattern, Corporate Governance Report, Corporate Announcement, Media Release, Results etc. are filed electronically on the Listing Centre.
- g. **Unique Investor Helpdesk:** Exclusively for investor servicing, the Company has set up a unique investor helpdesk with multiple access modes as under:
  - Toll free no. (India) : 1800 4250 999
  - Telephone no. : +91 40 6716 1500
  - Fax no. : +91 40 6716 1791
  - E-mail : rcom@kfintech.com
- h. **Designated E-mail-id:** The Company has also designated the E-mail-id rcom.investors@relianceada.com exclusively for investor servicing.
- i. **SEBI Complaints Redress System (SCORES):** The investors' complaints are also being processed through the centralized web base complaints redressal system. The salient features of SCORES are availability of centralised data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the actions taken and current status of the complaints. In its efforts to improve ease of doing business, SEBI has launched a mobile app "SEBI SCORES", making it easier for investors to lodge their grievances with SEBI, as they can now access SCORES at their convenience of a smart phone.

**XIII. Management Discussion and Analysis**

A Management Discussion and Analysis Report forms part of this Annual Report and includes discussions on various matters specified under Regulation 34(2)(e) and Schedule V of the Listing Regulations.

**XIV. Subsidiaries**

All the subsidiaries of the Company are managed by their respective boards, except Reliance Infratel Limited, Reliance Telecom Limited and Reliance Communications Infrastructure Limited which are under CIR Process. Their boards have the rights and obligations to manage their companies in the best interest of their stakeholders.

The Company monitors performance of subsidiary companies, inter alia, by the following means:

- a. Financial statement, in particular the investments made by unlisted subsidiary companies are reviewed quarterly by the Audit Committee of the Company.
- b. Minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Company's Board regularly.
- c. A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies are placed before the Company's Board / Audit Committee.
- d. Quarterly review of Risk Management process by Audit Committee / Board.

The policy for determination of material subsidiary is put on the website of the Company at the link <http://www.rcom.co.in/investorrelations/Policy-for-Determination-of-Material-Subsidiary.pdf>.

**XV. Disclosures**

- A. There has been no non-compliance by the Company on any matter related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory Authority except as follows:
  - Fine for late approval of financial results for the quarter and half year ended September 30, 2019, within prescribed due date, for which the Company has paid the fine in terms of circular No. SEBI/HO/CFD/CMD/ CIR/P/2018/77 dated May 3, 2018.

**B. Related party transactions**

As the Company is under Corporate Insolvency Resolution Process, in terms of Section 28(1)(f) of the Insolvency and Bankruptcy Code, 2016, During the financial year 2019-20 approval of the committee of creditors ("COC") of the Company was taken for related party transactions in CoC meeting(s) dated October 3, 2019 and November 25, 2019 and February 24, 2020.

During the financial year 2019-20, no transactions of material nature had been entered into by the Company that may have a potential conflict with interest of the Company. The details of related party transactions are disclosed in Notes to Accounts. The policy on dealing with related party transactions is placed on the Company's website at [www.rcom.co.in](http://www.rcom.co.in)

**C. Accounting treatment**

In preparation of financial statements, the Company has followed the Accounting Standards as prescribed under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

## Corporate Governance Report

### D. Code of conduct

The Company has adopted the code of conduct and ethics for directors and senior management. The code has been circulated to all the members of the Board and senior management and the same has been posted on Company's website www.rcom.co.in. The Directors and senior management have affirmed their compliance with the code and a declaration signed by the Executive Director and Chief Financial Officer of the Company appointed in terms of the Companies Act, 2013 is given below:

"It is hereby declared that the Company has obtained from Directors and senior management personnel of the Company affirmation that they have complied with the Code of Conduct for directors and senior management for the year 2019-20".

**Shri Vishwanath Devaraja Rao**  
**Executive Director and Chief Financial Officer**

(The Company has not received the abovementioned affirmation from Shri Anil D Ambani, Smt. Ryna Karani, Smt. Manjari Kacker, Smt. Chhaya Virani and Shri Suresh Rangachar, Directors of the Company.)

### E. CEO and CFO certification

Shri Vishwanath Devaraja Rao, Executive Director and Chief Financial Officer of the Company have provided certification on financial reporting and internal controls to the Resolution Professional as required under Regulation 17(8) of the Listing Regulations as the Company is under CIRP process.

### F. Review of Directors' Responsibility Statement

The Board/Directors in its report have confirmed that the annual accounts for the year ended March 31, 2020 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

### G. Certificate from a Company Secretary in Practice

The Company has obtained a certificate from M/s. Ashita Kaul & Associates, Company Secretaries in practice confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any other statutory authority. The copy of the same forms part of this Annual Report.

### H. Payment to Statutory Auditors

The details of fees paid to M/s. Pathak H.D. & Associates LLP, Chartered Accountants, Statutory Auditors by the Company and its subsidiaries during the year ended March 31, 2020 are as follows:

Particulars	Amount (₹ in Crore)
Audit Fees	₹ 5 Crore

### I. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

As reported by Internal Complaint Committee, the details of Complaints are as under:

S. No	Particulars	Details
1.	Number of complaints filed during the financial year	1
2.	Number of complaints disposed of during the financial year	1
3.	Number of complaints pending as on end of the financial year	0

### XVI. Policy on prohibition of insider trading

The Company has formulated the "Reliance Communications Limited - Code of Practices and Procedures and Code of Conduct to Regulate, Monitor and Report trading in securities and fair disclosure of Unpublished Price Sensitive Information" (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, from time to time. The Board has appointed Company Secretary as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, preclearance of trade, monitoring of trades and implementation of the Code under the overall supervision of the Board. The Company's Code, inter-alia, prohibits purchase and/or sale of securities of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods. The Company's Code is available on the website of the Company.

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Trading Window for dealing in the securities of the Company by the designated persons shall remain closed during the period from end of every quarter / year till the expiry of 48 hours from the declaration of quarterly / yearly financial results of the Company.

### XVII. Compliance of Regulation 34(3) and Para F of Schedule V of Listing Regulations

As per Regulation 34(3) and Para F of Schedule V of Listing Regulations, the details in respect of equity shares lying in "Unclaimed Suspense Account - Reliance Communications Limited" were as follows:

Particulars	No. of Shareholders	No. of Shares
a. Aggregate number of shareholders and the outstanding shares lying in suspense account as on April 1, 2019	2,932	4,67,448



Corporate Governance Report

Particulars	No. of Shareholders	No. of Shares
b. Number of shareholders who approached issuer for transfer of shares from suspense account during the year	16	1,036
c. Less: Number of shareholders to whom shares were transferred from suspense account during the year.	16	1,036
d. Number of shares transferred to IEPF	2450	4,34,461
e. Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2020	466	31,951

The voting rights on the shares outstanding in the suspense account as on March 31, 2020 shall remain frozen till the rightful owner of such shares claims the shares.

Wherever shareholders have claimed the shares, after proper verification, the share certificates were dispatched to them or credited the shares to the respective beneficiary account.

**XVIII. Compliance with discretionary requirements**

**1. The Board**

Our Chairman is a non-executive Chairman and is entitled to maintain Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

**2. Modified Opinion(s) in Audit Report**

The Statutory Auditors of the Company have issued modified opinion in their audit report for the financial year ended March 31, 2020 due to non provision of

interest on borrowings, recoverability of assets, foreign exchange variation and defaults on repayment of borrowings, payment of regulatory & statutory dues for the financial year ended March 31, 2020. Detailed information on modified opinion has been given in their report.

**3. Separate posts of Chairman and CEO**

The Company maintains separate posts of Chairman and CEO/WTD. Shri Vishwanath Deveraja Rao is appointed as the Whole-Time Director of the Company.

**4. Reporting of Internal Auditor**

The internal auditor directly report to the Audit Committee of the Company.

**XIX. General shareholder information**

The mandatory and various additional information of interest to investors are voluntarily furnished in a separate section on investor information in this annual report.

**Certificate from Company Secretary in Practice on Corporate Governance**

The Certificate from Company Secretary in Practice on compliance of Regulation 34(3) of the Listing Regulations relating to corporate governance is published in this Annual Report.

**Review of governance practices**

We have in this report attempted to present the governance practices and principles being followed at Reliance Communications Limited, as evolved over a period, and as best suited to the needs of our business and stakeholders.

Our disclosures and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and ensure that our standards are at par with the globally recognized practices of governance, so as to meet the expectations of all our stakeholders.

# Reliance Communications Limited

## Corporate Governance Report

### Compliance of Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of the Listing Regulations

Sr. No.	Particulars	Regulations	Compliance Status	Compliance Observed
1.	Board of Directors	17 (Not applicable)	Yes	<ul style="list-style-type: none"> <li>● Composition &amp; Meetings</li> <li>● Review of compliance reports &amp; compliance certificate</li> <li>● Plans for orderly succession for appointments</li> <li>● Code of Conduct</li> <li>● Fees / compensation to Non-Executive Directors</li> <li>● Minimum information to be placed before the Board</li> <li>● Compliance Certificate</li> <li>● Risk assessment and management</li> <li>● Performance evaluation of Independent Directors</li> <li>● Recommendation of the Board</li> <li>● Directorship in listed entities</li> </ul>
2.	Maximum number of Directorship	17A* (Not applicable)	Yes	<ul style="list-style-type: none"> <li>● Directorship in listed entities</li> </ul>
3.	Audit Committee	18 (Not applicable)	Yes	<ul style="list-style-type: none"> <li>● Composition &amp; Meetings</li> <li>● Quorum of the Committee</li> <li>● Power of the Committee</li> <li>● Role of the Committee and review of information by the Committee</li> </ul>
4.	Nomination and Remuneration Committee	19 (Not applicable)	Yes	<ul style="list-style-type: none"> <li>● Composition</li> <li>● Quorum of the Committee</li> <li>● Meetings of the Committee</li> <li>● Role of the Committee</li> </ul>
5.	Stakeholders Relationship Committee	20 (Not applicable)	Yes	<ul style="list-style-type: none"> <li>● Composition</li> <li>● Meetings of the Committee</li> <li>● Role of the Committee</li> </ul>
6.	Risk Management Committee	21 (Not applicable)	Not Applicable	Not Applicable
7.	Vigil Mechanism	22	Yes	<ul style="list-style-type: none"> <li>● Review of Vigil Mechanism for Directors and employees</li> <li>● Direct access to Chairperson of Audit Committee</li> </ul>
8.	Related Party Transactions	23	Yes	<ul style="list-style-type: none"> <li>● As the Company is under Corporate Insolvency Resolution Process, in terms of Section 28(1)(f) of the Insolvency and Bankruptcy Code, 2016, during the financial year 2019-20 approval of the committee of creditors of the Company were taken for all related party transactions in meetings of Committee of Creditors.</li> <li>● Policy of Materiality of Related Party Transactions and dealing with Related Party Transactions</li> <li>● Approval including omnibus approval of Audit Committee</li> <li>● Review of Related Party Transactions</li> <li>● No material Related Party Transactions</li> <li>● Disclosure of Related Party Transactions on consolidated basis</li> </ul>

## Corporate Governance Report

Sr. No.	Particulars	Regulations	Compliance Status	Compliance Observed
9.	Subsidiaries of the Company	24	Yes	<ul style="list-style-type: none"> <li>● Appointment of Company's Independent Director on the Board of material subsidiary –N.A.</li> <li>● Review of financial statements of subsidiary by the Audit Committee</li> <li>● Minutes of the Board of Directors of the subsidiaries are placed at the meeting of the Board of Directors</li> <li>● Significant transactions and arrangements of subsidiary are placed at the meeting of the Board of Directors</li> </ul>
10.	Secretarial Compliance Report	24A	Yes	<ul style="list-style-type: none"> <li>● Secretarial Compliance Report</li> </ul>
11.	Obligations with respect to Independent Directors	25	Yes	<ul style="list-style-type: none"> <li>● Maximum directorships and tenure</li> <li>● Meetings of Independent Directors</li> <li>● Cessation and appointment of Independent Directors</li> <li>● Familiarisation of Independent Directors</li> <li>● No alternate Director for Independent Directors</li> <li>● Declaration by Independent Directors</li> <li>● Directors and Officers Insurance</li> </ul>
12.	Obligations with respect to employees including Senior Management, Key Managerial Personnel, Directors and Promoters	26	Yes	<ul style="list-style-type: none"> <li>● Memberships / Chairmanships in Committees</li> <li>● Affirmation on compliance of Code of Conduct by Directors and Senior Management</li> <li>● Disclosure of shareholding by Non-Executive Directors</li> <li>● Disclosures by Senior Management about potential conflicts of interest</li> <li>● No agreement with regard to compensation or profit sharing in connection with dealings in securities of the Company by Key Managerial Personnel, Director and Promoter</li> </ul>
13.	Other Corporate Governance requirements	27	Yes	<ul style="list-style-type: none"> <li>● Compliance with discretionary requirements</li> <li>● Filing of quarterly compliance report on Corporate Governance</li> </ul>
14.	Website	46(2) (b) to (i)	Yes	<ul style="list-style-type: none"> <li>● Terms and conditions for appointment of Independent Directors</li> <li>● Composition of various Committees of the Board of Directors</li> <li>● Code of Conduct of Board of Directors and Senior Management Personnel</li> <li>● Details of establishment of Vigil Mechanism / Whistle-blower policy</li> <li>● Criteria of making payment to Non-executive Director</li> <li>● Policy on dealing with Related Party Transactions</li> <li>● Policy for determining material subsidiaries</li> <li>● Details of familiarization programmes imparted to Independent Directors</li> </ul>

(\*As the Company is under CIR Process under IBC Code, 2016, Regulation 17, 18, 19, 20 and 21 of the Listing Regulations are not applicable to the Company and all the other regulations are complied with under the direction of Resolution Professional of the Company)

## Investor Information

### Important points

**Investor should hold securities in dematerialised form as transfer of shares in physical form will no more be permissible.**

**As mandated by SEBI, w.e.f. April 1, 2019, request for effecting transfer of securities shall not be processed unless the securities are held in dematerialised form with a depository except for transmission and transposition of securities.**

**Members are advised to dematerialise shares in the Company to facilitate transfer of shares.**

**Holding securities in dematerialised form is beneficial to the investors in the following manner:**

- A safe and convenient way to hold securities;
- Elimination of risk(s) associated with physical certificates such as bad delivery, fake securities, delays, thefts etc.;
- Immediate transfer of securities;
- No stamp duty on electronic transfer of securities;
- Reduction in transaction cost;
- Reduction in paperwork involved in transfer of securities;
- No odd lot problem, even one share can be traded;
- Availability of nomination facility;
- Ease in effecting change of address as change with Depository Participants gets registered with all companies in which investor holds securities electronically;
- Easier transmission of securities as the same done by Depository Participants for all securities in demat account;
- Automatic credit into demat account of shares, arising out of bonus / split / consolidation / merger etc.
- Convenient method of consolidation of folios/ accounts;
- Holding investments in Equity, Debt Instruments, Government securities, Mutual Fund Units etc. in a single account;
- Ease of pledging of securities; and
- Ease in monitoring of portfolio.

### Members holding shares in physical mode:

- a. are required to submit their Permanent Account Number (PAN) and bank account details to the Company / KFintech, if not registered with the Company as mandated by SEBI.
- b. are advised to register the nomination in respect of their shareholding in the Company.  
  
Nomination Form (SH-13) is put on the Company's website and can be accessed at link <https://www.rcom.co.in/shareholder-services>.
- c. are requested to register / update their e-mail address with the Company / KFintech for receiving all communications from the Company electronically.

### Members holding shares in electronic mode:

- a. are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts.
- b. are advised to contact their respective DPs for registering the nomination.
- c. are requested to register / update their e-mail address with the Company / KFintech for receiving all communications from the Company electronically.
- d. are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.

**The Securities and Exchange Board of India vide its circular no. SEBI / HO / MIRSD / DOS3 / CIR / P / 2019 / 30 dated February 11, 2019, with a view to address the difficulties in transfer of shares, faced by non-residents and foreign nationals, has decided to grant relaxations to non-residents from the requirement to furnish PAN and permit them to transfer equity shares held by them in listed entities to their immediate relatives subject to the following conditions:**

- a. The relaxation shall only be available for transfers executed after January 1, 2016.
- b. The relaxation shall only be available to non-commercial transactions, i.e. transfer by way of gift among immediate relatives.
- c. The non-resident shall provide copy of an alternate valid document to ascertain identity as well as the non-resident status.

Non-Resident Indian members are requested to inform KFintech, the Company's Registrar and Transfer Agent immediately on the change in the residential status on return to India for permanent settlement.

### Hold Securities in Consolidated form

Investors holding shares in multiple folios are requested to consolidate their holding in single folio. Holding of securities in one folio enables shareholders to monitor the same with ease.

**Link for updating the PAN / Bank Details is provided on the website of the Company.**

### Electronic Payment Services

Investors should avail the Electronic Payment Services for payment of dividend as the same reduces risk attached to physical dividend warrants. Some of the advantages of payment through electronic credit services are as under:

- Avoidance of frequent visits to banks for depositing the physical instruments.
- Prompt credit to the bank account of the investor through electronic clearing.
- Fraudulent encashment of warrants is avoided.
- Exposure to delays / loss in postal service avoided.
- As there can be no loss in transit of warrants, issue of duplicate warrants is avoided.

## Investor Information

Printing of bank account numbers, names and addresses of bank branches on dividend warrants provide protection against fraudulent encashment of dividend warrants. Members are requested to provide the same to the Company's RTA, KFin Technologies Private Limited (Kfintech) for incorporation on their dividend warrants.

### Intimate mobile number

Shareholders are requested to intimate their mobile number and changes therein, if any, to Company's Registrar and Transfer Agent (RTA), if shares are in physical form or to their DP if the holding is in electronic form, to receive communications on corporate actions and other information of the Company.

### Register for SMS alert Facility

Investor holding shares in demat mode should register with Depository Participants for the SMS alert facility. Both Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) alert investors through SMS of the debits and credits in their demat account.

### Submit Nomination Form and avoid transmission hassle

Nomination helps nominees to get the shares transmitted in their favour without any hassles. Investors should get the nomination registered with the Company in case of physical holding and with their Depository Participants in case of shares are held in dematerialised form.

Form may be downloaded from the Company's website, [www.rcm.co.in](http://www.rcm.co.in) under the section 'Investor Relations'.

However, if shares are held in dematerialised form, nomination has to be registered with the concerned Depository Participants directly, as per the form prescribed by the Depository Participants.

### Deal only with SEBI Registered Intermediaries

Investors should deal with SEBI registered intermediary so that in case of deficiency of services, investor may take up the matter with SEBI.

### Corporate Benefits in Electronic Form

Investor holding shares in physical form should opt for corporate benefits like split / bonus etc. in electronic form by providing their demat account details to Company's RTA.

### Register e-mail address

Investors should register their e-mail address with the Company / Depository Participants. This will help them in receiving all communications from the Company electronically at their e-mail address. This also avoids delay in receiving communications from the Company. Prescribed form for registration may please be downloaded from the Company's website.

### Course of action for revalidation of dividend warrant for previous years

Shareholders may write to the Company's RTA, furnishing the particulars of the dividend not received, and quoting the folio number / DP ID and Client ID particulars (in case of dematerialised shares), as the case may be and provide bank details along with cancelled cheque bearing the name of the shareholder for updation of bank details and payment of unpaid dividend. The RTA would request the concerned shareholder to execute an indemnity before processing the request. As per a circular dated April 20, 2018 issued by SEBI, the unencashed dividend can be remitted by electronic transfer only and no

duplicate dividend warrants will be issued by the Company. The shareholders are advised to register their bank details with the Company / RTA or their DPs, as the case may be, to claim unencashed dividend from the Company.

### Facility for a Basic Services Demat Account (BSDA)

SEBI has stated that all the depository participants shall make available a BSDA for the shareholders unless otherwise opted for regular demat account with (a) No Annual Maintenance charges if the value of holding is upto ₹ 50,000 and (b) Annual Maintenance charges not exceeding ₹ 100 for value of holding from ₹ 50,001 to ₹ 2,00,000. (Refer Circular CIR/MRD/DP/22/2012 dated August 27, 2012 and circular CIR/MRD/DP/20/2015 dated December 11, 2015).

### Annual General Meeting

The 16<sup>th</sup> Annual General Meeting (AGM) will be held on Saturday September 26, 2020 at 12.00 P.M. through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

### E-voting

The Members can cast their vote online from 10.00 A.M (IST) on Tuesday September 22, 2020 to 5.00 P.M. (IST) on Friday September 25, 2020.

Further, the e-voting facility shall also be made available to the shareholders present at the meeting through Video Conferencing and have not cast their vote on resolution through remote e-voting.

The Members who have cast their votes by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their votes again at the Meeting.

The Members shall refer to the detailed procedure on remote e-voting are given in the Notice and the e-voting instruction slip.

### Financial year of the Company

The financial year of the Company is from April 1 to March 31 each year.

### Website

The Company's website [www.rcm.co.in](http://www.rcm.co.in) contains a separate dedicated section called 'Investor Relations'. It contains comprehensive data base of information of interest to our investors including the financial results, annual reports, dividends declared, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended to our investors.

### Dedicated e-mail id for investors

For the convenience of our investors, the Company has designated an e-mail id i.e. [rcm.investors@relianceada.com](mailto:rcm.investors@relianceada.com).

### Registrar and Transfer Agent (RTA)

KFin Technologies Private Limited,  
Unit: Reliance Communications Limited,  
Selenium Tower – B, Plot No. 31 & 32,  
Survey No. 116/22, 115/24, 115/25,  
Financial District, Nanakramguda,  
Hyderabad 500 032. Telangana  
Website: [www.kfintech.com](http://www.kfintech.com)  
Tel : +91 40 6716 1500  
Fax No. : +91 40 6716 1791  
Toll Free No.: 1800 4250 999  
E-mail : [rcm@kfintech.com](mailto:rcm@kfintech.com)

# Reliance Communications Limited

## Investor Information

Karvy Fintech Private Limited (KFPL), the Registrar and Transfer Agent of the Company has changed its name to KFin Technologies Private Limited with effect from December 5, 2019.

Shareholders / investors are requested to forward share transfer documents, dematerialisation requests (through their Depository Participant) and other related correspondence directly to Company's RTA for speedy response.

### Dividend announcements

In view of ongoing CIR Process, vide order dated 7<sup>th</sup> May 2019 of Hon'able NCLT, Mumbai Bench, the Directors and RP of the Company does not recommend any dividend for the financial year 2019-20.

### Unclaimed dividends / shares

The provisions of Sections 124 and 125 on unclaimed dividend and Investor Education and Protection Fund (IEPF) under the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules)

The dividend and other benefits, if any, for the following year remaining unclaimed for a period of seven years from the date of declaration are required to be transferred by the Company to IEPF and the date for transfer of such amount is as under:

Financial year ended	Dividend per share (₹)	Date of declaration	Due for transfer on	Amount lying in the unpaid dividend account (₹)
31-03-2013	0.25	27-08-2013	26-09-2020	71,75,290

The Company shall transfer to IEPF within the stipulated period (a) the unpaid or unclaimed dividend for the financial year 2012-13; (b) the shares on which dividend has not been claimed or encashed for a period of last seven consecutive years or more.

The Company has individually communicated to the concerned shareholders, whose equity shares are liable to be transferred to the IEPF, to enable them to take appropriate action for claiming the unclaimed dividends and equity shares, if any, by due date, failing which the Company would transfer the aforesaid equity shares to the IEPF as per the procedure set out in the Rules. The details of such equity shareholders and equity shares due for transfer are uploaded on the website of the Company ([www.rcom.co.in](http://www.rcom.co.in)).

Members are requested to note that no claims shall lie against the Company in respect of their shares or the amounts so transferred to IEPF and no payment shall be made in respect of any such claim. Any shareholder whose equity shares and unclaimed dividends has been transferred to the Fund, may claim

have come into force with effect from September 7, 2016.

The Company has transferred the dividend for the years 2006-07 to 2011-12 remaining unclaimed for a period of seven years from the date of declaration to IEPF.

During the year under review, the Company has transferred unclaimed dividend of ₹ 69,04,576.50 to the Investor Education and Protection Fund, pertaining to the year 2011-12, pursuant to the provisions of the Companies Act, 2013.

The Company has transferred to the IEPF Authority 28,23,028 equity shares of ₹ 5 each on November 26, 2019, in respect of which dividend had remained unpaid or unclaimed for a period of seven consecutive years or more as on due date of transfer.

Details of the equity shares transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: <http://www.rcom.co.in/Rcom/about-us/investor-relations/shareholders.html>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).

the equity shares or apply for claiming the dividend transferred to IEPF by making an application in Form IEPF 5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) along with the applicable fee.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 30, 2019 (date of last Annual General Meeting) and the details of such shareholders and shares due for transfer on the website of the Company ([www.rcom.co.in](http://www.rcom.co.in)), as also on the website of the Ministry of Corporate Affairs.

Members who have so far not encashed dividend warrants for the aforesaid years are requested to approach the Company's Registrar and Transfer Agents, KFin Technologies Private Limited immediately. Members are requested to note that the Company has uploaded the details of unpaid and unclaimed dividend and equity shares due to be transferred on the website of the Company [www.rcom.co.in](http://www.rcom.co.in).

The voting rights on the share transferred to IEPF authority shall remain frozen till the rightful owner claim the same.

## Shareholding Pattern

Category of Shareholders	As on 31.03.2020		As on 31.03.2019	
	Number of Shares	%	Number of Shares	%
(A) Shareholding of Promoter and Promoter Group				
(i) Indian	143116572	5.18	607778354	21.98
(ii) Foreign	0	0.00	0	0.00
<b>Total shareholding of Promoter and Promoter Group</b>	<b>143116572</b>	<b>5.18</b>	<b>607778354</b>	<b>21.98</b>
(B) Public Shareholding				
(i) Institutions	222031181	8.03	514512416	18.60
(ii) Non-Institutions	2379106297	86.02	1619110927	58.55
<b>Total Public Shareholding</b>	<b>2601137478</b>	<b>94.05</b>	<b>2133623343</b>	<b>77.15</b>

**Investor Information**

Category of Shareholders	As on 31.03.2020		As on 31.03.2019	
	Number of Shares	%	Number of Shares	%
(C) Shares held by Custodians and against which Depository Receipts have been issued	0	0.00	2852353	0.10
(D) ESOS Trust*	21279000	0.77	21279000	0.77
<b>GRAND TOTAL (A)+(B)+(C)+(D)</b>	<b>2765533050</b>	<b>100.00</b>	<b>2765533050</b>	<b>100.00</b>

\* Shares held by ESOS Trust have been shown as Non-Promoter Non-Public as per the Listing Regulations w.e.f. December 1, 2015

**Distribution of shareholding**

Number of Shares	Number of Shareholders as on 31.03.2020		Total equity Shares as on 31.03.2020		Number of Shareholders as on 31.03.2019		Total equity Shares as on 31.03.2019	
	Number	%	Number	%	Number	%	Number	%
Up to 500	10,60,497	80.16	10,77,76,039	3.90	11,28,548	85.00	10,96,61,846	3.97
501 to 5000	2,07,574	15.69	35,67,23,265	12.90	1,67,865	12.64	26,79,78,381	9.69
5001 to 100000	52,429	3.96	93,22,57,561	33.71	30,272	2.28	50,38,26,186	18.22
Above 100000	2,471	0.19	1,36,87,76,185	49.49	1,101	0.08	1,88,40,66,637	68.12
<b>Total</b>	<b>13,22,971</b>	<b>100.00</b>	<b>2,76,55,33,050</b>	<b>100.00</b>	<b>13,27,786</b>	<b>100.00</b>	<b>2,76,55,33,050</b>	<b>100.00</b>

**Dematerialisation of Shares and Liquidity**

The Company has admitted its shares to the depository system of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE330H01018. The equity shares of the Company are compulsorily traded in dematerialised form as mandated by Securities and Exchange Board of India (SEBI).

**Status of dematerialisation of shares**

As on March 31, 2020, 99.27 per cent of the Company's equity shares are held in dematerialised form.

**Investors' Grievances Attended**

Received from	Received during		Redressed during		Pending as on	
	2019-20	2018-19	2019-20	2018-19	31.3.2020	31.3.2019
SEBI	32	56	32	56	Nil	Nil
Stock Exchanges	10	16	10	16	Nil	Nil
NSDL / CDSL	1	5	1	5	Nil	Nil
Direct from investors	0	5	0	5	Nil	Nil
<b>Total</b>	<b>43</b>	<b>82</b>	<b>43</b>	<b>82</b>	<b>Nil</b>	<b>Nil</b>

**Analysis of Grievances**

Nature of Grievances	2019-20		2018-19	
	Numbers	%	Numbers	%
Non Receipt of Annual Reports	11	25.58	11	13.41
Non-receipt of dividend warrants	5	11.63	15	18.29
Non-receipt of share certificates	0	0.00	0	0.00
Others	27	62.79	56	68.30
<b>Total</b>	<b>43</b>	<b>100.00</b>	<b>82</b>	<b>100.00</b>

There was no complaint pending as on March 31, 2020.

**Notes:**

- The shareholder base was 13,22,971 as of March 31, 2020 and 13,27,786 as of March 31, 2019.
- Investors' queries / grievances are normally attended within a period of three working days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned. There was no complaint pending as on March 31, 2020.

# Reliance Communications Limited

## Investor Information

### Legal proceedings

There are certain pending cases relating to disputes over title to shares, in which the Company is made a party. These cases are however not material in nature.

### Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not have any material exposure to the commodity price risks. The Company has revenues in foreign currency which acts as a 'natural hedge' to a certain extent. However, the foreign exchange exposure and the interest rate risk have not been hedged by any derivative instrument or otherwise.

### Equity History

Sr. No.	Date	Particulars	Issue Price per equity share ₹	No. of Shares	Cumulative Total
1	16.07.2004	Allotted upon Incorporation	10	10000	10000
2	25.07.2005	Additional issue of equity shares	10	40000	50000
3	11.08.2005	Sub division of equity shares of ₹ 10 into ₹ 5 per share	N.A.	100000	100000
4	27.01.2006	Allotment pursuant to Scheme of Arrangement	N.A.	1223130422	1223230422
5	27.01.2006	Cancelled pursuant to Scheme	N.A.	(100000)	1223130422
6	14.09.2006	Allotment pursuant to Scheme of Arrangement	N.A.	821484568	2044614990
7	18.10.2007 to 31.01.2008	Conversion of FCCBs	480.68/ 661.23	19411891*	2064026881
8	02.07.2014	Allotment to Qualified Institutional Buyers	142.14	338286197	2402313078
9	20.01.2015	Preferential allotment	150	86666667	2488979745
10	31.10.2017	Allotment to SSTL	5	276553305	2765533050

\* of above 667,090 shares were converted @ ₹ 661.23 on 31.10.2007.

### Credit Rating

Rating Agency	Type of Instrument	Rating as on April 1, 2019	Rating as on March 31, 2020
ICRA Limited	Non-Convertible Debentures, Long term Instruments (NCD)	ICRA D	ICRA D
CARE Ratings	Non-Convertible Debentures, Long term Instruments (NCD)	CARE D	CARE D

### Stock price and volume

2019-20	BSE Limited			National Stock Exchange of India Limited		
	High ₹	Low ₹	Volume Nos.	High ₹	Low ₹	Volume Nos.
April, 2019	4.29	1.66	53,29,70,002	4.10	1.85	44,59,99,504
May, 2019	2.47	1.79	14,92,03,314	2.50	1.90	51,01,86,829
June, 2019	2.10	1.10	11,59,78,332	2.10	1.20	17,45,23,550
July, 2019	1.98	1.26	18,50,01,217	1.85	1.30	27,18,66,470
August, 2019	1.44	0.85	14,53,08,418	1.45	0.85	28,06,67,579
September, 2019	0.96	0.71	5,80,13,149	1.00	0.65	28,14,09,546
October, 2019	0.80	0.65	8,28,79,711	0.85	0.65	23,31,68,527
November, 2019	0.81	0.55	12,18,75,893	1.00	0.50	73,81,25,312
December, 2019	1.06	0.80	6,99,64,776	1.25	0.80	33,10,49,677
January, 2020	0.97	0.76	3,94,04,730	1.00	0.75	16,27,01,940
February, 2020	0.84	0.65	2,98,41,942	0.85	0.65	12,61,27,073
March, 2020	0.94	0.62	8,46,00,796	1.00	0.60	30,79,77,497

(Source: This information is compiled from the data available on the websites of BSE and NSE)



## Investor Information

### Stock Exchange listings

The Company's equity shares are actively traded on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE), the Indian Stock Exchanges.

### Listing on Stock Exchanges

Equity Shares  
BSE Limited

Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort, Mumbai 400 001  
Website :www.bseindia.com

### National Stock Exchange of India Limited

Exchange Plaza, Plot No. C / 1, G Block  
Bandra-Kurla Complex,  
Bandra (East), Mumbai 400 051  
Website :www.nseindia.com

### Stock Codes and ISIN details :

	Code	ISIN
BSE (Equity shares)	532712	INE330H01018
NSE (Equity shares)	RCOM	INE330H01018
Non convertible Debentures (BSE )	946049 947795	INE330H07015 INE330H07064
Non convertible Debentures (NSE )	RCOM19 RCOM19	INE330H07015 INE330H07064

### Global Depository Receipts (GDRs)

#### Luxembourg Stock Exchange

Societe De La Bourse, De Luxembourg,  
35A Boulevard Joseph II, Luxembourg  
Website : www.bourse.lu

#### Depository bank for GDR holders\*

Deutsche Bank Trust Company Americas  
60 Wall Street, New York 10005

(\* The company has received notice from Deutsche Bank Trust Company for terminating Depository services for Company's GDR and Company is in process of appointing a new depository bank for GDR holders.)

### Security codes of RCOM GDRs

	Master Rule 144A GDRs	Master Regulations GDRs
CUSIP	75945T106	75945T205
ISIN	US75945T1060	US75945T2050
Common Code	025317530	025317645

**Note:** The GDRs are admitted to listing on the official list of the Luxembourg Stock Exchange and trading on the Euro MTF market. The Rule 144A GDRs have been accepted for clearance and settlement through the facilities of DTC, New York. The Regulation S GDRs have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream, Luxembourg. The Rule 144A GDRs have been designated as eligible for trading on PORTAL.

### Outstanding GDRs of the Company, conversion date and likely impact on equity

Nil

### Debt Securities

1. The following Debt Securities of the Company are listed on the Wholesale Debt Market (WDM) Segment of BSE and NSE.

- 11.20 per cent Secured Redeemable Non-Convertible Debentures (ISIN INE330H07015)
- 11.25 per cent Secured Redeemable Non-Convertible Debentures, Series - 1 (ISIN INE330H07064)

#### c. Debenture Trustee

Axis Trustee Services Limited  
The Ruby, 2<sup>nd</sup> Floor, SW,  
29, Senapati Bapat Marg,  
Dadar West, Mumbai- 400 028  
Website: www.axistrustee.com

(NCD matured for final redemption during the FY 2018-19, but remains unpaid due to ongoing CIR process)

2. **6.5 per cent Senior Secured Notes due 2020 is listed on Singapore Exchange Securities Trading Limited, Singapore**

ISIN XS1216623022  
Common Code 121662302  
Singapore Exchange Securities Trading Limited  
(SGX-ST) 2 Shenton Way #19-00 SGX Centre 1  
Singapore 068804  
Website: www.sgx.com

### Senior Secured Notes Trustee

Madison Pacific Trust Limited  
1720, 17<sup>th</sup> Floor, Tower One, Admiralty Centre,  
18 Harcourt Road, Admiralty, Hong Kong

### Payment of Listing Fees

Annual listing fee for the year 2020-21 has been paid to the stock exchanges within due course.

### Payment of depository fees

The Annual custody / issuer fee as due for the year 2020-21 will be paid to NSDL & CDSL in due course.

### Share Price Performance in comparison to broad based indices - BSE Sensex and NSE Nifty

	RCOM	Sensex BSE	Nifty NSE
FY 2019-20	-84.34	-23.80	-26.03
2 years	-97.01	-10.62	-14.99
3 years	-98.30	-0.51	-6.28

# Reliance Communications Limited

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## Investor Information

### Key financial reporting dates for the financial year 2020-21

Unaudited results for the first quarter ended June 30, 2020	: On or before September 15, 2020
Unaudited results for the second quarter and half year ended September 30, 2020	: On or before November 14, 2020
Unaudited results for the third quarter ended December 31, 2020	: On or before February 14, 2021
Audited results for the financial year 2020-21	: On or before May 30, 2021

### Depository services

For guidance on depository services, shareholders may write to the Company's RTA or National Securities Depository Limited, Trade World, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, website: [www.nsdl.co.in](http://www.nsdl.co.in) or Central Depository Services (India) Limited, Unit No. A-2501, A Wing, Marathon Futurex, 25<sup>th</sup> Floor, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (E), Mumbai 400 013, website: [www.cdslindia.com](http://www.cdslindia.com).

### Communication to members

The quarterly financial results of the Company were announced within 45 days of the end of the respective quarter except last quarter during the year under review. The last quarter financial results of the Company were announced within 60 days of the end of the year. The Company's media releases and details of significant developments are made available on Company's website: [www.rcom.co.in](http://www.rcom.co.in). These are also published in leading newspapers.

### Reconciliation of Share Capital audit

The Securities and Exchange Board of India has directed that all issuer companies shall submit a report reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid up capital. The said certificate, duly certified by a qualified chartered accountant is submitted to the stock exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

### Investors' correspondence may be addressed to the Registrar and Transfer Agent of the Company

Shareholders/Investors are requested to forward documents related to share transfer, dematerialisation requests (through their respective Depository Participant) and other related correspondences directly to KFin Technologies Private Limited at the below mentioned address for speedy response:

#### KFin Technologies Private Limited

(Formerly Karvy Fintech Private Limited)

Unit: Reliance Communications Limited

Selenium Tower – B, Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25,

Gachibowli Financial District, Nanakramguda, Hyderabad 500 032.

Tel : +91 40 6716 1500

Fax No. : +91 40 6716 1791

Toll Free No. : 1800 4250 999

E-mail : [rcom@kfintech.com](mailto:rcom@kfintech.com)

Website : [www.kfintech.com](http://www.kfintech.com)

Karvy Fintech Private Limited, the Registrar and Transfer Agent of the Company has changed its name to KFin Technologies Private Limited with effect from December 5, 2019.

### Shareholders / Investors may send the above correspondence at the following address;

Queries relating to financial statement of the Company may be addressed to:

Chief Financial Officer

Reliance Communications Limited

H Block, 1<sup>st</sup> Floor,

Dhirubhai Ambani Knowledge City Navi Mumbai 400 710.

Telephone no. : +91 22 3038 6286

Fax : +91 22 3037 6622

E-mail : [rcom.investors@relianceada.com](mailto:rcom.investors@relianceada.com)

Correspondence on investor services may be addressed to:

The Company Secretary

Reliance Communications Limited

H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City

Navi Mumbai 400 710.

Telephone no. : +91 22 3038 6286

Fax : +91 22 3037 6622

E-mail : [rcom.investors@relianceada.com](mailto:rcom.investors@relianceada.com)

### Plant Locations

The Company is engaged in the business of providing telecommunications services and as such has no plant.

## Business Responsibility Report

### Section A: General Information about the Company

1. **Corporate Identity Number** : L45309MH2004PLC147531
2. **Name of the Company** : Reliance Communications Limited
3. **Registered address** : H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710, India
4. **Website** : www.rcom.co.in
5. **E-mail id** : rcom.investors@relianceada.com
6. **Financial Year reported** : 2019-20
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

The Company (RCOM), is leading global communications services provider with businesses including a global subsea network; a global on-net Cloud ecosystem; extensive India and global enterprise business; India Data Center Business (IDC) and India National Long Distance Business (NLD).

Industrial Group	Description
Group 611	Wired telecommunications activities
Group 612	Wireless telecommunications activities
Group 619	Other telecommunications activities

(As per National Industrial Classification – Ministry of Statistics and Programme Implementation)

8. **List three key products/ services that the Company manufactures/ provides (as in balance sheet)**  
Our Company provides Internet Data Centre Services, global enterprise business Services; and India National Long Distance Business (NLD) and Telecom Infrastructure services through subsidiary companies.
9. **Total number of locations where business activity is undertaken by the Company**
  - i. Number of International Locations (Provide details of major 5):- In two locations are at USA and UK
  - ii. Number of National Locations: - All the states in India.

### Section D: Business Responsibility Information:

"During the ongoing CIRP of RCOM, the management of the affairs of RCOM vests in the RP and the powers of the board of directors have been suspended and are being exercised by the RP. In terms of provisions of the Code, the RP is vested with the powers of the board of directors of the Company during the CIRP period and the RP is required to inter alia run the affairs of the Company on a going-concern basis and also ensure that the Company remains in compliance of applicable laws during the CIRP period. However, it may be noted that while the powers of the board of directors stand suspended, the directors/ key managerial personnel/ officers/ employees of RCOM continue to hold their respective positions/ designations, and are required to discharge their roles and responsibilities during such time and extend full support to the RP in running the business and affairs of the Company.

Additionally, the management/ managerial personnel/ officers/ employees of RCOM, being well-versed and acquainted with the affairs and practices of the Company, provide their views and recommendations to the RP in matters concerning the business and affairs of the Company, for the purposes of managing the operations of the Company as a going concern and ensuring requisite compliances as per applicable laws."

10. Markets served by the Company – The Company offers ILD Voice termination services to 230 countries apart from serving on Pan India basis during the year ended March 31, 2020.

### Section B: Financial Details of the Company

1. Paid up Capital (INR) ₹ 1383 crore
2. Total Turnover (INR) ₹ 818 crore
3. Total Profit/ (Loss) after taxes from Continued Operation(INR) Loss of ₹ 16863 crore
4. Total Spending on Corporate Social Responsibility as percentage of profit after tax **Not Applicable in view of the losses.**
5. List of activities in which expenditure in 4 above has been incurred:-  
Not Applicable

### Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**  
The Company has 88 subsidiaries and step down subsidiaries as on March 31, 2020.
2. **Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**  
Yes, **BR Initiatives** are done at group level in which subsidiary companies are part of it.
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

No, the entities e.g. suppliers, distributors etc. of the Company are not participating in the BR initiatives of the Company. However, The Company encourages other Entities such as suppliers and contractors to participate in its BR initiatives.

# Reliance Communications Limited

## Business Responsibility Report

### Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

#### Principle-wise Business Responsibility Policies, as per National Voluntary Guidelines on Social Environmental and Economic Responsibilities of Business (Reply in Y / N)

Questions pertaining to Principles (p)	P	P	P	P	P	P	P	P
	1	2	3	4	5	6	7	8
Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	Y	Y
Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y
Does the policy conform to any national /international standards? If yes, Specify.	Y	Y	Y	Y	Y	Y	Y	Y
The policy is in line with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 (NVGs) and updated in terms of the National Guidelines on Responsible Business Conduct (NGRBC) dated March 13, 2019. They also conform to international standards like OHSAS 18001 (Standard for Occupational Health And Safety Management System), ISO 14001 (Environment Management).								
Has the policy been approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y
(Note: Since the Company is under CIRP the power of Board of Director is vested with Resolution Professional of the Company)								
Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y
Indicate the link for the policy to be viewed online?	www.rcom.co.in							
Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to the stakeholders by displaying on the Company website.							
Does the Company have in-house structure to implement the policy/ policies?	Yes							
Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	The grievances are referred to and attended to by the Divisional Heads of respective businesses for redressal and the HR Group monitors redressal of such grievances.							
Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	In addition to our Management audit team independently evaluate the working of these policies, the Environment, Health and Safety policies are evaluated by internal as well as external ISO audit agencies.							
If answer against any principle is 'No', please explain why	Not applicable							
Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.	The CSR Committee under the Direction of RP, periodically assesses the BR performance of the Company for ensuring the effectiveness and relevance of BR initiatives.							
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes. Subject to the criteria of market capitalisation specified under Listing Regulation issued by SEBI, the BRR is published annually and is available on the website of the Company at www.rcom.co.in							

### Section E: Principle-wise performance

#### Principle 1:

#### Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

##### 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs / Others?

The Company considers Corporate Governance as an integral part of good management. The Company's policy relating to Ethics, Bribery and Corruption is covered under Reliance Group Companies Code of Ethics and Business Policies, which are applicable to all personnel of the Company as well as to the (i) Consultants, (ii) Representatives, (iii) Suppliers, (iv)Contractors and (v) Agents dealing with the

Company. In addition to that the Company obtains an annual confirmation affirming compliance with the Code from the Directors, Key Managerial Personnel and the senior management every year.

The Company also has a grievance redressal mechanism and a whistle blower policy which enable its employees to raise concerns to the Management.

##### 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has received 43 Complaints from the shareholders during the financial year 2019-20 and there were no complaints pending as on March 31, 2020. The details of this are provided in the section on Investor Relations in Corporate Governance Report.

**Business Responsibility Report**

**Principle 2:**

**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Our Company provides B2B services, Internet Data Centre and Telecom Infrastructure through subsidiary companies. Another major challenge is to optimize the electricity use at the Data center. Normally, Data center operation itself involves enormous amount of electricity consumption measured by Power Usage Effectiveness (PUE). The huge electricity consumption has a negative impact on the environment and corporate operating costs. We have been identifying and implementing the technologies, mechanisms at all the data centers to improve the PUE.

Electromagnetic radiation from BTS antenna and noise pollution from usage of Diesel Generator may be considered as an environment concerns. Radiation and noise pollution are within the permissible limit, still we are closely monitoring the same and take preventive steps to reduce radiation and noise pollution.

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

The Company's services do not have any broad based impact on energy. Our Internet Data Center (IDC), normally, has a connected load of 5 MW which is being taken from the local grids. We have implemented the Energy Management System (ISO 50001\_EnMS) at our largest data center in Mumbai. Spectrum is used for Electromagnetic radiation and Diesel is used in Diesel Generator as a resource. Electromagnetic radiation is measured in unit of RF power transmitted in watt per square meter and Noise pollution emitted from Diesel Generator is measured in terms of dB

**Principle 3**

**Businesses should promote the well being of all employees.**

Total number of employees	1003
Total number of employees hired on temporary / contractual /casual basis	109
The number of permanent women employees	126
The number of permanent employees with disabilities	NIL
Do you have an employee association that is recognized by management?	No
What percentage of your permanent employees is members of this recognized employee association?	NA
Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the year	The Company does not employ child labour, forced labour and involuntary labour. The Company did not receive any complaint of sexual harassment and discriminatory employment

level.

- 3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, our policy aims to have long term relationship with various vendors. We have detail procedures for finalisation of prospective vendors, which includes techno commercial analysis, vendor's financial strength, market share, past track record etc. All vendors providing goods/ services have to comply with the local laws. While selecting a product, efforts are put on environment friendliness, low power consumption, EMF radiation monitoring / testing etc.

- 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

We support and encourage local vendors for ensuing positive impact of sourcing resources. The local vendors were used for small civil related jobs, fiber related services, sign boards, local supply of materials, material handling, housekeeping, etc. We have appointed local service providers whose job is to give after sales service to the customers. These service providers are given regular training so as to optimise their capacity and capabilities.

- 5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Yes, the Company has well established process for disposal of Products Waste, e.g. Telecom End of Life Batteries though Battery OEMs and Electronics waste are being disposed off through scrap vendors after proper disposal certificates are being taken from the vendors.

# Reliance Communications Limited

## Business Responsibility Report

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/ forced labour/ involuntary labour	The Company does not hire Child labour, forced labour or involuntary labour.	Not Applicable
2.	Sexual harassment	Not Applicable	NIL
3.	Discriminatory employment	There is no discrimination in the recruitment process of the Company.	NIL

What percentage of your under mentioned employees were given safety and skill upgradation training in the last year

Permanent Employees	5%
Permanent Women Employees	5%
Casual/Temporary/Contractual Employees	Nil
Employees with Disabilities	Nil

### Principle 4 :

**Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

#### 1. Has the company mapped its internal and external stakeholders? Yes/ No

Yes, The Company has mapped the stakeholders i.e. customers, shareholders, employees, suppliers, banks and financial institutions, government and regulatory bodies and the local community and out of these, the Company has identified the disadvantaged, vulnerable and marginalized stakeholders.

#### 2. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof.

As the Company is under CIRP process and continues to suffer losses, Company has not taken any special CSR initiative during the here under review.

### Principle 5

**Businesses should respect and promote human rights**

#### 1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/ Others?

The policy of the Company on human rights covers not only the Company, but also extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others. The Company is committed to complying with all human rights, practices across all group companies, JVs and other stakeholders associated with the Company.

The Company does not employ any forced labour and child labour and is committed to promoting the general equality among the employees.

#### 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company has not received any stakeholder complaint pertaining to human rights during the financial year 2019- 20.

### Principle 6:

**Businesses should respect, protect and make efforts to restore the environment.**

#### 1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers / Contractors /NGOs /others.

Yes, the policy of the Company on environment covers not only the Company, but also extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others. The Company is committed to achieving an excellence in environmental performance, preservation and promotion of clean environment and also actively encourages business partners like suppliers, contractors, etc. to preserve and promote environment.

#### 2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes, the Company has taken the initiatives on Green telecom such as :- (i) Usage of renewable energy with solar panels, (ii) Usage of newly developed batteries to reduce fuel consumption at telecom sites and thereby reducing CO2 emission etc. Hyperlink is not available.

We have also taken following new initiatives to address environmental issues in IDCs

- Our IDC building (IDC-5) in Navi Mumbai is pre-certified for LEED GOLD rating from Indian Green Building Council (IGBC).
- As part of efficient energy management in Data centers, we have obtained ISO 50001 certification for IDC4 Mumbai to improve energy performance.

#### 3. Does the company identify and assess potential environmental risks? Y/ N

Yes. Reduction of Carbon Emission is being implemented by the Company by deploying High Efficient Batteries and Energy Conservation measures such as Sourcing Power through Green resource e.g. Solar and RESCO Model.

We have also identified and assess potential environmental risks as follows:

**Business Responsibility Report**

- A. Electro-Magnetic Radiation: We comply with EMF norms released by DoT.
- B. Tower Structure safety: Towers are deployed on the basis of Wind Zone compliance.
- C. Lighting arrester and earthing are also used for tower safety.
- D. Towers are complied with fire safety norms and practices.
- E. Surplus electronics equipments not in use are sold and we follow the e-waste process to dispose of these equipments.
- F. IDC as such do not pollute environment, but we comply with all environmental norms while building IDCs and their equipment selection:
- G. We comply with local SEB norms through CEIG approval process for all IDCs across India.
- H. We follow fire safety norms and use automatic gas suppression system (FM200) in all our server halls of IDC to immediately extinguish the fire. FM200 gas is zero ozone-depleting potential and low global warming potential and short atmospheric life.
- I. Similarly we use HFC based refrigerant in Chiller system zero ozone-depleting potential and low global warming potential.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?**

- A. RCOM as wireless operator has shutdown all the BTS and is operating under spectrum sharing arrangement with RJIO and hence not using any telecom towers for BTS radiation.
- B. RCOM operates its Wireline Business with terrestrial fiber and low power UBR radios.
- C. IDCs operated by RCOM subsidiary RIDC do not generate any emission and hence do not pose any risk to environment.

As such RCOM is compliant with the CO2 emission norms.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/ N. If yes, please give hyperlink for web page etc.**

Yes. We have taken following initiatives for Green IDC and to achieve high Energy efficiency in operations.

- A. Our IDC building (IDC-5) in Navi Mumbai is pre-certified for LEED GOLD rating from Indian Green Building Council (IGBC).
- B. We are continuously putting efforts to improve PUE (Power Usage effectiveness) on year on year. We have taken several effective steps to improve PUE by optimizing our air-conditioning and lighting systems, e.g. Hot/ Cold Aisle arrangement, restricting airflow, blanking plates and cold aisle Containment etc.

C. We are also submitting Six Monthly MOEF Compliance Report to Ministry of Environment and Forest after quality testing of Air, Water and Soil.

**6. Are the Emissions/ Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

CPCB/ SPCB are not applicable for Telecommunication Network. We comply with the regulatory requirement as released by DOT from time to time. We are continuously reducing the carbon foot printing of IDC by reducing the CO2 emissions year by year.

We are effectively doing e-waste management through CPCB / SCPB approved vendors.

**7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

**Principle 7**

**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes, we, along with subsidiary company, are the members of some prestigious trade association. The major associations are as follows:

- a. Tower and Infrastructure Providers Association (TAIPA)
- b. Associated Chambers of Commerce & Industry of India ( ASSOCHAM)

**2. Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas**

No

**Principle 8:**

**Businesses should support inclusive growth and equitable development**

**1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Company is under Corporate Restructuring and Insolvency Process and in current year, due to loss, liquidity constraints and cash flow difficulties, the company has not spent any amount on CSR Activity and any programmes/ initiatives/ projects in pursuit of the policy related to Principle 8.

**2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**

Not Applicable.

**3. Have you done any impact assessment of your initiative?**

Not Applicable.

## Business Responsibility Report

- 4. What is your company's direct contribution to community development projects? Amount in INR and the details of the projects undertaken.**

Not Applicable

- 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Not Applicable

### **Principle 9**

**Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

In present scenario, the Company has closed down its business operation based on "business to consumer" business model and the Company is operating its business in "Business to Business"

business model. So keep in view the present business model the information required under principle 9 is not relevant to the Company.

Inspite of the above, we assure that the Company is following best practices in providing services to our customer in "B2B" business model in satisfactory manner.

No case is filled against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year



## Certificate on Corporate Governance by Practising Company Secretary

To

### The Members of Reliance Communications Limited

We have examined the compliance of the conditions of Corporate Governance by Reliance Communications Limited ('the Company') for the year ended on March 31, 2020, as stipulated under regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('The Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended on March 31, 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

The certificate is solely issued for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

*(As the Company is under CIR Process under IBC Code, 2016, Regulation 17, 18, 19, 20 and 21 of the Listing Regulations are not applicable to the Company and all the other regulations are complied with under the direction of Resolution Professional of the Company.)*

### For M/s. Ashita Kaul & Associates

Practising Company Secretaries

### Proprietor

FCS 6988/ CP 6529

Place: Thane

Date : June 24, 2020

UDIN : F006988B000595048

# Reliance Communications Limited

## Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

### The Members

#### Reliance Communications Limited

H Block, 1<sup>st</sup> Floor,  
Dhirubhai Ambani Knowledge City,  
Navi Mumbai 400710

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Reliance Communications Limited having CIN : L45309MH2004PLC147531 and having registered office at H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other Statutory Authority.

#### List of Directors of Reliance Communications Limited:

Sr. No.	Name of Director	DIN	Date of appointment in Company	Date of Cessation
1	Mr Punit Garg	00004407	02/10/2017	-
2	Mr Anil D Ambani*	00004878	07/02/2006	-
3	Mr Suresh Rangachar*	00020887	11/11/2017	-
4	Ms. Ryna Karani*	00116930	11/11/2017	-
5	Ms. Manajri Kacker*	06945359	16/09/2014	-
6	Ms. Chhaya Virani*	06953556	11/11/2017	-
7	Mr. Vishwanath Devaraja Rao	08607657	19/11/2019	-

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

(\*Shri Anil D Ambani, Smt. Manjari Kacker and Smt. Chhaya Virani, Directors tendered their resignation as Directors of the Company vide resignation letters dated 15<sup>th</sup> November, 2019 and Shri Suresh Rangachar and Smt. Ryna Karani resigned from their position as directors on 13<sup>th</sup> November, 2019 and 14<sup>th</sup> November, 2019 respectively, and certain directors being Shri Anil D Ambani, Shri Suresh Rangachar and Smt. Manjari Kacker have also filed their respective DIR-11 forms with the Registrar of Companies. The Committee of Creditors of the Company ("CoC"), in its meeting held on 20<sup>th</sup> November, 2019 refused to accept the resignations tendered by such directors. Further, the CoC instructed that the said directors be advised to continue with their duties and responsibilities as directors of the Company and provide all cooperation to the Resolution Professional during the Corporate Insolvency Resolution Process. Accordingly, the name of such directors continues to reflect in the composition of the board of directors and the respective committees of the Company.

Further, the Resolution Professional has filed an application with the Hon'ble National Company Law Tribunal, Mumbai bench ("NCLT"), praying to the NCLT to direct Shri Anil D. Ambani and Shri Suresh Rangachar to continue as directors on the board of the Company and accordingly, declare the resignations tendered by them as null and void. The said application is pending for hearing at the NCLT.

Due to abovementioned events, the Company has not received annual disclosures as required under section 164(2) of the Companies Act, 2013 from Shri Anil D Ambani, Smt. Manjari Kacker, Smt. Ryna Karani, Smt. Chhaya Virani and Shri Suresh Rangachar, Directors of the Company)

**For Ashita Kaul & Associates  
Company Secretaries**

Date : June 24, 2020  
Place : Thane  
UDIN : FO06988B000590771

**Ashita Kaul  
Proprietor  
Membership No: 6988/ CP: 6529**

## Independent Auditor's Report

### To the Members of Reliance Communications Limited

#### Report on the Audit of the Standalone Financial Statements

#### Corporate Insolvency Proceedings as per Insolvency and Bankruptcy Code, 2016 (IBC)

The Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") admitted an insolvency and bankruptcy petition filed by an operational creditor against Reliance Communications Limited ("the Company") and appointed Resolution Professional (RP) who has been vested with management of affairs and powers of the Board of Directors with direction to initiate appropriate action contemplated with extant provisions of the Insolvency and Bankruptcy Code, 2016 and other related rules.

#### Qualified Opinion

We have audited the accompanying Financial Statements of **Reliance Communications Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statements of Profit and Loss, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of matters described in the Basis for Qualified Opinion section of our report, the aforesaid Financial Statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies ( Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its loss (including total comprehensive loss) and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

We draw attention to following notes to the accompanying financial statements for the year ended March 31, 2020:-

- A. Note no. 2.15 & Note no 2.31, "Assets Held for Sale (AHS)" 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, for the reasons referred to in the aforesaid note and impact of the non-payment of spectrum instalments due to Department of Telecommunication (DOT). Non determination of fair value as on the reporting date is not in compliance with Ind AS 105 "Non-Current Assets Held for Sale and Discontinued Operations". Accordingly, we are unable to comment on the consequential impact, if any, on the carrying amount of Assets Held for Sale and on the reported losses for the year ended March 31, 2020.
- B. Note no. 2.48, regarding admission of the Company and its three subsidiaries into Corporate Insolvency Resolution Process ("CIRP"), and pending determination of obligations and liabilities including various claims submitted by the Operational/financial/other creditors and employees including interest payable on loans during CIRP. We are unable to comment the accounting impact and disclosure there of pending reconciliation and determination of final obligation.

The Company accordingly has not provided interest on borrowings amounting to ₹ 4,212 Crore for year ended March 31, 2020 and ₹ 6,962 Crore up to the previous financial year calculated based on basic rate of interest as per terms of loan. The Company further has not provided for foreign exchange variance (gain)/ loss amounting to ₹ 1313 Crore for the ended March 31, 2020 and ₹ 803 Crore of loss up to the previous financial year. Had such interest and foreign exchange variation (gain)/ loss as mentioned above been provided, the reported loss for the year ended March 31, 2020 would have been higher by ₹ 5,524 Crore. Non provision of interest and non-recognition of foreign exchange variation (gain)/ loss is not in compliance with Ind AS 23 "Borrowing Costs" and Ind AS 21 "The Effects of Changes in Foreign Exchange Rates" respectively.

- C. Note no. 2.31, regarding pending comprehensive review of carrying amount of all other assets including investment in subsidiaries and liabilities on account of reason stated in the said note and accordingly non provision for impairment of carrying value of assets and write back of liabilities if any. Further Goods & Service Tax (GST) and Tax Deducted at source are pending for reconciliation. In the absence of Comprehensive review as mentioned above for the carrying value of all other assets and liabilities and pending reconciliation of Goods & Service Tax (GST) and Tax Deducted at Source (TDS), we are unable to comment that whether any adjustment is required in the carrying amount of such assets and liabilities and consequential impact, if any, on the reported losses for the year ended March 31, 2020. Non determination of fair value of financial assets & liabilities and carrying amount for other assets and liabilities are not in compliance with Ind AS 109- Financial Instruments and Ind AS 37- Provisions, Contingent Liabilities & Contingent Assets.
- D. Note no. 2.52, regarding non adoption of Ind AS 116 "Leases" effective from April 01, 2019 and the consequent impact thereof. The aforesaid accounting treatment is not in accordance with the relevant Indian Accounting Standard Ind-AS 116.
- E. Note no 2.31, regarding continuous losses incurred by the Company, current liabilities exceeding its current assets, default in repayment of borrowings and default in payment of regulatory and statutory dues. This situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The accounts, however has been prepared by the management on a going concern basis for the reason stated in the aforesaid note. We however are unable to obtain sufficient and appropriate audit evidence regarding management's use of the going concern basis of accounting in the preparation of the financial statements, in view of on-going Corporate Insolvency Resolution Process, the outcome of which cannot be presently ascertained.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the

## Independent Auditor's Report

Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for qualified opinion.

### Emphasis of Matter Paragraph

- A. We draw attention to Note no. 2.39.2 of the statement, regarding provision of license fee and spectrum usage charges based on management estimates pending special audit from Department of Telecommunications, pursuant to the judgment of Hon'ble Supreme Court of India, vide its order dated October 24, 2019 and status of payment thereof.
- B. We draw attention to Note no. 2.53 of the statement, as regards to the management's evaluation of COVID - 19 impact on the future performance of the Company. The actual outcome of the assumptions and estimates may vary in future due to impact of pandemic.

Our opinion is not modified in respect of above matters.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### 1. Revenue Recognition

The accuracy and completeness of revenue amounts recorded is an inherent industry risk. The revenue is categorised broadly into service and wholesale revenue. Service revenue mainly consists of income from fixed line, broadband, rentals and installations. Wholesale revenue comprises revenue from interconnection, external administration, capacity sales and from resellers.

We considered revenue recognition as a key audit matter as the amount involved is material to the financial statements and due to the complexity of the systems and processes used to record revenue. The accounting policy and relevant disclosures relating to revenue are set out in notes 1.12 and 2.25 respectively, to the financial statements.

Our audit procedures included, amongst others, the following:

- Testing the end-to-end reconciliation from business support systems to billing and to the general ledger;
- Performing tests on the accuracy of customer bill generation process on a sample basis and testing of a sample of the credits and discounts applied to such customer bills;
- Performed substantive analytical procedures over the significant revenue streams.
- Involving verification of controls surrounding revenue invoicing;
- Assessed transactions taking place before and after year-end to ensure that revenue was recognised in the appropriate period;
- Performing specific procedures to test the accuracy and completeness of adjustments, and performing procedures to ensure that the revenue recognition criteria adopted by the Company is in line with the company's accounting policies.

#### 2. Valuation and disclosure of accrual estimates for legal claims, litigations, regulatory matters and contingencies and deposits against the same legal matters including provision of license fee and spectrum usage charges, pursuant to the judgment of Hon'ble Supreme Court of India, vide its order dated October 24, 2019

The Company is involved as a party in legal proceedings, including regulatory and other governmental proceedings. The Company has also deposited substantial amounts with regulatory authorities against the demands in dispute, which has been classified as deposit.

This area is significant to our audit, since the accounting and disclosure for (contingent) legal liabilities is complex and judgmental (due to the difficulty in predicting the outcome of the matter and estimating the potential impact if the outcome is unfavourable), and the amounts involved are, or can be, material to the financial statements as a whole. Further reference is made to Note no. 2.36 Contingent liabilities and note no. 2.39.2 on provision of Licence fees and Spectrum Usage Charges.

Our audit procedures included, amongst others, testing the effectiveness of the Company's internal controls around the identification and evaluation of claims/provisions, proceedings and investigations at different levels in the group, and the recording and continuous re-assessment of the related (contingent) liabilities and provisions and disclosures. We inquired with both internal legal staff including Resolution Professional (RP) as well as with the Company's financial staff in respect of ongoing investigations or claims, proceedings and investigations, inspected relevant correspondence, inspected the minutes of the meetings of the Audit Committee and requested a confirmation from the group's in-house responsible officials and RP. Also the Company has obtained legal opinions in past against these disputes. For claims settled during the year, we vouched the payments, as appropriate, and read the related orders to verify whether the settlements were

## Independent Auditor's Report

properly accounted for.

We also assessed the adequacy of the Company's disclosure around legal claims, litigations, regulatory matters and contingencies as included in Note no. 2.36, Contingent liabilities.

We consider management's conclusion on the predicted outcome and estimation of potential impact reasonable and we assessed that the disclosures in Note no. 2.36, Contingent liabilities are reasonable.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the report containing other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard

### Responsibility of Management and Those Charged with Governance for the Financial Statements

The financial Statements, which is the responsibility of the Company's Management is relied upon by the Resolution Professional based on the assistance provided by the Directors and taken on record by the Resolution Professional as fully described in Note no.2.54 of financial Statements .The Company's Management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the Financial position, Financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal Financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Directors/Resolution Professional(RP) is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management (RP) either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management/RP is also responsible for overseeing the Company's Financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal Financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future

## Independent Auditor's Report

events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a Statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

- A. The entire audit finalisation process was carried from remote locations i.e. other than the office of the Company where books of account and other records are kept, based on the data/details or financial information provided to us through digital medium, owing to complete lockdown imposed by the Central Government to restrict the spread of COVID 19.. Being constrained, we resorted to and relied upon the results of the alternative audit procedures to obtain sufficient and appropriate audit evidence for significant matters in course of our audit. Our report is not modified in respect of this matter.
- B. Pursuant to applications 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 applications and ordered the commencement of corporate insolvency resolution process ("CIRP") of Reliance Communications Limited ("the Company") and two of its subsidiaries namely Reliance Infratel Limited (RITL) and Reliance Telecom Limited (RTL) (collectively, the "Corporate Debtors") vide its orders dated May 15, 2018. The committee of creditors ("CoC") of the Corporate Debtors, at the meetings of the CoC held on May 30, 2019, in terms of Section 22 (2) of the Code, resolved with the requisite voting share, to replace the Interim Resolution Professionals with the Resolution Professional ("RP") for the Corporate Debtors, which has been confirmed by the NCLT in its orders dated June 21, 2019 (published on the website of the NCLT on June 28, 2019).

The financial statements of the Company shall be signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it shall be signed by any Director of the Company who is duly authorized by the Board of Directors to sign the financial statements. As mentioned in Note No 2.54 of the financial statement, in view of the on going Corporate Insolvency Resolution Process, the powers of the board of directors stand suspended and are exercised by the Resolution Professional .

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies

Act, 2013, we give in the " Annexure A" a Statements on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- Except for the matters described in the Basis of Qualified opinion paragraph above, We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- Except for the possible effects of the matters described in the Basis of Qualified opinion paragraph above , in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- The Balance Sheet, the Statements of Profit and Loss, and the Statements of Cash Flows and Statements of Changes in Equity dealt with by this Report are in agreement with the books of account.
- In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards ( Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, except requirement of Ind AS 105 on Non-Current Assets Held for Sale and Discontinued Operations , Ind AS 23 on Borrowing Cost and Ind AS 21 on Effects of Changes in foreign exchanges ,Ind AS 116 on Leases , Ind AS 109 Financial Instruments ,Ind 37 on Provisions, Contingent Liabilities and Contingent Assets, with regard to matters described in the Basis of Qualified Opinion paragraph above
- The matter described under the basis for qualified opinion paragraph above and Qualified Opinion paragraph of 'Annexure B' to this report in our opinion, may have an adverse effect on functioning of the Company and on the amounts disclosed in financial statements of the Company;
- On the basis of the written representations received from two directors of the Company as on March 31, 2020 taken on record by the Board of Directors and based on legal opinion obtained by the Company during previous year with regard to non payment of debenture holder's due (Refer Note No.2.51), these two directors are not disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act. Further as mentioned in Note no. 2.51 of the financial statements, other directors of the Company have resigned

## Independent Auditor's Report

from the position of director, however their resignation has not been accepted for the reason stated in the said note and Company has not received declarations from these directors in this regard, accordingly we are unable to comment whether these directors are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- (g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above
- (h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanation given to us, in respect of one managerial person of the Company, Managerial remuneration has been paid/provided in accordance with the requisite approval by shareholders as mandated by the provisions of section 197 read with schedule V of the Act.

Further in respect of one managerial person of the Company, managerial remuneration paid/provided is in excess of limits prescribed under section 197 read with schedule V of the Act. The company has paid/provided total managerial remuneration amounting to ₹ 49 lakhs to this managerial person, which exceeds by ₹ 22 lakhs from the limits prescribed under this Section, the company has disclosed the said excess payment as recoverable from the said managerial person and is in the process of obtaining requisite approval from shareholders in ensuing Annual General Meeting.

The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

- (a) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its Financial position in its financial Statements – Refer 2.36 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Pathak H.D. & Associates LLP**  
Chartered Accountants  
Firm's Registration No: 107783W/W100593

**Parimal Kumar Jha**  
Partner  
Membership No: 124262

July 31, 2020  
Mumbai  
UDIN: 20124262AAAADC4008

# Reliance Communications Limited

## 'Annexure A' to the Independent Auditor's Report - March 31, 2020

With reference to the Annexure A referred to in the Independent Auditors' Report to the Members of Reliance Communications Limited ('the Company') on the financial statements for the year ended March 31, 2020, we report the following:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We are informed that the Company physically verifies its assets over a three year period. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this policy and on account of Covid 19 pandemic, the Company has physically verified some of the fixed assets on sample basis during the year which is not under electronic surveillance and no material discrepancies were identified on such physical verification except certain Fixed Assets amounting to ₹ 1.9 Crore taken from the Company's premises, for which necessary action has been initiated.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 2.01 & 2.15 to the financial statements, are held in the name of the Company, except for the following where the Company is in the process of transferring the title deeds in its name as these were acquired through various schemes of arrangement entered in the earlier years:

Particulars	Freehold	Leasehold	Building
	Land	Land	
No of cases	359	14	376
Gross block as at March 31, 2020 (₹ in crores)	133	12	245
Net block as at March 31, 2020 (₹ in crores)	133	10	162

- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book

According to the information and explanations given to us, undisputed amounts payable in respect of provident Fund, income tax, goods and services tax, sales tax, value added tax, employees' state insurance and other material statutory dues which were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable are as under:

Name of Statute*	Nature of Dues	Amount (₹ In Crore)	Period to which the amount relates	Due Date	Date of Payment
Maharashtra Value Added Tax Act, 2002	Value Added Tax Payable	0.36	FY 2017-18	Various Dates	Unpaid
Delhi Value Added Tax Act, 2004	Value Added Tax Payable	0.04	FY 2017-18	Various Dates	Unpaid
Karnataka Value Added Tax Act, 2003	Value Added Tax Payable	0.05	FY 2017-18	Various Dates	Unpaid
Orissa Value Added Tax Act, 2004	Value Added Tax Payable	0.00	FY 2017-18	Various Dates	Unpaid
Gujarat Value Added Tax Act, 2003	Value Added Tax Payable	0.41	FY 2017-18	Various Dates	Unpaid
Maharashtra Value Added Tax Act, 2002	Works Contract Tax Payable	0.01	FY 2017-18	Various Dates	Unpaid
Rajasthan Value Added Tax Act, 2003	Works Contract Tax Payable	0.03	FY 2017-18	Various Dates	Unpaid

records were not material and have been dealt with in books of account.

- iii. According to the information & explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph (iii) of the Order is not applicable to the Company.
- iv. In our opinion according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the applicable provisions of Section 186 of the Act to the extent applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with relevant provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph (v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of Section 148 of the Act, in respect of telecommunication activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we observed that there are delays in amounts deposited with appropriate authorities for amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, goods and services tax, service tax, , duty of customs, sales tax, value added tax (VAT), entry tax, employees' state insurance, cess and other material statutory dues. As explained to us, the Company did not have any dues on account of duty of excise.



'Annexure A' to the Independent Auditor's Report - March 31, 2020

Name of Statute*	Nature of Dues	Amount (₹ In Crore)	Period to which the amount relates	Due Date	Date of Payment
Gujarat CST Act,1956	Central Sales Tax Payable	0.03	FY 2017-18	Various Dates	Unpaid
Karnataka CST Act,1956	Central Sales Tax Payable	0.07	FY 2017-18	Various Dates	Unpaid
Andhra Pradesh CST Act,1956	Central Sales Tax Payable	0.36	FY 2017-18	Various Dates	Unpaid
Punjab CST Act,1956	Central Sales Tax Payable	0.42	FY 2017-18	Various Dates	Unpaid
Rajasthan CST Act,1956	Central Sales Tax Payable	0.00	FY 2017-18	Various Dates	Unpaid
Madhya Pradesh CST Act,1956	Central Sales Tax Payable	0.00	FY 2017-18	Various Dates	Unpaid
Jharkhand CST Act,1956	Central Sales Tax Payable	0.00	FY 2017-18	Various Dates	Unpaid
Chhattisgarh CST Act,1956	Central Sales Tax Payable	0.01	FY 2017-18	Various Dates	Unpaid
Himachal Pradesh CST Act,1956	Central Sales Tax Payable	0.00	FY 2017-18	Various Dates	Unpaid
Uttarakhand Value Added Tax Act,2005	Works Contract Tax Payable	0.00	FY 2017-18	Various Dates	Unpaid
Andhra Pradesh Value Added Tax Act,2005	Works Contract Tax Payable	0.01	FY 2017-18	Various Dates	Unpaid
Haryana Value Added Tax Act,2003	Works Contract Tax Payable	0.00	FY 2017-18	Various Dates	Unpaid
Himachal Pradesh Value Added Tax Act,2005	Works Contract Tax Payable	0.00	FY 2017-18	Various Dates	Unpaid
Punjab Value Added Tax Act,2005	Works Contract Tax Payable	0.00	FY 2017-18	Various Dates	Unpaid
Kerala Value Added Tax Act,2003	Works Contract Tax Payable	0.00	FY 2017-18	Various Dates	Unpaid
Maharashtra Value Added Tax Act,2002	Works Contract Tax Payable	0.25	FY 2017-18	Various Dates	Unpaid
Chhattisgarh Value Added Tax Act,2003	Works Contract Tax Payable	0.00	FY 2017-18	Various Dates	Unpaid
Orissa Value Added Tax Act,2004	Works Contract Tax Payable	0.01	FY 2017-18	Various Dates	Unpaid
Madhya Pradesh Value Added Tax Act,2003	Works Contract Tax Payable	0.01	FY 2017-18	Various Dates	Unpaid
Income Tax Act, 1961	Tax Deducted at source	20.99	FY 2017-18 & FY 2018-19	Various Dates	Unpaid

\*In respect of Goods & Service Tax (GST) payable, the Company is in the process of reconciliation (Refer note No. 2.31 of the financial statements and our qualification in main report and report on Internal Financial Control with reference to Financial Statements in this regard). The Company has filed GST return up to the month February 2020 and hence as at March 31, 2020, no amount is unpaid for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of cess which have not been deposited on account of any dispute. The dues of income tax, duty of customs, service tax, sales tax, value added tax and entry tax as disclosed below have not been deposited by the Company on account of disputes:

Name of Statue	Nature of Dues	Amount* (₹ In Crore)	Period	Forum
Central Sales Tax, Bihar	Central Sales Tax	0.04	2005-06	Appellate Tribunal
		0.43	2011-12	Asst. Commissioner of Commercial Taxes
Central Sales Tax, Chattisgarh	Central Sales Tax	0.00	2011-12	Dy. Commissioner (Appeals)
Central Sales Tax, Madhya Pradesh	Central Sales Tax	0.03	2011-12 to 2013-14	Dy. Commissioner (Appeals)
Central Sales Tax, Maharashtra	Central Sales Tax	0.27	2011-12	Dy. Commissioner of Sales Tax
		0.35	2013-14	Dy. Commissioner of Sales Tax
Central Sales Tax, Orissa	Central Sales Tax	0.00	2009-10	Addl. Commissioner (Appeals)
		0.02	Oct '06 to March '09	Sales Tax Appellate Tribunal

# Reliance Communications Limited

## 'Annexure A' to the Independent Auditor's Report - March 31, 2020

Name of Statue	Nature of Dues	Amount* (₹ In Crore)	Period	Forum
Central Sales Tax, Uttar Pradesh	Central Sales Tax	0.07	2006-07	High Court
		0.08	2010-11	Additional Commissioner (Appeals)
		0.50	2013-14	Dy. Commissioner of Commercial Taxes
		1.25	2014-15	Dy. Commissioner of Commercial Taxes
Central Sales Tax, Uttarakhand	Central Sales Tax	0.12	2009-10 to 2010-11	Dy. Commissioner of Commercial Taxes
		0.14	2012-13	Jt. Commissioner of Commercial Taxes (Appeals)
Central Sales Tax, West Bengal	Central Sales Tax	0.34	2007-08	Tax Revision Board Jt. Commissioner
		0.36	2014-15	Commercial Taxes
Central Sales Tax, Punjab	Central Sales Tax	0.05	2010-11	Dy. Excise and Taxation Commissioner (Appeals)
Entry Tax, Bihar	Entry Tax	0.38	2007-08 to 2008-09	Commercial Tax Tribunal
		0.25	2011-12	Asst. Commissioner of Commercial Taxes
Entry Tax, Chattisgarh	Entry Tax	0.63	2006-07 to 2007-08	Dy. Commissioner (Appeals)
		0.25	2010-11 to 2011-12	Dy. Commissioner (Appeals)
Entry Tax, Himachal Pradesh	Entry Tax	1.01	2010-11 to 2013-14	High Court
Entry Tax, Madhya Pradesh	Entry Tax	0.48	2002-03 to 2003-04	Asst. Commissioner of Commercial Taxes
		1.58	2005-06 to 2008-09 & 2010-11	MP Taxation Board
		0.21	2011-12	Dy. Commissioner (Appeals)
		0.08	2009-10	Addl. Commissioner (Appeals)
Entry Tax, Orissa	Entry Tax	0.05	Oct 06- March 09	Sales Tax Appellate Tribunal
		0.13	2003-04	Commercial Tax Tribunal
Entry Tax, Uttar Pradesh	Entry Tax	0.02	2013-14	Dy. Commissioner of Commercial Taxes
		0.02	2014-15	Dy. Commissioner of Commercial Taxes
		0.17	2014-15	Jt. Commissioner Commercial Taxes
Entry Tax, West Bengal	Entry Tax	0.18	2015-16	Commercial Tax officer
		1.70	2013-14 to 2014-15	Appellate Authority
Entry Tax, Rajasthan	Entry Tax	14.73	2005-06, 2007-08 to 2012-13	Supreme Court
		9.69	2008-09 to 2011-12	High Court
Entry Tax, Jammu & Kashmir	Entry Tax	0.01	Oct 2012 to Dec 2012	High Court

'Annexure A' to the Independent Auditor's Report - March 31, 2020

Name of Statute	Nature of Dues	Amount* (₹ In Crore)	Period	Forum
VAT, Bihar	VAT	0.24	2005-06	Commercial Tax Tribunal
		8.33	2011-12	High Court
VAT, Haryana	VAT	1.15	2011-12	Commercial Tax Tribunal
VAT, Kerala	VAT	0.01	2006-07	Deputy Commisioner (Appeals)
		2.79	2010-11	High Court
		0.02	2011-12	Deputy Commissioner (Appeals)
		0.32	2012-13	High Court
		2.80	2013-14	High Court
		2.15	2014-15	High Court
		0.05	2010-11	Deputy Commissioner (Appeals)
VAT, Punjab	VAT	0.78	2009-10 to 2010-11	Dy. Commissioner of Commercial Taxes
VAT, Uttarakhand	VAT	0.03	2007-08	Jt. Commissioner (Appeals)
		0.41	2012-13	Jt. Commissioner of Commercial Taxes (Appeals)
		4.17	2005-06, 2007-08 to 2008-09	Tax Revision Board
VAT, West Bengal	VAT	0.03	2012-13	Jt. Commissioner of Commercial Taxes (Appeals)
		0.02	2014-15	Jt. Commissioner Commercial Taxes
		0.13	2015-16	Jt. Commissioner
		0.24	2003-04	UP Trade Tax Tribunal
VAT/Sales Tax, Uttar Pradesh	VAT/Sales Tax	0.93	2004-05	High Court
		0.52	2005-06, Jan 08 to March 08	Dy. Commissioner of Commercial Taxes
		0.20	2010-11	Addl. Commissioner (Appeals)
		2.38	2013-14	Dy. Commissioner of Commercial Taxes
		1.83	2014-15	Dy. Commissioner of Commercial Taxes
VAT, Chattisgarh	VAT	0.02	2011-12	Dy. Commissioner (Appeals)
Finance Act, 1994	CENVAT Credit	2.42	01.4.2004 to 31.3.2015	Commissioner, CGST & Central Excise
		3.21	01.4.2010 to 31.03.2014	Commissioner, CGST & Central Excise
		1.32	2014-15	CESTAT
Income Tax Act, 1961	Income Tax	215.50	2009-10	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	82.60	2010-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	0.82	2011-12	Joint Commissioner of Income Tax

\*Net of amounts paid under protest.

# Reliance Communications Limited

## 'Annexure A' to the Independent Auditor's Report - March 31, 2020

viii. The company has defaulted in repayment of following dues to the financial institution, banks and debenture holders during the year, which were not paid as at Balance Sheet date.

Sr. no	Name of Lender	Borrowings		Interest	
		Amount (₹ In Cr.)	Period (Maximum days)	Amount (₹ In Cr.)	Period (Maximum days)
<b>I Loan from Banks</b>					
1	Burlington Loan Management DAC	163	842		
2	Shubh Holdings Pte Ltd.	5022	1 129		
3	Bank of Baroda	1 837	1 120	11	1 097
4	Bank of India	644	1 097	9	1 097
5	Bank of Maharashtra	473	1 049		
6	Canara Bank	622	1 006		
7	Central Bank of India	258	1 097	3	1 097
8	Corporation Bank	583	1 119	8	1 097
9	Dena Bank	250	784		
10	Deutsche Bank	130	842	1	1 015
11	China Development Bank	2248	1 129	128	1 129
12	Industrial and Commercial Bank of China	1194	1129	33	1129
13	Export Import Bank of China	2 433	1 129	47	1 129
14	IDBI Bank	721	1 101	9	1 097
15	Indian Overseas Bank	120	1 097	1	1 097
16	RCOM Bond	1 955			
17	Oriental Bank of Commerce	189	1 097	2	1 097
18	Punjab National Bank	623	1 098		
19	Standard Chartered Bank	1 072	1 086		
20	State Bank of India	2 227	1 097	21	1 097
21	Syndicate Bank	705	1 120	5	1 097
22	UCO Bank	681	1 097	9	1 097
23	Union Bank of India	742	1 097	3	1 097
24	United Bank of India	424	1 097	2	1 097
25	Vijaya Bank	16	686		
<b>II Debenture</b>					
26	Life Insurance Corporation of India	3 750	784		
<b>III Other Loans</b>					
27	Industrial Finance Corporation of India Limited	200	1 113	4	1 113
28	India Infrastructure Finance Corporation Limited	248	914	4	1 128
29	Asset Care and Reconstruction Enterprises Limited	492	1 108		
30	Reliance Capital Limited	1 000	366	3	1 097
31	Neptune Steel Strips Limited	68	92		
32	Deep Industrial Finance Limited	260	121		
33	Pearl Housing Finance Limited	260	121		
34	Shriyam Auto Fin Ltd	260	121		
35	Traitrya Construction Finance Limited	260	121		
36	Vishvakarma equipment finance Limited	142	121		
<b>Total</b>		<b>32 272</b>		<b>303</b>	

(Refer Note no 2.20.2 of Financials statements)

Apart from outstanding of Interest mentioned above, the Company has not provided Interest Expense of ₹ 4,212 crore for the year and ₹ 11,174 crore up to March 31, 2020, in respect of loans taken from financial institutions, banks, debenture holders and other lenders and therefore, it has not been disclosed above.

**'Annexure A' to the Independent Auditor's Report - March 31, 2020**

- c) Installments amounting to ₹ 808 crore payable to Department of Telecommunications as on March 31, 2020 for spectrum acquired on deferred payment basis, has not been paid. (Refer Note 2.02)
- ix. During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). The Company during the year has not taken term loans from banks and financial institutions hence question of utilization of term loans does not arise.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. In our opinion and to the best of our information and according to the explanation given to us-
- In respect of one managerial person, Managerial remuneration has been paid/provided in accordance with the requisite approval by shareholders as mandated by the provisions of section 197 read with schedule V of the Act.
- Further in respect of one managerial person of the Company, managerial remuneration paid/provided is in excess of limits prescribed under section 197 read with schedule V of the Act. The company has paid/provided total managerial remuneration amounting to ₹ 49 lakhs to this managerial person, which exceeds by ₹ 22 lakhs from the limits prescribed under this Section, the Company has disclosed the said excess payment as recoverable from the said managerial person and is in the process of obtaining requisite approval from shareholders in ensuing Annual General Meeting.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph (xv) of the Order is not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause (xvi) of the Order are not applicable to the Company.

For **Pathak H.D. & Associates LLP**  
Chartered Accountants  
Firm's Registration No: 107783W/W100593

**Parimal Kumar Jha**  
Partner  
Membership No: 124262

July 31, 2020  
Mumbai  
UDIN: 20124262AAAADC4008

## 'Annexure B' to the Independent Auditor's Report - March 31, 2020

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls with reference to financial statements of Reliance Communications Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the Company's internal financial controls system with reference to financial statements.

#### Meaning of Internal Financial controls with reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance

regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial statements to future periods are subject to the risk that the internal financial control with reference to financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Basis of Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses has been identified in the operating effectiveness of the Company's internal financial controls over financial statements as at March 31, 2020:

- i. Balances of Trade Receivables, Trade Payables, other liabilities and loan & advances are subject to confirmations. (Read with Note no. 2.31).
- ii. Statutory dues including Goods and Service Tax/Service Tax/ Value Added Tax / Tax Deducted at Source accounts are not reconciled and during the year there were delays in filing of certain statutory returns with the respective authorities.
- iii. The Company's internal control process in respect of closure of outstanding entries in Bank Reconciliation Statements.
- iv. The Company's internal financial control with regard to the compliance with the applicable Indian Accounting Standards and evaluation of carrying values of assets and liabilities and other matters, as fully explained in basis for qualified opinion of our main report, resulting in the Company not providing for adjustments, which are required to be made, to the standalone financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial statements, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected on a timely basis.

**'Annexure B' to the Independent Auditor's Report - March 31, 2020**

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects / possible effects of the material weaknesses described above under Basis for Qualified Opinion paragraph on the achievement of the objectives of the control criteria, the Company has, in all material respects an adequate internal financial controls system with reference to financial statements and such internal financial controls over financial statements were operating effectively as at March 31, 2020, based on the internal control over financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial statements issued by the ICAI.

We have considered material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the

Company for the year ended March 31, 2020 and these material weaknesses affect our opinion on the financial statements of the Company for the year ended March 31, 2020 [our audit report dated July 31, 2020, which expressed a qualified opinion on those financial statements of the Company].

For **Pathak H.D. & Associates LLP**  
Chartered Accountants  
Firm's Registration No: 107783W/W100593

**Parimal Kumar Jha**  
Partner  
Membership No: 124262

July 31, 2020  
Mumbai  
UDIN: 20124262AAAADC4008

# Reliance Communications Limited

## Balance Sheet as at March 31, 2020

	Notes	As at		(₹ in crore)	
		March 31, 2020		As at March 31, 2019	
<b>ASSETS</b>					
<b>Non Current Assets</b>					
(a) Property, Plant and Equipment	2.01	1,484		1,645	
(b) Capital Work in Progress	2.01	97		98	
(c) Intangible Assets	2.02	11		24	
(d) Investment in subsidiaries and Associates	2.03	7,450		22,524	
(e) Financial Assets					
(i) Other Financial Assets	2.04	2		2	
(f) Income Tax Assets (net) (Refer Note 2.31)		261		181	
(g) Deferred Tax Assets (net)	2.05	-		-	
(h) Other Non Current Assets	2.06	699	10,004	932	25,406
<b>Current Assets</b>					
(a) Inventories	2.07	32		61	
(b) Financial Assets					
(i) Investments	2.08	4,046		4,218	
(ii) Trade Receivable	2.09	253		1,527	
(iii) Cash and Cash Equivalents	2.10	234		185	
(iv) Bank balances other than (iii) above	2.11	40		40	
(v) Loans	2.12	6,556		6,528	
(vi) Other Financial Assets	2.13	205		311	
(c) Other Current Assets	2.14	4,116		4,075	
(d) Assets held for Sale	2.15	19,731	35,213	19,731	36,676
<b>TOTAL ASSETS</b>			<b>45,217</b>		<b>62,082</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Equity Share Capital	2.16	1,383		1,383	
(b) Other Equity	2.17	(34,329)	(32,946)	11,003	12,386
<b>Liabilities</b>					
<b>Non Current Liabilities</b>					
(a) Other Non Current Liabilities	2.18	156		83	
(b) Provisions	2.19	5	161	22	105
<b>Current Liabilities</b>					
(a) Financial Liabilities					
(i) Borrowings	2.20	28,340		28,335	
(ii) Trade Payables					
Micro and Small Enterprises	2.21	35		30	
Others	2.21	2,979		2,700	
(iii) Other Financial Liabilities	2.22	40,711		12,830	
(b) Other Current Liabilities	2.23	305		446	
(c) Provisions	2.24	1,219		1,217	
(d) Liabilities directly related to Assets held for Sale	2.15	4,413	78,002	4,033	49,591
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>45,217</b>		<b>62,082</b>

### Significant Accounting Policies

#### Notes on Accounts

Notes referred to above form an integral part of the financial statements.

As per our report of even date  
For **Pathak H.D. & Associates LLP**  
Chartered Accountants  
Firm Reg. No.: 107783W/W100593

**Parimal Kumar Jha**  
Partner  
Membership No: 124262

Mumbai  
July 31, 2020

For **Reliance Communications Limited**

Resolution Professional

Executive Director and Chief Financial Officer

Company Secretary

**Anish Niranjana Nanavaty**

**Viswanath D.**

**Rakesh Gupta**



Statement of Profit and Loss for the year ended March 31, 2020

	Notes	For the year ended March 31, 2020	(₹ in crore) For the year ended March 31, 2019
<b>1 INCOME</b>			
(a) Revenue from Operations	2.25	818	1,379
(b) Other Income	2.26	-	86
(c) <b>Total Income</b>		<u>818</u>	<u>1,465</u>
<b>2 EXPENSES</b>			
(a) Access Charges, License Fees and Network Expenses	2.27	714	901
(b) Employee Benefits Expenses	2.28	105	105
(c) Finance Costs		-	-
(d) Depreciation, Amortisation and provision for Impairment	2.01 & 02	183	277
(e) Sales and General Administration Expenses	2.29	1,428	489
(f) <b>Total Expenses [(a) to (e)]</b>		<u>2,430</u>	<u>1,772</u>
<b>3 Profit/ (Loss) before Exceptional items and Tax [1(c) - 2(f)]</b>		(1,612)	(307)
<b>4 Exceptional Items</b>	2.39.1		
Profit on Fair value of Investment		-	8,964
Provision for diminution in the value of Investment		(15,251)	-
<b>Total Exceptional Items</b>		<u>(15,251)</u>	<u>8,964</u>
<b>5 Profit/ (Loss) before Tax (3 + 4)</b>		(16,863)	8,657
<b>6 Tax expenses</b>			
(a) - Current Tax		-	-
(b) - Deferred Tax charge/ (credit)		-	3,558
<b>7 Profit/ (Loss) after Tax (5 - 6)</b>		<u>(16,863)</u>	<u>5,099</u>
<b>8 Profit/ (Loss) before Exceptional Items and Tax from Discontinued Operations</b>	2.47	(654)	(485)
<b>9 Exceptional Items</b>	2.39.2		
Provision of Liability on account of License & Spectrum fee		27,821	-
Provision for impairment of Assets held for Sale / diminution in the value of Investment		-	1,767
<b>10 Profit/ (Loss) before Tax from Discontinued Operations (8-9)</b>		(28,475)	(2,252)
<b>11 Tax expenses / (credit) of Discontinued Operations</b>		-	-
<b>12 Profit/ (Loss) after Tax from Discontinued Operations (10-11)</b>		(28,475)	(2,252)
<b>13 Other Comprehensive Income / (Loss)</b>			
Item that will not be reclassified to profit or loss Remeasurement of Gain / (Loss) of defined benefit plans (net of tax) (Previous Year ₹30,38,561)		5	-
<b>14 Total Comprehensive Income/ (Loss) (7+12+13)</b>		<u>(45,333)</u>	<u>2,847</u>
<b>15 Earnings per Share of face value of ₹ 5 each fully paid up (Basic and Diluted) before Exceptional items</b>	2.38		
Continuing Operations		(5.87)	(6.48)
Discontinued Operations		(2.38)	(1.77)
Continuing Operations and Discontinued Operations <b>(after Exceptional items)</b>		<b>(8.25)</b>	<b>(8.25)</b>
Continuing Operations		(61.45)	18.58
Discontinued Operations		(103.76)	(8.21)
Continuing Operations and Discontinued Operations		(165.21)	10.37
<b>Significant Accounting Policies</b>	1		
<b>Notes on Accounts</b>	2		
Notes referred to above form an integral part of the financial statements.			

As per our report of even date  
For **Pathak H.D. & Associates LLP**  
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Firm Reg. No.: 107783W/W100593

**Parimal Kumar Jha**  
Partner  
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Mumbai  
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For **Reliance Communications Limited**

Resolution Professional

Executive Director and Chief Financial Officer

Company Secretary

**Anish Niranjana Nanavaty**

**Viswanath D.**

**Rakesh Gupta**

# Reliance Communications Limited

## Statement of Changes in Equity for the year ended March 31, 2020

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>(a) Equity share capital</b> (Refer Note 2.16)		
<b>Balance at the beginning of the year</b>	1,383	1,383
Change in equity share capital during the year	-	-
<b>Balance at the end of the year</b>	<u>1,383</u>	<u>1,383</u>

Particulars	Attributable to the equity holders				Other Comprehensive Income	Total
	Capital Reserve	Securities Premium Reserve *	Reserves for Business Restructuring Reserve	Reserves and Surplus		
<b>Balance as at April 01, 2018</b>	1,397	13,894	9,697	-	590	17,031
Surplus/ (Deficit) of Statement of Profit and Loss				(224)	(391)	(224)
Movement in FCMITDA				223		223
<b>Balance as at April 01, 2019</b>	1,397	13,894	9,697	-	590	14,184
Surplus/ (Deficit) of Statement of Profit and Loss				(1)	(391)	(1)
Movement in FCMITDA				1	(45,338)	5
<b>Balance as at March 31, 2020</b>	<b>1,397</b>	<b>13,894</b>	<b>9,697</b>	<b>-</b>	<b>590</b>	<b>(59,522)</b>
					<b>(391)</b>	<b>6</b>
						<b>(34,329)</b>

\* General Reserve includes General Reserve - I and III

\*\* FCMITDA: Foreign Currency Monetary Items Translation Difference Account

As per our report of even date  
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**Parimal Kumar Jha**  
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Mumbai  
July 31, 2020

For **Reliance Communications Limited**

Resolution Professional

Executive Director and Chief Financial Officer

Company Secretary

**Anish Niranjan Nanavaty**

**Viswanath D.**

**Rakesh Gupta**

Cash Flow Statement for the year ended March 31, 2020

	(₹ in crore)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) from continuing operations	<b>(16,858)</b>	8,657
Profit/ (Loss) from discontinued operations	<b>(28,475)</b>	(2,252)
Adjusted for:		
Provision for Doubtful Debts and Advances	<b>1,131</b>	243
Write off / (Write back) of old Liabilities	<b>233</b>	(86)
Depreciation and Amortisation Expenses	<b>183</b>	277
(Profit) / Loss on fair Value of Investments	<b>15,251</b>	(8,964)
Impairment of Assets	-	1,767
Effect of change in Foreign Exchange Rate (net)	<b>111</b>	(1)
(Profit) / Loss on Sale of Property, Plant and Equipments and Capital Work in Progress (net)	-	(473)
Finance Costs (net)	<b>397</b>	831
Interest Income	<b>(2)</b>	(37)
	<b>17,304</b>	(6,443)
<b>Operating Profit before Working Capital changes</b>	<b>(28,029)</b>	(38)
Adjusted for:		
Receivables and other Advances	<b>215</b>	541
Inventories	<b>29</b>	3
Trade Payables and Other Liabilities	<b>27,932</b>	(251)
<b>Cash Generated from Operations</b>	<b>147</b>	255
Income Tax Refund	-	106
Income Tax Paid	<b>(80)</b>	(90)
<b>Net Cash from / (used in) Operating Activities</b>	<b>67</b>	270
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions of Property, Plant and Equipments, Intangible Assets and Capital Work in Progress/ Intangible Assets under Developments (including realised loss capitalised)	<b>(8)</b>	(78)
Proceeds from Sale of Property, Plant and Equipments	-	562
Refund of Loans given to Subsidiaries	-	120
Loans given to Subsidiaries	-	(541)
Investment in Bank deposits (having original maturity for more than 3 months)	-	23
Interest Income	<b>2</b>	9
<b>Net Cash from / (used in) Investing Activities</b>	<b>(6)</b>	95

# Reliance Communications Limited

## Statement of Profit and Loss for the year ended March 31, 2020

	For the year ended March 31, 2020	(₹ in crore) For the year ended March 31, 2019
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Realised Foreign Exchange variation	-	(14)
Net Proceeds from/ (Repayment ) of Borrowings - Current	5	249
Finance Costs	<u>(17)</u>	<u>(562)</u>
<b>Net Cash generated from/ (used in) Financing Activities</b>	<u>(12)</u>	<u>(327)</u>
<b>Net Increase/ (decrease) in Cash and Cash Equivalents</b>	<b>49</b>	<b>38</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>185</b>	<b>147</b>
Effect of Exchange Gain on Cash and Cash Equivalents (₹Nil) (Previous year ₹ 19,646)	-	-
<b>Closing Balance of Cash and Cash Equivalents</b>	<u><u>234</u></u>	<u><u>185</u></u>

	April 1, 2019	Cashflow (Net)	Transferred from subsidiary	Transaction Cost	March 31, 2020
Borrowings (refer note 2.20 & 2.22)	39,928	5	-	-	39,933

	April 1, 2018	Cashflow (Net)	Transferred from subsidiary	Transaction Cost	March 31, 2019
	35,876	249	3,788	15	39,928

### Notes

- (1) Figures in brackets indicate cash outgo.
- (2) Cash and cash equivalent includes cash and cheques on hand, remittances-in-transit and bank balances including Fixed Deposits with Banks.
- (3) Statement of Cash Flow has been prepared under the Indirect Method as set out in the Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows"
- (4) Break up of Cash and Cash Equivalent

	As at March 31, 2020	As at March 31, 2019
(i) Cash and cash equivalent	<b>234</b>	185
(ii) Less: Bank overdraft	-	-
(iii) Cash and cash equivalent (net) as per Ind AS 7	<u><u>234</u></u>	<u><u>185</u></u>

As per our report of even date  
For **Pathak H.D. & Associates LLP**  
Chartered Accountants  
Firm Reg. No.: 107783W/W100593

**Parimal Kumar Jha**  
Partner  
Membership No: 124262

Mumbai  
July 31, 2020

For **Reliance Communications Limited**

Resolution Professional

Executive Director and Chief Financial Officer

Company Secretary

**Anish Niranjana Nanavaty**

**Viswanath D.**

**Rakesh Gupta**

## Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss

### Note 1

#### General Information and Significant Accounting Policies

##### 1.01 General Information

Reliance Communications Limited ("RCOM" or "the Company") is registered under the Companies Act, 1956 having Registered Office at H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710 and its securities are listed on the BSE Limited and the National Stock Exchange of India Limited.

RCOM has established a pan-India, next generation, digital network that is capable of supporting best-of-class services spanning the entire communications value chain. RCOM owns and operate the world's largest next generation IP enabled connectivity infrastructure, comprising of fibre optic cable systems in India and globally. The Company, during the previous year, had discontinued Wireless business.

Corporate Insolvency Resolution Process ("CIR Process") has been initiated in case of the Company and three of its subsidiaries under the Provisions of the Insolvency and Bankruptcy Code, 2016 (the Code). Pursuant to the order, the management of affairs of the Company and powers of board of directors of the Company stands vested with the Resolution Professional ("RP") appointed by the NCLT.

##### 1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention/ fair valuation under a Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under Section 133 the Companies Act, 2013 ("the Act") except matters specified in Note 2.15, 2.31, 2.48 and 2.52, read with relevant rules of the Companies (Indian Accounting Standards) Rules 2015, the Companies (Indian Accounting Standards) Amendment Rules 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI). All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out under Ind AS and in Schedule III to the Act. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities."

##### 1.03 Functional Currency and Presentation Currency

These financial statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company. All amounts are rounded off to the nearest crore, unless stated otherwise.

##### 1.04 Property, Plant and Equipment

- (i) Property, plant and equipment (PPE) are stated at cost net of Modvat/ Cenvat/ GST less accumulated depreciation, amortisation and impairment loss, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (ii) Cost of an item of PPE comprises of its purchase price including import duties and non refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and present value of estimated costs of dismantling and removing the item and restoring the site on which it is located.
- (iii) As per Para 46A of Accounting Standard 11, 'The Effects of Changes in Foreign Exchange Rates', related to acquisition of depreciable assets pursuant to the notifications dated December 29, 2011 and August 9, 2012 issued by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standard) (Second Amendment) Rules 2011, the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets is capitalised and subsequently on adoption of Indian Accounting Standard also the same is allowed for the transactions recorded upto March 31, 2016.
- (iv) Depreciation is provided on Straight Line Method based on the useful life prescribed in Schedule II to the Act except in case of the following assets where useful life is different than those that are prescribed in Schedule II, based on technical evaluation.
  - (a) Telecom Electronic Equipments - 20 years
  - (b) Optic Fibre Cable - 35 years
  - (c) Batteries - 9 years
  - (d) Customer Premises Equipments - 3 years
  - (e) Vehicles - 5 years

# Reliance Communications Limited

## Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss

- (v) Leasehold Land is depreciated over the period of the lease term.
- (vi) Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of Profit or Loss.
- (vii) Depreciation methods, useful lives and residual values are reviewed periodically at each reporting date and adjusted prospectively if appropriate.
- (viii) Depreciation on all the assets capitalised pursuant to para 46A of AS 11 is provided over the remaining useful life of the depreciable capital asset.
- (ix) Depreciation on additions is calculated pro rata from the following month of addition.
- (x) Expenses incurred relating to project, prior to commencement of commercial operations, are considered as project development expenditure and shown under Capital Work in Progress.

### 1.05 Intangible Assets

- (i) Intangible assets acquired are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of Intangible assets and borrowing cost relating to qualifying assets.
- (ii) Telecom Licenses are stated at cost as applicable less accumulated amortisation less impairment, if any.
- (iii) Indefeasible Rights of Connectivity (IRC) are stated at cost less accumulated amortisation.
- (iv) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (v) Intangible assets, namely Entry Fees/ fees for Telecom Licenses and Brand License are amortised on the basis of Straight Line Method, over the balance period of Licenses. IRC and Software are amortised from the date of acquisition or commencement of commercial services, whichever is later.
- (vi) There are no intangible assets assessed with indefinite useful life. The life of amortisation of the intangible assets is as follows.
  - (a) Telecom Licenses - 12.5 to 20 years
  - (b) Brand License - 10 years
  - (c) Indefeasible Right of Connectivity - 15, 20 years
  - (d) Software - 5 years
- (vii) Amortization method, useful life and residual values are reviewed periodically at each reporting period.
- (viii) Any gain or loss on disposal of an item of Intangible Assets is recognised in the Statement of Profit and Loss.

### 1.06 Non-current assets held for sale and discontinued operations

Non current assets (or disposal group) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction. Non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and/ or fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sale of such assets and sale is expected to be concluded within twelve months from the date of such classification.

Assets and liabilities classified as held for sale are presented separately in the balance sheet. A disposal group qualifies as discontinued operations if it is a component of the company that either has been disposed off or is classified as held for sale, and; represents a separate major line of business or geographical area of operations, or part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or a subsidiary acquired exclusively with a view to resale. Non-current assets are not depreciated or amortised while they are classified as held for sale.

When the group is committed to sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described are met, regardless of whether the group will retain a non controlling interest in its former subsidiary after the sale.

Loss is recognised for any initial or subsequent write down of such non current assets (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell an asset (or disposal group) but not in excess of any cumulative loss previously recognised.

If the criteria for assets held for sale are no longer met, it ceases to be classified as held for sale and are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation or any amortisation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

**Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss**

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a Subsidiary acquired exclusively with a view to resale. The results of discontinued operations or presented separately in the Statement of Profit and Loss.

**1.07 Impairment of Non Financial Assets**

Intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is increased/ reversed where there has been change in the estimate of recoverable value. The recoverable value is the higher of the assets' net selling price and value in use.

**1.08 Inventories of Stores and Spares**

Inventories of stores and spares are accounted for at cost and all other costs incurred in bringing the inventory to their present location and condition, determined on weighted average basis or net realizable value, whichever is less. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

**1.09 Employee Benefits**

**Short term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by the employees are recognised as an expense during the period.

**Long term employee benefits**

**(i) Defined contribution plan**

The Company's contribution towards Employees' Superannuation Plan is recognised as an expense during the period in which it accrues.

**(ii) Defined benefit plans**

**Provident Fund**

Provident Fund contributions are made to a Trust administered by the Trustees. Interest payable to the Provident Fund members, shall not be at a rate lower than the statutory rate. Liability is recognised for any shortfall in the income of the fund vis-à-vis liability of the interest as per statutory rates to the members. The Company's contribution towards Employees' Provident Fund is recognised as an expense during the period in which it accrues. (refer note 2.42)

**Gratuity Plan**

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value, mortality rate and the fair value of plan assets is deducted. Mortality rate is based on publicly available mortality table in India.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

Obligation is measured at present value of the estimated future cash flows. Discount rates used for determining present value of obligation under the defined benefit plan, are based on market yield of Government Securities as at the balance sheet date that have terms approximating to the terms of the related obligation.

Remeasurement which comprise of actuarial gain and losses, the return of plan assets (excluding interest) and the effect of asset ceiling ( if any, excluding interest) are recognised in OCI.

Plan Assets of Defined Benefit Plans have been measured at fair value.

**(iii) Other Long term employment benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date, determined based on actuarial valuation using Projected Unit Credit Method. Discount rates used for determining the present value of the obligation under the defined benefit plan, are based on the market yields of Government Securities as at the Balance Sheet date. Remeasurement gain and losses are recognised in the Statement of Profit and Loss in the period in which they arise.

# Reliance Communications Limited

## Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss

### 1.10 Borrowing Cost

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets upto the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred.

### 1.11 Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the time of the transaction.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- (iii) Non Monetary foreign currency items are carried at cost (i.e. translated using the exchange rates at the time of initial transactions).
- (iv) Exchange difference on monetary items is recognised in the Statement of Profit and Loss in the period in which they arises except for:
  - (a) Exchange difference on foreign currency borrowings relating to depreciable capital asset is included in cost of assets.
  - (b) Exchange difference on foreign currency transactions, on which receipt and/ or payments is not planned, initially recognised in OCI and reclassified from equity to profit and loss on repayment of the monetary items.
- (v) Accounting of transactions that include the receipt or payment of advance consideration in a foreign currency the date of transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.
- (vi) All long term foreign currency monetary items consisting of loans taken before March 31, 2016 and which relate to the acquisition of depreciable capital assets at the end of the period/ year are restated at the rate prevailing at the balance sheet date. Exchange difference including attributable to the interest arising as a result is added to or deducted from the cost of the assets as per notification dated December 29, 2011 and August 9, 2012 issued by the Ministry of Company Affairs (MCA), Government of India and depreciated over the balance life of the capital asset. Exchange difference on other long term foreign currency loans is accumulated in "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" which will be amortized over the balance period of monetary assets or liabilities.

### 1.12 Revenue Recognition

- (i) Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.
- (ii) Revenue from Contracts with Customers

The Company has applied Ind AS 115, Revenue from Contracts with Customers with effect from April 1, 2018, using the cumulative effect method. Revenue is recognised when control over goods or services is transferred to a customer. A customer obtains control when he has the ability to direct the use of and obtain the benefits from the good or service, there is transfer of title, supplier has right to payment etc. – with the transfer of risk and rewards now being one of the many factors to be considered within the overall concept of control.

The Company determines whether revenue should be recognised 'over time' or 'at a point in time'. As a result, it is required to determine whether control is transferred over time. If not, only then revenue be recognised at a point in time, or else over time. The Company also determines if there are multiple distinct promises in a contract or a single performance obligation (PO). These promises may be explicit, implicit or based on past customary business practices. The consideration gets allocated to multiple POs and revenue recognised when control over those distinct goods or services is transferred.

The entities may agree to provide goods or services for consideration that varies upon certain future events which may or may not occur. This is variable consideration, a wide term and includes all types of negative and positive adjustments to the revenue. This could result in earlier recognition of revenue compared to current practice – especially impacting industries where revenue is presently not recorded until all contingencies are resolved. Further, the entities will have to adjust the transaction price for the time value of money. Where the collections from customers are deferred the revenue will be lower than the contract price, and in case of advance collections, the effect will be opposite resulting in revenue exceeding the contract price with the difference accounted as a finance expense.

- (iii) The Company sells rights of use (ROUs) that provide to the customers with network capacity, typically over a period of 5 to 20 years without transferring legal title or giving an option to purchase network capacity. Capacity services revenues are accounted as operating lease and recognised in the Company's income statement over the life of the contract. Bills raised on the customers/ payments received from the customers for long term contracts and for which revenue is not recognised are included in deferred revenue. Revenue on non cancellable ROUs are recognised as licensing income over the period of the contract.



## Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss

- (iv) Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods are recognised over the estimated useful life of the subscribers and specified fixed validity period, as appropriate. The estimated useful life is consistent with estimated churn of the subscribers.
- (v) Interest income on investment is recognised on time proportion basis. Interest income is accounted using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to that asset's net carrying amount on initial recognition. Dividend is considered when right to receive is established. The Company recognises income from the units in the Fixed Income Schemes of Mutual Funds where income accrued is held till declaration or payment thereof for the benefit of the unit holders.

### 1.13 Taxes on Income and Deferred Tax

Income Tax comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or OCI.

Provision for income tax is made on the basis of taxable income for the year at the current rates. Tax expense comprises of current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred tax represents the effect of temporary difference between carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in the computation of taxable income. Deferred tax liabilities are generally accounted for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised.

MAT (Minimum Alternate Tax) is recognized as an asset only when and to the extent it is probable evidence that the Company will pay normal income tax and will be able to utilize such credit during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of Profit and loss and is included in Deferred Tax Assets. The Company reviews the same at each balance sheet date and if required, writes down the carrying amount of MAT credit entitlement to the extent there is no longer probable that Company will be able to absorb such credit during the specified period.

### 1.14 Government Grants

Subsidies granted by the Government for providing telecom services in rural areas are recognised as other operating income in accordance with relevant terms and conditions of the scheme and agreement.

### 1.15 Provisions including Asset Retirement Obligation (ARO) and Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provisions are determined by discounting expected future cash flows at the pre tax rate that reflects current market assumptions of time value of money and risk specific to the liability. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Asset Retirement Obligation (ARO) relates to removal of electronics equipments when they will be retired from its active use. Provision is recognised based on the best estimate, of the management, of the eventual costs (net of recovery), using discounted cash flow, that relates to such obligation and is adjusted to the cost of such assets. Estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. Contingent Assets are neither recognised nor disclosed in the financial statements of the Company.

### 1.16 Earning per Share

In determining Earnings per Share, the Company considers net profit after tax and includes post tax effect of any exceptional item. Number of shares used in computing basic earnings per share is the weighted average number of the shares, excluding the shares owned by the Trust, outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when result will be anti - dilutive. Dilutive potential equity Shares are deemed converted as at the beginning of the period, unless issued at a later date.

### 1.17 Employee Stock Option Scheme

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period. Employee compensation cost recognised earlier on grant of options is reversed in the period when the options are surrendered by any employee or lapsed as per the terms of the scheme.

## Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss

### 1.18 Treasury Equity

The Company has created an Employee Stock Option Scheme Trust (ESOS Trust) for providing share-based payment to its employees. The Company uses ESOS Trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The ESOS Trust buys shares of the Company from the market, for giving shares to employees. The Company treats ESOS Trust as its extension and shares held by ESOS Trust are treated as Treasury Equity.

Own equity instruments that are reacquired (Treasury Equity) are recognised at cost and deducted from equity. No gain or loss is recognised in Statement of Profit or Loss, on purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between carrying amount and consideration, if reissued, is recognised in equity.

### 1.19 Measurement of Fair value of financial instruments

The Company's accounting policies and disclosures require measurement of fair values for the financial instruments. The Company has an established control framework with respect to measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses evidence obtained from third parties to support the conclusion that such valuations meet the requirements of Ind AS, including level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If inputs used to measure fair value of an asset or a liability fall into different levels of fair value hierarchy, then fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred (Note 2.37.1) for information on detailed disclosures pertaining to the measurement of fair values.

### 1.20 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign exchange forward contracts.

#### Financial Assets

##### (i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset

##### (ii) Subsequent measurement :

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

#### Financial Assets measured at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) Asset is held within a business model whose objective is to hold assets for collecting contractual cash flows.
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables."

**Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss**

**Financial Assets measured at fair value through other comprehensive income (FVTOCI):**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets.
- b) The contractual cash flows of the assets represent SPPI: Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method

**Financial Assets measured at fair value through profit or loss (FVTPL):**

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch')

**Equity investments :**

All equity investments in scope of Ind-AS 109, "Financial Instruments" are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company decides to classify the same either as at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition which is irrevocable. If the company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from Other Comprehensive Income to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**(iii) Derecognition of Financial Assets**

A financial asset is primarily derecognised when: a) Rights to receive cash flows from the asset have expired, or b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either(a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**(iv) Impairment of Financial Assets**

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in the credit risk. In case of significant increase in credit risk, life time ECL is used; otherwise twelve month ECL is used. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables, as permitted by Ind AS 109. Provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

**Financial Liabilities**

**(i) Initial recognition and measurement**

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

**(ii) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described herein:

**Financial liabilities at fair value through Statement of Profit or Loss:** Financial liabilities at fair value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

## Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss

**Financial Liabilities measured at Amortised Cost:** After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

### **Derecognition of Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### **1.21 Use of Estimates**

The preparation and presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known/ materialised. Estimates and underlying assets are reviewed on periodical basis. Revisions to accounting estimates are recognised prospectively.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgment in applying the accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

### **Critical estimates and judgments**

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The areas involving critical estimates or judgments pertaining to useful life of property, plant and equipment including intangible asset (Note 2.01 and Note 2.02), current tax expense and tax payable, recognition of deferred tax assets for carried forward tax losses (Note 2.05), fair value of unlisted securities (Note 2.08), impairment of trade receivables and other financial assets (Note 2.09), assets held for sale (Note 2.15), liabilities held for sale (Note 2.15) and measurement of defined benefit obligation (Note 2.42). Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

- (i) Useful life of Property, Plant and Equipment including intangible asset: Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- (ii) Taxes: The Company provides for tax considering the applicable tax regulations and based on probable estimates. Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Company against which such assets can be utilized.

- (iii) Fair value measurement and valuation process: The Company measured financial assets and liabilities, if any, at fair value for financial reporting purposes.
- (iv) Trade receivables and Other Financial Assets: The Company follows a 'simplified approach' (i.e. based on lifetime Expected Credit Loss ("ECL")) for recognition of impairment loss allowance on Trade receivables. For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectable.

### Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss

- (v) Defined benefit plans (gratuity benefits): The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter subject to frequent changes is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

- (vi) Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.
- (vii) Determination of net realisable value for Assets held for Sale and related liabilities.
- (viii) Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (ix) The Company has provided liability against License & Spectrum Fee dues along with interest and penalty, for the demands raised by DoT considering Non-Telecom income till FY 2014-15 and for the balance years, for which demand have not been raised by DoT, the Company has computed estimated liability on Non-Telecom revenue from FY 2015-16 onwards along with interest and penalty thereof.

Significant Accounting Policies to Balance Sheet and Statement of Profit and Loss

Note: 2.01 Property, Plant and Equipment (PPE)

Particulars	Leasehold Land	Freehold Land	Buildings	Plant and Machinery	Office Equipments and Fixtures	Furniture	Vehicles	Total	Capital Work in Progress
<b>Gross carrying value</b>									
As at April 1, 2018	228	90	36	4,809	23	40	45	5,271	160
Additions	-	-	-	75	-	-	-	75	60
Transferred to Assets held for Sale	-	-	-	(1,013)	-	-	-	(1,013)	(54)
Deduction/ adjustments	-	-	-	-	-	-	-	-	(68)
As at April 1, 2019	228	90	36	3,871	23	40	45	4,333	98
Additions	-	-	-	9	-	-	-	9	8
Deduction/ adjustments	-	-	-	-	-	-	-	-	(9)
<b>As at March 31, 2020</b>	<b>228</b>	<b>90</b>	<b>36</b>	<b>3,880</b>	<b>23</b>	<b>40</b>	<b>45</b>	<b>4,342</b>	<b>97</b>
<b>Accumulated Depreciation</b>									
As at April 1, 2018	1	-	6	3,034	22	39	43	3,145	-
Depreciation for the year	-	-	3	194	-	-	-	197	-
Transferred to Assets held for Sale	-	-	-	(654)	-	-	-	(654)	-
Deduction/ adjustments	-	-	-	-	-	-	-	-	-
As at April 1, 2019	1	-	9	2,574	22	39	43	2,688	-
Depreciation for the year	-	-	2	168	-	-	-	170	-
Transferred to Assets held for Sale	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>1</b>	<b>-</b>	<b>11</b>	<b>2,742</b>	<b>22</b>	<b>39</b>	<b>43</b>	<b>2,858</b>	<b>-</b>
<b>Net carrying value</b>									
As at March 31, 2019	227	90	27	1,297	1	1	2	1,645	-
<b>As at March 31, 2020</b>	<b>227</b>	<b>90</b>	<b>25</b>	<b>1,138</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1,484</b>	<b>-</b>

Notes:

- 2.01.1 Capital Work-in-Progress includes ₹ 8 crore (Previous year ₹ 9 crore) on account of materials at site.
- 2.01.2 Transfer of title of certain Land and Buildings received from Reliance Industries Limited pursuant to the Scheme of Arrangement and from Reliance Communications Infrastructure Limited pursuant to scheme of demerger of the Network division are under process.
- 2.01.3 Refer Note 2.20 for Security in favour of the Lenders. Foreign Currency Loans of ₹ 1,623 crore availed by RITL and Foreign Currency Loans of ₹ 1,341 crore availed by RTL are secured by first pari passu charge on movable fixed assets of the Borrower Group. Apart from this, Rupee Loan of ₹ 918 crore availed by RITL have been secured by second pari passu charge and Rupee loan of ₹ 611 crore availed by RTL have been secured by first pari passu charge on movable Fixed Assets of the Borrower Group. Further non fund based outstanding of ₹ 1,361 crore availed by the Company, ₹ 246 crore availed by RTL and ₹ 4 crore by RCLL have been secured by second pari passu charge on movable Fixed Assets of the Borrower Group.
- 2.01.4 During the year.
  - (a) Project Development expenditure of ₹ Nil (Previous year ₹ 1 crore) has been capitalised in Plant and machinery.
  - (b) On finalisation and implementation of debt resolution process through Hon'ble NCLT, the Company will carry out a comprehensive impairment review of its tangible assets.
- 2.01.5 Plant and Machinery includes Gross Carrying Value of ₹ 23 crore (Previous year ₹ 23 crore) and Net Carrying Value of ₹ 21 crore (Previous year ₹ 22 crore) as at March 31, 2020, pertaining to assets taken on lease
- 2.01.6 Above notes to be read with Note 2.15 "Assets Held for Sale"

Notes on Accounts to Financial Statements

Note: 2.02 Intangible Assets

(₹ in crore)

Particulars	Telecom Licenses	Indefeasible Right of Connectivity	Software	Brand License	Total
<b>Gross carrying value</b>					
As at April 1, 2018	23	252	-	169	444
Additions			-	-	-
As at April 1, 2019	23	252	-	169	444
Additions	-	-	-	-	-
Deduction/ adjustments			-	-	-
<b>As at March 31, 2020</b>	<b>23</b>	<b>252</b>	<b>-</b>	<b>169</b>	<b>444</b>
<b>Accumulated Amortisation</b>					
As at April 01, 2018	19	179	-	142	340
Amortisation for the year	-	62	-	18	80
Deduction/ adjustments	-	-	-	-	-
As at April 1, 2019	19	241	-	160	420
Amortisation for the year	1	3	-	9	13
Deduction/ adjustments			-	-	-
<b>As at March 31, 2020</b>	<b>20</b>	<b>244</b>	<b>-</b>	<b>169</b>	<b>433</b>
<b>Net carrying value</b>					
As at March 31, 2019	4	11	-	9	24
<b>As at March 31, 2020</b>	<b>3</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>11</b>

2.02.1 During the earlier years, the Company had successfully Bid under auction conducted for spectrum by the Department of Telecommunications (DoT), Government of India (GoI) and won spectrum in 12 service areas as total cost of ₹ 1,934 crore. The Company has made upfront payment of ₹ 527 crore under deferred payment option and the balance was payable in 10 annual installments for Mumbai and Jammu and Kashmir circles and 16 annual installments for other Circles.

During the year the Company has defaulted the payment of Installment of ₹ 196 crore which was due on April 9, 2019 and ₹ 6 crore which was due on October 20, 2019 with the delay of 358 days and 164 days respectively. Further, an installment of ₹ 22 crore is with respect to Mumbai circle which was due on due on March 03, 2019 and March 03, 2020 is defaulted by 395 days and 29 days respectively as at March 31, 2020. Apart from above, balance installments not due as at March 31, 2020 is aggregating to ₹ 2,923 crore including interest @ 10% per annum. An Installment of ₹ 196 crore, due on April 9, 2020 is yet to be paid.

During an earlier year, the Company acquired Spectrum of ₹ 4,513 crore under Scheme of Demerger along with corresponding Deferred Payment Liability of ₹ 2,013 crore. (Refer Note No. 2.33.2). Above was payable in annual installments of ₹ 281 crore each.

The Company has defaulted two installments of ₹ 281 crore each Payable on March 26, 2019 and March 26, 2020 with a delay of 372 days and 6 days respectively. Apart from the above, balance installments not due as at March 31, 2020 is aggregating to ₹ 3,096 crore including interest @ 10 % per annum.

Department of Telecommunications issued show cause notice to the Company for revocation/ termination of spectrum due to non-payment of 3<sup>rd</sup> installment due on March 03, 2019 for 0.6 MHz Spectrum acquired in 1800 MHz band in Mumbai, which was stayed by the Hon'ble NCLAT. The said order of stay of NCLAT stood merged with its final order dated 30.04.2019 as a result of which RCOM's CIRP got recommenced at NCLT Mumbai and order of Moratorium got restored. Further, in the matter of One Time Spectrum Charges, TDSATs order dated 04.02.2019 inter alia directing for the return of Bank Guarantee of ₹ 2000 crore, has been stayed by Hon'ble Supreme court on 19.08.2019 in an appeal filed by Union of India.

2.02.2 Balance useful life as at March 31, 2019 is 3 years for Indefeasible Right of Connectivity (IRC).

2.02.3 Refer Note 2.20 for Security in favour of the Lenders.

2.02.4 Above notes to be read with Note 2.15 "Assets Held for Sale".

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

	As at March 31, 2020	As at March 31, 2019	(₹ in crore)
<b>Note: 2.03</b>			
<b>Investment in subsidiaries and Associates</b> (valued at cost unless stated otherwise)			
<b>In Equity Shares of Wholly Owned Subsidiary Companies</b>			
<b>Unquoted, fully paid up</b>			
9,38,00,00,000 Reliance Communications Infrastructure Limited of ₹ 1 each (9,38,00,00,000) Provision for Diminution in the value Investment	<b>8,734</b> <b>(3,000)</b>	8,734 <b>(3,000)</b>	
50,00,000 Reliance Realty Limited (Formerly Reliance Infocomm (50,00,000) Infrastructure Limited) of ₹ 10 each Provision for Diminution in the value Investment *	<b>5,734</b> <b>10,000</b> <b>(8,964)</b>	5,734 10,000	
6,87,066 Reliance Wimax Limited of ₹ 10 each (6,87,066)	<b>1,036</b> <b>8</b>		8
50,000 Reliance Webstore Limited of ₹ 10 each (50,000) ₹ 5,00,000 (Previous year ₹ 5,00,000) (Refer note 2.20.1)	<b>8</b>		
1,00,00,000 Independent TV Limited (Formerly Reliance Big TV Limited) of ₹ (1,00,00,000) 10 each Provision for Diminution in the value Investment	<b>10</b> <b>(10)</b>	10 <b>(10)</b>	
35,63,601 Campion Properties Limited of ₹ 10 each (35,63,601)	<b>-</b> <b>9</b>	<b>-</b> 9	
1,000 Aircom Holdco BV of Euro 1 each ( ₹ 72,860) (Previous year ₹ (1,000) 72,860)	<b>9</b>		
50,000 Reliance Tech Services Limited of ₹ 10 each ₹ 5,00,000 (Previous (50,000) year ₹ 5,00,000)	<b>-</b>	<b>-</b>	
20,00,000 Globalcom Mobile Commerce Limited of ₹ 10 each (Formerly (20,00,000) Reliance Mobile Commerce Limited)	<b>2</b>	<b>2</b>	15,753
<b>In Equity Shares of Subsidiary Companies</b>			
<b>Unquoted, fully paid up</b>			
6,69,80,100 Reliance Telecom Limited of ₹ 10 each (6,69,80,100) Provision for Diminution in the value Investment	<b>521</b> <b>(521)</b>	521 <b>(521)</b>	
14,516 Reliance Globalcom BV of Euro 100 each (14,516) Provision for Diminution in the value Investment*	<b>6,515</b> <b>(5,876)</b>	6,515 <b>-</b>	
12,00,000 Reliance Globalcom Limited, Bermuda Class A Common Shares (12,00,000) of USD 0.01 each Provision for Diminution in the value Investment *	<b>639</b> <b>233</b> <b>(233)</b>	6,515 233 <b>-</b>	
9,500 Towercom Infrastructure Private Limited of ₹ 10 each ₹ 95,000 (9500) (₹ 95,000)	<b>-</b>	<b>233</b>	
1,00,000 Gateway Net Trading Pte. Limited of USD 1 each ₹ 46,78,250 (1,00,000) (Previous year ₹ 46,78,250)	<b>-</b>	<b>639</b>	6,749
<b>In Equity Shares of Companies</b>			
<b>Unquoted, fully paid up</b>			
6,50,25,000 Warf Telecom International Private Limited of MRF 1 each (6,50,25,000)	<b>22</b>	22	
13,000 Mumbai Metro Transport Private Limited of ₹ 10 each ₹ 1,30,000 (13,000) (Previous year ₹ 1,30,000)	<b>-</b>	<b>-</b>	
400 Nationwide Communication Private Limited of ₹ 10 each ₹ 4,000 (400) (Previous year ₹ 4,000)	<b>-</b>	<b>22</b>	22
	<b>7,450</b>	<b>22,524</b>	
<b>Aggregate Book value of Investments</b>			
Unquoted	<b>7,450</b>	22,524	
Quoted	<b>-</b>	<b>-</b>	
Aggregate value of impairment	<b>18,604</b>	3,531	
* During the current year, impaired (previous year fair valued Reliance Realty Limited) as per Ind AS 109, "Financial Instruments" (Refer note 2.39.1)			



Notes on Accounts to Financial Statements

	As at March 31, 2020	(₹ in crore) As at March 31, 2019
<b>Note: 2.04</b>		
<b>Other Financial Assets</b>		
(Unsecured, Considered good/ unless stated otherwise)		
Bank Deposits with Maturity for more than 12 months	2	2
	<u>2</u>	<u>2</u>

**Note: 2.05**

**Deferred Tax Assets (net)**

(a) Amount recognised in Financial Statement	As at		For the year ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>(i) Deferred Tax Assets</b>				
Related to carried forward loss and unabsorbed depreciation	7,733	6,890	(843)	(1,042)
Disallowances, under the Income Tax Act, 1961	8	8	-	46
Related to Provisions for expenses	1,540	1,097	(443)	(45)
Deferred Tax on provision for diminution in the value of investment	2,088	-	(2,088)	-
Provision of Liability on account of License & Spectrum fee	9,722	-	(9,722)	-
Others	-	-	-	50
Sub total (i)	<u>21,091</u>	<u>7,995</u>	<u>(13,096)</u>	<u>(991)</u>
<b>(ii) Deferred Tax Liabilities</b>				
Related to temporary difference on depreciation/ amortisation	(1,026)	(1,020)	6	383
Deferred Tax Liability on fair value of investment	-	(2,088)	(2,088)	2,088
Related to temporary difference on Indexed cost	(101)	(101)	-	(9)
Sub total (ii)	<u>(1,127)</u>	<u>(3,209)</u>	<u>(2,082)</u>	<u>2,462</u>
<b>Net Deferred Tax Assets/ (Liability)</b>	<u>19,964</u>	<u>4,786</u>		
<b>Deferred Tax (Credit) (i)-(ii)</b>			<u>15,178</u>	<u>1,472</u>
<b>Restricted to and consequent impact</b>	-	-	-	3,558

Significant management judgement has been considered in determining the provision for income tax, deferred tax assets and liabilities and recoverability of deferred tax assets. The recoverability of deferred tax assets is based on estimate of the taxable income for the period over which deferred tax assets will be recovered.

The Company has unabsorbed business losses/depreciation and long term capital losses which according to the management will be used to setoff taxable profit arising, in next few years from, operation and/or sale of asset of the Company. However Deferred Tax Assets have been restricted to ₹ Nil (Previous Year ₹ Nil) due to non existence of reasonable certainty. Year wise expiry of total Losses are as under:-

Sr.	Year of Expiry Financial Year	Amount of Loss ₹ in Crore
(i)	Expiring within 1 year	-
(ii)	Expiring within 1 to 5 year	4,484
(iii)	Expiring within 5 to 7 year	6,136
(iv)	Without expiry limit	11,510

**(b) Amounts recognised in Statement of Profit and Loss**

	For the Year ended March 31, 2020	(₹ in crore) For the Year ended March 31, 2019
(i) Current Tax	-	-
(ii) Short provision for earlier years	-	-
(iii) Deferred income tax liability / (asset), (net)	-	3,558
<b>Tax expense/(credit) for the year</b>	<u>-</u>	<u>3,558</u>

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

<b>(c) Amounts recognised in other comprehensive income</b>	-	-
₹ Nil Previous year (₹ Nil)		
<b>(d) Reconciliation of Tax Expenses</b>	<b>For the year ended</b>	<b>For the year ended</b>
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Profit/ (Loss) before Tax	<b>(45,338)</b>	6,405
Applicable Tax Rate	<b>34.944%</b>	34.944%
<b>Computed Tax Expenses (i)</b>	<b>(15,843)</b>	2,238
<b>Add/ (Less):</b>		
- Tax charge to/ credit on account of depreciation allowances	<b>6</b>	383
- Tax on provision for diminution in the value of investment and liability on account of licence and spectrum fee / Tax rate difference on Fair Value of Investments	<b>14,994</b>	(1,044)
- Deferred tax not recognised for the year/ reversal of earlier year	-	939
- Deferred tax on carried forward loss	<b>843</b>	1,042
<b>Sub total (ii)</b>	<b>15,843</b>	1,320
<b>Income Tax Expenses charge/ (credit) to Statement of Profit and Loss (i+ii)</b>	<b>-</b>	<b>3,558</b>

There is no taxable income during the year and the Company has not recognised Deferred Tax Assets (DTA) in absence of reasonable certainty

	<b>As at</b>	<b>As at</b>
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Note: 2.06</b>		
<b>Other Non Current Assets</b>		
Deposits	<b>352</b>	352
Other Non Current Assets *	<b>347</b>	580
	<b>699</b>	<b>932</b>

\* Refund due against claims lodged.

### Note: 2.07

**Inventories** (valued at lower of cost or net realisable value)

Stores and Spares	<b>32</b>	61
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### Note: 2.08

**Investments (Current Financial Assets)** (valued at amortised cost unless otherwise state)

#### In Preference Shares of Wholly Owned Subsidiary Companies

##### Unquoted, fully paid up

20,000 8 % Redeemable, Cumulative Preference Shares of Reliance (20,000) Communications Infrastructure Limited of ₹ 10 each ₹ 2,00,000 (Previous year ₹ 2,00,000)	-	-		
10,00,000 7.5 % Redeemable, Non Cumulative, Non Convertible (10,00000) Preference Shares of Reliance WiMax Limited of ₹ 10 each	<b>1</b>	<b>1</b>	<b>1</b>	1

#### In Preference Shares of Subsidiary Companies

##### Unquoted, fully paid up

4,50,00,000 1% Redeemable, Non Cumulative, Non Convertible Preference Shares of Reliance Telecom Limited of ₹10 each	<b>445</b>	445
Provision for Diminution in the value Investment	<b>(400)</b>	(400)
	<b>45</b>	45
52 (52) 1% Redeemable, Non Cumulative, Non Convertible Preference Shares of Reliance Globalcom BV of Euro 1 each ₹ 29,85,060 (Previous Year ₹29,85,060)	-	-
22,143 8% Redeemable, Non Cumulative, Non Convertible, Preference Shares of Reliance Globalcom BV of Euro 1 each *	<b>178</b>	172
Provision for Diminution in the value Investment **	<b>(178)</b>	-
	-	172

Notes on Accounts to Financial Statements

	As at March 31, 2020	As at March 31, 2019
4,00,00,000 0.10% Redeemable, Non Cumulative, Non Convertible (4,00,00,000) Preference Shares of Reliance Infratel Limited of ₹ 10 each #	<u>4,000</u>	<u>4,000</u>
	<u>4,045</u>	<u>4,217</u>

**In Government Securities (Quoted) \*\*\***

34,000 6.83% GOI 2039 of ₹100 each fully paid up (34,000) ₹ 30,52,000 (Previous year ₹ 30,52,000) (Market Value of Quoted Investments ₹ 34,10,200 (Previous Year ₹31,19,500)	-	-
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**In Government Securities (Unquoted) \*\*\***

6 years National Savings Certificate (Lodged with Sales Tax Department) ₹ 45,000 (Previous Year ₹45,000)	-	-
5 1/2 years Kisan Vikas Patra (Lodged with Chennai Metropolitan Development Authority) ₹ 5,000 (Previous year ₹ 5,000) ₹ 5,000 (Previous Year ₹5,000)	-	-

<u>4,046</u>	<u>4,218</u>
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**Aggregate Book Value of Investments**

Unquoted	<u>4,046</u>	4,218
Quoted ₹ 30,52,000 (Previous Year ₹ 30,52,000)	-	-
	<u>4,046</u>	<u>4,218</u>

**Aggregate Market Value of Quoted Investments**

Quoted ₹ 34,10,200 (Previous Year ₹ 31,19,500)	-	-
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**Aggregate Value of Impairment of Investments**

578	400
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\* This investment has been considered as monetary item as per Ind AS 21 "The Effects of Changes in Foreign Exchange Rates" and hence, cost has been revalued at the year end foreign exchange rate.

\*\* During the year, impaired as per Ind AS 109, "Financial Instruments" (Refer note 2.39.1)

\*\*\* at fair value through profit and loss

# During the year, since the Company and RITL are undergoing CIRP, income in respect of Yield on Preference Shares (Previous year ₹ 4 crore) has not been recognised.

	As at March 31, 2020	As at March 31, 2019
		(₹ in crore)

**Note: 2.09**

**Trade Receivables (Unsecured)**(Refer Note 2.31 and 2.49)

Considered good	253	1,527
Considered doubtful	<u>3,055</u>	<u>1,925</u>
	<u>3,308</u>	3,452
Less: Provision for doubtful receivables	<u>3,055</u>	<u>1,925</u>
	<u>253</u>	<u>1,527</u>

**Note: 2.10**

**Cash and Cash equivalents**

Cheques on Hand	2	6
Balances with Banks*	218	165
Bank Deposits with less than 3 months' maturity	14	14
	<u>234</u>	<u>185</u>

\* includes balance of ₹ 0.08 crore in respect of one bank account which is subject to confirmation from bank

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

(₹ in crore)  
As at  
March 31, 2019

### Note: 2.11

#### Bank Balances other than Cash and Cash Equivalents referred in Note 2.10 above

	As at March 31, 2020	As at March 31, 2019
Bank Deposits with less than 12 months' maturity	39	39
Earmarked Balance- Unpaid Dividend *	1	1
	40	40

\* Transferred ₹ 1 crore (Previous year ₹ 1 crore) to Investor Education and Protection Fund (IEPF)

### Note: 2.12

#### Loans (Current Financial Assets)

(Unsecured, Considered good unless stated otherwise)

Loans to Related Parties (Refer Note 2.44 and 2.49)	6,556	6,528
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### Note: 2.13

#### Other Financial Asset (Unsecured, Considered good)

(Refer Note 2.49)

Interest Accrued on Loans and Investments	57	58
Unbilled Revenue	47	67
Others	101	186
	205	311

### Note: 2.14

#### Other Current Assets (Unsecured, Considered good unless otherwise stated)

(Refer Note 2.31 and 2.49)

Advances to Related Parties	11	116
Deposits *	1,635	1,642
Others **		
Considered good	2,470	2,317
Considered doubtful	74	74
	2,544	2,391
Less: Provision for doubtful advances	74	74
	4,116	4,075

\* Deposits include ₹ 1,565 crore (Previous Year ₹1,565 crore) paid against disputed claims.

\*\* Includes prepaid expenses, service tax, Goods and Service Tax (GST), service tax credits, advances to vendor and other receivables.

Notes on Accounts to Financial Statements

**Note: 2.15**

**(a) Assets held for Sale**

Consequent to discontinuance of wireless business, the following assets have been classified as the assets held for sale at the value ascertained as at the end of March 31, 2018 and recorded at lower of carrying amount and fair value less selling cost. Also Refer Note 2.01.3 for Security in favour of Lenders. On finalisation and implementation of debt resolution process through Hon'ble NCLT, the Company will carry out a comprehensive impairment review of its tangible, intangible assets and Assets held for Sale.

Particulars	Net Block Reclassified from PPE				Provision for Impairment				Write Off		Deduction*		Asset Held for Sale
	For the year ended March 31,	As at March 31, 2019	As at March 31, 2020	Less: Write off during the year 2019	As at March 31, 2020	Provision for the year ended March 31, 2019	Additional Write off as per statement of Profit and Loss 2020	Total Write off during the year 2019	Write off for the year ended March 31,	For the year ended March 31,	2019	2020	
	2019	2020	3	4	5=(3-4)	6	7	8=4+7	2019	2020	2019	2020	2019
<b>Tangible</b>													
Property, Plant and Equipment	-	359	-	-	-	-	-	-	-	-	-	6,222	6,222
Freehold Land	-	-	-	-	-	-	-	-	-	61	-	339	339
Leasehold Land	-	-	-	-	-	-	-	-	-	6	-	9	9
Buildings	-	-	-	-	-	-	-	-	-	36	-	170	170
Capital Work In Progress	-	54	-	-	-	-	-	-	-	-	-	186	186
<b>Subtotal</b>	-	413	-	-	-	-	-	-	-	-	-	<b>6,926</b>	6,926
Intangible													
Telecom Licenses	-	-	-	-	-	1,767	-	-	-	-	-	12,736	12,736
Software	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets under Development	-	-	-	-	-	-	-	-	-	-	-	69	69
<b>Subtotal</b>	-	-	-	-	-	1,767	-	-	-	-	-	<b>12,805</b>	12,805
<b>Total</b>	-	413	-	-	-	1,767	-	-	-	-	<b>103</b>	<b>19,731</b>	19,731

\*During the previous year, based on the final confirmation, sale of certain Media Convergence Nodes (MCNs) have been recorded and net income thereof has been accounted as part of Discontinued Operations.

(b) Provision for impairment of assets held for sale ₹ Nil (Previous year ₹ 1,767 crore)

(c) 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 are disclosed separately as discontinued operations in line with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". During the year, certain assets of ₹ Nil (Previous year ₹ 1,767 crore) have been impaired and represented as exceptional items as a part of 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 vide letter dated May 20, 2020 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 has not paid the installments.

(d) Above note to be read with Note 2.01 "Property, Plant and Equipment (PPE)" and Note 2.02 "Intangible Assets".

(e) Liabilities directly related to Assets held for Sale

	As at March 31,	
	2020	2019
Deferred Payment Liabilities	3,419	3,419
Interest Accrued on Deferred Payment Liabilities	994	614
<b>Total</b>	<b>4,413</b>	<b>4,033</b>

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

	As at March 31, 2020	(₹ in crore) As at March 31, 2019
<b>Note: 2.16</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
5,00,00,00,000 Equity Shares of ₹ 5 each (5,00,00,00,000)	<b>2,500</b>	2,500
	<u><b>2,500</b></u>	<u>2,500</u>
<b>Issued, Subscribed and Paid Up</b>		
276,55,33,050 Equity Shares of ₹ 5 each fully paid up (2,76,55,33,050)	<b>1,383</b>	1,383
	<u><b>1,383</b></u>	<u>1,383</u>

### 1) Shares held by Holding/Ultimate Holding Company and/or their subsidiaries\*

	No. of Shares	No. of Shares
(a) Reliance Innoventures Private Limited, Holding Company	-	1 23 79 001
(b) Reliance Communications Enterprises Private Limited Subsidiary of Holding Company	<b>10 172</b>	36 56 10 172
(c) Reliance Wind Turbine Installators Industries Private Limited Subsidiary of Holding Company	<b>84 98 729</b>	85 81 510
(d) Reliance Ornatus Enterprises and Ventures Private Limited Subsidiary of Holding Company	<b>9 20 00 000</b>	9 20 00 000
(e) Reliance Telecom Infrainvest Private Limited Subsidiary of Holding Company	<b>66 667</b>	8 66 66 667

\* upto February 6, 2019

### 2) Details of Shareholders holding more than 5% shares in the company

	No. of Shares	%	No. of Shares	%
(a) Reliance Communications Enterprises Private Limited (Formerly known as AAA Communication Private Limited) (Formerly known as ADA Enterprises and Ventures Private Limited)	<b>10 172</b>	<b>0.00</b>	36 56 10 172	13.22
(b) Life Insurance Corporation of India	<b>11 91 90 552</b>	<b>4.31</b>	16 41 88 199	5.94

As on 31<sup>st</sup> March, 2020, none of the shareholders are holding more than 5% shares in the company

### 3) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 4) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	March 31, 2020		March 31, 2019	
	Number	( in Crore)	Number	(in Crore)
<b>Equity shares</b>				
At the beginning of the Year	<b>276 55 33 050</b>	<b>1 383</b>	276 55 33 050	1 383
Add : Changes during the year	-	-	-	-
At the end of the Year	<u><b>276 55 33 050</b></u>	<u><b>1 383</b></u>	<u>276 55 33 050</u>	<u><b>1 383</b></u>

Notes on Accounts to Financial Statements

	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
<b>Note: 2.17</b>		
<b>Other Equity</b>		
<b>Capital Reserve</b>	<b>1,397</b>	1,397
<b>Debenture Redemption Reserve</b>		
(i) Opening Balance	<b>590</b>	590
(ii) Transfer from/ (to) General Reserve	<u>-</u> <b>590</b>	<u>-</u> 590
<b>Securities Premium Account</b>	<b>13,894</b>	13,894
<b>General Reserve I (Refer Note 2.33.1)</b>	<b>5,538</b>	5,538
<b>General Reserve III (Refer Note 2.33.1)</b>	<b>4,159</b>	4,159
<b>Foreign Currency Monetary Items Translation Difference Account</b>		
(i) Opening Balance	<b>(1)</b>	(224)
(ii) Deduction / Additions during the year	-	(1)
(iii) Amortisation during the year	<u>1</u>	<u>224</u>
	-	(1)
<b>Treasury Equity</b>	<b>(391)</b>	(391)
<b>Surplus/ (Deficit) in retained earnings</b>		
(i) Opening Balance	<b>(14,184)</b>	(17,031)
(ii) Add : Profit/ (Loss) for the period from Continuing Operations.	<b>(16,863)</b>	5,099
(iii) Add : Profit/ (Loss) for the period from Discontinued Operations	<u><b>(28,475)</b></u> <b>(59,522)</b>	<u>(2,252)</u> (14,184)
	.	
<b>Other Comprehensive Income</b>		
<b>Remeasurement of defined employee benefit Plans</b>		
(i) Opening Balance	<b>1</b>	1
(ii) Additions during the period	<u>5</u> <b>6</b>	<u>-</u> 1
	<u><b>(34,329)</b></u>	<u><b>11,003</b></u>

**Nature and Purpose of Reserve**

**Capital Reserve**

Capital Reserve includes Equity Share Capital of the Company, which was cancelled pursuant to the Scheme of Demerger of Undertaking from Reliance Industries Limited. During an earlier year, Capital Reserve was created under scheme of demerger (Refer Note 2.33.2).

**Debenture Redemption Reserve**

Debenture Redemption Reserve is created out of profits of the respective year as required under the Act then applicable, which shall be utilised for the purpose of redemption of Debentures issued by the Company.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### Securities Premium Account

Securities Premium represents the premium charged to the shareholders at the time of issuance of shares. It also includes ₹ 8,047 crore created pursuant to the Scheme of Amalgamation/ Arrangements of the earlier years. Securities Premium can be utilised based on the relevant requirements of the Act

### General Reserve I

General Reserve I of ₹ 5,538 crore (Previous year ₹ 5,538 crore) represents the unadjusted balance being the excess of assets over liabilities relating to the Telecommunications Undertaking transferred and vested into the Company.

### General Reserve III

General Reserve III comprises of ₹ 4,159 crore transferred to General Reserve from Statement of Profit and Loss.

### Foreign Currency Monetary Items Translation Difference Account (FCMITDA)

FCMITDA has been created in view of the option allowed pursuant to the notification dated December 29, 2011 issued by the MCA, GoI, being the exchange differences on long term borrowing other than borrowings relating to acquisition of depreciable capital assets.

### Treasury Equity

Treasury Equity represents 2,12,79,000 nos. of Equity Shares held by the ESOS Trust.

(₹ in crore)

	As at March 31, 2020	As at March 31, 2019
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#### Note: 2.18

##### Other Non Current Liabilities

Income Received in Advance	156	83
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#### Note: 2.19

##### Provisions

Employee Benefits	5	22
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#### Note: 2.20

##### Borrowings – Current

###### Secured

6.5% Senior Secured Notes	1,955	1,955
Foreign Currency Loans	11,191	11,191
Rupee Loans from Banks	3,978	3,973
Rupee Loans from Others	646	646

###### Unsecured

Rupee Loans from Banks	2,306	2,306
Rupee Loans from Others	8,264	8,264
	28,340	28,335



## Notes on Accounts to Financial Statements

**2.20.1 Debentures, Senior Secured Notes and Term Loans**

The Company, on March 2, 2009, allotted, 3,000, 11.20% Secured Redeemable, Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 3,000 crore to be redeemed at the end of 10<sup>th</sup> year from the date of allotment thereof i.e. March 1, 2019 and the same remains outstanding as at March 31, 2020. The Company on February 7, 2012, also allotted, 1,500, 11.25% Secured Redeemable Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each aggregating to ₹ 1,500 crore redeemable in four annual equal installments starting at the end of 4<sup>th</sup> year from the date of allotment thereof, the outstanding against said NCDs is ₹ 750 crore as on March 31, 2020. The Company had, on May 6, 2015, issued Senior Secured Notes (SCNs) of USD 300 million, face value of USD 100 per bond, bearing 6.5% p.a. interest, with a maturity of 5 1/2 years.

The Company had been sanctioned Rupee Loans of ₹ 6,015 crore (outstanding as on March 31, 2020 was ₹ 5,463 crore) (Term Loan Facility) under consortium banking arrangement on the terms and conditions as set out in common loan agreement.

Outstanding NCDs along with SCNs, Foreign Currency Loans and Rupee Loans of ₹ 25,424 crore ("the said Secured Loans") have been secured by first pari passu charge on the whole of the movable plant and machinery including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work in progress (pertaining to the movable fixed assets), both present and future including all the rights, title, interests, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company and its subsidiary companies namely; RTL, RITL and RCIL, ("the Borrower Group"), in favour of the Security Trustee for the benefit of the NCD/ SCN Holders and the lenders of the said Secured Loans. The said loans also include ₹ 3,583 crore which are guaranteed by a Director. Apart from above Rupee Loan also includes ₹ 398 crore which is secured by first pari passu charge on Spectrum, acquired during the earlier year under the scheme of demerger, (Refer Note 2.33.2) is pending to be executed. Outstanding Rupee Loan of ₹ 487 crore availed by the Company and ₹ 485 crore availed by RITL are secured by second pari passu charge on the movable plant and machinery and capital work in progress of the Borrower Group and is guaranteed by a director of the Company, Tower receivables, pledge of equity shares of Globalcom IDC Limited held by Reliance Webstore Limited (RWSL). The Company has provided non-disposal undertaking for its share holding in RWSL. Charge over Towers receivables is pending to be executed. Further, Outstanding Rupee Loans of ₹ 1,872 crore is secured by second charge over movable Fixed Assets of the Borrower Group, out of which, charge is pending to be created for ₹ 1,072 crore. The Company, for the benefit of the Lenders of SCNs of ₹ 1,955 crore, Foreign Currency Loans of ₹ 11,191 crore, 11.25% NCDs aggregating to ₹ 750 crore and Rupee Loans of ₹ 7,403 crore has, apart from the above, also assigned 20 Telecom Licenses for services under Unified Access Services (UAS), National Long Distance (NLD) and International Long Distance (ILD) (collectively referred as "Telecom Licenses") by execution of the Tripartite Agreements with DoT and the Security Trustee acting on behalf of the Lenders. Further, assignment of the Telecom Licences of the Company for rupee loans from banks of ₹ 1,000 crore and from others of ₹ 740 crore is pending to be executed.

The Company has, for the benefit of the Lenders of SCNs, Foreign Currency Loans and Rupee Loans aggregating to ₹ 19,102 crore, apart from the above security, pledged equity shares of RCIL held by the Company and of RTL held by the Company and Reliance Realty Limited by execution of the Share Pledge Agreement with the Share Pledge Security Trustee. Outstanding Rupee Loans of ₹ 5,463 crore is also secured by pledge of equity shares of RITL held by RCIL, current assets, movable assets including intangible, both present and future of the Borrower Group. During the previous year, charge over the three immovable assets of the Borrower Group was created. However charge over balance immovable assets of the Borrower Group and RGBV security for Rupee Loans of ₹ 5,463 crore is pending to be executed. Further, outstanding Foreign Currency Loan of ₹ 1,623 crore availed by RITL and ₹ 1,341 crore availed by RTL is guaranteed by the Company.

During the previous year, lenders have invoked guarantees provided by borrower group for outstanding rupee loan of ₹ 5,950 crore availed by the Company, ₹ 611 crore availed by RTL and ₹ 485 crore availed by RITL.

During the previous year, the Company created first ranking exclusive charge (pari passu inter se the Lenders) over Designated Account with future rights, title and interest therein, including all of its rights in respect of any amount standing to the credit of the Designated Account and the debt represented by it, in favour of State Bank of India, the Convenor (for the benefit of the Lenders) as continuing security.

During the previous year, the Company was, in the process of finalising and implementing its asset monetization and debt resolution plan, comprising the Company's restructuring of Debt including allotment of shares against debt from lenders. Accordingly in order to allot the shares of the Company, debt aggregating to ₹ Nil (Previous year ₹ 3,788 crore) was assigned from subsidiaries to the Company.

Foreign currency Loans have been stated at the exchange rate of March 31, 2018.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### 2.20.2 Delay/Default in repayment of Borrowing (Current and Non Current) and Interest

The Company has delayed/defaulted in the payment of dues to the financial institutions, banks, debenture holders and others.

Sr. Name of Lender	Amount represents rupees in crore and period represents maximum days													
	Borrowings				Interest		Borrowings				Interest			
	Delay in repayment during the year ended March 31, 2020		Default As at March 31, 2020		As on March 31, 2020		Delay in repayment during the year ended March 31, 2019		Default As at March 31, 2019		Delay in repayment during the year ended March 31, 2019		As on March 31, 2019	
	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period
<b>I Loan from Banks</b>														
Bank of America <sup>2</sup>	-	-	-	-	-	-	-	-	359	476	-	-	-	-
Burlington Loan Management DAC <sup>2</sup>	-	-	163	842	-	-	-	-	-	-	-	-	-	-
Shubh Holdings Pte Ltd. <sup>1&amp;2</sup>	-	-	5,022	1129	-	-	-	-	-	-	-	-	-	-
Bank of Baroda	-	-	1,837	1120	11	1097	-	-	1,022	754	-	-	11	731
Bank of India	-	-	644	1097	9	1097	-	-	308	731	-	-	9	731
Bank of Maharashtra	-	-	473	1049	-	-	-	-	473	683	-	-	-	-
Canara Bank	-	-	622	1006	-	-	-	-	267	640	-	-	-	-
Central Bank of India Corporation Bank	-	-	258	1097	3	1097	-	-	123	731	-	-	3	731
Dena Bank	-	-	583	1119	8	1097	-	-	470	753	-	-	8	731
	-	-	250	784	-	-	-	-	250	418	-	-	-	-
Deutsche Bank*	-	-	130	842	1	1015	-	-	130	476	-	-	1	649
China Development Bank* <sup>1</sup>	-	-	2,249	1129	128	1129	-	-	4,457	763	-	-	128	763
Industrial and Commercial Bank of China*	-	-	1,194	1129	33	1129	-	-	1,194	763	-	-	33	763
Export Import Bank of China*	-	-	2,433	1129	47	1129	-	-	1,779	763	-	-	47	763
IDBI Bank	-	-	721	1101	9	1097	-	-	361	735	-	-	9	731
Indian Overseas Bank	-	-	120	1097	1	1097	-	-	57	731	-	-	1	731
RCOM Bond	-	-	1,955	-	-	-	-	-	-	-	-	-	-	-
Oriental Bank of Commerce	-	-	189	1097	2	1097	9	99	90	731	-	-	2	731
Punjab National Bank	-	-	623	1098	-	-	114	89	618	732	-	-	-	-
Standard Chartered Bank	-	-	1,072	1086	-	-	-	-	1,072	720	-	-	-	-
State Bank of India	-	-	2,227	1097	21	1097	159	329	1,507	731	-	-	21	731
Syndicate Bank	-	-	705	1120	5	1097	173	89	705	754	-	-	5	731
UCO Bank	-	-	681	1097	9	1097	-	-	326	731	-	-	9	731
Union Bank of India	-	-	742	1097	3	1097	-	-	610	731	-	-	3	731
United Bank of India	-	-	424	1097	2	1097	-	-	424	731	-	-	2	731
Yes Bank	-	-	-	-	-	-	281	89	-	-	-	-	-	-
Vijaya Bank	-	-	16	686	-	-	84	87	16	320	-	-	-	-
<b>II Debenture</b>														
Life Insurance Corporation of India	-	-	3,750	784	-	-	-	-	3,750	418	-	-	-	-

Notes on Accounts to Financial Statements

Sr. Name of Lender	Amount represents rupees in crore and period represents maximum days													
	Borrowings				Interest		Borrowings				Interest			
	Delay in repayment during the year ended March 31, 2020		Default As at March 31, 2020		As on March 31, 2020		Delay in repayment during the year ended March 31, 2019		Default As at March 31, 2019		Delay in repayment during the year ended March 31, 2019		As on March 31, 2019	
	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period	Amount	Period
<b>III Other Loans</b>														
Industrial Finance Corporation of India Limited	-	-	200	1113	4	1113	-	-	200	747	-	-	4	747
India Infrastructure Finance Corporation Limited	-	-	248	914	4	1128	-	-	9	548	-	-	4	762
Asset Care and Reconstruction Enterprises Limited	-	-	492	1108	-	-	-	-	492	742	-	-	-	-
Neptune Steel Strips Limited	-	-	68	92	-	-	-	-	-	-	-	-	-	-
Deep Industrial Finance Limited	-	-	260	121	-	-	-	-	-	-	-	-	-	-
Pearl Housing Finance Limited	-	-	260	121	-	-	-	-	-	-	-	-	-	-
Shriyam Auto Fin Ltd	-	-	260	121	-	-	-	-	-	-	-	-	-	-
Traitrya Construction Finance Limited	-	-	260	121	-	-	-	-	-	-	-	-	-	-
Vishvakarma equipment finance Limited	-	-	142	121	-	-	-	-	-	-	-	-	-	-
Reliance Capital Limited	-	-	1,000	366	3	1097	-	-	-	-	-	-	3	731
Other Lenders	-	-	7,661	various dates	68	various dates	-	-	-	-	-	-	68	various dates
<b>IV Total</b>	-	-	<b>39,933</b>		<b>371</b>		820		21,069		-		371	

\* facility recalled

<sup>1</sup> Downsale of China Development Bank ₹ 4,826 crore to Shubh Holdings Pte Ltd

<sup>2</sup> Downsale of Bank of America of ₹ 359 crore to Shubh Holdings Pte Ltd ₹ 196 crore and Burlington Loan Management DAC ₹ 163 crore

2.20.3 Since the Company is under CIRP and claims have been filed by lenders, the overall obligations and liabilities including obligation for interest on loans shall be determined during the CIR Process. The total loan amount has been disclosed in delay/ default during the current year. However, corresponding amounts of the previous year's delay/ default are based on original terms of facility and from the date of recall, where loans have been recalled

2.20.4 Apart from above outstanding of Interest, the Company has not provided Interest Expenses of ₹ 4,212 crore, ₹ 3,907 crore and ₹ 3,055 crore for the year ended March 31, 2020, March 31, 2019 and March 31, 2018 respectively which includes interest on NCDs from LIC of ₹ 420 crore, ₹ 420 crore and ₹ 418 crore for the year ended March 31, 2020, March 31, 2019 and March 31, 2018 respectively. Therefore it has not been disclosed.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

(₹ in crore)

### Note: 2.21

	As at March 31, 2020	As at March 31, 2019
<b>Trade Payables</b>		
(Refer Note 2.31 and 2.49)		
Dues to Micro and Small Enterprises (Refer Note 2.43)	35	30
Due to Others	<u>2,979</u>	<u>2,700</u>
	<u><u>3,014</u></u>	<u><u>2,730</u></u>

### Note: 2.22

#### Other Financial Liabilities - Current

##### Current Maturities of Long Term Debts

<b>Secured</b> (Refer Note 2.20)	-	-
3,000 11.20% Redeemable, Non Convertible Debentures of ₹ 1 crore each	3,000	3,000
1,500 11.25% Redeemable, Non Convertible Debentures of ₹ 1 crore each	750	750
Rupee Term Loan from Banks	5,901	5,901
Rupee Term Loan from Others	760	760
<b>Unsecured</b>		
Rupee Term Loan from Others	<u>1,182</u>	<u>1,182</u>
	<u><b>11,593</b></u>	<u><b>11,593</b></u>

#### Others (Refer Note 2.49)

Interest accrued and due on borrowings	371	371
Unclaimed Dividend*	1	1
Capital Creditors**	199	191
Provisions for Expenses (Refer Note 2.39.2)	28,166	296
Other Liabilities ***	<u>381</u>	<u>378</u>
	<u><b>29,118</b></u>	<u><b>1,237</b></u>
	<u><u><b>40,711</b></u></u>	<u><u><b>12,830</b></u></u>

\* Transferred ₹ 1 crore (Previous year ₹ 1 crore) to Investor Education and Protection Fund (IEPF)

\*\* Includes ₹ 1 crore (Previous year ₹ 1 crore) towards Micro and Small Enterprises. ( Refer Note 2.43)

\*\*\* Includes Security deposit, book overdraft etc.,

### Note: 2.23

#### Other Current Liabilities (Refer Note 2.49)

Income Received in advance	53	194
Payable to tax authorities (Refer Note 2.31)	72	69
Other Current Liabilities	180	183
	<u>305</u>	<u>446</u>

### Note: 2.24

#### Provisions

##### Provision for Employee benefits

Employee Benefits	4	2
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#### Others

Disputed and Other Claims (Refer Note 2.35)	1,215	1,215
	<u>1,219</u>	<u>1,217</u>

Notes on Accounts to Financial Statements

	For the Year ended March 31, 2020	(₹ in crore) For the Year ended March 31, 2019
<b>Note: 2.25</b>		
<b>Revenue From Operations</b> (Refer Note 2.49)		
Sale of Services	818	1,379
	<u>818</u>	<u>1,379</u>

Revenue for the year from sale of services as disclosed above pertains to revenue from contracts with customers over a period of time. The Company has not given any volume discounts, service level credits, etc during the year. There is no disaggregation of Revenue as it pertains to service revenue of India Operations

The Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to pending performance obligations which are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). No consideration from contracts with customers is excluded from the amount mentioned above.

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue if revenues is accrued. Receivable and unbilled revenue are a right to consideration that is unconditional upon passage of time. Receivable is presented net of impairment in the Balance Sheet. Unbilled revenue as at April 1, 2019, was ₹ 66 crore and it was billed during the year. Unbilled Revenue as at March 31, 2020 is ₹ 33 crore.

Invoicing in excess of earnings are classified as unearned revenue. Unearned revenue as at April 1, 2019, was ₹ 277 crore and out of which ₹ 155 crore was recorded as revenue during the year. Unearned Revenue as at March 31, 2020 is ₹ 209 crore and out of which ₹ 53 crore and ₹ 112 crore shall be accounted as revenue within one year and between next two to five years respectively and balance after five years.

**Note: 2.26**

**Other Income**

Miscellaneous Income	-	86
	<u>-</u>	<u>86</u>

**Note: 2.27**

**Access Charges, License Fees and Network Expenses (Refer Note 2.49)**

Access Charges	97	200
License Fees	84	121
Infrastructure Charges	24	47
Bandwidth Charges	87	167
Network Repairs and Maintenance	205	133
Stores and Spares Consumed	15	5
Power, Fuel and Utilities	170	175
Rent	23	27
Other Network Operating Expenses	9	26
	<u>714</u>	<u>901</u>

**Note: 2.28**

**Employee Benefits Expenses** (Refer Note 2.40 and 2.49 )

Salaries (including managerial remuneration)	85	87
Contribution to Provident, Gratuity and Superannuation Fund	7	6
Employee Welfare and Other Amenities	13	12
	<u>105</u>	<u>105</u>

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

	(₹ in crore)	
<b>Note: 2.29</b>	<b>For the Year ended March 31, 2020</b>	For the Year ended March 31, 2019
<b>Sales and General Administration Expenses</b> (Refer Note 2.40 and 2.49 )		
Selling, Marketing and Distribution Expenses	<b>3</b>	13
Provision for Doubtful Debts	<b>1129</b>	167
Insurance	<b>6</b>	2
Rent, Rates and Taxes	<b>7</b>	12
Other Repairs	<b>4</b>	5
Travelling	<b>3</b>	1
Professional Fees	<b>16</b>	7
Foreign Exchange Loss/(Gain) (net)	<b>111</b>	(1)
Hire Charges	<b>24</b>	97
Data Warehousing Charges	<b>44</b>	106
AMC Charges	<b>11</b>	12
CIRP Cost	<b>14</b>	-
Other General and Administrative Expenses	<b>52</b>	64
	<b>292</b>	305
Payment to Auditors		
(a) Statutory Audit Fees	<b>4</b>	4
(b) For reimbursement of expenses (₹17,853 (Previous Year ₹56,956))	<b>-</b>	-
	<b>4</b>	4
	<b>1,428</b>	489

### Note: 2.30

#### Previous Year

The figures of the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees in crore, except as otherwise stated.

### Note: 2.31 Going Concern

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 Company, 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.

## Notes on Accounts to Financial Statements

During the current year, the CIRP in respect of the Company 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 Company 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 Company, the Company 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 monetization 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 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 Company will carry out a comprehensive review of all the assets including investment in subsidiaries and liabilities which are pending for confirmation and accordingly provide for impairment of assets and write back of liabilities, if any. Further, the Company is in the process of reconciling Goods & Service Tax (GST) and Tax Deducted at source.

Considering these developments including, in particular, the RP having taken over the management and control of the Company and its three subsidiaries (Group) inter alia with the objective of running them as going concerns, the financial statements 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.

### Note: 2.32

#### Foreign Currency Monetary Items; Long Term

In view of the option allowed pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs (MCA), Government of India, for the year ended on March 31, 2020, the Company has accumulated by Nil (Previous year ₹ Nil) of exchange differences on long term borrowings relating to the acquisition of depreciable capital assets to the cost of capitalised assets. Further, the Company has accumulated foreign currency variations of Nil (Previous year ₹ 1 crore) arising on other long-term foreign currency monetary items in FCMITDA and ₹ 1 crore (Previous year ₹ 224 crore) has been amortised during the year, leaving Nil balance to be amortised over the balance period of loans.

### Note: 2.33

#### Schemes of Amalgamation and Arrangement of earlier years

##### 1. Pertaining to earlier years,

The Company, during the earlier years, underwent various restructuring Schemes through Court including restructuring of ownership structure of telecom business so as to align the interest of the shareholders. Accordingly, pursuant to the Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved by the Hon'ble High Court of respective Judicature, the Company, during the respective years, recorded all necessary accounting effects, along with requisite disclosure in the notes to the accounts, in accordance with the provisions of the said Schemes. The cumulative effects of the Schemes in case of Equity Share Capital of the Company have been disclosed below the respective Notes to the Accounts. Reserves, pursuant to the said Schemes, include:

- (i) ₹ 8,047 crore being Securities Premium Account, which was part of the Securities Premium of erstwhile Reliance Infocomm Limited (RIC), the transferor company.
- (ii) General Reserve I of ₹ 5,538 crore (previous year ₹ 5,538 crore) representing the unadjusted balance being the excess of assets over liabilities relating to Telecommunications Undertaking transferred and vested into the Company.
- (iii) General Reserve III comprises of ₹ 4,159 crore transferred to General Reserve from Statement of Profit and Loss.
- (iv) Additional depreciation of ₹ Nil (Previous year ₹ Nil) arising on fair value of the assets has been adjusted, consistent with the practice followed in earlier years, to General Reserve as permitted pursuant to the Scheme of Arrangement sanctioned vide an order dated July 3, 2009 by the Hon'ble High Court and as determined by the Board of Directors.

- 2 During the earlier year, Pursuant to the Scheme of Demerger ("the Scheme") sanctioned by the Hon'ble High Court of Judicature at Bombay and at Jaipur, the Company had acquired Wireless undertaking of Sistema Shyam Teleservices Limited (SSTL) with effect from October 31, 2017. Upon merger of Wireless undertaking of SSTL, ₹ 1,397 crore being excess of assets over liabilities taken over has been credited to Capital Reserve. The Company had also allotted 27,65,53,305 nos of Equity Shares of ₹ 5 each, on October 31, 2017, to Shareholders of SSTL.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### Note: 2.34 Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The Company's objective when managing the capital is to safe guard the Company's ability to continue as a going concern and the Company is presently under CIRP and there by continue to operate as a Going Concern.

The Company monitors capital using gearing ratio, which is debt divided by total capital plus debt.

	For the year ended March 31, 2020	(₹ in crore) For the year ended March 31, 2019
(a) Equity	(32,946)	12,386
(b) Debt	39,933	39,928
(c) Equity and Debt (a + b)	6,987	52,314
(d) Capital Gearing Ratio (b / c)	572%	76%

Increasing capital gearing ratio reflects decrease in equity on account of loss incurred by the Company due to impairment of investment in Subsidiaries and Provision of Liability on account of License & Spectrum fee during the year.

### Note: 2.35

#### Movement of Provisions (Current/ Non current)

Particulars	(₹ in crore)			
	Current		Non Current	
	For the year ended March 31, 2020	March 31, 2019	For the year ended March 31, 2020	March 31, 2019
<b>Provision for Employee Benefits</b>				
Balances at the beginning of the period	2	4	22	18
Additional provision/(Reduction)	2	(2)	(17)	4
Balances at the close of the period	4	2	5	22
<b>Others - Disputed and Other claims</b>				
Balances at the beginning of the period	1,215	1,215	-	-
Additional provision/(Reduction)	-	-	-	-
Balances at the close of the period	1,215	1,215	-	-

Provisions include, provision for disputed claims of verification of customers ₹ 9 crore (Previous year ₹ 9 crore) and others of ₹ 1,206 crore (Previous year ₹ 1,206 crore). The aforesaid provisions shall be utilised on settlement of the claims, if any, there against.

### Note: 2.36

#### Contingent Liabilities and Capital Commitment (as represented by the Management)

	As at March 31, 2020	(₹ in crore) As at March 31, 2019
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	5	22
(ii) Disputed Liabilities not provided for		
- Sales Tax and VAT	35	35
- Custom, Excise and Service Tax	12	12
- Entry Tax and Octroi	55	55
- Income Tax	393	393
- Employee related	16	-
- Other Litigations	8,321	11,418
(iii) Guarantees given by the Company on behalf of its Subsidiaries	5,182	4,861
(iv) Guarantees given by the Company-others	784	878
<b>(v) Spectrum Charges</b>		

Department of Telecommunication (DoT) had, during the earlier years, issued demand on the Company for ₹ 1,758 Crore towards levy of One Time Spectrum Charges, being the prospective charges for holding CDMA spectrum beyond 2.5 MHz for the period from 1<sup>st</sup> January, 2013 till the expiry of the initial terms of the respective Licenses. Based on a Petition filed by the Company (T.P. No. 219 of 2018), the Hon'ble TDSAT, vide its order dated 4<sup>th</sup> February 2019, set aside the impugned orders and demands for OTSC. In the light of the order passed by TDSAT on 4<sup>th</sup> February 2019, setting aside the OTSC Demands raised by DoT, no demand exist in the eye of Law.



Notes on Accounts to Financial Statements

**Note: 2.37**

**2.37.1 Financial Instruments**

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between the willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short term maturities of these instruments

Financial Instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying values of the financial instruments by categories were as follows:

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
<b>Financial assets at amortised cost:</b>		
Cash and cash equivalents (Refer Note 2.10)	234	185
Bank Balances (Refer Note 2.11)	40	40
Trade receivables (Refer Note 2.09)	253	1,527
Investments (Refer Note 2.08)	4,046	4,218
Loans and Other financial assets (Refer Note 2.04, 2.12 and 2.13)	6,764	6,841
<b>Total</b>	<b>11,336</b>	<b>12,811</b>
<b>Financial assets at fair value through Statement of Profit and Loss:</b>		
Investments ₹34,10,200 (Refer note 2.03 and 2.08)	-	10,000
<b>Financial assets at fair value through other Comprehensive Income:</b>	<b>Nil</b>	<b>Nil</b>
<b>Financial liabilities at amortised cost:</b>		
Trade payables (Refer note 2.21)	3,014	2,730
Other financial liabilities (Refer Note 2.22)	29,118	1,237
Borrowings (Refer Note 2.20 and 2.22 )	39,934	39,928
Liabilities directly related to Assets Held for sale (Refer Note 2.15)	4,413	4,033
<b>Total</b>	<b>76,478</b>	<b>47,928</b>
<b>Financial liabilities at fair value through Profit and Loss:</b>	<b>Nil</b>	<b>Nil</b>
<b>Financial Liabilities at fair value through other Comprehensive Income:</b>	<b>Nil</b>	<b>Nil</b>

**2.37.2 Financial Risk Management Objectives and Policies**

Activities of the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Company's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and the financial assets include trade receivables, deposits, cash and bank balances, other receivables etc. arising from its operation.

Corporate Insolvency Resolution Process ("CIR Process") has been initiated in case of the Company and three of its subsidiaries under the Provisions of the Insolvency and Bankruptcy Code, 2016 (the Code). Pursuant to the order, the management of affairs of the Company and powers of board of directors of the Company stand vested with the Resolution Professional ("RP") appointed by the NCLT. The framework and the strategies for effective management will be established post implementation of Resolution Plan. Presently, the financial management activities are restricted to management of current assets and liabilities of the Company and the day to day cashflow and its associated risks are as under:

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### Market risk

The Company also operates internationally and hence, a portion of the business is transacted in several currencies. Consequently, the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services, purchases from overseas suppliers and borrowings in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates, interest rates will affect income or value of its holding financial assets/ instruments. The exchange rate between rupee and foreign currencies has changed substantially in recent years and may fluctuate significantly in the future. As a result operations of the Company are adversely affected as rupee appreciates/ depreciates against US Dollar. Since the Company is under CIR Process, it is not required to meet any loan or interest obligation till the resolution plan is implemented. As the overall obligation and liabilities shall be determined during CIR Process, foreign currency loans are stated at exchange rate as at March 31, 2018.

### Foreign Currency Risk from financial instruments as of :

Particulars	March 31, 2020				March 31, 2019			
	U.S. dollars	Euro	Other Currency	Total	U.S. dollars	Euro	Other Currency	Total
Trade Receivables	89	-	-	89	1,228	-	1	1,229
Other financial assets	324	-	-	324	296	-	-	296
Investments	-	-	-	-	-	172	-	172
Cash & Cash Equivalents	-	-	-	-	-	-	-	-
Borrowings	(13,147)	-	-	(13,147)	(13,147)	-	-	(13,147)
Trade payables and Other Liabilities	(1,782)	-	(6)	(1,788)	(1,727)	-	(7)	(1,734)
<b>Net assets / (liabilities)</b>	<b>(14,516)</b>	<b>-</b>	<b>(6)</b>	<b>(14,522)</b>	<b>(13,350)</b>	<b>172</b>	<b>(6)</b>	<b>(13,184)</b>

(Amount in crore)

### Sensitivity Analysis

Not relevant till the time resolution plan is finalised.

### Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. Since the Company is under CIR Process, it could not meet interest obligation during the year and shall be finalised when resolution plan is implemented.

### Exposure to interest rate risk/ Sensitivity Analysis

Not relevant till the time resolution plan is finalised.

### Derivative financial instruments

The Company does not hold derivative financial instruments

The company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from the customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss (ECL) model to assess the impairment loss or gain. ECL methodology depends on whether there is any significant increase in credit risk. In case of significant increase in credit risk, life time ECL is used; otherwise twelve month ECL is used. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for the customers.

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and/or domestic credit rating agencies. Investments primarily include investment in quoted bonds issued by Government and certificates of deposit which are funds deposited at a bank for a specified time period.

Notes on Accounts to Financial Statements

Ageing of Trade Receivable

Particulars	As at March 31, 2020			As at March 31, 2019		
	Gross Amount	Weighted Average Rate	Provision for Doubtful Debts	Gross Amount	Weighted Average Rate	Provision for Doubtful Debts
Not Due	139	53%	73	160	-	-
0-90	81	33%	27	113	-	-
91-180	53	51%	27	85	43%	37.05
181-365	57	58%	33	131	36%	47.13
Above 365	2,979	97%	2,895	2,963	62%	1,841
<b>Total</b>	<b>3,309</b>		<b>3,055</b>	<b>3,452</b>	<b>56%</b>	<b>1,925</b>

Movement of Provision for Doubtful Debt

	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Balance	1925	1,826
Add : Provision during the year	1130	214
Less : Write off during the year	-	(115)
Closing Balance	3,055	1,925

Liquidity risk

The Company is under CIR Process. The Company depends upon timely receipt from sales and delay in sales realisation as well as vendor payments can severely impact the current level of operation. Liquidity crises had led to default in repayment of principal and interest to lenders. Since the Company is under CIR Process, it is not required to meet any loan or interest obligation till the resolution plan is implemented.

Liquidity risk is the financial risk that is encountered due to uncertainty resulting in difficulty in meeting its obligations. An entity is exposed to liquidity risk if markets on which it depends are subject to loss of liquidity for any reason; extraneous or intrinsic to its business operations, affecting its credit rating or unexpected cash outflows. A position can be hedged against market risk but still entail liquidity risk. Prudence requires liquidity risk to be managed in addition to market, credit and other risks as it has tendency to compound other risks. It entails management of asset, liabilities focused on a medium to long-term perspective and future net cash flows on a day-by-day basis in order to assess liquidity risk.

Liquidity Periodic budget and rolling forecasts shall be determined during CIR process.

Note: 2.38

Earnings per Share (EPS)

	For the year ended March 31, 2020	(₹ in crore) For the year ended March 31, 2019
<b>Basic and Diluted EPS ( after Exceptional Items) from continuing operations</b>		
(a) Profit/Loss attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	(16,863)	5,099
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	274 42 54 050	274 42 54 050
(c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)	(61.45)	18.58
<b>Basic and Diluted EPS (after Exceptional Items) from discontinued operations</b>		
(a) Profit / Loss attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	(28,475)	(2,252)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	274 42 54 050	274 42 54 050
(c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)	(103.76)	(8.21)

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

	(₹ in crore)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Basic and Diluted EPS (after Exceptional Items) from continuing and discontinued operations</b>		
(a) Profit / Loss attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	<b>(45,338)</b>	2,847
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	<b>274 42 54 050</b>	274 42 54 050
(c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)	<b>(165.21)</b>	10.37
<b>Basic and Diluted EPS (before Exceptional Items) from continuing operations</b>		
(a) Profit/Loss attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	<b>(1,612)</b>	(1,777)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	<b>274 42 54 050</b>	274 42 54 050
(c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)	<b>(5.87)</b>	(6.48)
<b>Basic and Diluted EPS (before Exceptional Items) from discontinued operations</b>		
(a) Profit/Loss attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	<b>(654)</b>	(485)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	<b>274 42 54 050</b>	274 42 54 050
(c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)	<b>(2.38)</b>	(1.77)
<b>Basic and Diluted EPS (before Exceptional Items) from continuing and discontinued operations</b>		
(a) Profit/ Loss attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	<b>(2,266)</b>	(2,262)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	<b>274 42 54 050</b>	274 42 54 050
(c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)	<b>(8.25)</b>	(8.25)

### Reconciliation of weighted average number of ordinary shares

	For the year ended March 31, 2020	For the year ended March 31, 2019
Issued ordinary shares at April 1	<b>276 55 33 050</b>	276 55 33 050
Effect of Treasury shares held	<b>(2,12,79,000)</b>	(2,12,79,000)
Weighted average number of shares for basic and diluted EPS	<b>274 42 54 050</b>	274 42 54 050

### Note: 2.39

#### Exceptional Items

##### 1 Relating to Continuing Operations

During the previous year ended March 31, 2019, the Company was in the process of finalising and implementing its asset monetization and debt resolution plan, comprising the Company'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 Company. However RP has highlighted that the Company 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 Company. During the current year, pursuant to amendment of the Articles of Association in the Extra Ordinary General Meeting of Reliance Realty Limited (RRL), held on December 10,

## Notes on Accounts to Financial Statements

2019, the control of RRL, a subsidiary of the Corporate Debtor, was conferred on the Company, with effect from December 10, 2019. Consequently RRL Investments previously fair valued was recorded at cost. Impact on profitability for the year ended March 31, 2020 is ₹ 8,964 crore loss represented as exceptional items as part of continuing operations.

Also during the year, GCX Limited, an overseas step-down subsidiary of the Company, 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 Note holders. 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 Corporate Debtor'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 Note holders 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, Corporate Debtor has not yet been divested of its indirect equity interest in GCX and the other Debtors. Impact on profitability is ₹ 6,287 crore for the year ended March 31, 2020 and has been represented as part of Exceptional Items. Hence the figures for the year ended March 31, 2020 are not comparable with the previous year.

## 2 Relating to Discontinued Operations

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 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 ₹ 221.4 crore on account of AGR dues pertaining to Sistema Shyam Teleservices Limited ("SSTL") has been reflected in the AGR dues of the Company. As per the scheme of arrangement between SSTL and the Company 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 Company as on the appointed date of merger i.e., 31<sup>st</sup> October 2017. Pursuant to the aforesaid, the Company has provided for an amount of ₹ 312.58 Cr (including interest thereof on the principal amount) on account of additional AGR dues in the financial statements for the Year ended 31<sup>st</sup> March 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 Company has provided for estimated liability aggregating to ₹ 27,821 crore (including that of SSTL ₹ 313 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 Company 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.

The assets pertaining to Wireless Spectrum and Media Convergence Nodes (MCNs) continued to be classified as assets held for sale at the value ascertained at the end of previous year, along with liabilities, and disclosed separately as discontinued operations in line with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". During the previous year, certain assets of ₹ 1,767 crore (Refer note 2.15) have been impaired and represented as exceptional items as a part of Discontinued Operations.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### Note: 2.40 Recovery of the Expenses

Expenses are net of recoveries for common cost from; RITL, a subsidiary of RCIL includes ₹ 11 Crores (Previous Year ₹ Nil) for Salaries and ₹ 3 crore (Previous year ₹ 4 crore) for Sales and General and Administration Expenses. RRL ₹ 31,50,537 (Previous Year ₹ Nil), RTL, a Subsidiary of the Company includes Insurance ₹ Nil (Previous year ₹ 1 Crore).

### Note 2.41 Corporate Social Responsibility

The Company is not required to spend towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013, since there is no average profit in the last 3 years calculated as per the provisions of the Act.

### Note 2.42 Employee Benefits

Gratuity: In accordance with the applicable Indian laws, the Company provides for the gratuity, a defined benefit retirement plan (Gratuity Plan) for all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on respective employee's last drawn salary and for the years of employment with the Company.

The gratuity plan is governed by the Payment of Gratuity Act, 1972 (Gratuity Act). The Company is bound to pay the statutory minimum gratuity as prescribed under Gratuity Act. There are no minimum funding requirements for a gratuity plan in India. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of underfunding of the plan vis-à-vis settlements. The management is responsible for the overall governance of the plan. The management has outsourced the investment management of the fund to insurance company which in turn manages these funds as per the mandate provided to them by the trustees and applicable insurance and other regulations.

The Company operates its gratuity and superannuation plans through separate trusts which is administered and managed by the Trustees. As on March 31, 2020 and March 31, 2019, the contributions towards superannuation plans have been invested in Insurer Managed Funds.

The plan is in the nature of a defined benefit plan which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any significant change in salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future.

The defined benefit plan exposes the Company to actuarial risks such as longevity risks, interest risk and market (Investment) risk.

The following table sets out the status of the Gratuity Plan as required under Ind AS 19 "Employee Benefits".

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
<b>(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b>		
Obligation at the beginning of the year	<b>21</b>	<b>12</b>
Service Cost	<b>1</b>	<b>1</b>
Interest Cost	<b>2</b>	<b>1</b>
Liability Transferred in from other Company	-	<b>9</b>
Liability Transferred out to other Company	-	-
Actuarial (gain) / loss recognised in other comprehensive income	<b>(4)</b>	
- Change in financial assumptions (previous year ₹ 1,41,165)		-
- Change in demographic assumptions		<b>1</b>
- Experience adjustments		<b>1</b>
Benefits Paid	<b>(7)</b>	<b>(4)</b>
Liabilities Extinguished on Settlement		-
Obligation at the end of the year	<b>13</b>	<b>21</b>
Note: Defined benefit obligation liability is wholly funded by the Company		
<b>(ii) Change in plan assets</b>		
Plan assets at the beginning of the year, at fair value (Previous Year ₹ 2,82,075)	<b>21</b>	-
Expected return on plan assets	<b>3</b>	<b>1</b>
Actuarial gain / (loss) recognised in other comprehensive income	-	-
Contributions	<b>1</b>	<b>24</b>
Assets Transferred in from other Company	-	-

Notes on Accounts to Financial Statements

		(₹ in crore)			
Particulars	As at March 31, 2020	As at March 31, 2019			
Assets Transferred out to other Company	-	-			
Benefits paid from the fund	(7)	(4)			
Assets distributed on settlement	0	-			
Plan assets at the end of the year, at fair value	18	21			
<b>(iii) Reconciliation of present value of the obligation and the fair value of the plan assets</b>					
Fair value of plan assets at the end of the year	18	21			
Present value of the defined benefit obligation at the end of the year	13	21			
Liability recognized in the Balance Sheet (Previous Year ₹47,40,794)	(5)	-			
<b>(iv) Expense Recognised in Profit or Loss</b>					
Service Cost	1	1			
Interest Cost	2	1			
Total	3	2			
<b>(v) Amount Recognised in Other Comprehensive Income</b>					
Actuarial (gain) / loss recognised in other comprehensive income	2	-			
Expected return on plan assets	3	-			
Total (Previous year ₹ 30,39,561)	5	-			
<b>(vi) Investment details of plan assets</b>					
100% of the plan assets are invested in balanced Fund Instruments					
<b>(vii) Actual return on plan assets</b>					
	3	1			
<b>(viii) Assumptions</b>					
Interest rate	5.04%	7.64%			
Estimated return on plan assets	5.04%	7.64%			
Salary growth rate	Nil	8%			
Employee turnover rate	50% for all age group	For service 4 year and below 18% and 5% thereafter			
Mortality in Retirement: LIC Buy-out Annuity Rates & UK Published PA (90) Annuity Rates suitably adjusted for Indian Lives.					
The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market					
<b>(ix) Particulars of the amounts for the year and Previous years</b>					
		<b>Gratuity</b>			
		<b>As at March 31</b>			
	<b>2020</b>	2019	2018	2017	2016
Present Value of benefit obligation	13	21	12	16	14
Fair value of plan assets	18	21	-	-	1
Excess of obligation over plan assets (plan assets over obligation)	(5)	-	12	16	13
The expected contribution is based on the same assumptions used to measure the company's gratuity obligations as of March 31, 2020					

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### (x) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at March 31, 2020	As at March 31, 2019
Discount rate (+ 1% movement) ( (-) ₹ 8,95,506)	-	(1)
Discount rate (- 1% movement) ( ₹ 9.13,452)	-	1
Future salary growth (+ 1% movement)	Nil	1
Future salary growth (- 1% movement)	Nil	(1)
Employee turnover (+ 1% movement) ( ₹ (-) 914 (Previous year ₹ 7,02,588))	-	-
Employee turnover (- 1% movement) ( ₹ 963 (Previous year ₹ 7,41,774))	-	-

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown. In the current year, as valuation has been done on Nil Salary increment so Sensitivity on Future Salary increment has not given

### (xi) Maturity analysis of defined benefit plan (fund)

Project benefit payable in future from the date of reporting		
1 <sup>st</sup> following year	5	2
2 <sup>nd</sup> following year	3	1
3 <sup>rd</sup> following year	2	1
4 <sup>th</sup> following year	1	2
5 <sup>th</sup> following year	0	3
Sum of 6 to 10 years	0	10
Sum of years 11 and above	1	19

**Provident Fund (PF)** : Under this scheme, the employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's basic salary. Contributions are made to the trust established by the Company upto 29.2.2020. During the previous year, based on the actuarial valuation, Fair value of plan assets was ₹ 128 crore, the present value of defined benefit obligation was ₹ 105 crore. PF deducted for the month of March 31, 2020, the employee and employer monthly contribution to the PF equal to 12% of the covered employee's basic salary is deposited with Regional Provident Fund Commissioner (RPFC) as per order received from the PF Commissioner dated 9.3.2020.

For the year ended March 31, 2020, the Company has contributed ₹ 3.22 crore from April 2019 to February 2020 and For March 2020 ₹ 0.24 crore (Previous year ₹ 3 crore) towards Provident Fund to RPFC.



Notes on Accounts to Financial Statements

**Note 2.43**

**Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)**

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to MSME. On the basis of the information and records available with the company, the following disclosures are made for the amounts due to Micro and Small Enterprises.

	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
(i) Principal amount due to any supplier as at the year end	35	30
(ii) Interest due on the principal amount unpaid at the year end to any supplier	14	11
(iii) Amount of Interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year		-
(iv) Payment made to the enterprises beyond appointed date under Section 16 of MSMED	19	22
(v) Amount of Interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the year, but without adding the interest specified under MSMED	0	4
(vi) Amount of interest accrued and remaining unpaid at the end of each accounting year; and	14	15
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED.	8	11

**Note 2.44 Disclosures required by Clause 34(3) and 53 (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Loans and Advances in the nature of Loans to Subsidiary Companies

		(₹ in Crore)			
Sr. No.	Name of the Company	As At March 31, 2020	As At March 31, 2019	Maximum Balance during the current year	Maximum Balance during the Previous year
(i)	Reliance Telecom Limited	2,356	2,356	2,356	2,400
(ii)	Campion Properties Limited	153	153	153	153
(iii)	Reliance Communications Infrastructure Limited	3,462	3,462	3,462	3,957
(iv)	Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited)	77	77	77	208
(v)	Independent TV Limited (Formerly Reliance Big TV Limited)	-	-	-	23
(vi)	Reliance Infratel Limited	-	-	-	157
(vii)	Reliance Globalcom B.V.	324	296	324	296
(viii)	Globalcom IDC Limited (Formerly Reliance IDC Limited)	185	185	185	185
		<b>6,556</b>	6,529		

The Company has not provided interest for the year ended March 31, 2020 and for the previous year ended March 31, 2019 (Refer Note 2.48) and therefore, interest has not been charged on Loans and Advances to subsidiaries.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### 2.45 Employee Stock Option Schemes

The Company was operating Employee Stock Option Plans; ESOS Plan 2008 and ESOS Plan 2009, which covered eligible employees of the Company and its Subsidiaries. ESOS Plan 2008 was operational till March 31, 2017 whereas ESOS Plan 2009 was operational till January 16, 2019. ESOS Plans were administered through an ESOS Trust. The Vesting of the Options was on the expiry of one year from the date of Grant as per Plan under the respective ESOS(s). In respect of Options granted, the accounting value of Options (based on market price of the share on the date of the grant of the Option) was accounted as deferred employee compensation, which was amortised on a straight line basis over the Vesting Period. Each Option entitles the holder thereof to apply for and be allotted/ transferred one Equity Share of the Company of ₹ 5 each upon payment of the Exercise Price during the Exercise Period. The maximum Exercise Period was 10 years from the date of Grant of Options.

The Company has established a Trust for the implementation and management of ESOS for the benefit of its present and future employees. Advance of ₹ 387 crore (Previous year ₹ 387 crore) has been granted to the Trust and the said amount has been utilized by the Trust for purchasing 2.13 crore (Previous year 2.13 crore) Equity Shares during the earlier years. The fall in the value of these underlying shares on account of market volatility and loss, if any, can be determined upon sale of shares by Trust.

### Note 2.46 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

### Note 2.47 Discontinued Operations:

Financial Performance of discontinued operations is presented hereunder:

	For the year ended March 31, 2020	For the year ended March 31, 2019
		(₹ in crore)
<b>Income</b>		
Revenue from Operations	-	-
Other Income	<u>2</u>	<u>635</u>
<b>Total Income</b>	<u>2</u>	<u>635</u>
<b>Expenses</b>		
Access Charges, License Fee and Network Expenses	14	15
Employee Benefit Expenses	-	38
Finance Costs	397	831
Sales and General Admin Expenses	<u>245</u>	<u>236</u>
<b>Total Expenses</b>	<u>656</u>	<u>1,120</u>
<b>Profit/(loss) before exceptional items and tax from discontinued operations</b>	<u>(654)</u>	<u>(485)</u>
<b>Cash flow from</b>		
- Operating activities	(24)	200
- Investing activities	(2)	147
- Financing activities	(12)	(327)

### Note 2.48

#### Non Provision of Interest and foreign Exchange Variation on Borrowings

Considering various factors including admission of the Company 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 / disclosure if any will be given on completion of CIRP. Further, prior to May 15, 2018, the Company and its said subsidiaries were under Strategic Debt Restructuring (SDR) and asset monetization and debt resolution plan was being worked out. The Company has not provided Interest of ₹ 4,212 crore calculated based on basic rate of interest as per terms of loan for the year ended March 31, 2020 and foreign exchange variation aggregating to ₹ 1,313 crore loss for the year ended March 31, 2020. Had the Company provided Interest and foreign exchange variation, the Loss would have been higher by ₹ 5,525 crore for the year ended March 31, 2020. During the previous years, Interest of ₹ 6,962 crore and foreign exchange variation loss aggregating to ₹ 803 crore were not provided.

## Notes on Accounts to Financial Statements

### 2.49 Related Parties

As per the Ind AS 24 "Related Party Disclosures" as referred to in Accounting Standard Rules, the disclosure of transactions with the related parties as defined therein are given below. All transactions entered into by the Company with related parties, were in ordinary course of business and on arm's length basis.

#### **A List of Related Parties : where control exists**

##### **(i) Subsidiary Companies (direct and step down subsidiaries)**

- 1 Reliance WiMax Limited (RWML)
- 2 Reliance Bhutan Limited
- 3 Reliance Webstore Limited (RWSL)
- 4 Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited)(RRL)
- 5 Campion Properties Limited
- 6 Independent TV Limited (Formerly known as Reliance Big TV Limited)\*
- 7 Reliance Tech Services Limited
- 8 Reliance Telecom Limited
- 9 Reliance Communications Infrastructure Limited (RCIL)
- 10 Globalcom IDC Limited (Formerly known as Reliance IDC Limited)
- 11 Reliance Infratel Limited (RITL)
- 12 Globalcom Mobile Commerce Limited ( Formerly known as Reliance Mobile Commerce Limited)
- 13 Reliance BPO Private Limited
- 14 Reliance Globalcom Limited, India\*\*
- 15 Reliance Communications Tamilnadu Limited
- 16 Globalcom Realty Limited (Formerly Reliance Infra Realty Limited)
- 17 Reliance Infra Projects Limited
- 18 Realsoft Cyber Systems Private Limited
- 19 Worldtel Tamilnadu Private Limited
- 20 Internet ExchangeNext.com Limited
- 21 Reliance Globalcom B.V.
- 22 Reliance Communications (UK) Limited
- 23 Reliance Communications (Hong Kong) Limited
- 24 Reliance Communications (Singapore) Pte. Limited
- 25 Reliance Communications (New Zealand) Pte Limited
- 26 Reliance Communications (Australia) Pty Limited
- 27 Anupam Global Soft (U) Limited
- 28 Gateway Net Trading Pte Limited
- 29 Reliance Globalcom Limited, Bermuda (RGL Bermuda)\*\*
- 30 FLAG Telecom Singapore Pte. Limited\*\*
- 31 FLAG Atlantic UK Limited\*\*
- 32 Reliance FLAG Atlantic France SAS (Flag France)\*\*
- 33 FLAG Telecom Taiwan Limited\*\*
- 34 Reliance FLAG Pacific Holdings Limited\*\*
- 35 FLAG Telecom Group Services Limited (formerly known as GCX Services Limited)\*\*
- 36 FLAG Telecom Deutschland GmbH \*\*
- 37 FLAG Telecom Hellas AE \*\*
- 38 FLAG Telecom Asia Limited \*\*

##### **(i) Subsidiary Companies (direct and step down subsidiaries)**

- 39 FLAG Telecom Nederland B.V. \*\*
- 40 Reliance Globalcom (UK) Limited \*\*
- 41 Yipes Holdings Inc.\*\*
- 42 Reliance Globalcom Services Inc.\*\*
- 43 YTV Inc. \*\*
- 44 Reliance Infocom Inc.
- 45 Reliance Communications Inc. (RCI)
- 46 Reliance Communications International Inc. (RCII)
- 47 Reliance Communications Canada Inc.
- 48 Bonn Investment Inc.
- 49 FLAG Telecom Development Limited \*\*
- 50 FLAG Telecom Development Services Company LLC \*\*
- 51 FLAG Telecom Network Services DAC \*\*
- 52 Reliance FLAG Telecom Ireland DAC (Flag Ireland)\*\*
- 53 FLAG Telecom Japan Limited \*\*
- 54 FLAG Telecom Ireland Network DAC \*\*
- 55 FLAG Telecom Network USA Limited \*\*
- 56 FLAG Telecom Espana Network SAU \*\*
- 57 Reliance Vanco Group Ltd \*\*
- 58 Euronet Spain SA
- 59 Vanco (Shanghai) Co Ltd. \*\*
- 60 Vanco (Asia Pacific) Pte. Ltd. \*\*
- 61 Vanco Australasia Pty. Ltd. \*\*
- 62 Vanco Sp Zoo \*\*
- 63 Vanco Gmbh \*\*
- 64 Vanco Japan KK \*\*
- 65 Vanco NV \*\*
- 66 Vanco SAS \*\*
- 67 Vanco South America Ltda \*\*
- 68 Vanco Srl \*\*
- 69 Vanco Sweden AB \*\*
- 70 Vanco Switzerland AG \*\*
- 71 Vanco Deutschland GmbH \*\*
- 72 Vanco BV \*\*
- 73 Vanco UK Ltd \*\*
- 74 Vanco International Ltd \*\*
- 75 Vanco Row Limited \*\*
- 76 Vanco Global Ltd \*\*
- 77 VNO Direct Ltd \*\*
- 78 Vanco US LLC \*\*
- 79 Vanco Solutions Inc \*\*
- 80 Net Direct SA (Proprietary) Ltd. (Under liquidation)\*\*
- 81 Global Cloud Xchange Limited \*\*
- 82 GCX Limited \*\*

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### (i) Subsidiary Companies (direct and step down subsidiaries)

- 83 Aircom Holdco B.V
- 84 Towercom Infrastructure Private Limited
- 85 Seoul Telenet Inc. \*\*
- 86 FLAG Holdings (Taiwan) Limited \*\*
- 87 Reliance Telecom Infrastructure (Cyprus) Holdings Limited
- 88 Lagerwood Investments Limited

### (ii) Holding Company

Reliance Innoventures Private Limited (upto 6<sup>th</sup> February,2019)

### (iii) Individuals Promoters

Shri Anil D. Ambani, the person having control during the year

### (iv) Key Managerial Person

Shri Punit Garg – Executive Director (w.e.f. 2.10.2017 till 5.4.2019)

Shri Manikantan V. – Director and Chief Financial Officer (upto 19.11.2019)

Shri. Viswanath D (w.e.f. 19.11.2019)

Shri. Rakesh Gupta (w.e.f. 20.07.2019)

Shri Prakash Shenoy – Company Secretary (upto 19.07.2019)

### B List of Other Related Parties : where there have been transactions

#### (i) Associates

- 1 Warf Telecom International Private Limited
- 2 Mumbai Metro Transport Private Limited

#### (ii) Fellow Subsidiary Company

- 1 Reliance Big Entertainment Private Limited
- 2 Big Animation (India) Private Limited
- 3 Big Flicks Private Limited
- 4 Zapak Digital Entertainment Limited
- 5 Zapak Mobile Games Private Limited
- 6 Ralston Trading Private Limited
- 7 Unlimit IOT Private Limited
- 8 Nationwide Communication Private Limited (ceased to be subsidiary w.e.f 06.03.2019)

#### (iii) Enterprises over which individual described in Sr. No. A (iii) above having control

- 1 Reliance Capital Limited
- 2 Reliance General Insurance Company Limited
- 3 Reliance Money Precious Metals Private Limited
- 4 Reliance Home Finance Limited
- 5 Reliance Securities Limited
- 6 Reliance Financial Limited
- 7 Reliance Money Solutions Private Limited
- 8 Reliance Wealth Management Limited
- 9 Reliance Infrastructure Limited
- 10 Mumbai Metro One Private Limited

#### (iii) Enterprises over which individual described in Sr. No. A (iii) above having control

- 11 HK Toll Road Private Limited
  - 12 GF Toll Road Private Limited
  - 13 KM Toll Road Private Limited
  - 14 Reliance Energy Limited
  - 15 DS Toll Road Limited
  - 16 BSES Kerala Power Limited
  - 17 Vidarbha Industries Power Limited
  - 18 Reliance Power Limited
  - 19 Sasan Power Limited
  - 20 Reliance Cleangen Limited (RCGL)
  - 21 Reliance Nippon Life Insurance Company Limited (Formerly known as Reliance Life Insurance Company Limited)
  - 22 BSES Rajdhani Power Limited
  - 23 Reliance Commercial Finance Limited
  - 24 Reliance Defence Limited
  - 25 SU Toll Road Private Limited
  - 26 TD Toll Road Private Limited
  - 27 TK toll Road Private Limited
  - 28 BSES Yamuna Power Limited
  - 29 Reliance Communications Enterprises Private Limited
  - 30 Metro One Operation Private Limited
  - 31 Reliance Defence Systems and Tech Limited (Formerly Reliance Space Ltd.)
  - 32 Reliance Naval and Engineering Limited
  - 33 Reliance Health Insurance Limited
  - 34 Reliance Commodities Limited
  - 35 Rajasthan Sun Technique Energy Private Limited
- #### (iv) Employee Benefits Trust
- 1 Reliance Infocomm Limited Employees Provident Fund
  - 2 Reliance Infocomm Limited Employees Gratuity Fund
  - 3 Reliance Infocomm Limited Employees Superannuation Schemes

\* No control during the entire year. During an earlier year, the Company had entered into a definitive binding agreement with Pantel Technologies Private Limited and Veecon Media and Television Limited (the Purchaser) for sale of its subsidiary company, Independent TV Limited (ITVL) (Formerly Reliance Big TV Limited) having DTH Business. As per the agreement, all collections from Debtors and all liabilities of the ITVL will be to the account of, and borne by, the purchaser. In view of the above and upon transfer of the entire operations of ITVL, from the previous year, ITVL has been deconsolidated for the purpose of and as per requirement of Ind AS 110 "Consolidated Financial Statement".

\*\* No control w.e.f.1-7-2019. Refer note 2.39.1

Notes on Accounts to Financial Statements

(₹ in crore)

Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which individual having control	Employee Benefits	Associates/ Others	Total
<b>1 Investments</b>						
<b>Balance as at April 1, 2019</b>	<b>26,720</b>	-	-		<b>22</b>	<b>26,742</b>
	(21,693)	-	-		(22)	(21,715)
Fair Valuation of Investment	-					-
	(8,964)	-	-		-	(8,964)
Provision for Diminution in the value Investment during the year	<b>(15,251)</b>	-	-		-	<b>(15,251)</b>
	(3,931)	-	-		-	(3,931)
Foreign Exchange Fluctuation	<b>6</b>	-	-		-	<b>6</b>
	(6)	-	-		-	(6)
<b>Balance as at March 31, 2020</b>	<b>11,474</b>	-	-	-	<b>22</b>	<b>11,496</b>
	(26,720)	-	-		(22)	(26,742)
<b>2 Purchase of PPE/ Intangible Assets</b>	-	-	-		-	-
	(23)	-	-		-	(23)
<b>3 Trade Receivables</b>	<b>5</b>	-	<b>9</b>		-	<b>14</b>
	(1,195)	-	(6)		-	(1,201)
<b>4 Loans - Current Financial Assets</b>						
Balance as at April 1, 2019	<b>6,528</b>	-	-		-	<b>6,528</b>
	(3,640)	-	-		-	(3,640)
Given / Adjusted during the Year	-	-	-		-	-
	(3,833)	-	-		-	(3,833)
Repaid & Adjusted during the Year	-	-	-		-	-
	(962)	-	-		-	(962)
Foreign Exchange Fluctuation	<b>28</b>	-	-		-	<b>28</b>
	(17)	-	-		-	(17)
<b>Balance as at March 31, 2020</b>	<b>6,556</b>	-	-		-	<b>6,556</b>
	(6,528)	-	-		-	(6,528)
<b>5 Interest Accrued on Loans and Investments - Other Financial Assets</b>	<b>53</b>	-	-	-	-	<b>53</b>
	(53)	-	-	-	-	(53)
<b>6 Other Current Assets</b>						
<b>(i) Advances</b>	<b>1</b>	-	<b>10</b>	-	-	<b>11</b>
	(115)	-	(1)	-	-	(116)
<b>7 Other Financial Assets</b>	<b>14</b>	-	-	-	-	<b>14</b>
	(12)	-	-	-	-	(12)

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

(₹ in crore)

Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which individual having control	Employee Benefits	Associates/ Others	Total
<b>8 Borrowings – Non Current</b>						
Balance as at April 1, 2019	-	-	-	-	-	-
	-	-	(854)	-	-	(854)
Taken during the Year	-	-	-	-	-	-
	-	-	-	-	-	-
Repaid during the Year	-	-	-	-	-	-
	-	-	-	-	-	-
Regrouped with short term Borrowings	-	-	-	-	-	-
	-	-	(854)	-	-	(854)
Balance as on March 31, 2020 (including current maturity of Long term Debts)	-	-	-	-	-	-
	-	-	-	-	-	-
<b>9 Trade Payables</b>	<b>320</b>	<b>1</b>	<b>1</b>	-	-	<b>322</b>
	(1,114)	-	(1)	-	-	(1,115)
<b>10 Borrowings – Current</b>	-	-	<b>4,607</b>	-	-	<b>4,607</b>
	-	-	(4,607)	-	-	(4,607)
<b>11 Other Financial Liabilities</b>						
<b>(i) Other Liabilities</b>	<b>11</b>	-	-	-	-	<b>11</b>
	(140)	-	-	-	-	(140)
<b>12 Income</b>						
<b>Revenue From Operations</b>	<b>10</b>	<b>1</b>	<b>9</b>	-	-	<b>20</b>
	(102)	-	(16)	-	-	(118)
Other Income	-	-	-	-	-	-
	(4)	-	-	-	-	(4)
<b>13 Expenditure</b>						
Access Charges	<b>29</b>	-	-	-	-	<b>29</b>
	(45)	-	-	-	-	(45)
Network Operation Expenses	<b>263</b>	-	<b>4</b>	-	-	<b>267</b>
	(364)	-	(2)	-	-	(366)
Employee Benefit Expenses	-	-	-	<b>3</b>	-	<b>3</b>
	-	-	-	(6)	-	(6)
General and Administration Expenses	<b>51</b>	-	<b>1</b>	-	-	<b>52</b>
	(207)	-	(16)	-	-	(223)
Recovery of Expenses	<b>15</b>	-	-	-	-	<b>15</b>
	(6)	-	-	-	-	(6)

Notes on Accounts to Financial Statements

(₹ in crore)

Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which individual having control	Employee Benefits	Associates/ Others	Total
<b>14 Corporate Guarantee</b>						
14.01 <b>Given by the Company</b>	<b>5,182</b>	-	-	-	-	<b>5,182</b>
	(4,861)	-	-	-	-	(4,861)
14.02 <b>Taken by the Company</b>	<b>1,400</b>	-	-	-	-	<b>1,400</b>
	-	-	-	-	-	-
<b>15 Person having control during the year</b>						
Shri Anil D. Ambani- Sitting Fees [₹ Nil (Previous year ₹ 1,20,000)]	-	-	-	-	-	-
<b>16 Managerial Remuneration</b>						
Shri. Punit Garg (₹ 3,62,386) *	-	-	-	-	-	-
	-	-	-	-	(2)	(2)
Shri. Manikantan V *	-	-	-	-	1	1
	-	-	-	-	(2)	(2)
Shri. Viswanathan D (₹ 22,19,178)	-	-	-	-	-	-
	-	-	-	-	(2)	(2)

\* within the limit approved by share holders

The following table describes the components of compensation paid or payable to key management personnel for the services rendered during the year ended:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and other benefits	1,24,97,942	3,78,19,726
Contributions to defined contribution plans	11,25,799	23,68,525
Commission to directors		-
Share-based payments expense		-
<b>Total</b>	<b>1,36,23,741</b>	<b>4,01,88,251</b>

Some of the key management personnel of the Company are also covered under the Company's Gratuity Plan along with the other employees of the Company. Proportionate amounts of gratuity accrued under the Company's Gratuity Plan have not been separately included in the above disclosure.

The managerial remuneration paid to the Executive Director and CFO of the Company amounting to ₹ 0.49 crore for the financial year exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by ₹ 0.27 crore. His appointment and remuneration has been approved by the Committee of Creditors. The excess amount of ₹ 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 Company proposes to obtain in the forthcoming Annual General Meeting.

**Note 2.50 Segment Performance**

Disclosure as per Ind AS 108 "Operating Segments" is reported in Consolidated Accounts of the Company. Therefore, the same has not been separately disclosed in line with the provision of Ind AS.

**Note 2.51 Note on Disqualification of Directors**

During the year under review, Shri Anil D Ambani, Smt. Manjari Kacker, Smt. Ryna Karani, Smt. Chhaya Virani and Shri Suresh Rangachar, Directors tendered their resignation as Directors of the Company, however the Committee of Creditors of the Company ("CoC"), in its meeting held on 20<sup>th</sup> November, 2019 refused to accept the resignations tendered by above mentioned directors. Further, the CoC instructed that the said directors be advised to continue with their duties and responsibilities as directors of the Company and provide all cooperation to the Resolution Professional during the Corporate Insolvency Resolution Process. Accordingly,

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

the name of such directors continues to reflect in the composition of the board of directors and the respective committees of the Company. Due to above mentioned events, the Company has not received annual disclosures as required under section 164(2) of the Companies Act, 2013 regarding disqualification of directors from Shri Anil D Ambani, Smt. Manjari Kacker, Smt. Ryna Karani, Smt. Chhaya Virani and Shri Suresh Rangachar, Directors of the Company. As per legal opinion obtained by the company during the previous year, none of the Directors were disqualified under section 164(2) of the Companies Act 2013 for default in payment of interest and principal of debentures.

### Note 2.52 Lease:

The assets of the Company are held for sale as per Ind AS 105 and accordingly lease agreements are considered to be short term in nature and Ind AS 116 has not been applied.

### Note 2.53 Note on Covid -19 Impact

While the Company 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 Company 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 Company 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 Company'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 Company 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.

### Note 2.54

#### Authorisation of Financial Statements

The Directors of the Company have approved the financial statement at their meeting held on July 31, 2020 which was chaired by Mr. Anish Niranjana Nanavaty, Resolution Professional ('RP') of the Company and RP took the same on record, basis recommendation from the directors.

With respect to the financial statements for the year ended 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;
- (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 statements and while signing this statement of financial statements, 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 statements. The statement of financial statements of the Corporate Debtor for the 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 statements 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 statements.
- (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.

As per our report of even date  
For **Pathak H.D. & Associates LLP**  
Chartered Accountants  
Firm Reg. No.: 107783W/W100593

#### Parimal Kumar Jha

Partner  
Membership No: 124262

Mumbai  
July 31, 2020

#### For **Reliance Communications Limited**

Resolution Professional

**Anish Niranjana Nanavaty**

Executive Director and Chief Financial Officer

**Viswanath D.**

Company Secretary

**Rakesh Gupta**



Notes on Accounts to Financial Statements

**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, 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	818	818
	2 Total Expenditure	2,430	2,430
	3 Net Profit/(Loss) before Exceptional items	(1,612)	(1,612)
	4 Exceptional Item (Refer Note 2.39.1)	15,251	15,251
	5 Net Profit/(Loss) after Exceptional items	(16,863)	(16,863)
	6 Net Profit / (Loss) from Discontinued Operations	(28,475)	(34,000)
	7 Earnings Per Share (₹)	(165.21)	(185.35)
	8 Total Assets	45,217	45,217
	9 Total Liabilities	78,163	91,453
	10 Net worth	(32,946)	(46,236)
	11 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<br>(Refer Note 2.48)  |
| 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:                    | Impairment review of tangible and intangible assets, assets held for sale, investments and other assets and reconciliation of credits relating to GST and TDS, Going concern (Refer Note 2.15 and 2.31), Lease (Refer Note 2.52) |
| (i) Management's estimation on the impact of audit qualification:                                   |  |
| (ii) If management is unable to estimate the impact, reason 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 statements, the same is self explanatory.  |

**III Signatories:**

Resolution Professional	Anish Niranjana Nanavaty
Executive Director and Chief Financial Officer	Viswanath D
Statutory Auditor	Parimal Kumar Jha
UDIN:20124262AAAACZ1130	

Place: Mumbai

Date : July 31, 2020

To  
**The Members of Reliance Communications Limited**

**Report on the Audit of the Consolidated Financial Statements**

**Corporate Insolvency Proceedings as per Insolvency and Bankruptcy Code, 2016 (IBC)**

The Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") admitted an insolvency and bankruptcy petition filed by an operational creditor against Reliance Communications Limited ("the Company") and its two subsidiaries, appointed Resolution Professional (RP) who has been vested with management of affairs and powers of the Board of Directors with direction to initiate appropriate action contemplated with extant provisions of the Insolvency and Bankruptcy Code, 2016 and other related rules.

### Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of **Reliance Communications Limited** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statements of Profit and Loss, the Consolidated Statements of Changes in Equity and the Consolidated Statements of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of matters described in the Basis for Qualified Opinion section of our report, the aforesaid Consolidated Ind AS Financial Statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies ( Indian Accounting Standards) Rules, 2015 , as amended , ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the consolidated loss, consolidated total comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Qualified Opinion

We draw attention to following notes to the accompanying consolidated financial statements for the year ended March 31, 2020:-

- A. Note no 2.16 & Note no 2.36 regarding, "Assets Held for Sale (AHS)" 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, a for the reasons referred to in the aforesaid note and impact of the non payment of spectrum instalments due to Department of Telecommunication (DOT). Non determination of fair value as on the reporting date is not in compliance with Ind AS 105 "Non Current Assets Held for Sale and Discontinued Operations". Accordingly, we are unable to comment on the consequential impact, if any, on the carrying amount of Assets Held for Sale and on the reported losses for the year ended March 31, 2020.
- B. Note no. 2.53 regarding admission of the Company and its three subsidiaries into Corporate Insolvency Resolution Process ("CIRP") and pending determination of obligations and liabilities including various claims submitted by the Operational/financial/ other creditors and employees including interest payable on loans during CIRP. We are unable to comment the accounting impact and disclosure thereof pending reconciliation and determination of final obligation.
- The Company and some of it's subsidiaries accordingly have not provided interest on borrowings amounting to ₹ 4,748 Crore for the year ended March 31, 2020 and ₹ 7,998 Crore up to the previous financial year as per the terms of the borrowings. The Company further has not credited/ provided for foreign exchange variance (gain)/ loss amounting to ₹ 1,609 Crore for year ended March 31, 2020 and ₹ 984 Crore loss up to the previous financial year. Had such interest and foreign exchange variation (gain)/ loss as mentioned above been provided, the reported loss for the year ended March 31, 2020 would have been higher by ₹ 6,357 Crore. Non provision of interest and non recognition of foreign exchange variation (gain)/loss is not in compliance with Ind AS 23 "Borrowing Costs" and Ind AS 21 "The Effects of Changes in Foreign Exchange Rates" respectively.
- C. Note no. 2.36, regarding the pending comprehensive review of carrying amount of all other assets including investments & liabilities, impairment of goodwill on consolidation for the reason stated in the said note and accordingly non provision for impairment of carrying value of assets and write back of liabilities if any, by the Group. Further Goods & Service Tax (GST) and Tax Deducted at source are pending reconciliation. In the absence of Comprehensive review as mentioned above for the carrying amount of all other assets and liabilities and pending reconciliation of Goods and Service Tax (GST) and Tax Deducted at Source(TDS), we are unable to comment that whether any adjustment is required in the carrying amount of such assets and liabilities and consequential impact, if any, on the reported losses for the year ended March 31, 2020. Non determination of fair value of financial assets & liabilities are not in compliance with Ind AS 109- Financial Instruments & non determination of carrying amount of non-financial assets & liabilities are not in compliance, Ind AS 36- Impairment of Assets and Ind AS 37- Provisions, Contingent Liabilities & Contingent Assets.
- D. Note no 2.41, regarding non adoption of Ind AS 116 i.e. "Leases" effective from April 01, 2019 and the impact thereof. The Company and some of it's subsidiaries have not applied Ind AS 116 . The aforesaid accounting treatment is not in accordance with the relevant Indian Accounting Standard Ind AS 116.
- E. Note no 2.36 & Note 2.44.1(b) regarding termination of definitive binding agreement for monetization of assets of the Company and two of its subsidiaries namely RTL & RITL and the on going CIRP, the outcome of which cannot be presently ascertained. Company's subsidiary namely Reliance Communications Infrastructure Limited (RCIL) has also been admitted under the Code with effect from September 25, 2019. Further one of the Company's

**Independent Auditor's Report on Consolidated Financial Statements**

foreign step-down subsidiaries namely GCX Limited has ceased to be the subsidiary on initiation of a voluntary application under Chapter 11 of US States Bankruptcy Code on account of default in payment to 7% Senior Secured Notes amounting to USD 350 million due for payment on August 01, 2019 which has been confirmed by the Delaware Court order as explained in Note No 2.44.1(b) of the financial statements. The group has continued to incur losses, it's current liabilities exceed current assets and defaulted in repayment of its borrowings and payment of statutory dues. Further, auditors of material subsidiaries of the Company have qualified their reports with respect to Going Concern of the Company on account of reasons mentioned above.

This situation indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The accounts, however, has been prepared by the management on a going concern basis for the reason stated in the aforesaid note. However we are unable to obtain sufficient and appropriate audit evidence regarding management's use of the going concern basis of accounting in the preparation of the financial statements, in view of on going Corporate Insolvency Resolution Process, the outcome of which cannot be presently ascertained.

- F. Note no 2.61 regarding unbilled revenue recognized by one of the Company's subsidiary amounting to ₹ 917 Crore with respect to services provided, which has not been billed by the Company for the reasons mentioned in the aforesaid note. We are unable to comment on the ultimate outcome of reconciliation and it's impact on the revenue recognized during the period and in earlier periods and its realisation.
- G. Note No 2.60 regarding non receipt of balance confirmation from balance with Industrial and Commercial bank of China in Fixed Deposit (FD) account amounting to ₹ 31.62 Crores as at March 31, 2020 in respect of one of the Company's Subsidiary. The Company further, has recognised Interest income on the said FD amounting to ₹ 1.06 Crores on the basis of Confirmation received as at September 30, 2019. Pending receipt of balance confirmation as on reporting date, we are unable to comment on the consequential impact if any, on the financial statements of the company.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion.

**Emphasis of Matter Paragraph**

- A. We draw attention to Note no. 2.44.2(a) of the financial statements, regarding provision of license fee and spectrum usage charges by the Company and one of it's subsidiary, based on management estimates pending special audit from Department of Telecommunications, pursuant to the judgment of Hon'ble Supreme Court of India, vide its order dated October 24, 2019 and status of payment thereof.
- B. We draw attention to Note no. 2.63 to the financial statements, as regards to the management evaluation of COVID - 19 impact on the future performance of the Group. The actual outcome of the assumptions and estimates may vary in future due to impact of pandemic.

Our Opinion is not modified in respect of the above matters.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

**1. Revenue Recognition**

The accuracy and completeness of revenue amounts recorded by the Company is an inherent industry risk. The revenue of the Company is categorised broadly into service and wholesale revenue. Service revenue mainly consists of income from fixed line, broadband, rentals and installations. Wholesale revenue comprises revenue from interconnection, external administration, capacity sales and from resellers.

We considered revenue recognition as a key audit matter as the amount involved is material to the Financial Statements and due to the complexity of the systems and processes used to record revenue. The accounting policy and relevant disclosures relating to revenue are set out in notes 1.3(m) and 2.28 respectively, to the Consolidated Financial Statements.

Our audit procedures included, amongst others, the following:

- Testing the end-to-end reconciliation from business support systems to billing and to the general ledger;

## Independent Auditor's Report on Consolidated Financial Statements

- Performing tests on the accuracy of customer bill generation process on a sample basis and testing of a sample of the credits and discounts applied to such customer bills;
  - Performed substantive analytical procedures over the significant revenue streams.
  - Involving verification of controls surrounding revenue invoicing;
  - Assessed transactions taking place before and after year-end to ensure that revenue was recognised in the appropriate period;
  - Performing specific procedures to test the accuracy and completeness of adjustments, and performing procedures to ensure that the revenue recognition criteria adopted by the Company is in line with the company's accounting policies.
2. **Valuation and disclosure of accrual estimates for legal claims, litigations, regulatory matters and contingencies and deposits against the same legal matters including provision of license fee and spectrum usage charges, pursuant to the judgment of Hon'ble Supreme Court of India, vide its order dated October 24, 2019**

The Group is involved as a party in legal proceedings, including regulatory and other governmental proceedings. The Group has also deposited substantial amounts with regulatory authorities against the demands in dispute, which has been classified as deposit.

This area is significant to our audit, since the accounting and disclosure for (contingent) legal liabilities is complex and judgmental (due to the difficulty in predicting the outcome of the matter and estimating the potential impact if the outcome is unfavourable), and the amounts involved are, or can be, material to the Financial Statements as a whole. Further reference is made to Note no 2.40 on Contingent liabilities and Note No 2.44.2(a) on provision of Licence fees and Spectrum Usage Charges.

Our audit procedures included, amongst others, testing the effectiveness of the Group's internal controls around the identification and evaluation of claims/provisions, proceedings and investigations at different levels in the group, and the recording and continuous re-assessment of the related (contingent) liabilities and provisions and disclosures. We inquired with both internal legal staff including Resolution Professional (RP) as well as with the Company's Financial staff in respect of ongoing investigations or claims, proceedings and investigations, inspected relevant correspondence, inspected the minutes of the meetings of the Audit Committee and requested a confirmation from the group's in-house responsible officials and RP. Also, the Group has obtained legal opinions in past against these disputes. For claims settled during the year, we vouched the payments, as appropriate, and read the related orders to verify whether the settlements were properly accounted for.

We also assessed the adequacy of the Company's disclosure around legal claims, litigations, regulatory matters and contingencies as included in Note No. 2.40 on Contingent liabilities.

We consider management's conclusion on the predicted outcome and estimation of potential impact reasonable and we assessed that the disclosures in Note No 2.40, Contingent liabilities are reasonable.

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in Board's Report including Annexures to Board's Report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the report containing other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

### Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

The consolidated financial statements, which is the responsibility of the Holding Company's Management and is relied upon by the Resolution Professional based on the assistance provided by the Directors and taken on record by the Resolution Professional as fully described in Note No 2.64 of financial statements. The Holding Company's Management are responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the net profit/loss and other comprehensive income/loss and other financial information of the Group including its associates in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India. The respective Management/Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors/Resolution Professional of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and its associates to continue

## Independent Auditor's Report on Consolidated Financial Statements

as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors/Resolution Professional either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors/Resolution Professional of the companies included in the Group and of its associates is responsible for overseeing the financial reporting process of the Group and of its associates.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements/financial information of the entities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a Statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

1. The entire audit finalisation process was carried from remote locations i.e. other than the office of the Company where books of account and other records are kept, based on the data/details or financial information provided to us through digital medium, owing to complete lockdown imposed by the Central Government to restrict the spread of COVID19. Being constrained, we resorted to and relied upon the results of the alternative audit procedures to obtain sufficient and appropriate audit evidence for significant matters in course of our audit. Our report is not modified in respect of this matter.
2. Pursuant to applications 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 applications and ordered the commencement of corporate insolvency resolution process ("CIRP") of Reliance Communications Limited ("the Company") and two of its subsidiaries namely Reliance Infratel Limited

## Independent Auditor's Report on Consolidated Financial Statements

(RITL) and Reliance Telecom Limited (RTL) (collectively, the "Corporate Debtors") vide its orders dated May 15, 2018. The committee of creditors ("CoC") of the Corporate Debtors, at the meetings of the CoC held on May 30, 2019, in terms of Section 22 (2) of the Code, resolved with the requisite voting share, to replace the Interim Resolution Professionals with the resolution professional ("RP") for the Corporate Debtor, which has been confirmed by the NCLT in its orders dated June 21, 2019 (published on the website of the NCLT on June 28, 2019).

Further, Pursuant to an application filed by State Bank of India before the National Company Law Tribunal, Mumbai Bench ("NCLT") in terms of Section 7 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 the its subsidiary Reliance Communications Infrastructure Limited (RCIL) ("the Company") ("Corporate Debtor") vide its order dated September 25, 2019 which has been received by the IRP (as defined hereinafter) on September 28, 2019 ("CIRP Order"). The NCLT has appointed Mr. Anish Niranjana Nanavaty as the interim resolution professional for the Company ("IRP") vide the CIRP Order who has been confirmed as the resolution professional of the Company ("RP") by the committee of creditors.

The consolidated financial statements of a Company shall be signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it shall be signed by any Director of the Company who is duly authorized by the Board of Directors to sign the consolidated financial statements. As mentioned in Note No.2.64 of the statement, In view of the ongoing CIRP, the powers of the board of directors stand suspended and are exercised by the RP.

3. The consolidated financial statements include financial statements of Sixty six subsidiaries considered in the preparation of the Statement (including four subsidiaries classified as discontinued operations), whose financial statements reflect total assets of ₹ 2,828 Crore, total revenues from continuing operations of ₹ 750 Crore and total revenues from discontinued operations of ₹ 11 Crore for year ended March 31, 2020 and total net profit/(loss) after tax from continuing operations of ₹ (311) Crore and total profit/(loss) after tax from discontinued operations of ₹ (13) Crore, Total Comprehensive income/((loss) from continuing operations of ₹ (311) Crore and Total Comprehensive income/((loss) from discontinuing operations of ₹ (12) Crore year ended March 31, 2020 and net cash outflow of ₹ 73 Crore for the year ended March 31,2020 as considered in the consolidated financial statements, which have been audited/reviewed by the respective independent auditors. The consolidated financial statements also includes financial statements of 2 associates considered in the Statement, whose financial statements reflect Group's share of net profit of ₹ 4 Crore for the year ended March 31, 2020. The independent auditors' reports on financial statements / financial information of these entities and associates have been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in

respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

4. The consolidated financial statements include unaudited financial statements of Sixteen subsidiaries considered in the preparation of the Statement, whose financial statements reflect total assets of ₹ 3,436 Crore, total revenues from operations of ₹ 97 Crore for the year ended March 31, 2020 and total profit/(loss) after tax from operations of ₹ (2,385) Crore and total comprehensive income/(loss) of ₹ (2,369) Crore from operations for year ended March 31, 2020 and net cash outflow of ₹ 2 Crore for the year ended March 31,2020 as considered in the consolidated financial statements. These unaudited financial statements / financial information have been furnished to us by the Directors and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Directors, these financial statements / financial information are not material to the Group.

Our Opinion on the consolidated financial statements , and our report on other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and financial statements certified by the respective management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- (a) Except for the matters described in the Basis of Qualified Opinion paragraph, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) Except for the possible effects of the matters described in the Basis of Qualified opinion paragraph above , in our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books
- (c) The Consolidated Balance Sheet, the Consolidated Statements of Profit and Loss, and the Consolidated Statements of Cash Flows and the Consolidated Statements of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, except requirement of Ind AS 105 on Non-Current Assets Held for Sale and Discontinued Operations , Ind AS 23 on Borrowing Cost and Ind AS 21 on Effects of Changes in foreign exchanges , Ind AS 116 Leases ,Ind AS 109 Financial Instruments, Ind AS 36 on Impairment of Assets, Ind AS 37 on Provisions, Contingent Liabilities and Contingent Assets, with regard to matters described in the Basis of Qualified Opinion paragraph above.

## Independent Auditor's Report on Consolidated Financial Statements

- (e) Matters described under the Basis for Qualified Opinion paragraph above and Qualified Opinion paragraph of 'Annexure A' to this report in our opinion, may have an adverse effect on functioning of the Group and on the amounts disclosed in Consolidated Financial Statements of the Group;
- (f) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (g) On the basis of the written representations received from two directors of the Company as on March 31, 2020 taken on record by the Board of Directors and based on legal opinion obtained by the Company during previous year with regard to non payment of debenture holder's due (Refer Note No.2.56), these two directors are not disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act. Further as mentioned in Note no. 2.56 of the financial statements, other directors of the Company have resigned from the position of director, however their resignation has not been accepted for the reason stated in the said note and Company has not received declarations from these directors in this regard, accordingly we are unable to comment whether these directors are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (h) With respect to the adequacy of the internal Financial controls over Financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanation given to us, in respect of one managerial person of the Company, Managerial remuneration has been paid/provided in accordance with the requisite approval by shareholders as mandated by the provisions of section 197 read with schedule V of the Act.
- Further in respect of one managerial person of the Company, managerial remuneration paid/provided is in excess of limits prescribed under section 197 read with schedule V of the Act. The company has paid/provided total managerial remuneration amounting to ₹ 49 lakhs to this managerial person, which exceeds by ₹ 22 lakhs from the limits prescribed under this Section, the company has disclosed the said excess payment as recoverable from the said managerial person and is in the process of obtaining requisite approval from shareholders in ensuing Annual General Meeting.
- The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.
- (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group has disclosed the impact of pending litigations on its Financial position in its Financial Statements – Refer Note 2.40 to the Consolidated Financial Statements;
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies and associate companies incorporated in India.

For **Pathak H.D. & Associates LLP**  
Chartered Accountants  
Firm's Registration No:107783W/W100593

**Parimal Kumar Jha**  
Partner  
Membership No:124262  
Mumbai  
July 31, 2020  
UDIN: 20124262AAAADD3418

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to the consolidated financial statements of Reliance Communications Limited (hereinafter referred to as "the Holding Company") and its subsidiaries and associates which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Directors/ Resolution Professional (RP)/Board of Directors of the Holding Company, its subsidiaries and associates which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal financial control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company, its subsidiaries and associates, which are Companies incorporated in India, internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements included obtaining an understanding of internal financial controls with reference to financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their

reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion on the internal financial controls system with reference to the consolidated financial statements.

#### **Meaning of Internal Financial Controls with reference to consolidated financial statements**

A company's internal financial controls with reference to the consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control with reference to the consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to the consolidated financial statements**

Because of the inherent limitations of internal financial controls with reference to the consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to the consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Basis of Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Holding Company's including some of Subsidiaries Companies internal financial controls with reference to financial statements as at March 31, 2020:

- i. In case of the Holding Company & Some of its subsidiaries, Balances of trade receivable, trade payable, other liabilities and loans & advances are subject to confirmations. (Refer Note no. 2.36).
- ii. Statutory dues including Goods and Service Tax/ Value Added Tax/ Tax Deducted at Source accounts are not reconciled for the Holding Company and some of its Subsidiaries and during the year there were delays in filing of certain statutory returns with the respective authorities.
- iii. Internal control process in respect of closure of outstanding entries in Bank Reconciliation Statements in respect of the Holding Company and some of its Subsidiaries.



## 'Annexure A' to the Independent Auditor's Report - 31 March 2020

iv. Matters described in basis for qualified opinion paragraph of our main report. The Company's internal financial control with regard to the compliance with the applicable Indian Accounting Standards and evaluation of carrying values of assets and liabilities and other matters, as fully explained in basis for qualified opinion of our main report, resulting in the Company not providing for adjustments, which are required to be made, to the standalone financial statements.)

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial statements, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected on a timely basis.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in other matters paragraph below, except for the effects / possible effects of the material weaknesses described above under Basis for Qualified Opinion paragraph on the achievement of the objectives of the control criteria, the Holding Company, its subsidiaries and associates, which are incorporated in India, has, in all material respects an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls over financial statements were operating effectively as at March 31, 2020, based on the internal control over financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial statements issued by the ICAI.

We have considered material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the group for the year ended March 31, 2020 and these material weaknesses affect our opinion on the consolidated financial statements of the Company for the year ended March 31, 2020 [our audit report dated July 31, 2020, which expressed a qualified opinion on those consolidated financial statements of the group].

### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company, in so far as it relates to separate financial statement of 10 subsidiaries and 2 associates, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, associates and joint ventures incorporated in India.

For **Pathak H.D. & Associates LLP**

Chartered Accountants

Firm's Registration No:107783W/W100593

**Parimal Kumar Jha**

Partner

Membership No:124262

Mumbai

July 31, 2020

UDIN: 20124262AAAADD3418

# Reliance Communications Limited

## Consolidated Balance Sheet as at March 31, 2020

	Notes	As at March 31, 2020		(₹ in crore) As at March 31, 2019
<b>ASSETS</b>				
<b>Non Current Assets</b>				
(a) Property, Plant and Equipment	2.01	2,222		7,612
(b) Capital Work in Progress	2.01	193		191
(c) Goodwill	2.02	1,472		1,339
(d) Other Intangible Assets	2.03	19		756
(e) Intangible Assets under Development	2.03	-		4
(f) Investment in Associates	2.04	32		28
(g) Financial Assets				
(i) Investments	2.05	23		12,005
(ii) Other Financial Assets	2.06	2		7
(h) Deferred Tax Asset (net)	2.07	8		29
(i) Income Tax Asset (net) (Refer Note 2.36)		653		492
(j) Other Non Current Assets	2.08	1,025	5,649	1,136
				23,599
<b>Current Assets</b>				
(a) Inventories	2.09	32		63
(b) Financial Assets				
(i) Investments	2.10	-		-
(ii) Trade Receivables	2.11	490		1,346
(iii) Cash and Cash Equivalents	2.12	442		832
(iv) Bank Balances other than (iii) above	2.13	113		106
(v) Other Financial Assets	2.14	386		505
(c) Other Current Assets	2.15	5,567		5,780
(d) Assets held for Sale	2.16	35,321	42,351	35,327
<b>Total Assets</b>			<b>48,000</b>	<b>67,558</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	2.17		1,383	1,383
(b) Other Equity	2.18		(49,539)	(5,563)
<b>Equity Attributable to Shareholders of the parent</b>			<b>(48,156)</b>	<b>(4,180)</b>
<b>Non-Controlling Interest</b>	2.19		316	322
<b>Total Equity</b>			<b>(47,840)</b>	<b>(3,858)</b>
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	2.20	468		-
(b) Deferred Revenue		-		2,940
(c) Other Non-Current Liabilities	2.21	156		100
(d) Deferred Tax Liabilities (net)	2.07	1,257		1,285
(e) Provisions	2.22	12	1,893	200
				4,525
<b>Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	2.23	30,269		31,244
(ii) Trade Payables	2.24			
Due to Micro and Small Enterprises		80		86
Due to Others		4,103		3,555
(iii) Other Financial Liabilities	2.25	47,914		19,678
(b) Income received in Advance / Deferred Revenue (Refer Note 2.54 and 2.61)		1,930		3,008
(c) Other Current Liabilities	2.26	1,036		1,310
(d) Income Tax Liabilities (net)		-		20
(e) Provisions	2.27	1,467		1,471
(f) Liabilities directly related to Asset held for Sale	2.16	7,148	93,947	6,519
<b>Total Equity and Liabilities</b>			<b>48,000</b>	<b>67,558</b>

### Significant Accounting Policies

1

### Notes on Accounts

2

The Notes referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date  
For **Pathak H.D. & Associates LLP**  
Chartered Accountants  
Firm Reg. No.: 107783W/W100593

**Parimal Kumar Jha**  
Partner  
Membership No: 124262

Mumbai  
July 31, 2020

For **Reliance Communications Limited**

Resolution Professional

Executive Director and Chief Financial Officer

Company Secretary

**Anish Niranjan Nanavaty**

**Viswanath D.**

**Rakesh Gupta**

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

	Notes	For the year ended March 31, 2020	(₹ in crore) For the year ended March 31, 2019
<b>1 INCOME</b>			
(a) Revenue from Operations	2.28	1,685	4,015
(b) Other Income	2.29	49	179
<b>(c) Total Income ((a) + (b))</b>		<b>1,734</b>	<b>4,194</b>
<b>2 EXPENSES</b>			
(a) Access Charges, License Fees and Network Expenses	2.30	1,102	2,133
(b) Employee Benefits Expenses	2.31	210	521
(c) Finance Costs	2.32	62	192
(d) Depreciation, Amortisation and provision for Impairment	2.01 & 2.03	354	820
(e) Sales and General Administration Expenses	2.33	589	980
<b>(f) Total Expenses ((a) to (e))</b>		<b>2,317</b>	<b>4,646</b>
<b>3 Profit/ (Loss) before share of Profit of Associates, Exceptional Items and Tax (1(c)-2(f))</b>		<b>(583)</b>	<b>(452)</b>
<b>4 Share of Loss/ (Profit) of Associates</b>		<b>(4)</b>	<b>(2)</b>
<b>5 Profit/ (Loss) before Exceptional Items and Tax (3 - 4)</b>		<b>(579)</b>	<b>(450)</b>
<b>6 Exceptional Items</b>	2.44.1	<b>(10,214)</b>	<b>2,008</b>
<b>7 Profit / (Loss) before Tax (5 + 6)</b>		<b>(10,793)</b>	<b>1,558</b>
<b>8 Tax expense:</b>			
(a) Current Tax		14	13
(b) Deferred Tax Charge/ (Credit) (net) (including MAT Credit)	2.07	-	2,412
<b>9 Profit / (Loss) after Tax from Continuing Operations (7 - 8)</b>		<b>(10,807)</b>	<b>(867)</b>
<b>10 Profit/(Loss) before Exceptional and Tax from Discontinued Operations</b>	2.52	<b>(1,142)</b>	<b>(3,136)</b>
<b>11 Exceptional Items relating to Discontinued Operations</b>			
Provision of liability on account of License and Spectrum Fee	2.44.2	30,837	-
Impairment of Assets			3,222
<b>12 Profit/(Loss) before Tax (10 - 11)</b>		<b>(31,979)</b>	<b>(6,358)</b>
<b>13 Tax Expenses / (Credit) on Discontinued Operations</b>		<b>(109)</b>	<b>(7)</b>
<b>14 Profit/(Loss) after Tax from Discontinued Operations (12 - 13)</b>		<b>(31,870)</b>	<b>(6,351)</b>
<b>15 Other Comprehensive Income</b>			
<b>(a) Items that will not be reclassified to profit or loss</b>			
(i) Remeasurement gain/ (loss) of defined employee benefit plans (net of tax)		7	-
(ii) Net gain/ (loss) on Equity Shares carried out at fair value (net of tax)		16	-
<b>(b) Items that will be reclassified to profit or loss</b>			
(i) Exchange difference on translation of financial statements of foreign operations		(48)	12
<b>Other Comprehensive Income/ (Loss) for the year</b>		<b>(25)</b>	<b>12</b>
<b>16 Total Comprehensive Income/(Loss) for the year(9+ 14 + 15)</b>		<b>(42,702)</b>	<b>(7,206)</b>
<b>17 Profit/( Loss) for the year attributable to</b>			
Shareholders		(42,671)	(7,206)
Non Controlling Interest		(6)	(12)
<b>18 Total Comprehensive Income/ (Loss) attributable to</b>			
Shareholders		(42,696)	(7,194)
Non Controlling Interest		(6)	(12)
<b>19 Earnings per Share of ₹ 5 each fully paid up (Basic and Diluted)</b>	2.43		
(before exceptional items)			
(a) Continuing Operations		(2.16)	(6.97)
(b) Discontinued Operations		(3.74)	(11.36)
(c) Continuing and Discontinued Operations		(5.90)	(18.33)
(after exceptional items)			
(a) Continuing Operations		(39.38)	(3.16)
(b) Discontinued Operations		(116.11)	(23.10)
(c) Continuing and Discontinued Operations		(155.49)	(26.26)

**Significant Accounting Policies**

**Notes on Accounts**

The Notes referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date  
For **Pathak H.D. & Associates LLP**  
Chartered Accountants  
Firm Reg. No.: 107783W/W100593

**Parimal Kumar Jha**  
Partner  
Membership No: 124262

Mumbai  
July 31, 2020

For **Reliance Communications Limited**

Resolution Professional  
Executive Director and Chief Financial Officer  
Company Secretary

**Anish Niranjan Nanavaty**  
**Viswanath D.**  
**Rakesh Gupta**

## Consolidated Statement of Changes in Equity for the year ended March 31, 2020

### Consolidated Statement of Changes in Equity for the year ended March 31, 2020

Particulars	Attributable to the equity holders of the parent										Total
	Reserves and Surplus										
	Capital Reserve	Securities Premium Reserve	General Reserve	Reserve for Business Restructuring	Debt Redemption Reserve	Retained Earnings	Treasury Equity	FCMITDA*	Exchange Fluctuation Reserve	Other Comprehensive Income	
<b>Balance as at April 01, 2018</b>	2,781	13,894	34	-	590	(15,341)	(391)	(225)	54	4	<b>1,400</b>
Surplus/ (Deficit) of Statement of Profit and Loss					(7,206)						<b>(7,206)</b>
Other Comprehensive Income Movement in FCMITDA							231		12		<b>12</b>
<b>Balance as at March 31, 2019</b>	<b>2,781</b>	<b>13,894</b>	<b>34</b>	<b>-</b>	<b>590</b>	<b>(22,547)</b>	<b>(391)</b>	<b>6</b>	<b>66</b>	<b>4</b>	<b>(5,563)</b>
Surplus/ (Deficit) of Statement of Profit and Loss					(42,671)						<b>(42,671)</b>
Other Comprehensive Income Reduction during the year Movement in FCMITDA	(1,274)								(48)	23	<b>(25)</b>
<b>Balance as at March 31, 2020</b>	<b>1,507</b>	<b>13,894</b>	<b>34</b>	<b>-</b>	<b>590</b>	<b>(65,218)</b>	<b>(391)</b>	<b>-</b>	<b>18</b>	<b>27</b>	<b>(49,539)</b>

\*FCMITDA: Foreign Currency Monetary Items Translation Difference Account

As per our report of even date  
For **Pathak H.D. & Associates LLP**  
Chartered Accountants  
Firm Reg. No.: 107783W/W100593

**Parimal Kumar Jha**  
Partner  
Membership No: 124262

Mumbai  
July 31, 2020

For **Reliance Communications Limited**

Resolution Professional  
Executive Director and Chief Financial Officer  
Company Secretary

**Anish Niranjan Nanavaty**  
**Viswanath D.**  
**Rakesh Gupta**

(₹ in crore)

For the year ended  
**March 31, 2020**

1,383

For the year ended  
March 31, 2019

1,383

1,383

(b) **Other Equity** (Refer Note 2.18)

(₹ in crore)

Consolidated Cash Flow Statement for the year ended March 31, 2020

	For the year ended March 31, 2020	(₹ in Crore) For the year ended March 31, 2019
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before tax from Continued Operations	(10,793)	1,558
Profit/ (Loss) before tax from Discontinued Operations	(31,979)	(6,358)
Adjusted for:		
Provision for Doubtful Debts, Loans and Advances	115	2,804
Depreciation and Amortisation	355	863
Impairment of Goodwill	-	2,177
Impact of deconsolidation of subsidiaries	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 of other non current assets / write back of old Liabilities	232	(253)
Interest Income	(9)	(11)
	<u>11,756</u>	<u>5,063</u>
<b>Operating Profit before Working Capital Changes</b>	<b>(31,016)</b>	<b>263</b>
Adjusted for:		
Receivables and Other Advances	34	(405)
Inventories	31	16
Trade Payables and Other Liabilities	31,154	272
	<u>31,219</u>	<u>(117)</u>
<b>Cash Generated from Operations</b>	<b>203</b>	<b>146</b>
Income Tax Refund	46	411
Income Tax Paid	(230)	(183)
	<u>19</u>	<u>374</u>
<b>B Net Cash from Operating Activities</b>	<b>19</b>	<b>374</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions of Property, Plant and Equipments, Intangible and Capital Work in Progress /	(11)	(284)
Intangible assets under Development (including realised loss capitalised)	-	974
Proceeds from Sale of Property, Plant and Equipments	-	23
Investment in Bank deposits (having original maturity for more than 3 months)	-	6
Interest Income	16	6
	<u>5</u>	<u>719</u>
<b>Net Cash Used in Investing Activities</b>	<b>5</b>	<b>719</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Proceeds from / (Repayment) of Borrowings Current (net)	(2)	230
Realised foreign exchange loss variation	-	(14)
Repayment of Borrowings - Non Current	-	(4)
Finance Cost	(52)	(1,080)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(54)</b>	<b>(868)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(30)</b>	<b>225</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>832</b>	<b>607</b>
Decrease in Cash and Cash Equivalents on account of deconsolidation of Subsidiaries	(360)	-
Effect of Exchange Gain/ (Loss) on Cash and Cash Equivalents (Previous year ₹ 1,012)		
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>442</b>	<b>832</b>

	April 1, 2019	Cashflow net	Foreign Exchange Movement	Net impact of Consolidation/ Deconsolidation (2,023)	Transaction Cost	March 31, 2020
Borrowings (Refer Note 2.20, 2.23 and 2.25)	47,606	(2)	3	-	-	45,584
	April 1, 2018	Cashflow net	Foreign Exchange Movement		Transaction Cost	March 31, 2019
	47,233	225	145		3	47,606

Note:

- Cash and Cash Equivalent includes cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.
- Statement of Cashflow has been prepared under the indirect method set out in Indian Accounting Standard (Ind AS 7) "Statement of Cashflow"
- Cash and Cash equivalent are net of Bank overdraft as required under Ind AS 7.
- Break up of Cash and Cash Equivalents

	As at March 31, 2020	As at March 31, 2019
(i) Cash and Cash Equivalent (Refer Note 2.12)	442	832
(ii) Less: Bank overdraft	-	-
(iii) Cash and Cash Equivalents (net) as per Ind AS 7	<u>442</u>	<u>832</u>

As per our report of even date  
For **Pathak H.D. & Associates LLP**  
Chartered Accountants  
Firm Reg. No.: 107783W/W100593

**Parimal Kumar Jha**  
Partner  
Membership No: 124262

Mumbai  
July 31, 2020

For **Reliance Communications Limited**

Resolution Professional

Executive Director and Chief Financial Officer

Company Secretary

**Anish Niranjana Nanavaty**

**Viswanath D.**

**Rakesh Gupta**

# Reliance Communications Limited

## Significant Accounting Policies to the Consolidated Financial Statements

### 1 General Information and Significant Accounting Policies

#### 1.1 General Information

Reliance Communications Limited ("RCOM" or "the Company"), is registered under the Companies Act, 1956, having Registered Office at H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710 and its securities are listed on the BSE Limited and the National Stock Exchange of India Limited.

RCOM has established pan India, next generation, digital network that is capable of supporting the best of class services spanning the entire communications value chain. RCOM and its subsidiaries own and operate the world's largest next generation IP enabled connectivity infrastructure, comprising of fibre optic cable systems in India and globally.

Corporate Insolvency Resolution Process ("CIR Process") has been initiated in case of the Company and three of its subsidiaries under the Provisions of the Insolvency and Bankruptcy Code, 2016 (the Code). Pursuant to the order, the management of affairs of the Company and powers of board of directors of the Company stands vested with the Resolution Professional ("RP") appointed by the NCLT.

#### 1.2 Principles of Consolidation

The Consolidated Financial Statements relate to the Company, all of its subsidiary companies and associates (hereinafter collectively referred to as "the Group"). The Company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interest in associates and the joint venture are accounted for using the equity method. The financial statements of entities are included in the consolidated financial statements from the date on which control commences and until the date on which control ceases. The Consolidated Financial Statements have been prepared on the following bases.

- (a) The financial statements of the Company and its subsidiaries are consolidated by combining like items of assets, liabilities, incomes and expenses and cash flows after fully eliminating intra group balances and intra group transactions resulting in unrealized profit or loss in accordance with the Indian Accounting Standard ("Ind AS") 110 "Consolidated Financial Statements" as referred to in the Indian Accounting Standards Rules, 2015 and as amended from time to time.
- (b) Investments in subsidiaries are eliminated and differences between the costs of investment over the net assets on the date of investment or on the date of the financial statements immediately preceding the date of investment in subsidiaries are recognised as Goodwill or Capital Reserve, as the case may be. Investment in associates and joint ventures are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of profit or loss and other comprehensive income (OCI) of equity accounted investees, until the date on which significant influence or joint control ceases. When the Group's share of loss in an equity accounted investment equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity
- (c) Changes in ownership interests for transactions with non controlling interests that do not result in loss of control are treated as the transactions with the equity owners of the Group. For purchases from non controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. When the Group ceases to consolidate or equity account for an investment because of loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes initial carrying amount for the purpose of subsequent accounting for the retained interest as an associate, joint venture or financial asset.
- (d) Share of Non Controlling Interest in net profit or loss of consolidated subsidiaries for the year is identified and adjusted against income of the Group in order to arrive at the net income attributable to the Equity Shareholders of the Company.
- (e) Share of Non Controlling Interest in net assets of consolidated subsidiaries is identified and presented in the consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated balance sheet respectively as a separate item from liabilities and the Shareholders' Equity.
- (f) The Consolidated Financial Statements are prepared using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented in the same manner as far as possible, as the standalone financial statements of the Company.

#### 1.3 Other Significant Accounting Policies

##### (a) Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements are prepared under historical cost convention/ fair valuation under the Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and

## Significant Accounting Policies to the Consolidated Financial Statements

in compliance with the Ind AS specified under Section 133 of the Companies Act, 2013 ("the Act") except matter specified in note 2.16, 2.36, 2.41 and 2.53, read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria as set out under Ind AS and in the Schedule III to the Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

### (b) Functional Currency and Presentation Currency

These consolidated financial statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company. All amounts are rounded off to the nearest crore, unless stated otherwise.

### (c) Use of Estimates

The preparation and presentation of consolidated financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/ materialised. Estimates and underlying assets are reviewed on periodical basis. Revisions to accounting estimates are recognised prospectively. The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The Management also needs to exercise judgement in applying the accounting policies. This note provides an overview of the areas that involved a higher degree of judgments or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

### (d) Property, Plant and Equipment

- (i) Property, Plant and Equipment (PPE) are stated at cost net of Modvat/ Cenvat / GST less accumulated depreciation, amortisation and impairment loss, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.
- (ii) Cost of an item of PPE comprises of its purchase price including import duties and non refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and present value of estimated costs of dismantling and removing the item and restoring the site on which it is located.

The residual values, useful lives and methods of depreciation of PPE are reviewed at each reporting date and adjusted prospectively, if appropriate.

- (iii) As per Para 46A of Accounting Standard (AS) 11, 'The Effects of Changes in Foreign Exchange Rates', related to acquisition of depreciable capital assets pursuant to the notifications dated December 29, 2011 and August 9, 2012 issued by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standards) (Second Amendment) Rules 2011, the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets is capitalised and subsequently, on adoption of Indian Accounting Standard also, the same is allowed for the transactions recorded upto March 31, 2016.
- (iv) Depreciation is provided on Straight Line Method based on the useful life prescribed in Schedule II to the Act except in case of the following assets where useful life is different than those that prescribed in Schedule II, based on technical evaluation.
  - (1) Telecom Electronic Equipments – 20 years
  - (2) Telecom Towers – 35 years
  - (3) Ducts and OFC – 35 years
  - (4) Batteries – 9 years
  - (5) Furniture, Fixtures and Office Equipments – 5, 10 years
  - (6) Customer Premises Equipments (CPE) – 3 to 5 years (where assets are installed on customer's premises)
  - (7) Vehicles – 5 years
  - (8) Leasehold improvements – Shorter of the remaining lease term or useful life
  - (9) Cable Systems – Shorter of 15 years or remaining useful life

## Significant Accounting Policies to the Consolidated Financial Statements

In case of Falcon project, the asset life of Sub Marine Cable Network and Terrestrial Network is estimated at 25 years and 15 to 25 years respectively.

- (v) Expenditure of capital nature incurred on assets taken on operating lease is depreciated over the remaining period of the lease term.
- (vi) Leasehold Land with lease term of more than 50 years is classified as finance lease and depreciated over the period of the lease term.
- (vii) Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of profit or loss.
- (viii) CPE's are treated as part of PPE, as the associated risk and rewards remain with the Company.
- (ix) Depreciation on all the assets capitalised pursuant to para 46A of AS 11 is provided over the remaining useful life of the depreciable capital asset.
- (x) Depreciation on additions is calculated pro rata basis from the following month of addition.
- (xi) Expenses incurred relating to project, prior to commencement of commercial operations, are considered as project development expenditure and shown under Capital Work in Progress

### (e) Intangible Assets other than Goodwill

- (i) Intangible assets acquired are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of Intangible assets and borrowing cost relating to qualifying assets.
- (ii) Telecom Licenses are stated at cost as applicable less accumulated amortisation and impairment, if any.
- (iii) Infeasible Right of Connectivity (IRC) are stated at cost less accumulated amortisation.
- (iv) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.
- (v) Intangible assets, namely entry fees/ fees for Telecom Licenses and Brand Licenses are amortised on the basis of Straight Line Method, over the balance period of Licenses. IRC and Software are amortized from the date of acquisition or commencement of commercial services, whichever is later.
- (vi) There is no intangible asset assessed with indefinite useful life.

The life of amortisation of the intangible assets are as follows.

- (1) Telecom Licenses - 12.50 to 20 years
  - (2) Brand License - 10 years
  - (3) DTH License - 10 years
  - (4) Infeasible Right of Connectivity - In the year of purchase or, 15/ 20 years, as the case may be.
  - (5) Software - 5 years
  - (6) Trade Names and Trademarks - 5 to 10 years
  - (7) Intellectual Property - 7 years
  - (8) Building Access Rights - 5 years
- (vii) Amortisation methods, useful lives and residual values are reviewed periodically at each reporting date.
- (viii) Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit and loss

### (f) Lease

#### i) Operating lease:

##### As a Lessee:

Where the lessor effectively retains substantially all risks and benefits of ownership of the leased assets, they are classified as operating lease. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the period of lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

##### As a Lessor:

Rental income from operating lease is recognised on a straight line basis over the lease term unless payments to the Company are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increase; such increases are recognised in the year in which such benefits accrue. Assets given on operating lease are included in PPE/ Intangible Assets. Costs, including depreciation/ amortisation, are recognised as an expense in the Statement of Profit and Loss.



**Significant Accounting Policies to the Consolidated Financial Statements**

**ii) Finance lease:**

**As a Lessee:**

Assets held under finance leases are initially recognised as assets at the commencement of the lease at their fair value or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Such assets are depreciated/ amortised over the period of lease or estimated useful life of the assets whichever is less.

**As a Lessor:**

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting period so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**(g) Non current assets held for sale and discontinued operations**

Non-current assets (or disposal group) are classified as the assets held for sale when their carrying amount is to be recovered principally through a sale transaction. Non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and/ or fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sale of such assets and sale is expected to be concluded within twelve months from the date of such classification

Assets and liabilities classified as held for sale are presented separately in the balance sheet.

A disposal group qualifies as discontinued operations if it is a component of the company that either has been disposed off or is classified as held for sale, and; : represents a separate a major line of business or geographical area of operations, or Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Non-current assets are not depreciated or amortised while they are classified as held for sale.

When the group is committed to sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described are met, regardless of whether the group will retain a non controlling interest in its former subsidiary after the sale.

Loss is recognised for any initial or subsequent write down of such non current assets (or disposal group) to fair vale less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell an asset (or disposal group) but not in excess of any cumulative loss previously recognised.

If the criteria for assets held for sale are no longer met, it ceases to be classified as held for sale and are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation or any amortisation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a Subsidiary acquired exclusively with a view to resale. The results of discontinued operations or presented separately in the Statement of Profit and Loss.

**(h) Impairment of Non Financial Assets**

Goodwill and intangible assets that have indefinite useful life are tested annually for impairment or more frequently, if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is treated as impaired when carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. Impairment loss recognised in prior accounting period is increased/ reversed (for the assets other than Goodwill) where there is change in the estimate of recoverable value. Recoverable value is higher of net selling price and value in use.

**(i) Inventories of Stores, Spares and Communication Devices**

Inventories of stores, spares and communication devices are accounted for at cost and all other costs incurred in bringing the inventory to their present location and condition, determined on weighted average basis or net realisable value, whichever is less. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

## Significant Accounting Policies to the Consolidated Financial Statements

### (j) Employee Benefits

#### Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absence such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recognized as an expense during the period.

#### Long term employee benefits

##### (i) Defined contribution plan

The Group's contribution towards employees' Superannuation Plan is recognized as an expense during the period in which it accrues.

##### (ii) Defined benefit plans

###### Provident Fund

Provident Fund contributions are made to a Trust administered by the Trustees or other recognised fund. Interest payable to the Provident Fund members, shall not be at a rate lower than the statutory rate. Liability is recognized for any shortfall in the Income of the fund vis-à-vis liability of the interest as per statutory rates to the members. The Company's contribution towards employees' Provident fund is recognized as an expense during the period in which it accrues.

###### Gratuity Plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, mortality rate and the fair value of plan assets is deducted. Mortality rate is based on publicly available mortality table in India.

Present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

Obligation is measured at present value of the estimated future cash flows. Discount rates used for determining present value of obligation under the defined benefit plan, are based on market yield of Government Securities as at the balance sheet date that have terms approximating to the terms of the related obligation.

Remeasurements which comprise of actuarial gain and losses, the return of plan assets (excluding interest) and the effect of assets ceiling (if any, excluding interest) are recognised in Other Comprehensive Income.

Plan Assets of Defined Benefit Plans have been measured at fair value.

##### (iii) Other Long term employment benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date, determined based on actuarial valuation using Projected Unit Credit Method. Discount rates used for determining present value of the obligation under the defined benefit plan, are based on the market yield on Government Securities as at the balance sheet date. Remeasurements gains or losses are recognised in the Statement of Profit and Loss in the period in which they arise.

### (k) Borrowing Cost

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets upto the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred.

### (l) Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the time of the transaction.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- (iii) Non monetary foreign currency items are carried at cost (i.e. translated using the exchange rates at the time of initial transactions).
- (iv) Exchange difference on monetary items is recognised in the Statement of Profit and Loss in the period in which it arises except for;

## Significant Accounting Policies to the Consolidated Financial Statements

- (a) Exchange difference on foreign currency borrowings relating to depreciable capital asset is included in cost of assets.
- (b) Exchange difference on foreign currency transactions, on which receipt and/ or payments is not planned, initially recognised in Other Comprehensive Income and reclassified from Equity to profit and loss on repayment of the monetary items.
- (v) All long term foreign currency monetary items consisting of loans taken before March 31, 2016 and which relate to the acquisition of depreciable capital assets at the end of the period/ year are restated at the rate prevailing at the balance sheet date. Exchange difference including attributable to the interest arising as a result is added to or deducted from cost of the assets as per notification dated December 29, 2011 and August 9, 2012 issued by the Ministry of Company Affairs (MCA), Government of India and depreciated over the balance life of the capital asset. Exchange difference on other long term foreign currency loans is accumulated in Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" which will be amortized over the balance period of monetary assets or liabilities.
- (vi) Accounting of transactions that include the receipt or payment of advance consideration in a foreign currency the date of transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the nonmonetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, the date of transaction is established for each payment or receipt.
- (vii) The results and financial position of foreign operations with functional currency different from the presentation currency, are translated into the presentation currency as follows:
  - (a) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
  - (b) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
  - (c) all resulting exchange differences are recognised in other comprehensive income.
- (viii) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into rupee, the functional currency of the company, at the exchange rates at the reporting date. Exchange difference arising are recognised in other comprehensive income and accumulated in equity, except to the extent that the exchange differences is allocated to the non controlling interests.

### (m) Revenue Recognition

- (i) Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.
- (ii) Revenue is recognised as and when services are provided on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods are recognised over the estimated useful life of the subscribers and specified fixed validity period, as appropriate. The estimated useful life is consistent with estimated churn of the subscribers.
- (iii) The Company sells Right of Use (ROUs) that provide to the customers with network capacity/ passive infrastructure, typically over a period of 5 to 20 years without transferring legal title or giving an option to purchase the network capacity/ passive infrastructure. Capacity services revenues are accounted as operating lease and recognised in the Company's income statement over the life of the contract. Bills raised on the customers/ payments received from the customers for long term contracts and for which revenue is not recognised are included in deferred revenue. Revenue on non cancellable ROUs are also recognised as licencing income over the period of contract. Revenue on non cancellable contracts for right to use of specified fibre pairs/ ducts for a period of 15 to 20 years or economic useful life is recognized as revenue on delivery of such assets to the customers. In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met: (1) the deliverable has value to the customer on a standalone basis and (2) there is evidence of the fair value of the item. The arrangement considered is allocated to each separate unit of accounting based on its relative fair value.
- (iv) Standby maintenance charges are invoiced separately from capacity sales. Revenue relating to standby maintenance is recognised over the period in which service is provided. Any amount billed prior to providing of service is included in deferred revenue. Revenue from other service is recognized as and when service is rendered.
- (v) Network services include capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognised in the Company's Statement of Profit and Loss over the term of the contract.

## Significant Accounting Policies to the Consolidated Financial Statements

- (vi) Sale of handsets and accessories are recognised when goods are supplied and are recorded net of trade discounts, rebates, commissions to distributors and dealers and sales taxes. It does not include inter company transfers.
- (vii) Interest income on investment is recognised on time proportion basis. Interest income is accounted using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to that asset's net carrying amount on initial recognition. Dividend is considered when right to receive is established. The Group recognises income from units in the Fixed Income Schemes of Mutual Funds, where income accrued is held till declaration or payment thereof for the benefit of the unit holders.
- (viii) Revenue is recognised net of taxes when the Base Transceiver Station (BTS) Tower is Ready For Installation of customer equipments and as per the terms of the agreements.
- (ix) Revenue from Contracts with Customers

The Company has applied Ind AS 115, Revenue from Contracts with Customers with effect from April 1, 2018, using the cumulative effect method. Revenue is recognised when control over goods or services is transferred to a customer. A customer obtains control when he has the ability to direct the use of and obtain the benefits from the good or service, there is transfer of title, supplier has right to payment etc. – with the transfer of risk and rewards now being one of the many factors to be considered within the overall concept of control.

The Group determines whether revenue should be recognised 'over time' or 'at a point in time'. As a result, it is required to determine whether control is transferred over time. If not, only then revenue be recognised at a point in time, or else over time. The Company also determines if there are multiple distinct promises in a contract or a single performance obligation (PO). These promises may be explicit, implicit or based on past customary business practices. The consideration gets allocated to multiple POs and revenue recognised when control over those distinct goods or services is transferred.

The entities may agree to provide goods or services for consideration that varies upon certain future events which may or may not occur. This is variable consideration, a wide term and includes all types of negative and positive adjustments to the revenue. Further, the entities will have to adjust the transaction price for the time value of money. Where the collections from customers are deferred the revenue will be lower than the contract price, and in case of advance collections, the effect will be opposite resulting in revenue exceeding the contract price with the difference accounted as a finance expense/gain.

### (n) Taxes on Income and Deferred Tax

Income Tax comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or other comprehensive income.

Provision for income tax is made on the basis of taxable income for the year at the current rates. Tax expense comprises of current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred tax represents the effect of temporary difference between carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable income. Deferred tax liabilities are generally accounted for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when deferred income tax assets and liabilities relate to the income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net or simultaneous basis. Deferred tax assets/ liabilities are not recognised for initial recognition of Goodwill or on an asset or liability in a transaction that is not a business combination and at the time of transaction affects neither the accounting profit nor taxable profit or loss. MAT credit is recognised as an asset, only if it is probable that the Company will pay normal income tax during the specified period.

### (o) Government Grants

Subsidies granted by the Government for providing telecom services in rural areas are recognised as other operating income in accordance with relevant terms and conditions of the applicable scheme and agreement.

### (p) Provisions including Asset Retirement Obligation (ARO) and Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provisions are determined by discounting expected future cashflows at the pre tax rate that reflects current market assumptions of time value of money and risk specific to the liability. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**Significant Accounting Policies to the Consolidated Financial Statements**

Asset Retirement Obligation (ARO) relates to the removal of telecom towers, sub marine cable systems and equipments when they will be retired from its active use. Provision is recognised based on the best estimate, of the management, of the eventual costs (net of recovery), using discounted cash flow, that relates to such obligation and is adjusted to the cost of such assets. Estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. Contingent Assets are neither recognised nor disclosed in the consolidated financial statements.

**(q) Earning per Share**

In determining Earning per Share, the Group considers net profit after tax attributable to parent and includes post tax effect of any exceptional item. Number of shares used in computing basic earnings per share is the weighted average number of the shares, excluding the shares owned by the Trust, outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will be anti dilutive. Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date.

**(r) Employee Stock Option Scheme**

In respect of stock options granted pursuant to the Company's Employee Stock Options Scheme, fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period. Employee compensation cost recognised earlier on grant of options is reversed in the period when the options are surrendered by any employee or lapsed as per the terms of the scheme.

**(s) Treasury Shares**

The Group has created an Employee Stock Option Scheme Trust (ESOS Trust) for providing share-based payment to its employees. The Group uses ESOS Trust as a vehicle for distributing shares to the employees under the employee remuneration schemes. The ESOS Trust buys shares of the Company from the market, for giving shares to the employees. The Group treats ESOS Trust as its extension and the shares held by ESOS Trust are treated as treasury equity.

Own equity instruments that are reacquired (treasury equity) are recognised at cost and deducted from equity. No gain or loss is recognised in Statement of Profit and Loss, on purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between carrying amount and consideration, if reissued, is recognised in equity."

**(t) Measurement of Fair value of financial instruments**

The Group's accounting policies and disclosures require measurement of fair values for the financial instruments. The Group has an established control framework with respect to measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses evidence obtained from third parties to support the conclusion that such valuations meet requirements of Ind AS, including level in fair value hierarchy in which such valuations should be classified. When measuring fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If inputs used to measure fair value of an asset or a liability fall into different levels of fair value hierarchy, then fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred. (Refer to note 2.42.1) for disclosures pertaining to the measurement of fair values).

**(u) Financial Instruments**

A financial instrument is any contract that gives rise to the financial asset of one entity and the financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts.

**Financial Assets**

**i Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

## Significant Accounting Policies to the Consolidated Financial Statements

### ii Subsequent measurement

Subsequent measurement of the debt instruments depends on the Group's business model for managing asset and cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments.

#### **Financial Assets measured at amortised cost:**

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

- a) Asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise to cash flows, on specified dates, that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI):

A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

- a) Objective of the business model is achieved both, by collecting contractual cash flows and selling financial assets, and
- b) Contractual cash flows of the asset represent SPPI: Debt instruments included within FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. However, the Group recognizes interest income, impairment loss and reversal and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using EIR method.

#### **Financial Assets measured at fair value through profit or loss (FVTPL):**

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as FVTPL. However, such election is allowed only if, doing so reduces or eliminates measurement or recognition inconsistency (referred to as 'accounting mismatch').

#### **Equity investments :**

All equity investments in scope of Ind AS 109 "Financial Instruments" are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Group decides to classify the same either as FVOCI or FVTPL. The Group makes such election on instrument by instrument basis. The classification is made on initial recognition, which is irrevocable. If the Group decides to classify an equity instrument as FVOCI, then all fair value changes on the instrument, excluding dividend, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. Also, the Group has elected to apply the exemption available under Ind AS 101 to continue the carrying value for its investments in subsidiaries and associates as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP as at the date of transition.

#### **Derecognition of Financial Assets**

A financial asset is primarily derecognised when: (I) Rights to receive cash flows from the asset have expired, or (II) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### **Impairment of Financial Assets**

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. Impairment methodology applied depends on whether there has been a significant increase in the credit risk. As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables, as permitted by Ind AS 109. Provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

## Significant Accounting Policies to the Consolidated Financial Statements

### Financial Liabilities

#### Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described herein:

Financial liabilities at Fair Value through Profit or Loss: Financial liabilities at Fair Value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationship as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in Statement of Profit or Loss.

Financial liabilities measured at amortised cost: After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using Effective Interest Rate (EIR) method. Gains or losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR amortisation is included as finance costs in the Statement of Profit and Loss.

#### Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### (v) Business Combinations and Goodwill

"Business Combinations are accounted for using the acquisition method. Cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred. At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their acquisition date fair values. If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value, resulting gain or loss is recognised in Statement of Profit and Loss or OCI, as appropriate. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of net assets acquired is in excess of the aggregate consideration the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to its present value as at the date of exchange. Contingent consideration is classified either as equity or a financial liability. Amount classified as a financial liability is subsequently remeasured to fair value with change in fair value recognised in Statement in Profit and Loss.

Business Combinations that occurred before April 1, 2008, are not restated retrospectively in accordance with Ind AS 103 "Business Combinations". Carrying amounts of assets acquired and liabilities assumed as part of past business combinations as well as the amounts of goodwill that arose from such transactions as they were determined under the previous GAAP are considered as their deemed cost under Ind AS as at the date of transition. In respect of business combinations that occurred prior to April 1, 2008, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.

### (w) Critical estimates and judgements

The Group has based assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

## Significant Accounting Policies to the Consolidated Financial Statements

The areas involving critical estimates or judgements pertain to current tax expense and tax payable (Note 2.07), fair value of unlisted securities (Note 2.05), goodwill impairment (Note 2.02), estimated useful life of property, plant and equipment including intangible assets (Note 2.01 and 2.03), measurement of defined benefit obligation (Note 2.49), provision for asset retirement obligation (Note 2.22 and Note 2.27), recognition of deferred tax assets for carried forward tax losses (Note 2.07), impairment of trade receivables and other financial assets (Note 2.42) assets held for sale (Note 2.16), liabilities held for sale (Note 2.16). Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

- (i) Useful life of Property, Plant and Equipment including intangible assets: Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate
- (ii) Taxes : The Group provides for tax considering the applicable tax regulations and based on probable estimates. Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any. The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Group against which such assets can be utilized.
- (iii) Fair value measurement and valuation process: The Group measured financial assets and liabilities if any, at fair value for financial reporting purposes.
- (iv) Trade receivables and other financial assets: The Group follows a 'simplified approach' (i.e. based on lifetime Expected Credit Loss (ECL)) for recognition of impairment of loss allowance on Trade receivables (including lease receivables). For the purpose of measuring lifetime ECL allowance for trade receivables, the Group estimates irrecoverable amount based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectable.
- (v) Defined benefit plans (gratuity benefits) : The Group's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include determination of the discount rate, future salary increase and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in assumptions. All assumptions are reviewed at each reporting date.

The parameter subject to frequent changes is the discount rate. In determining appropriate discount rate, the management considers interest rates of government bonds in currencies, consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increase and gratuity increase are based on expected future inflation rates.

- (vi) Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.
- (vii) Determination of net realisable value for Assets held for Sale and related liabilities.
- (viii) Provisions and Contingent liabilities are reviewed at each balance sheet date and adjusted to reflect best estimate.
- (ix) The Group has provided liability against License & Spectrum Fee dues along with interest and penalty, for the demands raised by DoT considering Non-Telecom income till FY 2014-15 and for the balance years, for which demand have not been raised by DoT, the company has computed estimated liability on Non-Telecom revenue from FY 2015-16 onwards along with interest and penalty thereof.



Significant Accounting Policies to the Consolidated Financial Statements

Note 2.01  
Property, Plant and Equipment

Particulars	Leasehold Land	Leasehold Improvement	Freehold Land	Buildings	Plant and Machinery	Office Equipment and Fixtures	Furniture	Vehicles	Total	Capital Work in Progress
<b>Gross carrying value</b>										
<b>As at April 1, 2018</b>	6,371	60	99	338	33,491	104	114	73	40,650	265
Additions					183				183	55
Reclassified as Asset held for Sale				(34)	(1,088)				(1,122)	(54)
Deductions/ Adjustment including Currency Translation	(6,143)	(8)		(218)	(5,129)	(18)	(48)	(1)	(11,565)	(75)
As at March 31, 2019	228	52	99	86	27,457	86	66	72	28,146	191
Additions					17				17	2
Additions on acquisition	-	3		1,636	187	18	43	1	1,888	
Deductions/ Adjustment including Currency Translation		(52)		5	(8,508)	(49)	(23)	(17)	(8,644)	
<b>As at March 31, 2020</b>	<b>228</b>	<b>3</b>	<b>99</b>	<b>1,727</b>	<b>19,153</b>	<b>55</b>	<b>86</b>	<b>56</b>	<b>21,407</b>	<b>193</b>
<b>Accumulated Depreciation</b>										
<b>As at April 1, 2018</b>	1	60	-	240	23,567	104	107	70	24,149	-
Depreciation for the year				50	614				664	-
Reclassified as Asset held for Sale				(34)	(653)				(687)	-
Deductions/ Adjustment including Currency Translation	-	(8)	-	(236)	(3,285)	(18)	(44)	(1)	(3,592)	-
As at March 31, 2019	1	52	-	20	20,243	86	63	69	20,534	-
Depreciation for the year	-	-	-	6	304		-	-	310	-
Additions on acquisition				1,131	178	18	41	1	1,369	-
Deductions/ Adjustment including Currency Translation		(51)	-	-	(2,889)	(49)	(22)	(17)	(3,028)	-
<b>As at March 31, 2020</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1,157</b>	<b>17,836</b>	<b>55</b>	<b>82</b>	<b>53</b>	<b>19,185</b>	<b>-</b>
<b>Net Carrying Value</b>										
As at March 31, 2019	227	-	99	66	7,214	-	3	3	7,612	
<b>As at March 31, 2020</b>	<b>227</b>	<b>2</b>	<b>99</b>	<b>570</b>	<b>1,317</b>	<b>-</b>	<b>4</b>	<b>3</b>	<b>2,222</b>	

Notes:

- 2.01.1 (a) Freehold Land includes ₹ 55,808 (Previous year ₹ 55,808) acquired from Karnataka Industrial Areas Development Board (a Government of Karnataka Undertaking). Transfer of ownership is under process.  
 (b) Freehold Land includes ₹ 1 crore (Previous year ₹ 1 crore) towards land acquired, the transfer of ownership is under process.
- 2.01.2 Building includes ₹ 250 (Previous year ₹ 250) towards cost of Shares in Co-operative Society (held by Reliance Telecom Limited).
- 2.01.3 Plant and Machinery includes Asset Retirement Obligations (ARO) Gross Block ₹ Nil (Previous year ₹ 113 crore), Accumulated Depreciation ₹ Nil (Previous year ₹ 73 crore) and Net Block ₹ Nil crore (Previous year ₹ 40 crore). (Refer Note 2.39)
- 2.01.4 During the year  
 (a) Project Development Expenditure of ₹ Nil (Previous year ₹ 1 crore) has been capitalised in Plant and Machinery.
- 2.01.5 Capital Work in Progress includes ₹ 8 crore (Previous year ₹ 9 crore) on account of materials at site.
- 2.01.6 Transfer of title of certain land and buildings received from Reliance Industries Limited pursuant to the Schemes of Arrangements is under process.
- 2.01.7 During the year, Additions on acquisition includes Consolidation of Reliance Realty Limited (Refer Note 2.44.1 (a))
- 2.01.8 During the year, deductions / Adjustments include exchange fluctuation on account of currency translation of foreign subsidiaries and deconsolidation of Reliance Globalcom Limited, Reliance Vanco Group Limited and GCX Limited (Refer Note 2.44.1 (b)). During previous year, deductions / Adjustments include exchange fluctuation on account of currency translation of foreign subsidiaries and deconsolidation of Reliance Realty Limited and Independent TV Limited. (Refer Note 2.44.1 (a))
- 2.01.9 Refer Note 2.23 for security in favour of the Lenders. Non fund based outstanding of ₹ 1,361 crore availed by the Company. ₹ 246 crore availed by RTL and ₹ 4 crore by RCIL have been secured by second pari passu charge on movable Fixed Assets of the Borrower Group.
- 2.01.10 Above notes to be read with Note 2.16 "Assets Held for Sale".
- 2.01.11 On finalisation and implementation of debt resolution process through Hon'ble NCLT, the Company will carry out a comprehensive impairment review of its tangible assets.

# Reliance Communications Limited

## Significant Accounting Policies to the Consolidated Financial Statements

### Note 2.02

#### Goodwill

Goodwill is recognised on consolidation of financial statements of subsidiaries financial as details given herein:

	As at March 31, 2020	As at March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
Goodwill on Consolidation	<u>1,472</u>	<u>1,339</u>	<u>133</u>	<u>(2,210)</u>

(₹ in crore)

There is an increase in Goodwill on consolidation mainly on account of consolidation of Reliance Reality Limited and impairment of Reliance Globalcom Limited during the year, except due to changes in foreign exchange currency fluctuation. (Refer Note 2.44.1)

On finalisation and implementation of debt resolution process through Hon'ble NCLT, the Company will carry out a comprehensive impairment review of its Goodwill. (Refer Note 2.36)

### Note 2.03

#### Other Intangible Assets

Particulars	Telecom Licences	Indefeasible Right of Connectivity	Software	Brand License	Licence and Knowhow	Total	Intangible Assets Under Development
<b>Gross carrying value</b>							
As at April 1, 2018	243	1,893	168	169	-	2,473	-
Additions	-	115	2	-	-	117	4
Deductions/ Adjustment including Currency Translation	-	120	9	-	1	130	-
As at March 31, 2019	243	2,128	179	169	1	2,720	4
Additions	-	2	-	-	-	2	-
Deductions/ Adjustment including Currency Translation	-	(1,611)	(17)	-	-	(1,628)	(4)
<b>As at March 31, 2020</b>	<b>243</b>	<b>519</b>	<b>162</b>	<b>169</b>	<b>1</b>	<b>1,094</b>	<b>-</b>
<b>Accumulated amortisation</b>							
As at April 1, 2018	239	1,143	160	142	-	1,684	-
Amortisation for the year	-	178	3	18	-	199	-
Deductions/ Adjustment including Currency Translation	-	73	8	-	-	81	-
As at March 31, 2019	239	1,394	171	160	-	1,964	-
Amortisation for the year	1	34	1	9	-	45	-
Deductions/ Adjustment including Currency Translation	-	(923)	(11)	-	-	(934)	-
<b>As at March 31, 2020</b>	<b>240</b>	<b>505</b>	<b>161</b>	<b>169</b>	<b>-</b>	<b>1,075</b>	<b>-</b>
<b>Net Carrying Value</b>							
As at March 31, 2019	4	734	8	9	1	756	-
<b>As at March 31, 2020</b>	<b>3</b>	<b>14</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>19</b>	<b>-</b>

(₹ in crore)

2.03.1 During the earlier years, the Company, successfully bid under auction conducted for spectrum by Department of Telecommunications (DoT) and won spectrum in 14 service areas at a total cost of ₹ 4,519 crore. The Company had made upfront payment of ₹ 1,190 crore under deferred payment option and balance was payable in 10 annual installments for Mumbai and Jammu and Kashmir Circle and 16 annual installments for other Circles.

During the year the Company had defaulted the payment of Installment of ₹ 493 crore which was due on April 9, 2019 and ₹ 6 crore which is due on October 20, 2019 with the delay of 358 days and 164 days respectively. Further, an installment of ₹ 22 crore due on March 03, 2019 and March 3, 2020 is defaulted by 395 days and 29 days respectively as at March 31, 2020. Apart from above, balance installments not due as at March 31, 2020 is aggregating to ₹ 7,083 crore including interest @ 10% per annum. An Installment of ₹ 493 crore, due on April 9, 2020 is yet to be paid. During the previous year, the Company acquired Spectrum of ₹ 4,513 crore under Scheme of Demerger along with corresponding Deferred Payment Liability of ₹ 2,013 crore. (Refer Note No. 2.38.1 (viii)). Above was payable in annual installments of ₹ 281 crore each.

The Company has defaulted an installment of ₹ 281 crore on March 26, 2019 and March 26, 2020 with a delay of 372 days and 6 days respectively. Apart from above, balance installments not due as at March 31, 2020 is aggregating to ₹ 3,096 crore including interest @ 10% per annum.

Department of Telecommunications issued show cause notice to the Company for revocation/ termination of spectrum due to nonpayment 3<sup>rd</sup> installment due on March 03, 2019 for 0.6 MHz Spectrum acquired in 1800 MHz band in Mumbai, which was stayed by the Hon'ble NCLAT. The said order of stay of NCLAT stood merged with its final order dated 30.04.2019 as a result of which RCOM's CIRP got recommenced at NCLT Mumbai and order of Moratorium got restored. Further, in the matter of One Time Spectrum Charges, TDSATs order dated 04.02.2019 inter alia directing for the return of Bank Guarantee of ₹ 2000 crore, has been stayed by Hon'ble Supreme court on 19.08.2019 in an appeal filed by Union of India.

2.03.2 Deductions / Adjustments include exchange fluctuation on account of currency translation of foreign subsidiaries and deconsolidation of Reliance Globalcom Limited. (Refer Note 2.44.1 (b)).

2.03.3 Refer Note 2.23.1 for security in favour of the Lenders.

2.03.4 Above notes to be read with Note 2.16 "Asset held for Sale".

Notes on Accounts to the Consolidated Financial Statements

	As at March 31, 2020	(₹ in crore) As at March 31, 2019
<b>Note 2.04</b>		
<b>Investment in Associates (Valued at Amortised Cost)</b>		
<b>Equity Shares</b>		
<b>Unquoted, fully paid up</b>		
6,50,25,000 Warf Telecom International Private Limited of MRf 1 each (6,50,25,000)	22	22
Add/ Less : Share Profit / (Loss) in Loss of Associates	<u>10</u>	<u>6</u>
	<b>32</b>	<b>28</b>
13 000 Mumbai Metro Transport Private Limited of ₹ 10 each (13 000)	-	-
	<u>32</u>	<u>28</u>
<b>Aggregate information for all investments in Associates:</b>		
	<b>For the year ended March 31, 2020</b>	For the year ended March 31, 2019
<b>Summarised Statement of Profit and Loss Account</b>		
Share of Profit/ (Loss)	4	2
Share of Other Comprehensive Income	<u>-</u>	<u>-</u>
<b>Total</b>	<u>4</u>	<u>2</u>
Amount in ₹		
<b>Unrecognised share in Loss of Associate</b>		
Unrecognised Share in Loss of Associates for the year	<b>1,34,498</b>	55,972
₹ in crore		
	<b>As at March 31, 2020</b>	As at March 31, 2019
Aggregate carrying amount of interest in these Associates	<u>32</u>	<u>28</u>
Amount in ₹		
Aggregate of unrecognised share in Loss of Associates	<b>4,15,531</b>	2,81,033
Aggregate value of Impairment	<u>Nil</u>	<u>Nil</u>

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

(₹ in crore)

**As at**  
**March 31, 2020**      **As at**  
March 31, 2019

### Note 2.05

#### Investments

#### a) Investment in Equity Shares of Companies (Fair valued through other Comprehensive Income)

##### Quoted, fully paid up

39,342 Groupon Inc.-Class A Common Stock of USD 0.0001 each (39,342)	<b>1</b>	1
5,95,074 Sequans Communications SA of Euro 0.02 each (595,074)	<b>22</b>	4
	<b>23</b>	5

##### Unquoted, fully paid up

Nil Reliance Realty Limited, Subsidiary , Equity Shares of ₹ 10 each * (50,00,000)	-	10,000
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#### b) Investment in Preference Shares of Companies

##### Unquoted, fully paid up

Nil 7.5% Redeemable Non Cumulative Non Convertible (50,00,000) Preference share of Reliance Realty Limited of ₹ 10 each (Refer Note 2.44.1)	-	2,000
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#### c) Other Investments (At amortised cost)

400 Nationwide Communication Private Limited of ₹ 10 each (400) ₹ 4,000 (4,000)	-	-
	<b>23</b>	<b>12,005</b>

#### Aggregate book value of investments

Quoted	<b>23</b>	5
Unquoted	-	12,000

#### Aggregate market Value of quoted investments

Aggregate value of impairment	<b>Nil</b>	Nil
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\* during previous year, fair valued as per Ind AS 109 "Financial Instruments" (Refer Note 2.44.1)

### Note 2.06

(₹ in crore)

#### Other Financial Assets (Unsecured, Considered good/ unless stated otherwise)

	<b>As at</b> <b>March 31, 2020</b>	<b>As at</b> <b>March 31, 2019</b>
Deposits with Bank (Margin Money Deposits)	-	3
Bank Deposits with Maturity for more than 12 months	<b>2</b>	4
	<b>2</b>	<b>7</b>

Notes on Accounts to the Consolidated Financial Statements

**Note 2.07**

**Deferred Tax Assets/ Liabilities**

**2.07 (a) Deferred Tax Assets**

The Deferred Tax Assets of the Company and its subsidiaries comprise of the following.

	As at		For the year ended	
	March 31,	2019	March 31,	2019
	2020		2020	2019
<b>(i) Deferred Tax Assets</b>				
Related to carried forward loss	9,447	8,717	730	1,617
MAT Credit Entitlement	37	39	(2)	(1)
Disallowances, under the Income Tax Act, 1961	1,621	1,195	426	30
Provision for Liabilities on account of License & Spectrum Fees	9,722	-	9,722	-
Deferred tax on fair valuation of investment	2,088	-	2,088	-
Related to temporary difference on depreciation/ amortisation	276	465	(189)	(235)
Others	-	-	-	(50)
	<b>23,191</b>	<b>10,417</b>	<b>12,775</b>	<b>1,361</b>
<b>(ii) Deferred Tax Liabilities</b>				
Related to temporary difference on depreciation/ amortisation and indexed Cost	1,127	1,121	6	374
Deferred tax on fair valuation of investment	-	2,088	(2,088)	2,088
	<b>22,064</b>	<b>7,208</b>	<b>14,857</b>	<b>(1,100)</b>
<b>Net Deferred Tax Assets (I)</b>	<b>8</b>	<b>29</b>	<b>(21)</b>	<b>(3,545)</b>

**2.07 (b) Deferred Tax Liabilities**

**(i) Deferred Tax Liabilities**

Related to timing difference on depreciation on fixed assets	1,788	1,362	426	(838)
Related to Temporary difference on other items	839	926	(87)	(76)
<b>Total</b>	<b>2,627</b>	<b>2,288</b>	<b>339</b>	<b>(914)</b>

**(ii) Deferred Tax Assets**

MAT Credit Entitlement	7	-	7	(36)
Related to carried forward loss	19	-	19	-
Relating to unabsorbed Depreciation	1,173	894	279	353
Related to other disallowances	171	109	62	1
<b>Total</b>	<b>1,370</b>	<b>1,003</b>	<b>367</b>	<b>318</b>

(iii) Impact of Consolidation/ Deconsolidation of Subsidiaries (Refer Note 2.44.1)			102	-
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<b>Net Deferred Tax Liabilities (II)</b>	<b>1,257</b>	<b>1,285</b>	<b>(130)</b>	<b>(1,232)</b>
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<b>Deferred Tax Charge/ (Credit) (II - I)</b>			<b>(109)</b>	<b>2,313</b>
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The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred Tax Assets are not provided on undistributed earnings of ₹ 1,194 crore as at March 31, 2020 (Previous year ₹ 2,946 crore) , of the subsidiaries, where it is expected that earnings of the subsidiaries will not be distributed in the foreseeable future. Generally, the Company indefinitely reinvests all the accumulated undistributed earnings of subsidiaries and accordingly, has not recorded any deferred taxes in relation to such undistributed earnings of such entities. It is impracticable to determine the taxes payable when these earnings are remitted.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Significant management judgement has been considered in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. Recoverability of deferred tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

Deferred Tax Assets have not been recognised in respect of losses of certain subsidiaries due to non existence of reasonable certainty in the near future. Year wise expiry of total Losses of ₹ 27,626 crore are as under:

Sr. Particulars	Amount of Loss (₹ in crore)
(i) Expiring within 1 year	270
(ii) Expiring within 1 to 5 year	5,291
(iii) Expiring within 5 to 7 year	7,363
(iv) Expiring within 7 to 20 year	532
(v) Without expiry limit	14,170
	<b><u>27,626</u></b>

### (a) Amounts recognised in Statement of profit and loss (₹ in crore)

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Continuing Operation	Discontinuing Operation	Total	Continuing Operation	Discontinuing Operation	Total
Current income tax	14	-	14	13	92	105
Deferred income tax liability / (asset), net	-	(109)	(109)	2,412	(99)	2,313
<b>Tax expense for the year</b>	<b>14</b>	<b>(109)</b>	<b>(95)</b>	<b>2,425</b>	<b>(7)</b>	<b>2,418</b>

### (b) Amounts recognised in other comprehensive income - 1

### 2.07 (c) Reconciliation of Tax Expenses (₹ in crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/ (Loss) before Tax	(42,772)	(4,800)
Applicable Tax Rate	34.652%	34.944%
<b>Computed Tax Expenses (I)</b>	<b>(14,820)</b>	<b>(1,677)</b>
<b>Add: Items not considered for Tax Computation</b>		
Tax Charges/ (Credit) on account of temporary difference	96	497
Deferred Tax on carried forward losses	860	1,042
Tax on rate difference on fair valuation of investment and Liability on account of License & Spectrum fee / Tax rate difference on Fair Value of Investment	14,995	(1,044)
Expenses disallowed for tax purpose	(1,589)	1,854
Deferred tax not recognised for the year (restricted)	-	939
Others	16	340
<b>Subtotal (II)</b>	<b>14,377</b>	<b>3,628</b>
<b>Less: Items not considered for Tax Computation</b>		
Effect of Tax impact in Foreign jurisdiction	(347)	(467)
<b>Subtotal (III)</b>	<b>(347)</b>	<b>(467)</b>
<b>Income Tax Expenses charge/ (credit) to Statement of Profit and Loss (I + II - III)</b>	<b>(96)</b>	<b>2,418</b>

There is no taxable income during the year and the Company has not recognised Deferred Tax Assets (DTA) in absence of reasonable certainty.

Notes on Accounts to the Consolidated Financial Statements

**Note 2.08**

**Other Non Current Assets** (Unsecured, Considered good – unless stated otherwise)

	As at March 31, 2020	As at March 31, 2019
Capital Advances * (Refer Note 2.58)	25	-
Deposits	425	440
Other Loans and Advances ** (Refer Note 2.40 (vii))	575	589
Prepaid Expenses	-	107
	<u>1,025</u>	<u>1,136</u>

\* net of provision (Refer Note 2.52)

\*\* includes refund due against claims lodged

**Note 2.09**

**Inventories** (valued at lower of cost or net realisable value)

Stores and Spares	32	62
Stock in Trade (Communication Devices and Accessories)	-	1
	<u>32</u>	<u>63</u>

**Note 2.10**

**Investments**

**a) Investment in Government Securities** (Fair Valued through Statement of Profit and Loss)

**Quoted**

34,000 6.83% GOI Bonds – 2039 of ₹ 100 each fully paid up (34,000) (₹ 31,19,500) (Previous year ₹ 31,19,500)	-	-
	-	-

**b) Investment in Government Securities** (At amortised cost)

**Unquoted, fully paid up**

6 Year National Savings Certificates (lodged with the Sales Tax Department) ₹ 2,49,500 (Previous year ₹ 2,49,500)	-	-
5 1/2 years Kisan Vikas Patra (lodged with Chennai Metropolitan Development Authority) ₹ 5,000 (₹ 5,000)	-	-

**Aggregate book value of investments**

Quoted (₹ 31,19,500) (Previous year ₹ 31,19,500)	-	-
Unquoted	-	-

**Aggregate market value of quoted investments**

(₹ 34,10,200) (Previous year ₹ 31,19,500)	-	-
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**Aggregate value of Impairment**

Nil	Nil
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# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

(₹ in crore)

As at  
March 31, 2020      As at  
March 31, 2019

### Note 2.11

#### Trade Receivables (Unsecured) (Refer Note 2.36 and 2.47)

Considered Good	490	1,346
Considered Doubtful	2,350	2,438
Less: Provision for Doubtful Debts	<u>2,350</u>	<u>2,438</u>
	<u>490</u>	<u>1,346</u>

### Note 2.12

#### Cash and Cash Equivalents

Cash on hand (Previous year ₹ 2,28,657)	-	-
Cheques on hand	2	6
Balance with Banks	426	813
Bank deposits with less than 3 months' maturity	14	13
	<u>442</u>	<u>832</u>

\* includes balance of ₹ 1 crore in respect of 17 Bank accounts, which is subject to confirmation from Bank.

### Note 2.13

#### Bank Balances other than Cash and Cash Equivalents referred in Note 2.12 above

Bank deposits with less than 12 months' maturity (Refer Note 2.60)	112	105
Earmarked Balances - Unpaid Dividend *	1	1
	<u>113</u>	<u>106</u>

\* Transferred ₹ 1 crore (Previous year ₹ 1 crore) to Investor Education and Protection Fund (IEPF)

### Note 2.14

#### Other Financial Assets (Unsecured, Considered good)

Unbilled Revenue	56	87
Interest accrued on Investments	6	13
Other Financial Assets	324	405
	<u>386</u>	<u>505</u>

### Note 2.15

#### Other Current Assets (Unsecured)

##### a) Advances and Receivables (Refer Note 2.36 and 2.47)

Considered good **	3,028	3,106
Considered doubtful	212	142
Less: Provision for doubtful advances	<u>212</u>	<u>142</u>
	3,028	3,106

##### b) Others (Considered good) (Refer Note 2.36)

Deposits *	1,689	1,700
Balance with Customs, Central Excise Authorities etc.	541	659
Others	309	315
	<u>5,567</u>	<u>5,780</u>

\* Deposits include ₹ 1565 crore (Previous year ₹ 1565 crore) paid against disputed claims.

\*\* Includes prepaid expenses, service tax, Goods and Service Tax (GST), service tax credits, advances to vendor and other receivables.



Notes on Accounts to the Consolidated Financial Statements

Note 2.16

(a) Assets held for Sale

The assets pertaining to Wireless Spectrum, Towers, Fiber and Media Convergence Nodes (MCNs) continued to be classified as assets held for sale at the value ascertained at the end of March 31, 2018 and recorded at lower of carrying amount and fair value less selling cost. Refer Note 2.23.1 for security in favour of lender. On finalisation and implementation of debt resolution process through Hon'ble NCLT, the Company will carry out a comprehensive impairment review of its tangible, intangible assets and Assets held for Sale. Details of assets held for sale are as under:

Particulars	Net Block Reclassified from PPE and intangible Assets		Provision for impairment		Write off			Deduction*		Asset Held for Sale (net)		
	For the year ended March 31,	As at March, 31	Less: write off during the year	As at March, 31	Additional write off as per statement of Profit and Loss	Additional write off as per statement of Profit and Loss	Total write off during the year	Write of during the year ended March 31,	For the year ended March 31,	2020	2019	
	2019	2019	2020	2020	2019	2020	2019	2019	2020	2020	2019	
	1	2	3	4	5	6	7	8	9	10	11	
					(3 + 4)			8 = 6 + 7	9	10	11	
									12 = (13 + 1 - 7 - 10)		13	
Tangible												
Lease hold Land	-	-	-	-	-	-	-	-	-	-	6	23
Freehold Land	-	-	-	-	-	-	-	-	-	-	111	362
Leasehold Improvement	-	4	4	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-	62	796
Plant and Machinery	434	10,805	10,805	-	10,805	6	6	6,253	20	-	20	17,667
Office Equipment	-	1	1	-	1	-	-	-	-	-	-	1
Furniture and Fixtures	-	-	-	-	-	-	-	-	-	-	-	4
Capital work in Progress	54	230	230	-	230	-	-	-	-	-	-	274
Subtotal	-	488	11,040	-	11,040	-	6	6,253	-	6	199	19,127
Intangible												
Telecom License	-	-	279	-	279	1,797	-	4,479	-	-	-	15,278
Software	-	-	-	-	-	-	-	37	-	-	-	-
Intangible Assets under Development	-	-	85	-	85	-	-	-	-	-	-	922
Subtotal	-	-	364	-	364	1,797	-	4,516	-	-	-	16,200
Total	-	488	11,404	-	11,404	1,797	6	10,769	-	199	-	35,327

\* During the previous year, based on the final confirmation, sale of certain Media Convergence Nodes (MCNs) have been recorded and net income thereof has been accounted as part of Discontinued Operations. Deduction also includes impact of deconsolidation of Independent TV Limited.

(b) Provision for impairment of Asset held for Sale ₹ Nil (Previous year ₹ 1,797 crore).

(c) 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 are disclosed separately as discontinued operations in line with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". During the year, certain assets of ₹ Nil (Previous year ₹ 1,767 crore) have been impaired and represented as exceptional items as a part of 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 vide letter dated May 20,2020 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 has not paid the installments.

(d) Liabilities directly related to Assets held for Sale

	As at March 31,
	2020
	2019
Deferred Payment Liabilities	5,340
Interest Accrued on Deferred Payment Liabilities	1,808
	7,148
	6,519

(e) Above notes to be read with Note 2.01 "Property, Plant and Equipment" and Note 2.03 "Other Intangible Assets".

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

	As at March 31, 2020	(₹ in crore) As at March 31, 2019
<b>Note 2.17</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
5,00,00,00,000 Equity Shares of ₹ 5 each (5,00,00,00,000)	<b>2,500</b>	2,500
	<u><b>2,500</b></u>	<u>2,500</u>
<b>Issued, Subscribed and Paid up</b>		
2,76,55,33,050 Equity Shares of ₹ 5 each fully paid up (2,76,55,33,050)	<b>1,383</b>	1,383
	<u><b>1,383</b></u>	<u>1,383</u>

(1) **Shares held by Holding/ Ultimate Holding Company and/ or their Subsidiaries/ Associates\***

	No of Shares	No of Shares
(a) Reliance Innoventures Private Limited, the Holding Company *	-	1,23,79,001
(b) Reliance Communications Enterprises Private Limited Subsidiary of Holding Company	<b>10,172</b>	72,31,10,172
(c) Reliance Wind Turbine Installators Industries Private Limited ,Subsidiary of the Holding Company	<b>84,98,729</b>	30,00,00,000
(d) Reliance Ornatus Enterprises and Ventures Private Limited , Subsidiary of the the Holding Company	<b>9,20,00,000</b>	30,00,00,000
(e) Telecom Infrastructure Finance Private Limited, Subsidiary of the Holding Company	<b>66,667</b>	8,66,66,667
* upto February 6, 2019.		-

(2) **Details of Shareholders holding more than 5% shares in the Company**

	No of Shares	%	No of Shares	%
(a) Reliance Communications Enterprises Private Limited	<b>10,172</b>	<b>0.00</b>	36,56,10,172	13.23
(b) Life Insurance Corporation of India	<b>11,91,90,552</b>	<b>4.31</b>	16,41,88,199	5.94

As on 31<sup>st</sup> March, 2020,, none of the shareholders are holding more than 5% shares in the company

(3) **Term/ right attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder.

(4) **Reconciliation of shares outstanding at the beginning and at the end of the reporting period,**

	As at March 31, 2020		As at March 31, 2019	
	Number	(₹ in crore)	Number	(₹ in crore)
<b>Equity Shares</b>				
At the beginning of the year	<b>2,76,55,33,050</b>	<b>1,383</b>	2,76,55,33,050	1,383
Add: Changes during the year		-	-	-
At the end of the year	<b>2,76,55,33,050</b>	<b>1,383</b>	<b>2,76,55,33,050</b>	<b>1,383</b>

Notes on Accounts to the Consolidated Financial Statements

	As at March 31, 2020	( ₹ in Crore) As at March 31, 2019
<b>Note 2.18</b>		
<b>Other equity</b>		
<b>Capital Reserve</b>		
(i) As per last Balance Sheet	2,781	2,781
(ii) Deduction during the year (Refer Note 2.38.1 (viii) and 2.44.1(b))	<u>(1,274)</u>	<u>-</u>
	1,507	2,781
<b>Debenture Redemption Reserve</b>		
(i) Opening balance	590	590
(ii) Transfer to General Reserve	<u>-</u>	<u>-</u>
	590	590
<b>Securities Premium Account</b>		
(i) Opening balance	13,894	13,894
(ii) Additions during the year	<u>-</u>	<u>-</u>
	13,894	13,894
<b>General Reserve</b>		
(i) Opening balance	34	34
(ii) Less: Transferred to Statement of Profit and Loss	<u>-</u>	<u>-</u>
	34	34
<b>Foreign Currency Monetary Items Translation Difference Account</b>		
(i) Opening balance	6	(225)
(ii) Deduction/ (Additions) during the year	<u>-</u>	<u>6</u>
(iii) Amortisation during the year	(6)	225
	(0)	6
<b>Treasury Reserve</b>		
(i) Opening balance	(391)	(391)
(ii) Additions during the year	<u>-</u>	<u>-</u>
	(391)	(391)
<b>Surplus/ (deficit) in retained earnings</b>		
(i) Opening balance	(22,547)	(15,341)
(ii) Add: Profit/ (loss) for the year from Continued Operation	(10,807)	(867)
(iii) Add: Profit/ (loss) for the year from Discontinued Operation	<u>(31,864)</u>	<u>(6,339)</u>
	(65,218)	(22,547)
<b>Other Comprehensive Income</b>		
<b>(a) Exchange difference on translation of financial statement of foreign operation</b>		
(i) Opening balance	66	54
(ii) Additions during the period (net)	<u>(48)</u>	<u>12</u>
	18	66
<b>(b) Remeasurement of defined employee benefit and fair valuation of investment and others</b>		
(i) Opening balance	4	4
(ii) Additions during the period (net)	<u>23</u>	<u>-</u>
	27	4
	<u>(49,539)</u>	<u>(5,563)</u>

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Nature and Purpose of Reserve

#### Capital Reserve

Capital Reserve represents surplus arising on consolidation of financials of subsidiaries at the time of acquisition. It also includes Equity Share Capital of the Company, which was cancelled pursuant to the Scheme of Demerger of undertaking from Reliance Industries Limited. During the earlier year, Capital Reserve is created under scheme of demerger (Refer Note 2.38.1(viii))

#### Debenture Redemption Reserve

Debenture Redemption Reserve is created out of profits for the respective year as required under the Act then applicable which shall be utilised for the purpose of redemption of Debentures issued by the Company.

#### Exchange Fluctuation Reserve

Exchange Fluctuation Reserve represents the unrealised gains and losses on account of translation of foreign subsidiaries into the reporting currency

#### Securities Premium Account

Securities premium reserves represents the premium charged to the shareholders at the time of issuance of shares. It also includes ₹ 8,047 created pursuant to Schemes of Amalgamation/ Arrangement of earlier years. The securities premium reserves can be utilised based on the relevant requirements of the Act.

#### General Reserve

General reserve of ₹ 34 crore (Previous year ₹ 34 crore) represents created out of the retained earnings permitted to be distributed to shareholders as part of dividend.

#### Foreign Currency Monetary Items Translation Difference Account (FCMITDA)

FCMITDA has been created in view of the Option allowed pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs (MCA), Government of India, being exchange differences (net of amortisation) on long term borrowing other than borrowings relating to acquisition of depreciable capital assets.

#### Treasury Equity

Treasury Equity represents 2,12,79,000 Nos. of Equity Shares held by the ESOS Trust.

### Note 2.19

#### Non Controlling Interest

	( ₹ in Crore)	
Information regarding non-controlling interest	For the year ended March 31, 2020	For the year ended March 31, 2019
Accumulated balances of non-controlling interest at the beginning	322	332
Profit/(Loss) added to non-controlling interest	(6)	(12)
Foreign exchange variation and other movements	-	2
Accumulated balances of non-controlling interest at the closing	<u>316</u>	<u>322</u>

#### Financial information of subsidiaries that have material non-controlling interest is provided below :

**Name of Subsidiary : Reliance Infratel Limited**

**NCI Percentage: 9.55%**

**Country of Incorporation : India**

**The summarised financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations**

Notes on Accounts to the Consolidated Financial Statements

Summarised statement of profit or loss

	For the year ended March 31, 2020	For the year ended March 31, 2019
Total Revenue	1,343	1,450
Network Expenses	1,462	1,513
Employee benefits	25	35
Finance Cost	-	8
Depreciation	1	-
Other expenses	35	26
<b>Profit before tax</b>	<b>(180)</b>	<b>(132)</b>
Income tax	(114)	-
<b>Profit for the year</b>	<b>(66)</b>	<b>(132)</b>
Total comprehensive income	-	1
<b>Attributable to non-controlling interests</b>	<b>(6)</b>	<b>(12)</b>
<b>Dividends paid to non-controlling interests</b>	<b>Nil</b>	<b>Nil</b>

Summarised Balance Sheet

	As at March 31, 2020	As at March 31, 2019
Non-current liabilities	1,016	1,131
Current liabilities	10,916	10,667
<b>Total Liability (i)</b>	<b>11,932</b>	<b>11,798</b>
Property, Plant and Equipment including Intangible Assets and Capital work in progress	15	23
Non Current Assets	278	196
<b>Current assets including Asset held for sale</b>	<b>14,594</b>	<b>14,600</b>
<b>Total Assets (ii)</b>	<b>14,887</b>	<b>14,819</b>
<b>Total Equity (ii) - (i)</b>	<b>2,955</b>	<b>3,021</b>
<b>Attributable to equity holders of parent</b>	<b>2,673</b>	<b>2,732</b>
<b>Non-controlling interest</b>	<b>282</b>	<b>289</b>

Summarised Cash flow Information

	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash flow from Operating activities	7	48
B. Cash flow from Investing activities	1	(6)
C. Cash flow from Financing activities	-	4
<b>Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>8</b>	<b>46</b>

(₹ in crore)

As at March 31, 2020	As at March 31, 2019
-------------------------	-------------------------

Note 2.20

Borrowings - Non Current

Unsecured

Loan from Corporate Body (Refer Note 2.62)	468	-
	<b>468</b>	<b>-</b>

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

	As at March 31, 2020	( ₹ in crore) As at March 31, 2019
<b>Note 2.21</b>		
<b>Other Non Current Liabilities</b>		
Income received in Advance	156	83
Advance from Customer	-	17
	<u>156</u>	<u>100</u>
<b>Note 2.22</b>		
<b>Provisions</b>		
Employee Benefits	12	51
Asset Retirement Obligations (Refer Note 2.44.1(b))	-	149
	<u>12</u>	<u>200</u>
<b>Note 2.23</b>		
<b>Borrowings - Current</b>		
<b>Debentures (Secured)</b>		
6.5% Senior Secured Notes	1,955	1,955
<b>Secured</b>		
Foreign Currency Loans	12,532	12,532
Rupee Loans from Banks	4,207	4,202
Rupee Loans from others	646	646
<b>Unsecured</b>		
From Banks		
Rupee Loans from Bank	2,666	2,666
Rupee Loans from others	8,263	8,266
From Others*	-	977
	<u>30,269</u>	<u>31,244</u>

\* This amount represents the amount taken by one of the Company's subsidiary from Reliance Realty Limited (RRL). As mentioned in Note No 2.44.1.(a), RRL was not consolidated in the previous year which now being consolidated as mentioned in the said note accordingly eliminated during the year. (Refer Note 2.59)

### 2.23.1 Debenture and Term Loans

The Company, on March 2, 2009, allotted, 3,000, 11.20% Secured Redeemable, Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 3,000 crore to be redeemed at the end of 10<sup>th</sup> year from the date of allotment thereof i.e. March 1, 2019 and the same remains outstanding as at March 31, 2020. The Company on February 7, 2012, also allotted, 1,500, 11.25% Secured Redeemable Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each aggregating to ₹ 1,500 crore redeemable in four annual equal installments starting at the end of 4<sup>th</sup> year from the date of allotment thereof, the outstanding against said NCDs is ₹ 750 crore as on March 31, 2020. The Company had, on May 6, 2015, issued Senior Secured Notes (SCNs) of USD 300 million, face value of USD 100 per bond, bearing 6.5% p.a. interest, with a maturity of 5 1/2 years. GCX Limited, a subsidiary of the Company had, on August 1, 2014 issued Senior Secured Bonds of USD 350 million, face value of USD 100 per bond, bearing 7% p.a. interest, with a maturity of 5 year against pledge of Shares of material subsidiaries of GCX Limited. (Upto July, 1, 2019) (Refer Note 2.44.1(b) with regards to Secured Bond issued by GCX Limited)

The Company and its subsidiary had been sanctioned Rupee Loans of ₹ 6,750 crore (outstanding as on March 31,2020 was ₹ 6,074 crore) (Term Loan Facility) under the consortium banking arrangement on the terms and conditions as set out in common loan agreement.

Outstanding NCDs along with 6.5 % SCNs of ₹ 5,705 crore, Foreign Currency Loans of ₹ 14,156 crore and Rupee Loans of ₹ 9,139 crore ("the said Secured Loans") have been secured by first pari passu charge on the whole of the movable plant and machinery including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work in progress (pertaining to the movable fixed assets), both present and future including all the rights, title, interests, benefits, claims and demands in respect of 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), ("the Borrower Group"), in favour of the Security Trustee for the benefit of the NCD/ SCN Holders and the lenders of the said Secured

**Notes on Accounts to the Consolidated Financial Statements**

Loans. The said loans also include ₹ 3,583 crore guaranteed by a director and ₹2,964 crore guaranteed by the Company. Apart from above Rupee Loan also includes ₹398 crore which is secured by first pari passu charge on Spectrum, acquired during the earlier year under the scheme of Demerger Refer Note 2.38.1(viii) is pending to be executed. Outstanding Rupee Loans of ₹ 972 crore are secured by second pari passu charge on the movable plant and machinery and capital work in progress of the Borrower Group and is guaranteed by a director of the Company, Tower receivables, pledge of equity shares of Globalcom IDC (GIDC) held by Reliance Webstore Limited (RWL). The Company has provided non-disposal undertaking for its share holding in RWL. Charges over Tower receivable is pending to be executed. Further, Rupee loan of ₹ 2,496 crore is secured by Second Charge on movable Fixed Assets of Borrower Group, out of which , charge is pending to be created for ₹ 1072 crore. The Company, for the benefit of the Lenders of 6.5% SCN of ₹ 1,955 crore and Foreign Currency Loans of ₹ 11,191 crore, 1,500, 11.25% NCDs aggregating to ₹ 750 crore and Rupee Loans of ₹ 7,403 crore has, apart from the above, also assigned 20 Telecom Licenses for services under Unified Access Services (UAS), National Long Distance (NLD) and International Long Distance (ILD) (collectively referred as "Telecom Licenses") by execution of the Tripartite Agreements with Department of Telecommunications (DoT) and the Security Trustee acting on behalf of the Lenders. Assignment of the Telecom Licences of the Company for Rupee Loan from banks of ₹ 1,000 crore and from others of ₹ 740 crore is pending to be executed. Further, RTL, a subsidiary company, for the benefit of lenders of the Foreign Currency Loans of ₹ 1,341 crore and Rupee Term Loans of ₹ 611 crore have also assigned eight Unified Access Services (UAS) Licences, by execution of Tripartite Agreements with DoT and the Security Trustee acting on behalf of the Lenders. Assignment of Telecom Licenses for the Rupee Term Loans is pending to be executed.

The Company has, for the benefit of the Lenders of 6.5% SCNs, Foreign Currency Loans and Rupee Loans aggregating to ₹ 21,053 crore, apart from the above security, pledged equity shares of RCIL held by the Company and of RTL held by the Company and Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited) by execution of the Share Pledge Agreement with the Share Pledge Security Trustee. Rupee Loans of ₹ 6,074 crore is also secured by pledge of equity shares of RITL held by RCIL, current assets, movable assets including intangible, both present and future of the Borrower Group. During the previous year, charge over the three immovable assets of the Borrower Group was created. However charge over balance immovables assets except of the Borrower Group and RGBV security for Rupee loan of ₹ 6,074 crore is pending to be executed. RGBV, a subsidiary of the Company has outstanding loan of USD 2 million, availed against pledged of shares of its material subsidiaries.

During the previous year, lenders have invoked guarantees provided by borrower group for outstanding rupee loan of ₹ 7,046 crore.

During the previous year, the Company created first ranking exclusive charge (pari passu inter se the Lenders) over Designated Account with future rights, title and interest therein, including all of its rights in respect of any amount standing to the credit of the Designated Account and the debt represented by it, in favour of State Bank of India, the Convenor (for the benefit of the Lenders) as continuing security.

Foreign Currency Loans taken by the Company and its Indian Subsidiaries has been stated at exchange rate prevailing as at March 31, 2018.

**2.23.2 Delay/ Default in repayment of Borrowing (Current and Non Current) and Interest**

The Company has delayed/ defaulted in the payment of dues to the financial institutions, banks and debenture holders. The lender wise details are as under.

Sr.	Name of Lender	Amount represents rupees in crore and period represents maximum days									
		Borrowings		Interest		Borrowings		Interest			
		Default As on March 31, 2020	Period	Default As on March 31, 2020	Period	Delay in repayment during the year ended March 31, 2019	Default As on March 31, 2019	Period	Default As on March 31, 2019	Period	
<b>I</b>	<b>Loan From Banks</b>										
	Burlington Loan Management DAC <sup>2</sup>	163	842	-	-	-	-	-	-	-	-
	Shubh Holdings Pte Ltd. <sup>1 &amp; 2</sup>	5,022	1,129								
	Bank of America <sup>2</sup>	-	-	-	-	-	-	359	476	-	-
	Bank of Baroda	1,837	1,120	11	1,097	-	-	1,022	754	11	731
	Bank of India	690	1,097	10	1,097	-	-	330	731	10	731
	Bank of Maharashtra	473	1,049	-	-	-	-	473	683	-	-
	Canara Bank	673	1,006	-	-	-	-	288	640	-	-
	Central Bank of India	276	1,097	3	1,097	-	-	132	731	3	731
	China Development Bank* <sup>1</sup>	3,112	1,129	155	1,129	-	-	5,321	763	155	763
	Corporation Bank	707	1,119	8	1,097	-	-	587	753	8	731
	Dena Bank	250	784	-	-	-	-	250	418	-	-
	Deutsche Bank*	130	842	1	1,015	-	-	130	476	1	649
	Doha Bank Q.S.C.	326	1,031	6	1,031	-	-	326	665	6	665
	Emirates NBD Bank PJSC	261	1,031	5	1,031	-	-	261	665	5	665
	Export Import Bank of China*	2,649	1,129	54	1,129	-	-	1,995	763	54	763

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Amount represents rupees in crore and period represents maximum days

Sr.	Name of Lender	Borrowings		Interest		Borrowings		Interest			
		Default As on March 31, 2020		Default As on March 31, 2020		Delay in repayment during the year ended March 31, 2019	Default As on March 31, 2019		Default As on March 31, 2019		
		Amount	Period	Amount	Period		Amount	Period	Amount	Period	
	HDFC Bank	-	-	-	-	-	-	-	-	-	-
	HongKong and Shanghai Banking Corporation	261	1,041	4	1,041	-	-	146	675	4	675
	IDBI Bank	1,056	1,110	13	1,097	-	-	551	744	13	731
	IDFC Bank	-	-	-	-	-	-	-	-	-	-
	Indian Overseas Bank	138	1,097	1	1,097	-	-	66	731	1	731
	IndusInd Bank	-	-	-	-	-	-	-	-	-	-
	Industrial and Commercial Bank of China*	1,416	1,129	37	1,129	-	-	1,416	763	37	763
	Oriental Bank of Commerce	203	1,097	2	1,097	14	411	95	731	2	731
	Punjab National Bank	811	1,122	-	-	114	89	805	756	-	-
	Standard Chartered Bank	1,264	1,089	-	-	-	-	1,264	723	-	-
	Standard Chartered Bank, London	425	1,031	7	1,031	-	-	494	665	7	665
	State Bank of India	2,827	1,097	23	1,097	159	329	2,047	731	23	731
	Syndicate Bank	745	1,120	5	1,097	173	89	745	754	5	731
	UCO Bank	681	1,097	9	1,097	-	-	326	731	9	731
	Union Bank of India	764	1,097	3	1,097	-	-	620	731	3	731
	United Bank of India	424	1,097	2	1,097	-	-	424	731	2	731
	VTB Capital PLC	407	1,031	7	1,031	-	-	407	665	7	665
	Yes Bank	-	-	-	-	281	89	-	-	-	-
	Vijaya Bank	16	686	-	-	84	87	16	320	-	-
	6.5% Senior Secured Notes	1,955	-	-	-	-	-	-	-	-	-
<b>II</b>	<b>Debentures</b>										
	Life Insurance Corporation of India	3,750	784	-	-	-	-	3,750	418	-	-
<b>III</b>	<b>Other Loans</b>										
	Asset Core and Reconstruction Enterprises Limited (ACRE)	492	1,108	-	-	-	-	492	742	-	-
	Neptune Steel Strips Limited	68	92	-	-	-	-	-	-	-	-
	India Infrastructure Finance Corporation Limited	248	914	4	1,113	-	-	9	548	4	762
	Industrial Finance Corporation of India Limited	200	1,113	4	1,128	-	-	200	747	4	747
	Reliance Capital Limited	1,000	1,111	5	1,111	-	-	-	-	5	745
	Deep Industrial Finance Ltd	260	121	-	-	-	-	-	-	-	-
	Pearl Housing Finance Ltd	260	121	-	-	-	-	-	-	-	-
	Shriyam Auto Fin Ltd	260	121	-	-	-	-	-	-	-	-
	Traitrya Construction Finance Ltd.	260	121	-	-	-	-	-	-	-	-
	Vishvakarma Equipment Finance Limited	260	121	-	-	-	-	-	-	-	-
	Mahimna Mercantile Credits Limited	433	91	-	-	-	-	-	-	-	-
	Other Lenders	7,662	Various Dates	68	Various Dates	-	-	-	-	68	Various Dates
<b>IV</b>	<b>Total</b>	<b>45,115</b>		<b>447</b>		<b>825</b>		<b>25,347</b>		<b>447</b>	

### 2.23.3 \* facility recalled

- Downsale of China Development Bank ₹ 4,826 crore to Shubh Holdings Pte Ltd
- Downsale of Bank of America of ₹ 359 crore to Shubh Holdings Pte Ltd ₹ 196 crore and Burlington Loan Management DAC ₹ 163 crore

2.23.4 Since the Company and three of its subsidiaries are under CIR Process and claims have been filed by lenders, the overall obligations and liabilities including obligation for interest on loans shall be determined during the CIRP. The total loan amount has been disclosed in delay/ default during the current year. However, corresponding amounts of the previous year's delay/ default are based on original terms of facility and from the date of recall, where loans have been recalled

2.23.5 Apart from above outstanding of Interest, the Group has not provided Interest Expenses of ₹ 4,748 crore, ₹ 4389 crore and ₹ 3,609 crore for the year ended March 31, 2020, March 31, 2019 and March 31, 2018 respectively which includes interest on NCDs from LIC of ₹ 420 crore, ₹ 420 crore and ₹ 418 crore for the year ended March 31, 2020, March 31, 2019 and March 31, 2018 respectively. Therefore it has not been disclosed.



Notes on Accounts to the Consolidated Financial Statements

	(₹ in Crore)	
	As at March 31, 2020	As at March 31, 2019
<b>Note 2.24</b>		
<b>Trade Payables</b> (Refer Note 2.36)		
Due to Micro and Small Enterprises	80	86
Due to Others	4,103	3,555
	<u>4,183</u>	<u>3,641</u>

**Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)**

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to MSME. On the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro and Small Enterprises.

(i) Principal amount due to any supplier as at the year end	83	86
(ii) Interest due on the principal amount unpaid at the year end to any supplier	32	28
(iii) Amount of Interest paid by the Company in terms of Section 16 of the MSMED, alongwith the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(iv) Payment made to the enterprises beyond appointed date under Section 16 of MSMED	162	90
(v) Amount of Interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the year but without adding the interest specified under MSMED	1	9
(vi) Amount of interest accrued and remaining unpaid at the end of each accounting year	33	38
(vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED	20	28

**Note 2.25**

**Other Financial Liabilities**

**Current Maturities of Long Term Debts**

**Secured** (Refer Note 2.23.1)

**Debentures**

3,000 (3,000) 11.20 % Redeemable, Non Convertible Debentures of ₹ 1 crore each	3,000	3,000
1,500 (1,500) 11.25 % Redeemable, Non Convertible Debentures of ₹ 1 crore each	750	750
7% Senior Secured Notes (Refer Note 2.44.1(b))	-	2,420
Foreign Currency Loan from Banks	1,641	1,710
Rupee Loans from Bank	6,960	6,960
Rupee Loans from Others (Refer Note 2.62)	1,193	1,192

**Unsecured**

Rupee Loans from Others	1,303	1,307
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**Others**

Interest accrued but not due	28	28
Interest accrued and due	423	435
Unclaimed Dividend*	1	1
Capital Creditors	380	472
Other Liabilities** (Refer Note 2.44.2(a))	32,235	1,403
	<u>47,914</u>	<u>19,678</u>

\* Transferred ₹ 1 crore (previous year ₹ 1 crore) to Investor Education and Protection Fund (IEPF)

\*\* During the previous year, the amount was received from Reliance Realty limited, a subsidiary of holding company, during the financial year 2018-19. Pending finalisation of terms, interest has not been charged and the same has been shown as "Other Financial Liabilities. (Refer Note 2.44.1(a))

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

	As at March 31, 2020	(₹ in Crore) As at March 31, 2019
<b>Note 2.26</b>		
<b>Other Current Liabilities</b> (Unsecured unless stated otherwise)		
Advance from Customers	55	154
Other Current Liabilities (Refer Note 2.36 and 2.57)	719	887
Security Deposit	262	269
	<u>1,036</u>	<u>1,310</u>
<b>Note 2.27</b>		
<b>Provisions</b>		
<b>Provision for Employee Benefit</b>		
Employee Benefits	18	22
<b>Others</b> (Refer Note 2.39)		
Disputed and Other Claims	1,215	1,215
Asset Retirement Obligations	233	233
Wealth Tax	1	1
	<u>1,467</u>	<u>1,471</u>
(₹ in crore)		
<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>Note 2.28</b>		
<b>Revenue from Operations</b>		
Sale of services (Refer Note 2.54)	1,685	4,015
	<u>1,685</u>	<u>4,015</u>
<b>Note 2.29</b>		
Other Income		
Interest Income on Debt securities at amortised cost	3	3
Miscellaneous Income	46	176
	<u>49</u>	<u>179</u>
<b>Note 2.30</b>		
<b>Access Charges, License Fees and Network Expenses</b>		
Access Charges	68	155
License Fees	84	121
Rent, Rates and Taxes	66	106
Network Repairs and Maintenance	389	891
Stores and Spares Consumed	17	7
Power, Fuel and Utilities	170	176
Bandwidth Charges	87	72
Other Network Operating Expenses	221	605
	<u>1,102</u>	<u>2,133</u>

Notes on Accounts to the Consolidated Financial Statements

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
		(₹ in crore)
<b>Note 2.31</b>		
<b>Employee Benefits Expenses</b>		
Salaries (Including Managerial Remuneration) (Refer Note 2.47)	188	461
Contribution to Provident, Gratuity and Superannuation Fund	3	29
Employee Welfare and Other Amenities	19	31
	<u>210</u>	<u>521</u>
<b>Note 2.32</b>		
<b>Finance Costs</b>		
Interest on financial liabilities measured at amortised cost	43	175
Other Financial Cost	19	17
	<u>62</u>	<u>192</u>
<b>Note 2.33</b>		
<b>Sales and General Administration Expenses</b>		
<b>Selling Expenses</b>		
Selling and Marketing	3	16
	<u>3</u>	<u>16</u>
<b>Provision for Doubtful Debts, Loans and Advances</b>	<b>68</b>	323
<b>General Administration Expenses</b>		
Insurance	9	6
Rent, Rates and Taxes	15	41
Repairs and Maintenance		
- Machinery	9	12
- Others	7	9
Travelling	7	22
Professional Fees	54	43
Foreign Exchange (Gain) / Loss (net)	117	58
AMC Cost	11	12
CIRP Cost	14	-
Hire Charges	34	100
Other General and Administrative Expenses	238	334
	<u>515</u>	<u>637</u>
<b>Payment to Auditors</b>	<b>4</b>	4
	<u>589</u>	<u>980</u>

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Note : 2.34

#### Previous Year

Figures of the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees in crore, except as otherwise stated.

Sr. No.	For the year ended March 31, 2020	Regrouped in for the year ended March 31, 2019		
		Nature	New Grouping	Old grouping
1	Fund received	Other Financial Liabilities	Trade Payable	253
2	Payable towards Capital expenditure	Capital Creditors	Trade Payable	3
3	Fund received	Other Financial Liabilities	Other Current Liabilities	398
4	Borrowings	Borrowings Current	Other Current Liabilities	977
5	Asset Retirement Obligation	Short Term Provision	Long Term Provision	233

### Note : 2.35

#### Consolidation

(a) The following subsidiary companies are included in the Consolidated Financial Statements.

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest	
			As at March 31, 2020	As at March 31, 2019
1	Reliance WiMax Limited	India	100.00%	100.00%
2	Reliance Bhutan Limited	India	90.45%	90.45%
3	Reliance Webstore Limited	India	100.00%	100.00%
4	Campion Properties Limited	India	100.00%	100.00%
5	Reliance Tech Services Limited	India	100.00%	100.00%
6	Reliance Telecom Limited	India	100.00%	100.00%
7	Reliance Communications Infrastructure Limited	India	100.00%	100.00%
8	Globalcom IDC Limited (Formerly Reliance IDC Limited)	India	100.00%	100.00%
9	Reliance Infratel Limited	India	90.45%	90.45%
10	Globalcom Mobile Commerce Limited (Formerly Reliance Mobile Commerce Limited)	India	100.00%	100.00%
11	Reliance BPO Private Limited	India	100.00%	100.00%
12	Reliance Globalcom Limited (Upto July, 01, 2019)	India	-	100.00%
13	Reliance Communications Tamilnadu Limited	India	100.00%	100.00%
14	Globalcom Realty Limited (Formerly Reliance Infra Realty Limited)	India	100.00%	100.00%
15	Internet Exchangenext.com Limited	India	100.00%	100.00%
16	Realsoft Cyber Systems Private Limited	India	100.00%	100.00%
17	Worldtel Tamilnadu Private Limited	India	100.00%	100.00%
18	Towercom Infrastructure Private Limited	India	99.52%	99.52%
19	Reliance Globalcom B.V.	The Netherlands	100.00%	100.00%
20	Aircom Holdco B.V.	The Netherlands	100.00%	100.00%
21	Reliance Communications (UK) Limited	United Kingdom	100.00%	100.00%
22	Reliance Communications (Hong Kong) Limited	Hong Kong	100.00%	100.00%
23	Reliance Communications (Singapore) Pte. Limited	Singapore	100.00%	100.00%
24	Reliance Communications (New Zealand) Pte Limited	New Zealand	100.00%	100.00%
25	Reliance Communications (Australia) Pty Limited	Australia	100.00%	100.00%
26	Anupam Global Soft (U) Limited	Uganda	90.00%	90.00%
27	Gateway Net Trading Pte Limited	Singapore	100.00%	100.00%
28	Global Cloud Xchange Limited (Upto July, 01, 2019)	Bermuda	-	100.00%

Notes on Accounts to the Consolidated Financial Statements

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest	
			As at March 31, 2020	As at March 31, 2019
29	GCX Limited (Upto July, 01, 2019)	Bermuda	-	100.00%
30	Reliance Globalcom Limited (Upto July, 01, 2019)	Bermuda	-	100.00%
31	FLAG Telecom Singapore Pte. Limited (Upto July, 01, 2019)	Singapore	-	100.00%
32	FLAG Atlantic UK Limited (Upto July, 01, 2019)	United Kingdom	-	100.00%
33	Reliance FLAG Atlantic France SAS (Upto July, 01, 2019)	France	-	100.00%
34	FLAG Telecom Taiwan Limited (Upto July, 01, 2019)	Taiwan	-	60.00%
35	Reliance FLAG Pacific Holdings Limited	Bermuda	<b>100.00%</b>	100.00%
36	FLAG Telecom Group Services Limited (Upto July, 01, 2019)	Bermuda	-	100.00%
37	FLAG Telecom Deutschland GmbH (Upto July, 01, 2019)	Germany	-	100.00%
38	FLAG Telecom Hellas AE (Upto July, 01, 2019)	Greece	-	100.00%
39	FLAG Telecom Asia Limited (Upto July, 01, 2019)	Hong Kong	-	100.00%
40	FLAG Telecom Nederland B.V. (Upto July, 01, 2019)	The Netherlands	-	100.00%
41	Reliance Globalcom (UK) Limited (Upto July, 01, 2019)	United Kingdom	-	100.00%
42	Yipes Holdings Inc. (Upto July, 01, 2019)	USA	-	100.00%
43	Reliance Globalcom Services Inc. (Upto July, 01, 2019)	USA	-	100.00%
44	YTV Inc. (Upto July, 01, 2019)	USA	-	100.00%
45	Reliance Infocom Inc.	USA	<b>100.00%</b>	100.00%
46	Reliance Communications Inc.	USA	<b>100.00%</b>	100.00%
47	Reliance Communications International Inc.	USA	<b>100.00%</b>	100.00%
48	Reliance Communications Canada Inc.	USA	<b>100.00%</b>	100.00%
49	Bonn Investment Inc.	USA	<b>100.00%</b>	100.00%
50	FLAG Telecom Development Limited (Upto July, 01, 2019)	Bermuda	-	100.00%
51	FLAG Telecom Development Services Company LLC (Upto July, 01, 2019)	Egypt	-	100.00%
52	FLAG Telecom Network Services Limited (Upto July, 01, 2019)	Ireland	-	100.00%
53	Reliance FLAG Telecom Ireland Limited (Upto July, 01, 2019)	Ireland	-	100.00%
54	FLAG Telecom Japan Limited (Upto July, 01, 2019)	Japan	-	100.00%
			-	
55	FLAG Telecom Ireland Network Limited (Upto July, 01, 2019)	Ireland	-	100.00%
56	FLAG Telecom Network USA Limited (Upto July, 01, 2019)	USA	-	100.00%
57	FLAG Telecom Espana Network SAU (Upto July, 01, 2019)	Spain	-	100.00%
58	Reliance Vanco Group Limited (Upto July, 01, 2019)	United Kingdom	-	100.00%
59	Euronet Spain SA (Upto July, 01, 2019)	Spain	-	100.00%
60	Net Direct SA (Proprietary) Ltd. (Under liquidation) (Upto July, 01, 2019)	South Africa	-	100.00%
61	Vanco (Shanghai) Co Ltd. (Upto July, 01, 2019)	China	-	100.00%
62	Vanco (Asia Pacific) Pte. Limited (Upto July, 01, 2019)	Singapore	-	100.00%
63	Vanco Australasia Pty. Ltd. (Upto July, 01, 2019)	Australia	-	100.00%
64	Vanco Sp Zoo (Upto July, 01, 2019)	Poland	-	100.00%
65	Vanco GmbH (Upto July, 01, 2019)	Germany	-	100.00%
66	Vanco Japan KK (Upto July, 01, 2019)	Japan	-	100.00%
67	Vanco NV (Upto July, 01, 2019)	Belgium	-	100.00%
68	Vanco SAS (Upto July, 01, 2019)	France	-	100.00%
69	Vanco South America Ltda (Upto July, 01, 2019)	Brazil	-	100.00%
70	Vanco Srl (Upto July, 01, 2019)	Italy	-	100.00%
71	Vanco Sweden AB (Upto July, 01, 2019)	Sweden	-	100.00%
72	Vanco Switzerland AG (Upto July, 01, 2019)	Switzerland	-	100.00%
73	Vanco Deutschland GmbH (Upto July, 01, 2019)	Germany	-	100.00%

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest	
			As at March 31, 2020	As at March 31, 2019
74	Vanco BV (Upto July, 01, 2019)	The Netherlands	-	100.00%
75	Vanco UK Ltd (Upto July, 01, 2019)	United Kingdom	-	100.00%
76	Vanco International Ltd (Upto July, 01, 2019)	United Kingdom	-	100.00%
77	Vanco Row Limited (Upto July, 01, 2019)	United Kingdom	-	100.00%
78	Vanco Global Ltd (Upto July, 01, 2019)	United Kingdom	-	100.00%
79	VNO Direct Ltd (Upto July, 01, 2019)	United Kingdom	-	100.00%
80	Vanco US LLC (Upto July, 01, 2019)	USA	-	100.00%
81	Vanco Solutions Inc (Upto July, 01, 2019)	USA	-	100.00%

(b) The Company also consolidates the following companies as it exercises control over ownership and / or composition of Board of Directors.

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership interest	
1	Seoul Telenet Inc. (Upto July, 01, 2019)	Korea	-	49.00%
2	FLAG Holdings (Taiwan) Limited (Upto July, 01, 2019)	Taiwan	-	50.00%
3	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	Cyprus	0.00%	0.00%
4	Lagerwood Investments Limited	Cyprus	0.00%	0.00%

(c) The associate companies considered in the Consolidated Financial Statements are :

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership interest	
1	Warf Telecom International Private Limited	Maldives	20.00%	20.00%
2	Mumbai Metro Transport Private Limited	India	26.00%	26.00%

(d) The Company also Consolidates the following companies during the year

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership interest	
1	Reliance Reality Limited (w.e.f. December 10, 2019)	India	100.00%	-
2	Reliance Infra Projects Limited (w.e.f. December 10, 2019 )	India	100.00%	-

(e) Refer Note No 2.44.1. (b) for Profit / (Loss) on deconsolidation of subsidiaries.

### Note : 2.36

#### Going Concern

- 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

## Notes on Accounts to the Consolidated Financial Statements

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.

During the year, Reliance Communications Infrastructure Limited (RCIL), a wholly owned subsidiary of the Corporate Debtor, had been admitted by NCLT for resolution process under the Code.

During the year, the CIRP in respect of the Company 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 Company 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 Company, the Company 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 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 Company will carry out a comprehensive review of all the assets including investments, liabilities which are pending for confirmation and Impairment of goodwill on Consolidation and accordingly provide for impairment of assets and write back of liabilities, if any. Further, the Company and some of its subsidiaries are in the process of reconciling Goods & Service Tax (GST) and Tax Deducted at source.

Considering these developments including, in particular, the RP having taken over the management and control of the Company and its three subsidiaries (Group) inter alia with the objective of running them as going concerns, the financial statements 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.

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 following overseas subsidiary companies have given note on the Going Concern which have been qualified by the respective auditors. The said notes as given in respective financial statements are reproduced below:

Reliance Communications Inc. : For the year ended March 31, 2020, the company has incurred as net loss of \$ 10,593,151 and as of date, the company's total liabilities exceeds its total assets by \$ 5,695,266 and the ultimate parent company in india is undergoing insolvency proceedings. The material uncertainty exists which may cast doubt on company's ability to continue as a going concern.

Reliance Communications Canada Inc: For the year ended March 31, 2020, The company's total liabilities exceed its total assets by \$ 35,102 and and the ultimate parent company in india is undergoing insolvency proceedings. The material uncertainty exists which may cast doubt on company's ability to continue as a going concern.

Reliance Communications International Inc.: For the year ended March 31, 2020, the company has incurred as net loss of US \$ 145,103 and as of date, the company's total assets exceeds its total liabilities by \$ 7,863,166. However, the ultimate parent company in india is undergoing insolvency proceedings. Based on these events and conditions along with other matters, indicate that the material uncertainty exists which may cast significant doubt on company's ability to continue as a going concern. The rationale for the management, to prepare the financial statements on a going concern basis is that profitable operations are continuing and its likely that a suitable investor will be found.

Reliance Communications UK Limited : For the year ended March 31, 2020, the ultimate parent company in India is undergoing insolvency proceedings. The material uncertainty exists which may cast doubt on company's ability to continue as a going concern, The rationale for the management to prepare the financial statements on a going concern basis is that profitable operations are still continuing and it is likely that a suitable investor will be found.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Reliance Infocomm Inc: For the year ended March 31, 2020, the company has incurred as net loss of US \$ 15,773 and as of date, the company's total liabilities exceeds its total assets by \$ 2,854,056 and the ultimate parent company in india is undergoing insolvency proceedings. The material uncertainty exists which may cast doubt on company's ability to continue as a going concern.

Bonn Investment Inc: For the year ended March 31, 2020, the company has incurred as net loss of US \$ 202,740 and as of date, the company's total liabilities exceeds its total assets by \$ 1,613,942 and the ultimate parent company in india is undergoing insolvency proceedings. The material uncertainty exists which may cast doubt on company's ability to continue as a going concern.

### Note : 2.37

#### Foreign Currency Monetary Items; Long Term

In view of the Option allowed pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs (MCA), Government of India, for the year ended on March 31, 2020, the Company has ₹ Nil (Previous year Nil), of exchange differences on long term borrowing relating to acquisition of depreciable capital assets to the cost of capitalised assets. Further, the Company has accumulated foreign currency variations of ₹ Nil (Previous year ₹ 6 crore) arising on other long term foreign currency monetary items in FCMITDA and balance of ₹ 6 crore (Previous year ₹ 225 crore) has been amortised during the year.

### Note : 2.38

#### Schemes of Amalgamation and Arrangement

1. Pertaining to earlier years,

The Company, in the earlier years, underwent various restructuring Schemes through Court including restructuring of ownership of telecom business so as to align the interest of the shareholders. Accordingly, pursuant to the Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved by Hon'ble High Court of respective judicature, the Company, during the respective years, recorded all necessary accounting effects, along with requisite disclosure in the notes to the accounts, in accordance with the provisions of the said Schemes. Reserves, pursuant to the said Schemes, include;

- (i) ₹ 8,047 crore being Securities Premium Account, which was part of the Securities Premium of erstwhile Reliance Infocomm Limited (RIC), the transferor company.
- (ii) ₹ 12,345 crore, being part of General Reserve, on fair valuation of assets and liabilities of the Company in accordance with the Scheme of Amalgamation, amalgamating Reliance Gateway Net Limited (RGNL) into the Company.
- (iii) During the earlier year, ₹ 7 crore being Goodwill arising on consolidation pursuant to the Scheme of Amalgamation between subsidiaries debited to General Reserve.
- (iv) During the earlier year, additional depreciation consequent upon fair valuation of assets carried out has been adjusted to General Reserve by subsidiaries.
- (v) During the earlier year, ₹ 470 crore being excess of liabilities over assets has been adjusted from General Reserve pursuant to demerger of BPO division to RCIL.
- (vi) Pursuant to the said Scheme of Amalgamation (Refer Note (ii) above), on account of the fair valuation during the year ended on March 31, 2009, additions/ adjustments to the fixed assets included increase in Freehold Land by ₹ 225 crore, Buildings by ₹ 130 crore and Telecom Licenses by ₹ 14,145 crore.
- (vii) Pursuant to the demerger, the Company computed goodwill of ₹ 2,659 crore arising on consolidation using the step up method based on date of original investment by Reliance Industries Limited (RIL) prior to demerger instead of considering the date of demerger as the date of investment in absence of specific guidance in Accounting Standard (AS) 21 "Consolidated Financial Statements" in a demerged scenario.
- (viii) During the earlier year, pursuant to the Scheme of Demerger ("the Scheme") sanctioned by the Hon'ble High Court of Judicature at Bombay and at Jaipur, the Company has acquired Wireless undertaking of Systema Shyam Teleservices Limited (SSTL) with effect from October 31, 2017. Upon merger of Wireless undertaking of SSTL, ₹ 1,397 crore being excess of assets over liabilities taken over has been credited to Capital Reserve. The Company had also allotted 27,65,53,305 nos of Equity Shares of ₹ 5 each, on October 31, 2017, to shareholder of SSTL.



Notes on Accounts to the Consolidated Financial Statements

Note : 2.39

Movement of Provisions

(₹ in crore)

Particulars	Current		Non Current	
	For the year ended		For the year ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Provision for Retirement Benefit</b>				
Balance at the beginning of the period	22	21	51	67
Additional provision/ (Provision)	2	1	(26)	(16)
Deconsolidation of Subsidiaries	(6)	-	(13)	-
Balance at the close of the period	18	22	12	51
<b>Asset Retirement Obligation</b>				
Balances at the beginning of the period	233	233	149	138
Unwinding of discount on account of ARO	-	-	-	3
Exchange Fluctuation	-	-	-	8
Deconsolidation of Subsidiaries	-	-	(149)	0
Balances at the close of the period	233	233	-	149
<b>Others - Disputed and Other claims/ wealth tax</b>				
Balances at the beginning of the period	1,216	1,216	-	-
Additional provision/(Reduction)	-	-	-	-
Balances at the close of the period	1,216	1,216	-	-

Provisions include, provision for disputed claims for verification of customer ₹ 9 crore (Previous year ₹ 9 crore) and others of ₹ 1,206 crore ( Previous year ₹ 1,206). The aforesaid provisions shall be utilised on settlement of the claims, if any, thereagainst. Provisions for Asset Retirement Obligation (ARO) made by the Company's subsidiary in respect of undersea cables and equipments.

Note : 2.40

Contingent Liabilities and Capital Commitment (as represented by the Management)

(₹ in crore)

	As at March 31, 2020	As at March 31, 2019
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	11	175
(ii) Disputed Liabilities not provided for		
- Sales Tax and VAT	111	104
- Custom, Excise and Service Tax	307	281
- Entry Tax and Octroi	87	67
- Income Tax	1,051	763
- Employee related	17	-
- Other Litigations	8,449	11,549
(iii) Claims against the Company not acknowledged as debts	1,200	1,167
(iv) Guarantees given by the Company	784	878
(v) Consequent to the investigations by an investigative agency (CBI) in relation to the entire telecom sector in India, certain preliminary charges were framed by a Trial Court in October, 2011 against Reliance Telecom Limited (RTL), a wholly owned subsidiary of the Company and three of the executives of the group. The Special CBI Judge vide judgment dated December 21, 2017 has acquitted the persons so named. CBI has filed an appeal before the Hon'ble Delhi High Court challenging the said Trial Court order. These proceedings have no impact on the business, operations and/or licenses of the Company and, even more so, are not connected in any manner to any other Group companies.		

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### (vi) Spectrum Charges

Department of Telecommunication (DoT) had, during the earlier years, issued demand on the Company for ₹ 1,758 Crore towards levy of one time Spectrum Charges (OTSC), being the prospective charges for holding CDMA spectrum beyond 2.5 MHz for the period from January 1, 2013 till the expiry of the initial terms of the respective Licenses. DoT had also issued a demand on RTL, a Subsidiary of the Company one time Spectrum Charges, being retrospective charges of ₹ 5 crore for holding GSM Spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012 and respective charge of ₹ 169 crore for GSM spectrum held beyond 4.4 MHz for the period from January 1, 2013 till the expiry of the initial terms of the respective Licenses. Based on a petition filed by the Company and its subsidiary the Hon'ble TDSAT, vide its order dated February 4, 2019, set aside the impugned orders and demands for OTSC except for Bihar circle. In the light of the order passed by TDSAT on February 4, 2019, setting aside the OTSC Demands raised by DoT, no demand exist in the eye of Law.

(vii) In Reliance Realty Limited (RRL), Maharashtra State Electricity Distribution Co. Limited has served assessment orders, during the month of April 2015, claiming ₹ 1,184.23 crore considering commercial rate of alleged use of power at its premises for the activities other than IT/ITES service as per its registration. Against the said demand the RRL has paid ₹ 200 crore under protest. The matter is pending before the Bombay High Court and no provision is required.

(viii) During the previous year, the RRL has issued, on behalf of Holding Company, a Corporate Guarantee of ₹ 1,400 crore in favour of Department of Telecommunications.

### Note : 2.41

#### Leases

##### (a) Operating Lease

(₹ in crore)

As at  
March 31, 2020      As at  
March 31, 2019

Estimated future minimum payments under non cancellable operating leases.

(i) Not later than one year *	-	11
(ii) Later than one year and not later than five years *	-	4
(iii) Later than five years	-	-

\* - Deconsolidation of GCX Entities

The Assets of the Company are held for sale as per Ind AS 105 and being short term in nature and accordingly lease agreements are considered to be short term in nature, hence Ind AS 116 has not been applied.

### Note : 2.42

#### 2.42.1 Financial Instruments

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short term maturities of these instruments

Financial Instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

Notes on Accounts to the Consolidated Financial Statements

Particulars	(₹ in crore)	
	As at March 31 ,2020	As at March 31 ,2019
<b>Financial assets at amortised cost:</b>		
Cash and cash equivalents (Refer Note 2.12)	442	832
Bank Balances (Refer Note 2.13)	113	106
Trade receivables (Refer Note 2.11)	490	1,346
Other financial assets (Refer Note 2.14 & 2.06)	388	512
<b>Total</b>	<b>1,433</b>	2,796
<b>Financial assets at fair value through Profit and Loss:</b>	Nil	<b>Nil</b>
<b>Financial assets at fair value through other Comprehensive Income:</b>		
Investments (Refer Note 2.05 & 2.10)	23	12,005
<b>Financial liabilities at amortised cost:</b>		
Trade payables (Refer note 2.24)	4,183	3,897
Other financial liabilities (Refer Note 2.25)	33,067	1,685
Borrowings (Refer Note 2.20, 2.23 & 2.25)	45,584	47,607
Liabilities directly related to asset held for sale (Refer Note 2.16)	7,148	6,519
<b>Total</b>	<b>89,982</b>	59,707
<b>Financial liabilities at fair value through Statement of Profit and Loss:</b>	<b>Nil</b>	Nil
<b>Financial Liabilities at fair value through other Comprehensive Income:</b>	<b>Nil</b>	Nil

## 2.42.2 Financial Risk Management Objectives and Policies

Activities of the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and the financial assets include trade receivables, deposits, cash and bank balances, other receivables etc. arising from its operation.

"Corporate Insolvency Resolution Process ("CIR Process") has been initiated in case of the Company and three of its subsidiaries under the Provisions of the Insolvency and Bankruptcy Code, 2016 (the Code). Pursuant to the order, the management of affairs of the Company and powers of board of directors of the Company stand vested with the Resolution Professional ("RP") appointed by the NCLT. The framework and the strategies for effective management will be established post implementation of Resolution Plan. Presently, the financial management activities are restricted to management of current assets and liabilities of the Company and the day to day cashflow and its associated risks are as under:"

### Market risk

The Company also operates internationally and hence, a portion of the business is transacted in several currencies. Consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which it sells and services, purchases from overseas suppliers and borrowings in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates, interest rates will affect income or value of its holding financial assets/ instruments. The exchange rate between rupee and foreign currencies has changed substantially in recent years and may fluctuate significantly in the future. As a result, operations of the Company are adversely affected as the rupee appreciates/ depreciates against US dollar. Euro. GB pound etc. Since the Company and three of its subsidiaries are under CIR Process, it is not required to meet any loan or interest obligation till the resolution plan is implemented. As the overall obligation and liabilities shall be determined during CIR Process, foreign currency loans are stated at exchange rate as at March 31, 2018.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Foreign Currency Risk from financial instruments as of :

Particulars	March 31, 2020				
	U.S. dollars	Euro	GB Pound	Other Currency	Total
Trade Receivables	103	-	-	1	104
Other financial assets	324	-	-	-	324
Cash & Cash Equivalents	-	-	-	-	-
Borrowings	(16,111)	-	-	-	(16,111)
Trade payables and other financial liabilities	(2,180)	-	-	(12)	(2,193)
<b>Net assets / (liabilities)</b>	<b>(17,865)</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>(17,876)</b>

Particulars	March 31, 2019				
	U.S. dollars	Euro	GB Pound	Other Currency	Total
Trade Receivables	1,230	-	-	2	1,232
Other financial assets	296	331	17	28	672
Cash & Cash Equivalents	-	46	24	15	84
Borrowings	(16,111)	-	-	-	(16,111)
Trade payables and other financial liabilities	(2,021)	(68)	(18)	(77)	(2,184)
<b>Net assets / (liabilities)</b>	<b>(16,606)</b>	<b>309</b>	<b>23</b>	<b>(33)</b>	<b>(16,306)</b>

### Sensitivity Analysis

Not relevant till the time resolution plan is finalised

### Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. Since the Company and three of its subsidiaries are under CIR Process, it could not meet interest obligation during the year and shall be finalised when resolution plan is implemented.

### Exposure to interest rate risk

Not relevant till the time resolution plan is finalised

### Derivative financial instruments

The Company does not hold derivative financial instruments.

The company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from the customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss (ECL) model to assess the impairment loss or gain. ECL methodology depends on whether there is any significant increase in credit risk. In case of significant increase in credit risk, life time ECL is used; otherwise twelve month ECL is used. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for the customers.

Credit risk on cash and cash equivalents is limited as the Group generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and/ or domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by the Government and Quasi Government organizations and certificates of deposits which are funds deposited at a bank for a specified time period.

Notes on Accounts to the Consolidated Financial Statements

Ageing of Trade Receivable

(₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Gross Amount	Weighted Average Rate	Provision for doubtful debts	Gross Amount	Weighted Average Rate	Provision for doubtful debts
<b>India Operation</b>						
Not Due	62	0%	0	70	0%	-
0-90 days	105	25%	26	117	0%	-
91-180 days	45	24%	11	83	45%	37
181-365 days	45	41%	19	90	63%	56
Above 365 days	<u>2,549</u>	<u>90%</u>	<u>2,294</u>	<u>2,542</u>	<u>87%</u>	<u>2,199</u>
<b>Subtotal</b>	<u>2,807</u>		<u>2,350</u>	<u>2,902</u>		<u>2,291</u>
<b>Global Operation</b>						
Not Due	1	0%	-	262	0%	-
0-90 days	6	0%	-	279	3%	9
91-180 days	-	0%	-	41	9%	4
181-365 days	-	0%	-	38	12%	4
Above 365 days	27	0%	-	261	49%	128
<b>Subtotal</b>	<u>34</u>		<u>-</u>	<u>882</u>		<u>146</u>
<b>Total</b>	<u>2,840</u>		<u>2,350</u>	<u>3,784</u>		<u>2,438</u>

Movement of Provision for Doubtful Debts

	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Balance	2,438	2,236
Add: Provision during the year	77	534
Less: Impact of Consolidation / Deconsolidation of Subsidiaries during the year	(122)	-
Less : Write off during the year	(43)	(332)
Closing Balance	2,350	2,438

Liquidity risk

The Company and three of its subsidiaries are under CIR Process. The Company depends upon timely receipt from sales and delay in sales realisation as well as vendor payments can severely impact the current level of operation. Liquidity crises had led to default in repayment of principal and interest to lenders. Since the Company is under CIR Process, it is not required to meet any loan or interest obligation till the resolution plan is implemented.

Liquidity risk is the financial risk that is encountered due to uncertainty resulting in difficulty in meeting its obligations. An entity is exposed to liquidity risk if markets on which it depends are subject to loss of liquidity for any reason; extraneous or intrinsic to its business operations, affecting its credit rating or unexpected cash outflows. A position can be hedged against market risk but still entails liquidity risk. Prudence requires liquidity risk to be managed in addition to market, credit and other risks as it has tendency to compound other risks. It entails management of assets, liabilities focused on a medium to long-term perspective and future net cash flows on a day by day basis in order to assess liquidity risk.

As the Company and three of its subsidiaries are under IBC, Liquidity Periodic budget and rolling forecasts shall be determined during CIR process.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

	For the year ended March 31, 2020	(₹ in crore) For the year ended March 31, 2019
<b>Note : 2.43</b>		
<b>Earnings per Share (EPS)</b>		
<b>Basic and Diluted EPS (after Exceptional Items) from continuing operations</b>		
(a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	<b>(10,807)</b>	(867)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	<b>2,74,42,54,050</b>	2,74,42,54,050
(c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)	<b>(39.38)</b>	(3.16)
<b>Basic and Diluted EPS (after Exceptional Items) from discontinued operations</b>		
(a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	<b>(31,864)</b>	(6,339)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	<b>2,74,42,54,050</b>	2,74,42,54,050
(c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)	<b>(116.11)</b>	(23.10)
<b>Basic and Diluted EPS (after Exceptional Items) from continuing and discontinued operations</b>		
(a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	<b>(42,671)</b>	(7,206)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	<b>2,74,42,54,050</b>	2,74,42,54,050
(c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)	<b>(155.49)</b>	(26.26)
<b>Basic and Diluted EPS (before Exceptional Items) from continuing operations</b>		
(a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	<b>(593)</b>	(1,913)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	<b>2,74,42,54,050</b>	2,74,42,54,050
(c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)	<b>(2.16)</b>	(6.97)
<b>Basic and Diluted EPS (before Exceptional Items) from discontinued operations</b>		
(a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	<b>(1,027)</b>	(3,117)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	<b>2,74,42,54,050</b>	2,74,42,54,050
(c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)	<b>(3.74)</b>	(11.36)
<b>Basic and Diluted EPS (before Exceptional Items) from continuing and discontinued operations</b>		
(a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	<b>(1,620)</b>	(5,030)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	<b>2,74,42,54,050</b>	2,74,42,54,050
(c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)	<b>(5.90)</b>	(18.33)
<b>Reconciliation of weighted average number of ordinary shares</b>		
	<b>March 31, 2020</b>	March 31, 2019
Issued ordinary shares at April 1	<b>2,76,55,33,050</b>	2,76,55,33,050
Effect of Treasury shares held	<b>(2,12,79,000)</b>	(2,12,79,000)
Weighted average number of shares for basic and diluted EPS	<b>2,74,42,54,050</b>	2,74,42,54,050

Notes on Accounts to the Consolidated Financial Statements

Note : 2.44

Exceptional Items

2.44.1 Relating to Continuing Operations

- (a) During the year, 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 Company, was conferred on the Company, with effect from December 10, 2019. Consequently RRL has been included for the preparation of consolidated financial statements of the Company as per Ind AS 110 "Consolidated Financial Statements" and Investments previously fair valued was recorded at cost. Goodwill of ₹ 1,320 crore has been recognised on consolidation of RRL in the consolidated financial statements (Refer note 2.36 on impairment). Impact on profitability for the year ended March 31, 2020 is ₹ 8,964 crore loss represented as exceptional items as part of continuing operations.

During the previous year, The Company, was in the process of finalising and implementing its asset monetization and debt resolution plan, comprising the Company's real estate development plan and restructuring of Debt. As required by the lenders and also to safeguard the development of real estate, the business taken up by Reliance Realty Limited (RRL), a subsidiary of the Company, it was necessary that control of RRL being conferred on ADA Group. Accordingly in order to align the above as legally advised, Memorandum and Articles of Association of RRL has been amended as per the provisions of the Companies Act, 2013 and other applicable provisions of law. Consequently, Investment in RRL by the Company, has been accounted at fair value, as per Ind AS 109 "Financial Instruments", and represented as Exceptional Items. Impact on profitability (net of tax of ₹ 962 crore) was ₹ 3,230 crore.

- (b) During the year, 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 ₹ 1,250 crore for the year ended March 31, 2020 and has been represented as part of Exceptional Items. Hence the figures for the year ended March 31, 2020 are not comparable with the previous year.

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-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.

- (c) During the previous year, due to reduction in fair valuation of subsea cable, Property Plant and Equipment aggregating to ₹ 2,184 crore has been debited to statement of profit and loss and represented as as Exceptional Items.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### 2.44.2 Relating to Discontinued Operations

- (a) 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 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 cover 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 ₹ 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 ₹ 312.58 Cr (including interest thereof on the principal amount) on account of additional AGR dues in the financial statements for the 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 ₹ 30,837 (including that of SSTL) 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.

- (b) The assets pertaining to Wireless Spectrum, Towers, Fiber and Media Convergence Nodes (MCNs) continued to be classified as assets held for sale at the value ascertained at the end of previous year, along with liabilities, and disclosed separately as discontinued operations in line with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". During the previous year, certain assets of ₹ Nil (Previous year ₹ 1,797 crore) (Refer note 2.16) and Goodwill on consolidation of ₹ Nil (Previous year ₹ 2177 crore) have been impaired and represented as exceptional items as a part of Discontinued Operations.
- (c) During an earlier year, the Company had entered into a definitive binding agreement with Pantel Technologies Private Limited and Veecon Media and Television Limited (the Purchaser) for sale of its subsidiary company, Independent TV Limited (ITVL) (Formerly Reliance Big TV Limited) having DTH Business. As per the agreement, all collections from Debtors and all liabilities of the ITVL will be to the account of, and borne by, the purchaser. In view of the above and upon transfer of the entire operations of ITVL, during the year, ITVL has been deconsolidated for the purpose of and as per requirement of Ind AS 110 "Consolidated Financial Statement". Impact on profitability was ₹ 752 crore and represented as exceptional items as a part of Discontinued Operations. Hence the figures for the year ended March 31, 2019 were not comparable with the previous year.

#### Note : 2.45

##### General Reserve

The Company has, from the year ended on March 31, 2008 onwards, combined the balances of General Reserve I, II and III and disclosed as General Reserve in Consolidated Accounts. General Reserve I and II were arising pursuant to the Schemes of demerger of 'Telecommunication Undertaking' of RIL into the Company and the Scheme of Amalgamation and Arrangement of Group Companies respectively in earlier years. General Reserve III includes the reserve arising pursuant to the Schemes of Amalgamation with RGNL.

#### Note : 2.46

##### Corporate Social Responsibility (CSR) Expenses

- (a) Gross amount required to be spent by a Subsidiary during the year ₹ Nil crore (Previous year ₹ 31 crore).

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	In Cash	Yet to be paid in cash	In Cash	Yet to be paid in cash
<b>(b) Amount spent during the year on:</b>				
(i) Construction / acquisition of any asset	-	-	-	-
(ii) On purposes other than (i) above	-	11	-	31



## Notes on Accounts to the Consolidated Financial Statements

### Note : 2.47

#### 1 Related Parties

As per the Ind AS 24 of "Related Party Disclosures" as referred to in the Accounting Standards Rules, disclosure of the transactions with the related parties as defined therein are given below. All transactions entered into by the Company with related parties, were in ordinary course of business and on arms' length basis.

#### A List of related party

##### Holding Company

- 1 Reliance Innoventures Private Limited (up to February 6, 2019)

##### Subsidiaries

- 2 Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited) (Refer Note 2.44.1)
- 3 Independent TV Limited (Formerly Reliance Big TV Limited ) (Refer Note 2.44.2)

##### Fellow subsidiary

- 4 Reliance Big Entertainment Private Limited
- 5 Reliance Big Broadcasting Private Limited
- 6 Big Animation (India) Private Limited
- 7 Big Flicks Private Limited
- 8 Zapak Digital Entertainment Limited
- 9 Zapak Mobile Games Private Limited
- 10 Ralston Trading Private Limited
- 11 Unlimit IOT Private Limited
- 12 Nationwide Communications Private Limited (ceased to be subsidiary w.e.f. 06.03.2019)

##### Person having control during the year

- 13 Shri Anil D. Ambani

##### Enterprises over which individual described in Sr. No. 10 above having control

- 14 Reliance Capital Limited
- 15 Reliance Nippon Life Asset Management Limited
- 16 Reliance General Insurance Company Limited
- 17 Reliance Commodities Limited
- 18 Reliance Money Precious Metals Private Limited
- 19 Reliance Home Finance Limited
- 20 Reliance Securities Limited
- 21 Reliance Financial Limited
- 22 Reliance Money Solutions Private Limited
- 23 Reliance Infrastructure Limited
- 24 HK Toll Road Private Limited
- 25 GF Toll Road Private Limited
- 26 KM Toll Road Private Limited
- 27 DS Toll Road Limited
- 28 Reliance Defence Limited
- 29 Vidarbha Industries Power Limited
- 30 Reliance Power Limited
- 31 BSES Kerala Power Limited
- 32 Sasan Power Limited
- 33 Reliance Cleangen Limited
- 34 SU Toll Road Private Limited
- 35 TD Toll Road Private Limited

##### Enterprises over which individual described in Sr. No. 10 above having control

- 36 BSES Rajdhani Power Limited
- 37 Reliance Wealth Management Limited
- 38 Reliance Nippon Life Insurance Company Limited (Formerly Reliance Life Insurance Company Limited)
- 39 BSES Yamuna Power limited
- 40 Reliance Commercial Finance Limited
- 41 Reliance Health Insurance Limited
- 42 Reliance Defence Systems and Tech Limited
- 43 Reliance Naval and Engineering Limited
- 44 Reliance Communications Enterprises Private Limited
- 45 TK Toll Road Private Limited
- 46 Rosa Power Supply Company Limited
- 47 Rajasthan Sun Technique Entry Private Limited

##### Key Managerial Personnel (KMP)

- 48 Shri Punit Garg - Executive Director ( w.e.f. 2-10-2017 till 5-4-2019)
- 49 Shri Manikantan V. - Director and Chief Financial Officer (Upto 19-11-2019)
- 50 Shri Viswanath D ( w.e.f. 19-11-2019)
- 51 Shri Rakesh Gupta ( w.e.f. 20-07-2019)
- 52 Shri Prakash Shenoy - Company Secretary (Upto 19-07-2019)

##### Employee Benefits Trust

- 53 Reliance Infocomm Limited Employees Provident Fund
- 54 Reliance Communications Infrastructure Limited Employees Provident Fund
- 55 Reliance Telecom Limited Employees Provident Fund
- 56 Reliance Infocomm Limited Employees Superannuation Scheme
- 57 Reliance Communications Infrastructure Limited Employees Superannuation Scheme
- 58 Reliance Telecom Ltd Employees Superannuation Scheme
- 59 Chemical and Fiber of India Limited Provident Fund
- 60 Reliance Infocomm Limited Employees Gratuity Fund
- 61 Reliance Communications Infrastructure Limited Employees Gratuity Fund
- 62 Reliance Telecom Limited Employees Gratuity Fund
- 63 Reliance Globalcom Limited Employees Group Gratuity Assurance Scheme
- 64 Reliance Globalcom Limited Employees Superannuation Scheme
- 65 Reliance Tech Services Private Limited Employees Group Gratuity Assurance Scheme

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### B Transactions during the year with related parties

(Figures in bracket represent Previous year)

(₹ in crore)

	Subsidiaries (not consolidated)	Fellow Subsidiaries	Enterprises over which person having control	Employee Benefits Trust/ KMP/ Others	Total
(i) <b>Investments</b>					
<b>Balance as at March 31, 2020</b>	-	-	-	-	-
	(12,000)	(-)	(-)	(-)	(12,000)
(ii) <b>Trade Receivable</b>	-	<b>39</b>	<b>15</b>	-	<b>53</b>
	(-)	(1)	(11)	(-)	(12)
(iii) <b>Loans and Advances</b>	-	-	-	-	-
	(93)	(-)	(-)	(-)	(93)
(iv) <b>Other Current Assets</b>	-	-	<b>6</b>	-	<b>6</b>
	(-)	(-)	(2)	(-)	(2)
(v) <b>Other Financial Assets</b>	-	-	<b>1</b>	-	<b>1</b>
	(-)	(-)	(-)	(-)	(-)
(vi) <b>Trade Payable</b>	-	<b>1</b>	<b>23</b>	-	<b>24</b>
	(384)	(-)	(22)	(-)	(406)
(vii) <b>Borrowings - Current</b>	-	-	<b>4,607</b>	-	<b>4,607</b>
	(-)	(-)	(4,607)	(-)	(4,607)
(viii) <b>Other Current Liabilities</b>	-	-	<b>6</b>	-	<b>6</b>
	(1,116)	(2)	(21)	(-)	(1,139)
(ix) <b>Loans Taken</b>					
Opening Balance as on April 1, 2019	-	-	-	-	-
	(-)	(-)	(1,630)	-	(1,630)
Add: Taken/Adjusted during the year	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Less: Repayment during the year	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Less: Reclassified as current Borrowings	-	-	-	-	-
	(-)	(-)	(1,630)	(-)	(1,630)
Balance as on March 31, 2020	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
(x) <b>Income</b>					
Service Income	-	<b>1</b>	<b>23</b>	-	<b>24</b>
	(-)	(-)	(32)	-	(32)
(xi) <b>Expenditure</b>					
Network Operation Expenses	-	-	<b>4</b>	-	<b>4</b>
	(42)	(-)	(2)	(-)	(44)
General and Administration Expenses	-	-	<b>1</b>	-	<b>1</b>
	(77)	(-)	(16)	(-)	(93)
(xii) <b>Employee Benefit Expenses</b>	-	-	-	<b>3</b>	<b>3</b>
	(-)	(-)	(-)	(6)	(6)
(xi) <b>Corporate Guarantee</b>	<b>1</b>	-	-	-	<b>1</b>
	(1)	(-)	(-)	(-)	(1)
(xii) <b>Person having control during the year</b>					
Shri Anil D. Ambani - Sitting fees	-	-	-	-	-
Nil (Previous year ₹ 1,20,000)	(-)	(-)	(-)	(-)	(-)
(xiii) <b>Key Managerial Personnel</b>					
Managerial Remuneration					
Shri Punit Garg (₹ 3,62,386) *	-	-	-	-	-
	(-)	(-)	(-)	(2)	(2)
Shri Manikantan V. *	-	-	-	<b>1</b>	<b>1</b>
	(-)	(-)	(-)	(2)	(2)
Shri Viswanathan D (₹ 22,19,178)	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)

\* within the limit approved by shareholders.

Notes on Accounts to the Consolidated Financial Statements

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and other benefits	1,24,97,942	3,78,19,726
Contributions to defined contribution plans	11,25,799	23,68,525
Commission to directors	-	-
Share-based payments expense	-	-
<b>Total</b>	<b>1,36,23,741</b>	<b>4,01,88,251</b>

Some of the key management personnel of the Company are also covered under the Company's Gratuity Plan along with the other employees of the Company. Proportionate amounts of gratuity accrued under the Company's Gratuity Plan have not been separately included in the above disclosure.

The managerial remuneration paid to the Executive Director and CFO of the Company amounting to ₹ 0.49 crore for the financial year exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by ₹ 0.27 crore. His appointment and remuneration has been approved by the Committee of Creditors. The excess amount of ₹ 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 Company proposes to obtain in the forthcoming Annual General Meeting.

**Note : 2.48**

**Employee Stock Option Scheme**

The Company was operating two Employee Stock Option Plans; ESOS Plan 2008 and ESOS Plan 2009, which cover eligible employees of the Company and its Subsidiaries. ESOS Plan 2008 was operational till previous year whereas ESOS Plan 2009 was operational till January 16, 2019 in the current year. ESOS Plans are administered through an ESOS Trust. The Vesting of the options was on the expiry of one year from the date of Grant as per Plan under the respective ESOS(s). In respect of Options granted, the accounting value of Options (based on market price of the share on the date of the grant of the option) was accounted as deferred employee compensation, which was amortised on a straight line basis over the Vesting Period. Each Option entitles the holder thereof to apply for and be allotted/ transferred one Equity Share of the Company of ₹ 5 each upon payment of the Exercise Price during the Exercise Period. The maximum Exercise Period was 10 years from the date of Grant of Options.

The Company has established a Trust for the implementation and management of ESOS for the benefit of its present and future employees. Advance of ₹ 387 crore (Previous year ₹ 387 crore) has been granted to the Trust and the said amount has been utilised by the Trust for purchasing 2.13 crore ( Previous year 2.13 crore ) Equity Shares during the earlier years. The fall in the value of these underlying shares on account of market volatility and the loss, if any, can be determined upon sale of shares by Trust.

There is no options outstanding at the end of the year and no remaining contractual life available

**Note : 2.49**

**Employee Benefits**

The gratuity plan is governed by the Payment of Gratuity Act, 1972 (Gratuity Act). The Company is bound to pay the statutory minimum gratuity as prescribed under Gratuity Act. There are no minimum funding requirements for a gratuity plan in India. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of underfunding of the plan vis-à-vis settlements. The management is responsible for the overall governance of the plan. The management has outsourced the investment management of the fund to insurance company which in turn manages these funds as per the mandate provided to them by the trustees and applicable insurance and other regulations.

The Company operates its gratuity and superannuation plans through separate trusts which is administered and managed by the Trustees. As on March 31, 2020 and March 31, 2019, the contributions towards the plans have been invested in Insurer Managed Funds.

The plan is in the nature of defined benefit plan which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any significant change in salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

The defined benefit plan exposes the Group to actuarial risk such as longevity risk, interest risk and market (Investment) risk. The following table set out the status of the Gratuity Plan as required under Ind AS 19 "Employee Benefits":

(₹ in crore)

Particulars	As at	
	March 31, 2020	March 31, 2019
<b>(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b>		
Obligation at beginning of the year	31	41
Service cost	2	3
Interest cost	2	2
Actuarial (gain)/ loss recognised in other comprehensive income	(0)	7
Experience adjustment	(1)	-
Liabilities transferred on acquisition	(2)	-
Benefits paid	(10)	(18)
Liabilities Extinguished on Settlement	(4)	-
Obligation at year end	17	31
Defined benefit obligation liability is wholly funded by the Company		
<b>(ii) Change in plan assets</b>		
Plan assets at beginning of the year, at fair value	28	8
Expected return on plan assets	3	1
Actuarial (gain)/ loss recognised in other comprehensive income	-	-
Contributions	1	25
Benefits paid from the fund	(9)	(6)
Assets distributed on settlement	(4)	-
Plan assets at year end, at fair value	18	28
<b>(iii) Reconciliation of present value of the obligation and the fair value of the plan assets</b>		
Fair value of plan assets at the end of the year	18	28
Present value of the defined benefit obligations at the end of the year	17	31
Liability recognised in the Balance Sheet	(1)	(3)
<b>(iv) Expense recognised in Profit or Loss</b>		
Service Cost	2	3
Interest Cost	2	2
Total	4	5
<b>(v) Amount recognised in other comprehensive income</b>		
Actuarial (gain) / loss recognised in other comprehensive income	4	-
Expected return on plan assets	3	-
Total	7	-
<b>(vi) Experience adjustment</b>		
On Plan Liabilities (Gain)/Loss	-	-
On Plan Assets Gain / (Loss)	-	-
<b>(vii) Investment details of plan assets</b>		
100% of the plan assets are invested in balanced Fund Instruments		
<b>(viii) Actual return on plan assets</b>	3	1
<b>(ix) Assumptions</b>		
Interest rate	5.04%	7.64%
Estimated return on plan assets	5.04%	7.64%
Salary Growth rate	Nil	8.00%
Employee Turnover Rate	50% for all age group	For Service 4 year and below 18% and 5% thereafter

Mortality in Retirement: LIC Buy-out Annuity Rates & UK Published PA (90) Annuity Rates suitably adjusted for Indian Lives.

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Notes on Accounts to the Consolidated Financial Statements

(x) Particulars of the amounts for the year and previous years

	2020	Gratuity for the year ended March 31,			
		2019	2018	2017	2016
Present Value of benefit obligation	17	31	41	57	48
Fair value of plan assets	19	28	8	10	9
Excess of (obligation over plan assets) / plan assets over obligation	(2)	3	(33)	(47)	(39)

The expected contribution is based on the same assumptions used to measure the company's gratuity obligations as of March 31, 2020.

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at March 31, 2020	As at March 31, 2019
Discount rate (+1% movement)	-	(1)
Discount rate (-1% movement)	-	2
Future salary growth (+1% movement)	-	2
Future salary growth (-1% movement)	-	(1)
Employee Turnover (+ 1% movement) (amount in ₹)	-	(6,69,381)
Employee Turnover (- 1% movement) (amount in ₹)	-	9,12,854

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown. In the current year, as valuation has been done on Nil Salary increment so Sensitivity on Future Salary increment has not given

(xi) Maturity analysis defined benefit plan (fund)

Project benefit payable in future from the date of reporting		
1 <sup>st</sup> following year	7	3
2 <sup>nd</sup> following year	5	2
3 <sup>rd</sup> following year	2	2
4 <sup>th</sup> following year	1	3
5 <sup>th</sup> following year	1	3
sum of 6 to 10 years	1	14
sum of years above 11 years	2	26

Provident Fund: Under this scheme, the employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's salary. Contributions are made to the trust established by the Company upto 29.2.2020. During the previous year, based on actuarial valuation, Fair value of plan assets was ₹ 128 crore, the present value of defined benefit obligation was ₹ 105 crore. PF deducted for the month of March 31, 2020, the employee and employer monthly contribution to the PF equal to 12% of the covered employee's basic salary is deposited with Regional Provident Fund Commissioner (RPFC) as per order received from the PF Commissioner dated 9.03.2020.

For the year ended March 31, 2020, the Company has contributed ₹ 3 crore from April 2019 to February 2020 and For March 2020 ₹ 1 crore (Previous year ₹ 3 crore) towards Provident Fund to RPFC.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Note : 2.50

#### Capital Management

Capital of the Company, for the purpose of capital management, includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The Company's objective when managing the capital is to safeguard the Company's ability to continue as a going concern. The Company is presently under CIRP process and thereby continue to operate as a going concern.

The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

	<b>As at March 31, 2020</b>	As at March 31, 2019
(a) Equity	(48,156)	(4,180)
(b) Debt	45,584	47,607
(c) Equity and Debt ( a + b )	(2,572)	43,427
(d) Capital Gearing Ratio ( b / c )	-1772%	110%

Decrease in Capital gearing ratio reflects reduction in equity on account of net losses incurred by the Company due to impairment of investment in Subsidiaries and Provision of Liability on account of License & Spectrum fee during the year.

### Note : 2.51

#### Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

### Note : 2.52

#### Discontinued Operations:

Financial Performance of discontinued operations forming part of India Operations is presented hereunder:

	<b>For the year ended March 31, 2020</b>	For the year ended March 31, 2019
		(₹ in crore)
<b>Income</b>		
Revenue from Operations	<b>1,081</b>	1,129
Other Income	<b>28</b>	737
<b>Total Income</b>	<b>1,109</b>	1,866
<b>Expenses</b>		
Access Charges, License Fee and Network Expenses	<b>1,235</b>	1,376
Employee Benefit Expenses	<b>35</b>	96
Finance Costs	<b>655</b>	1,083
Depreciation, Impairment and Amortisation	<b>1</b>	43
Sales and General Admin Expenses	<b>325</b>	108
Provision / Impairment of Capital Advance	<b>-</b>	2,296
<b>Total Expenses</b>	<b>2,251</b>	5,002
<b>Profit/(Loss) before exceptional items and tax from discontinued operations</b>	<b>(1,142)</b>	<b>(3,136)</b>

#### Cashflow from discontinued operations

- Operating activities	<b>237</b>	382
- Investing activities	<b>13</b>	1,000
- Financing activities	<b>(54)</b>	(679)

Notes on Accounts to the Consolidated Financial Statements

Note : 2.53

Non Provision of Interest and Foreign Exchange Variation on Borrowings

Considering various factors including admission of the Company 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/disclosure if any will be given on completion of CIRP.

Further, prior to May 15, 2018, the Company and its said subsidiaries were under Strategic Debt Restructuring (SDR) and asset monetization and debt resolution plan was being worked out. The Company and some of its subsidiaries have not provided Interest of ₹ 4,748 crore calculated based on basic rate of interest as per terms of loan for year ended March 31, 2020 and foreign exchange loss aggregating to ₹ 1,609 crore loss for the year ended March 31, 2020. Had the Company provided Interest and foreign exchange variation, the Loss would have been higher by ₹ 6,357 crore for year ended March 31, 2020 During the previous years, Interest of ₹ 7,998 crore and foreign exchange loss aggregating to Rs 984 crore were not provided.

Note : 2.54

Disclosure pursuant to Ind AS 115 "Revenue from Contracts with Customers".

Continued Operations Revenue for the year from sale of services includes ₹ 1,685 crore pertains to revenue from contract with customers recognised over a period of time. The Company has not given any volume discounts, service level credits, etc during the year. The revenue is further disaggregated as Revenue pertains to India Operations ₹1,038 crore and Global Operation ₹ 647 crore.

Discontinued Operations Revenue for the year from sale of services includes ₹ 1,081 crore pertains to revenue from contract with customers recognised over a period of time. The Company has not given any volume discounts, service level credits, etc during the year. The revenue is no further disaggregated.

The Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to pending performance obligations which are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). No consideration from contracts with customers is excluded from the amount mentioned above.

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue if revenues is accrued. Receivable and unbilled revenue are a right to consideration that is unconditional upon passage of time. Receivable is presented net of impairment in the Balance Sheet. Unbilled revenue as at April 1, 2019, was ₹ 87 crore and it was billed during the year. Unbilled Revenue as at March 31, 2020 is ₹ 56 crore.

Unearned revenue with regards to continued Operation and discontinued operations at March 31, 2020. was ₹ 81 crore and ₹ 1,849 crore (net of unbilled revenue of ₹ 917 crore pending reconciliation with customer on account of various business parameters) respectively.

Note : 2.55

Consolidated Segment Information:

The Company has identified and disclosed segment information, as "India Operations" and "Global Operations". The segment has been identified and reported taking into account its internal financial reporting, performance evaluation and organisational structure by geographical locations of its operations, where its service rendering activities are based. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

- (a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- (b) Segment assets and liabilities represent the assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Segment Information	( ₹ in crore )				
Particulars	India Operaions	Global Operations	Unallocable	Eliminations	Total
<b>Segment Revenue</b>					
External Revenue	1,040	694	-	-	1,734
	1,607	2,587	-	-	4,194
<b>Inter Segment Revenue</b>	35	32	-	(67)	-
	201	234	-	(435)	-
Total	1,075	726	-	(67)	1,734
	1,808	2,821	-	(435)	4,194

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Segment Information Particulars	India Operations	Global Operations	Unallocable	Eliminations	( ₹ in crore ) Total
<b>Segment Result before Exceptional and non recurring items, taxes</b>	<b>(477)</b>	<b>(44)</b>	-	-	<b>(521)</b>
	(255)	(5)	-	-	(260)
Less: Finance Expenses	-	-	<b>62</b>	-	<b>62</b>
	-	-	192	-	192
Less: Exceptional Item	-	-	<b>10,214</b>	-	<b>10,214</b>
	-	-	(2,008)	-	<b>(2,008)</b>
<b>Segment Result after Exceptional and non recurring items before taxes</b>	<b>(477)</b>	<b>(44)</b>	<b>(10,276)</b>	-	<b>(10,797)</b>
	(255)	(5)	1,816	-	1,556
Less: Provision for Taxation	-	-	<b>14</b>	-	<b>14</b>
	-	-	2,425	-	2,425
Segment Result after Tax	<b>(477)</b>	<b>(44)</b>	<b>(10,290)</b>	-	<b>(10,811)</b>
	(255)	(5)	(609)	-	(869)
Total Profit/(Loss) before Tax from Discontinued Operation	<b>(31,979)</b>	-	-	-	<b>(31,979)</b>
	(6,358)	-	-	-	(6,358)
<b>Other Information</b>					
Segment Assets	<b>47,884</b>	<b>860</b>	<b>1,271</b>	<b>(2,015)</b>	<b>48,000</b>
	48,300	7,690	13,492	(1,924)	67,558
Segment Liabilities	<b>94,710</b>	<b>1,605</b>	<b>1,257</b>	<b>(1,732)</b>	95,840
	18,733	6,402	48,912	(2,630)	71,416
Capital Expenditure	<b>11</b>	-	-	-	11
	10	184	-	-	194
Depreciation	<b>192</b>	<b>162</b>	-	-	354
	223	597	-	-	820

(Figures relating to current period are reflected in Bold, relating to previous year are reflected in italic.)

Indian Operations includes assets held for sale

### (c) The reportable Segments are further described below:

- The India Operations includes operations of the Company and its subsidiaries in India, Globalcom IDC Limited and Reliance Globalcom Limited
- The Global Operations includes the retail operations outside India of Reliance Communications (UK) Limited, Reliance Communications International Inc., Reliance Communications Canada Inc., Reliance Communications (Australia) Pty. Limited, Reliance Communications (New Zealand) Pte. Limited and wholesale operations outside India of its subsidiary viz. Reliance Globalcom BV and its subsidiaries.

### Note : 2.56

#### Note on Disqualification of Directors

During the year under review, Shri Anil D Ambani, Smt. Manjari Kacker, Smt. Ryna Karani, Smt. Chhaya Virani and Shri Suresh Rangachar, Directors tendered their resignation as Directors of the Company, however the Committee of Creditors of the Company ("CoC"), in its meeting held on 20<sup>th</sup> November, 2019 refused to accept the resignations tendered by above mentioned directors. Further, the CoC instructed that the said directors be advised to continue with their duties and responsibilities as directors of the Company and provide all cooperation to the Resolution Professional during the Corporate Insolvency Resolution Process. Accordingly, the name of such directors continues to reflect in the composition of the board of directors and the respective committees of the Company. Due to above mentioned events, the Company has not received annual disclosures as required under section 164(2) of the Companies Act, 2013 regarding disqualification of directors from Shri Anil D Ambani, Smt. Manjari Kacker, Smt. Ryna Karani, Smt. Chhaya Virani and Shri Suresh Rangachar, Directors of the Company. As per legal opinion obtained by the company during the previous year, none of the Directors were disqualified under section 164(2) of the Companies Act 2013 for default in payment of interest and principal of debentures.



## Notes on Accounts to the Consolidated Financial Statements

### Note: 2.57

Pursuant to an agreement for assignment entered into between the Company and STT Global Data Centres India Private Limited (STT) in an earlier year for transfer of leasehold right, title and interest of Land admeasuring 34873 sq. mts forming part of the larger land located at DAKC along with building (Larger land) thereupon and substation to be constructed on the land, the Company has received an amount of ₹ 26.99 crore from STT which is reflected as Advance Received from Customer under Other Liabilities in the financial statements.

STT invoked arbitration proceedings against the Company in accordance with the terms of the agreement for assignment and filed its Claim before the Arbitral Tribunal seeking injunctive order from dealing with or disposing, negotiating, encumbering, alienating, transferring, disposing off or creating third party rights or interest on the property or in the alternative, deposit ₹ 26.99 crore with the Court or pass attachment order on assets of the Company so as to satisfy the claim of ₹ 26.99 crore. The next date in the matter will be listed in due course.

### Note: 2.58

During the previous year, RRL had entered into a Development agreement with Reliance Globalcom Limited (RGL) for completion of Internet Data Centre 5 (IDC 5) building and paid ₹ 25.45 crore to RGL for completion of construction of IDC 5 building which has been reflected as Capital Advance under other non current assets in the financial statements on account of pending the verification of invoices and work completion certification.

### Note: 2.59

During the previous year, the RRL had extended loans to Fellow subsidiaries amounting to ₹ 1,168.45 crore for which terms are not decided, accordingly no interest is charged to them.

### Note: 2.60

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 ₹ 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.

### Note: 2.61

A Subsidiary of the Company 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.

### Note: 2.62

During the Previous year, the RRL has entered into a Long Term Lease agreement with a Customer for two buildings named Corporate Head Quarters (CHQ) and Business Head Quarters situated within the complex of Dhirubahi Ambani Knowledge City (DAKC) for the period from July 2019 to March 2041. The said Lease Agreement has been discounted @10% per annum and received ₹ 461.74 crore. Further, Monthly Lease Rental receivables have been assigned against payment of installment due on discounting.

Equated Monthly Installment of ₹ 4.50 crore will be adjusted first towards the interest computed at the rate of 10% per annum on the principal amount outstanding and the balance will be adjusted towards principal repayment upto March 2041.

### Note: 2.63

#### Note on Covid -19 Impact

While the Group 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 Group 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 Group 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 Group'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 Group 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."

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Note: 2.64

#### Authorisation of Financial Statements

The Directors of the Company have approved the above financial statements 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.

With respect to the financial statements for the year ended 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;
- (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 statements and while signing this statement of financial statements, 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 statements. The statement of financial statements of the Corporate Debtor for the 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 statements 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 statements.
- (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.

### Note : 2.65

#### Additional Informations of Subsidiaries/ Associates as required under Schedule III to the Companies Act, 2013

Sr.	Name of the Company	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit or loss	Amount (₹ in crore)	As % of consolidated other comprehensive income	Amount (₹ in crore)	As % of consolidated total comprehensive income	Amount (₹ in crore)
<b>Parent Company</b>									
1	Reliance Communications Limited	68.42	(32,947.20)	106.24	(45,338.00)	(19.78)	5.00	106.16	(45,333.00)
<b>Indian Subsidiaries</b>									
2	Reliance WiMax Limited	(0.01)	3.93	0.00	(0.01)	-	-	0.00	(0.01)
3	Reliance Bhutan Limited	(0.00)	0.00	(0.00)	0.00	-	-	(0.00)	0.00
4	Reliance Webstore Limited	1.33	(639.73)	0.00	(0.17)	-	-	0.00	(0.17)
5	Campion Properties Limited	0.13	(63.04)	0.01	(4.60)	-	-	0.01	(4.60)
6	Reliance Tech Services Limited	0.04	(19.38)	0.02	(7.81)	(4.55)	1.15	0.02	(6.66)
7	Reliance Telecom Limited	20.94	(10,083.74)	7.74	(3,304.06)	(0.16)	0.04	7.74	(3,304.02)
8	Reliance Communications Infrastructure Limited	4.73	(2,277.93)	0.03	(10.80)	-	-	0.03	(10.80)
9	Globalcom IDC Limited	(0.06)	30.46	(0.03)	12.03	(0.91)	0.23	(0.03)	12.26
10	Reliance Infratel Limited	(2.40)	1,155.00	0.15	(66.00)	-	-	0.15	(66.00)
11	Globalcom Mobile Commerce Limited	(0.00)	0.15	0.00	(0.00)	-	-	0.00	(0.00)
12	Reliance BPO Private Limited	0.02	(8.94)	0.00	(0.85)	-	-	0.00	(0.85)
13	Reliance Communications Tamilnadu Limited	0.00	(1.64)	0.00	(0.00)	-	-	0.00	(0.00)
14	Globalcom Realty Limited	(0.00)	0.03	0.00	(0.00)	-	-	0.00	(0.00)
15	Internet Exchangenext.com Ltd.	(0.00)	0.06	0.00	(0.00)	-	-	0.00	(0.00)
16	Realsoft Cyber Systems Private Limited	0.00	(0.92)	0.00	(0.01)	-	-	0.00	(0.01)
17	Worldtel Tamilnadu Private Limited	0.21	(101.27)	0.00	(0.00)	-	-	0.00	(0.00)
18	Towercom Infrastructure Private Limited	0.00	(0.01)	(0.00)	0.00	-	-	(0.00)	0.00
19	Reliance Realty Limited	0.61	(291.54)	0.07	(30.23)	(1.03)	0.26	0.07	(29.97)
20	Reliance Infra Projects Limited	(0.00)	0.03	0.00	(0.00)	-	-	0.00	(0.00)

## Notes on Accounts to the Consolidated Financial Statements

Sr.	Name of the Company	Net Assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit o loss	Amount (₹ in crore)	As % of consolidated other comprehensive income	Amount (₹ in crore)	As % of consolidated total comprehensive income	Amount (₹ in crore)
<b>Foreign Subsidiaries</b>									
21	Reliance Globalcom BV	4.91	(2,365.11)	5.65	(2,411.72)	516.61	(130.57)	5.95	(2,542.29)
22	Aircorn Holdingco B.V	0.00	(0.21)	0.00	(0.05)	0.08	(0.02)	0.00	(0.07)
23	Reliance Communications (U.K.) Limited	0.00	(1.47)	0.27	(114.55)	(10.45)	2.64	0.26	(111.91)
24	Reliance Communications (Hong Kong) Limited	0.03	(14.33)	0.01	(3.21)	4.57	(1.16)	0.01	(4.37)
25	Reliance Communications (Singapore) Pte. Limited	(3.95)	1,902.75	0.00	(0.11)	(647.54)	163.66	(0.38)	163.55
26	Reliance Communications (New Zealand) Pte. Limited	(0.00)	0.25	0.00	(0.01)	(0.20)	0.05	(0.00)	0.04
27	Reliance Communications (Australia) Pty. Limited	(0.01)	2.59	0.00	(0.07)	(0.47)	0.12	(0.00)	0.05
28	Anupam Globalsoft (U) Limited	(0.00)	2.34	-	-	1.29	(0.33)	0.00	(0.33)
29	Gateway Net Trading Pte. Limited	0.45	(218.69)	0.00	(0.09)	141.68	(35.81)	0.08	(35.90)
30	Reliance FLAG Pacific Holdings Limited	1.06	(510.66)	0.00	(0.00)	173.85	(43.94)	0.10	(43.94)
31	Reliance Infocore Inc.	0.04	(21.60)	0.00	(0.11)	9.66	(2.44)	0.01	(2.55)
32	Reliance Communications Inc.	0.09	(43.09)	0.18	(75.08)	20.33	(5.14)	0.19	(80.22)
33	Reliance Communications International Inc.	(0.12)	59.50	(0.00)	1.03	(20.13)	5.09	(0.01)	6.12
34	Reliance Communications Canada Inc.	0.00	(0.27)	(0.00)	0.01	0.12	(0.03)	0.00	(0.01)
35	Bonn Investment Inc.	0.03	(12.21)	0.00	(1.44)	4.04	(1.02)	0.01	(2.46)
36	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	(0.07)	31.72	0.00	(0.04)	(10.80)	2.73	(0.01)	2.69
37	Lagerwood Investments Limited	(0.01)	2.45	0.00	(0.03)	(0.83)	0.21	(0.00)	0.18
	<b>Minority Interests in all subsidiaries</b>	0.66	(316.00)		6.33				6.33
	<b>Associates (Investment as per the equity method)</b>								
	<b>Indian</b>								
1	Mumbai Metro Transport Private Limited	0.00	(0.00)	-	-	-	-	-	-
	<b>Foreign</b>								
2	Warf Telecom International Private Limited	(0.07)	31.87	(0.01)	3.80			(0.01)	3.80

As per our report of even date  
For **Pathak H.D. & Associates LLP**  
Chartered Accountants  
Firm Reg. No.: 107783W/W100593

**Parimal Kumar Jha**  
Partner  
Membership No: 124262

Mumbai  
July 31, 2020

For **Reliance Communications Limited**

Resolution Professional  
Executive Director and Chief Financial Officer  
Company Secretary

**Anish Niranjan Nanavaty**  
**Viswanath D.**  
**Rakesh Gupta**

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### 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. Particulars No.	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 2.53)	
	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 2.36 and 2.16), Lease (Refer Note 2.41), Unbilled Revenue (Refer Note 2.61) (ii) Qualification on Going Concern in some of Subsidiaries (Refer Note 2.36) (iii) Balance Confirmation of Fixed Deposit (Refer Note 2.60)	
	(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 statements, the same is self explanatory.	
III	Signatories:		
	Resolution Professional	Anish Niranjana Nanavaty	
	Executive Director and Chief Financial Officer	Viswanath D	
	Statutory Auditor	Parimal Kumar Jha	
	UDIN - 20124262AAAACY7148		

Place: Mumbai

Date : July 31, 2020

Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures  
(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)

Part 'A' - Subsidiaries

Sl. No.	Particulars	Date from which they became subsidiary companies	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
1	Reliance VIMax Limited	1 <sup>st</sup> January 2006	68.71	324.44	511.88	118.73	-	-	(1.05)	-	(1.05)	-	100.00
2	Reliance Bhutan Limited	1 <sup>st</sup> January 2006	5.00	(4.87)	20,005.97	20,005.84	-	0.32	0.08	-	0.08	-	100.00
3	Reliance Webstore Limited	1 <sup>st</sup> January 2006	5.00	(63,978.00)	28,080.00	92,053.00	-	186.00	(17.00)	-	(17.00)	-	100.00
4	Campion Properties Limited	1 <sup>st</sup> January 2006	356.36	(6,660.79)	9,426.89	15,731.32	-	-	(459.96)	-	(459.96)	-	100.00
5	Reliance Tech Services Limited	30 <sup>th</sup> July 2007	5.00	(1,943.00)	7,667.00	9,605.00	-	875.00	(781.00)	-	(781.00)	-	100.00
6	Reliance Telecom Limited	1 <sup>st</sup> January 2006	8,500.00	(1,016,874.00)	383,998.00	1,392,372.00	-	-	(330,406.00)	-	(330,406.00)	-	100.00
7	Reliance Communication Infrastructure Limited	1 <sup>st</sup> January 2006	93,800.00	(321,593.00)	395,215.00	623,008.00	-	1,307.00	(1,080.00)	-	(1,080.00)	-	100.00
8	Globalcom IDC Limited	1 <sup>st</sup> January 2006	210.00	2,836.00	44,040.00	40,994.00	-	25,120.00	2,957.00	1,754.00	1,203.00	-	100.00
9	Reliance Infratel Limited	1 <sup>st</sup> January 2006	279,300.00	(163,800.00)	1,288,700.00	1,173,200.00	-	134,300.00	(18,000.00)	(11,400.00)	(6,600.00)	-	90.45
10	Globalcom Mobile Commerce Limited	6 <sup>th</sup> December, 2010	200.00	(185.03)	40.84	25.87	-	-	(0.24)	-	(0.24)	-	100.00
11	Reliance BPO Private Limited	30 <sup>th</sup> April, 2012	1.00	(894.53)	105.05	998.58	-	-	(85.07)	-	(85.07)	-	100.00
12	Reliance Communications Tamilnadu Limited	15 <sup>th</sup> November, 2013	5.00	(168.83)	26,003.89	26,167.73	-	-	(0.28)	-	(0.28)	-	100.00
13	Globalcom Realty Limited (Formerly Reliance Infra Realty Limited)	11 <sup>th</sup> November 2014	5.00	(1.52)	4.09	0.61	-	-	(0.22)	-	(0.22)	-	100.00
14	Internet Exchangenext.com Ltd.	10 <sup>th</sup> November 2015	15.07	(9.50)	65.10	59.53	-	-	(0.14)	-	(0.14)	-	100.00
15	Reasoft Cyber Systems Private Limited	10 <sup>th</sup> November 2015	1.00	(92.51)	4.70	96.21	-	-	(1.27)	-	(1.27)	-	100.00
16	Worldtel Tamilnadu Private Limited	10 <sup>th</sup> November 2015	1.00	(10,128.23)	5.70	10,132.94	-	-	(0.14)	-	(0.14)	-	100.00
17	Towercom Infrastructure Private Limited	17 <sup>th</sup> November, 2016	1.00	(2.22)	14.07	15.29	-	0.56	0.33	-	0.33	-	100.00
18	Reliance Realty Limited	10 <sup>th</sup> December, 2019	500.00	(29,653.51)	241,180.95	270,334.47	-	8,003.21	(3,704.78)	(681.91)	(3,022.87)	-	100.00
19	Reliance Infra Projects Limited	10 <sup>th</sup> December, 2019	5.00	(1.54)	4.07	0.61	-	-	(0.22)	-	(0.22)	-	100.00
20	Reliance Globalcom BV	1 <sup>st</sup> January 2006	1,576.00	(238,086.77)	141,744.45	378,255.23	2,321.01	-	(241,171.76)	-	(241,171.76)	-	100.00
21	Unit of Currency - USD	18 <sup>th</sup> July 2016	2,082.861	(314,659.054)	187,331.597	499,907.790	3,067.482	-	(340,272.812)	-	(340,272.812)	-	-
	Aircorn Holdingco BV		0.83	(22.06)	0.97	22.19	-	-	(5.41)	-	(5.41)	-	-
	Units of currency - Euro		1,000	(26,648)	1,167	26,815	-	-	(6,869)	-	(6,869)	-	-
22	Reliance Communications (U.K.) Limited	1 <sup>st</sup> January 2006	16.65	(163.41)	580.86	727.62	-	2,681.15	(11,454.93)	-	(11,454.93)	-	100.00
23	Unit of Currency - GBP		17,803	(174,761)	621,221	778,179	-	2,974,040	(12,706,259)	-	(12,706,259)	-	100.00
	Reliance Communications (Hong Kong) Limited		0.00	(1,433.26)	4,013.67	5,446.93	-	9,708.98	(321.09)	-	(321.09)	-	100.00
24	Unit of Currency - USD		0	(1,894.213)	5,304.525	7,198,738	-	13,698,537	(453,032)	-	(453,032)	-	100.00
	Reliance Communications (Singapore) Pre. Limited		0.00	190,275.02	190,278.28	3.27	-	-	(11.04)	-	(11.04)	-	100.00
25	Unit of Currency - USD		1	251,470.320	251,474.637	4,316	-	-	(15,573)	-	(15,573)	-	100.00
	Reliance Communications (New Zealand) Pre. Limited		0.00	24.63	32.03	7.40	-	-	(1.43)	-	(1.43)	-	100.00
26	Unit of Currency - NZD		2	54,861	71,359	16,496	-	-	(3,117)	-	(3,117)	-	100.00
	Reliance Communications (Australia) Pty. Limited		0.00	258.53	304.09	45.56	-	0.06	(7.12)	-	(7.12)	-	100.00
	Unit of Currency - AUD		1	561,117	659,994	98,876	-	125	(14,979)	-	(14,979)	-	100.00

# Reliance Communications Limited

(₹ in lakh unless otherwise stated)

Sl. No.	Particulars	Date from which they became subsidiary companies	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
27	Anupam Globalsoft (U) Limited Unit of Currency - US\$	5 <sup>th</sup> March, 2008	612.89 3,000,000,000	(379.31) (1,856,651,920)	2,129.76 10,424,885,846	1,896.18 9,281,537,766	-	-	-	-	-	-	90.00
28	Gateway Net Trading Pte. Limited Unit of Currency - USD	1 <sup>st</sup> Oct, 2008	19,749.32 26,101,000	(41,618.67) (55,003,865)	0.02 22	21,869.37 28,902,887	-	-	(9.33) (13,157)	-	(9.33) (13,157)	-	100.00
29	Reliance FLAG Pacific Holdings Limited Unit of Currency - USD	1 <sup>st</sup> January, 2006	9.08 12,000	(51,074.65) (67,501,029)	512.88 677.832	51,578.33 68,166,701	-	-	(0.12) (160)	-	(0.12) (160)	-	100.00
30	Reliance Infocom Inc. Unit of Currency - USD	1 <sup>st</sup> January 2006	680.99 900,000	(2,840.51) (3,754,056)	3,840.94 5,076,245	6,000.46 7,930,301	-	-	(10.38) (14,641)	0.80 1.132	(11.18) (15,773)	-	100.00
31	Reliance Communications Inc. Unit of Currency - USD	1 <sup>st</sup> January 2006	3,783.25 5,000,000	(8,092.57) (10,695,266)	170,352.22 225,140,056	174,661.55 230,835,322	-	9,641.00 2,457.88	(7,510.27) 10,596,351	(2.27) 3,200	(7,508.00) (10,593,151)	-	100.00
32	Reliance Communications International Inc. Unit of Currency - USD	1 <sup>st</sup> January 2006	7.57 10,000	5,942.10 7,853,166	12,145.30 16,051,415	6,195.64 8,188,249	-	3,467.862	109.98 155,170	7.14 10,067	102.84 145,103	-	100.00
33	Reliance Communications Canada Inc. Unit of Currency - USD	1 <sup>st</sup> January 2006	7.57 10,000	(34.13) (45,102)	223.31 295,128	249.87 330,230	-	93.50 131,925	2.58 3,647	1.09 1,531	1.50 2,116	-	100.00
34	Bonn Investment Inc. Unit of Currency - USD	1 <sup>st</sup> January 2006	7.57 10,000	(1,228.75) (1,623,941)	4,259.92 5,629,972	5,481.11 7,243,914	-	136.55 192,667	(142.45) (200,983)	1.25 1,757	(143.69) (202,740)	-	100.00
35	Reliance Telecom Infrastructure (Cyprus) Holdings Limited Unit of Currency - USD	15 <sup>th</sup> June, 2007	1.70 2,246	3,170.38 4,190,021	3,696.12 4,884,852	524.04 692,585	-	-	(4.17) (5,890)	-	(4.17) (5,890)	-	-
36	Lagerwood Investments Limited Unit of Currency - USD	15 <sup>th</sup> June, 2007	1.72 2,268	243.36 321,632	287.11 379,455	42.04 55,555	-	-	(3.02) (4,257)	-	(3.02) (4,257)	-	-

## Notes

- The Financial Year of the Subsidiaries is for 12 months from April 1, 2019 to March 31, 2020
- Investment exclude investment in Subsidiaries
- Exchange rate as of March 31, 2020 1 USD = ₹ 75.655 1 GBP = ₹ 93.503 1 AUD = ₹ 49.77 1 NZD = ₹ 46.89 1 US\$ = ₹ 0.0179 (\* converted at average rate)

## Name of subsidiaries which are yet to commence operations

- Gobalcom Mobile Commerce Limited
- Gobalcom Realty Limited
- Reliance Infra Projects Limited

## Name of subsidiaries which have been liquidated or sold during the year - Nil

### Part 'B' : Associates

Sr. No.	Name of Associates	Date from which they became associate	Latest audited Balance Sheet Date	Shares of Associate held by the company on the year end		Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss) for the year		Description of how there is significant influence	Reason why the associate is not consolidated
				No.	Amount of Investment in Associates		Considered in Consolidation	Not Considered in Consolidation		
1	Mumbai Metro Transport Private Limited	18 <sup>th</sup> January, 2010	31.03.2020	13000	-	(4.16)	(5.17)			
2	Warf Telecom International Private Limited	1 <sup>st</sup> January, 2006	31.12.2019	65025000	2,230.00	3,186.91	380.00		1,520.00	

## Name of associates which are yet to commence operations - Nil

## Name of associates which have been liquidated or sold during the year - Nil

### Notes :

- There is significant influence due to percentage (%) of share Capital.
- The Company does not have any Joint Venture during the year.



