

**Independent Auditor's Report on the Audited standalone financial results of Reliance Communications Limited for the quarter and year ended March 31, 2023 pursuant to Regulation 33 and Regulation 52 read with Regulation 63 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.**

To

**The Board of Directors / Resolution Professional (RP) of Reliance Communications Limited**

**Report on the audit of the Standalone Financial Results**

**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 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 standalone financial results of Reliance Communications Limited ('the Company') for the quarter and year ended March 31, 2023 ('the standalone financial results') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of matters described in Basis for Qualified Opinion section of our report, these standalone financial results-

- are presented in accordance with the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the Listing Regulations in this regard; and
- give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards and other accounting principles generally accepted in India of the net loss, and other comprehensive loss and other financial information for the quarter and year ended March 31, 2023.

**Basis for Qualified Opinion**

- We draw attention to Note no. 4 & 6 of the standalone financial results, "Assets Held for Sale (AHS)" regarding Wireless Spectrum, Towers, Fibre and Media Convergence Nodes (MCNs) alongwith liabilities continues 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 of Assets Held for Sale 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 quarter and year ended March 2023.

- b. We draw attention to Note no. 5 of the standalone financial results regarding admission of the Company and its two subsidiaries into Corporate Insolvency Resolution Process ("CIRP"), and pending determination of obligations and liabilities with regard to 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 there of pending reconciliation and determination of final obligation. The Company accordingly has not provided interest on borrowings amounting to Rs. 963 crore & Rs. 4,456 crore for the quarter and year ended March 31, 2023 respectively and Rs.19,581 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 (gain) / loss amounting to Rs. (112) crore and Rs. 1,286 crore for the quarter and year ended March 31, 2023 respectively and Rs. 2,142 crore of foreign exchange loss up to the previous financial year. Had such interest and foreign exchange variation as mentioned above been provided, the reported loss for the quarter & year ended March 31, 2023 would have been higher by Rs. 851 crore and Rs. 5,742 crore respectively and Net worth of the Company would have been lower by Rs. 27,465 crore as at March 31, 2023 and Rs.21,723 crore as at March 31, 2022. Non provision of interest and non recognition of foreign exchange variation is not in compliance with Ind AS 23 "Borrowing Costs" and Ind AS 21 "The Effects of Changes in Foreign Exchange Rates" respectively.
- c. We draw attention to Note no. 4 of the standalone financial results, regarding pending comprehensive review of carrying amount of all assets (including investments, receivables and balances lying under Goods & Service Tax) & liabilities and non provision for impairment of carrying value of the assets and write back of liabilities if any, pending completion of the CIRP. In the absence of comprehensive review as mentioned above for the carrying value of all the assets and liabilities, 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 quarter and the year ended March 31, 2023. Non determination of fair value of financial assets & liabilities and impairment in carrying amount for other assets and liabilities are not in compliance with Ind AS 109 "Financial Instruments", Ind AS 36 "Impairment of Assets" and Ind AS 37 "Provisions, Contingent Liabilities & Contingent Assets".
- d. We draw attention to Note no. 13 of the standalone financial results, regarding non adoption of Ind AS 116 "Leases" effective from April 1, 2019 and the consequent impact thereof. The aforesaid accounting treatment is not in accordance with the relevant Indian Accounting Standard Ind AS 116.
- e. We draw attention to Note no. 4 of the standalone financial results, 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 and pending application of renewal of Telecom License. These 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 have 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 standalone financial results, in view of



ongoing CIRP and matters pending before regulatory authorities, the outcome of which cannot be presently ascertained.

The Net worth of the Company excludes the effect of qualification under (a), (c), (d) and (e) above, which are non-quantifiable as referred therein.

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 Standalone Financial Results section of our report. We are independent of the Company 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 standalone financial results under the provisions of the Act 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**

We draw attention to Note no. 7 of the standalone financial results, 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 which may undergo revision based on any development in the said matter

Our opinion is not modified in respect of above matters

#### **Management's Responsibilities for the Standalone Financial Results**

The standalone financial results, 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. 1 of the standalone financial results, has been prepared on the basis of standalone financial statements. The Company's Management are responsible for the preparation and presentation of these standalone financial results that give a true and fair view of the net loss and other comprehensive income and other financial information 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 and in compliance with Regulation 33 and Regulation 52 of the Listing Regulations.

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 standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the standalone financial results, the Directors/Resolution Professional are 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 the Directors/Resolution Professional either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors / Resolution Professional is also responsible for overseeing the Company's financial reporting process read together with Note no. 1 of standalone financial results.

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the standalone financial results 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. Misstatements 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 standalone financial results.

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

- Identify and assess the risks of material misstatement of the standalone financial results, 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors / Resolution Professional.
- Conclude on the appropriateness of the Board of Directors / Resolution Professional 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 standalone financial results 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 Company to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the financial results 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 statement 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.

#### Other Matters

- 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, ceased w.e.f December 22, 2022) 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).
- During the earlier year Reliance Communications Infrastructure Limited (RCIL) a wholly owned subsidiary of the Company, had been admitted by NCLT for resolution process under the Code and Mr. Anish Nanavaty was appointed as the Resolution Professional by the NCLT.
- Further, during the earlier year Reliance Tech Services Limited (RTSL) a wholly owned subsidiary of the Corporate Debtor, has been admitted by NCLT on August 4, 2020 for resolution process under the Code and Mr. Anjan Bhattacharya has been appointed as the Resolution Professional by the NCLT. During the quarter, NCLT vide order dated March 03, 2023 ordered the liquidation of the RTSL and appointed Mr. Ashok Mittal as Liquidator.
- As per Regulation 33 & 52 of the Listing Regulation, the standalone financial results of the Company submitted to the stock exchange 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 standalone financial results. As mentioned in Note No 1 of the standalone financial results, in view of the ongoing CIRP, the powers of the board of directors stand suspended and are exercised by the Resolution Professional.



- e. Attention is drawn to the fact that the figures for quarter ended March 31, 2023 and corresponding quarter ended in previous year as reported in these standalone financial results are the balancing figures between audited figures in respect of the full financial year and published year- to- date figures up to the end of the third quarter of the current and previous financial year respectively. Also the figures up to the end of the third quarter for the current and previous financial year had only been reviewed as required by the Listing Regulations.

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

*J. Shah*

**Jigar T. Shah**  
Partner  
Membership No: 161851  
UDIN: 23161851BGSWPK4710



Place: Mumbai  
Date: May 27, 2023

**Reliance Communications Limited**

website: [www.rcom.co.in](http://www.rcom.co.in)

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

CIN - L45309MH2004 PLC147531

**Standalone audited Financial Results for the Quarter and Year ended March 31, 2023**

Sr. No.	Particulars	Quarter ended			Year ended	
		31-Mar-23	31-Dec-22	31-Mar-22	31-Mar-23	31-Mar-22
		Audited	Unaudited	Audited	Audited	Audited
1	<b>Income</b>					
	(a) Revenue from Operations	85	83	81	332	345
	(b) Other Income	4	2	-	8	4
	<b>(c) Total Income [ (a) + (b) ]</b>	<b>89</b>	<b>85</b>	<b>81</b>	<b>340</b>	<b>349</b>
2	<b>Expenses</b>					
	(a) Access Charges, Licence Fees and Network Expenses	40	30	47	151	245
	(b) Employee Benefits Expenses	9	11	14	45	61
	(c) Finance Costs	-	-	-	-	-
	(d) Depreciation and Amortisation expenses	28	28	33	116	130
	(e) Sales and General Administration Expenses	19	54	58	208	175
	<b>(f) Total Expenses [ (a) to (e) ]</b>	<b>96</b>	<b>123</b>	<b>152</b>	<b>520</b>	<b>611</b>
3	<b>Profit/ (Loss) before Exceptional Items and Tax [1 (c) - 2 (f)]</b>	<b>(7)</b>	<b>(38)</b>	<b>(71)</b>	<b>(180)</b>	<b>(262)</b>
4	Exceptional Items	-	-	-	-	-
5	<b>Profit / (Loss) before Tax [ 3 - 4 ]</b>	<b>(7)</b>	<b>(38)</b>	<b>(71)</b>	<b>(180)</b>	<b>(262)</b>
6	<b>Tax Expenses</b>					
	(a) Current Tax	-	-	-	-	-
	(b) Deferred Tax Charge/ (Credit)	-	-	-	-	-
	<b>(c) Tax Expenses (net) [ (a) to (b) ]</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
7	<b>Profit/ (Loss) after Tax from continuing operations [ 5 - 6 ]</b>	<b>(7)</b>	<b>(38)</b>	<b>(71)</b>	<b>(180)</b>	<b>(262)</b>
8	Profit/(Loss) before Tax and Exceptional Item from Discontinued Operations	(130)	(133)	(116)	(526)	(461)
9	Exceptional Items					
	Loss on De-Subsidiarisation including Provision (Refer Note 3 & 15)	-	(4,208)	-	(4,208)	-
	Provision for Liability on account of License & Spectrum fee (Refer Note 7)	(1,488)	(1,437)	(1,290)	(5,647)	(4,894)
10	<b>Profit/ (Loss) before Tax from Discontinued Operations [8-9]</b>	<b>(1,618)</b>	<b>(5,778)</b>	<b>(1,406)</b>	<b>(10,381)</b>	<b>(5,355)</b>
11	Tax Expenses of Discontinued Operations	-	-	-	-	-
12	<b>Profit/ (Loss) after Tax from Discontinued Operations [10-11]</b>	<b>(1,618)</b>	<b>(5,778)</b>	<b>(1,406)</b>	<b>(10,381)</b>	<b>(5,355)</b>
13	Other Comprehensive Income/ (Expense) for the year [Current year (-) Rs.3,43,921] (Previous year Rs. 42,71,152)	-	-	-	-	-
14	<b>Total Comprehensive Income / (loss) for the period / year [7+12+13]</b>	<b>(1,625)</b>	<b>(5,816)</b>	<b>(1,477)</b>	<b>(10,561)</b>	<b>(5,617)</b>
15	<b>Earnings per Share (EPS) Basic and Diluted (Rs.)</b>					
	<b>(before exceptional items) (Not annualised for the quarter ended)</b>					
	(a) Continuing Operations	(0.03)	(0.14)	(0.27)	(0.66)	(0.96)
	(b) Discontinued Operations	(0.47)	(0.48)	(0.42)	(1.92)	(1.68)
	<b>(c) Continuing Operations and Discontinued Operations</b>	<b>(0.50)</b>	<b>(0.62)</b>	<b>(0.69)</b>	<b>(2.58)</b>	<b>(2.64)</b>
	<b>(after exceptional items) (Not annualised for the quarter ended)</b>					
	(a) Continuing Operations	(0.03)	(0.14)	(0.27)	(0.66)	(0.96)
	(b) Discontinued Operations	(5.90)	(21.05)	(5.12)	(37.83)	(19.51)
	<b>(c) Continuing Operations and Discontinued Operations</b>	<b>(5.93)</b>	<b>(21.19)</b>	<b>(5.39)</b>	<b>(38.49)</b>	<b>(20.47)</b>
16	Paid-up Equity Share Capital (Face Value of Rs. 5 each)	1,383	1,383	1,383	1,383	1,383

Standalone Statement of Assets and Liabilities		(₹ in Crore)	
	Particulars	As at 31-Mar-23 Audited	As at 31-Mar-22 Audited
<b>A</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-Current Assets</b>		
	(a) Property, Plant and Equipment	1,160	1,273
	(b) Capital Work in Progress	60	61
	(c) Intangible Assets	2	3
	(d) Financial Assets		
	(i) Investments	7,450	7,450
	(ii) Other Financial Assets	2	1
	(e) Income Tax Asset (net) Rs. Nil (Previous year Rs. 35,61,101)	-	-
	(f) Other Non Current Assets	699	699
	<b>Sub-total Non-Current Assets</b>	<b>9,373</b>	<b>9,487</b>
<b>2</b>	<b>Current Assets</b>		
	(a) Inventories	2	1
	(b) Financial Assets		
	(i) Investments	46	4,046
	(ii) Trade Receivables	82	75
	(iii) Cash and Cash Equivalents	174	244
	(iv) Bank Balances other than (iii) above	39	40
	(v) Loans	6,611	6,557
	(vi) Other Financial Assets	144	175
	(c) Other Current Assets	4,066	4,116
	(d) Assets Held for Sale	19,758	19,759
	<b>Sub-total - Current Assets</b>	<b>30,922</b>	<b>35,013</b>
	<b>Total Assets</b>	<b>40,295</b>	<b>44,500</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Equity</b>		
	(a) Equity Share Capital	1,383	1,383
	(b) Other Equity	(55,394)	(44,833)
	<b>Total Equity</b>	<b>(54,011)</b>	<b>(43,450)</b>
	<b>LIABILITIES</b>		
<b>2</b>	<b>Non-Current Liabilities</b>		
	(a) Other Non-Current Liabilities	114	114
	(b) Provisions	2	3
	<b>Sub-total Non-Current Liabilities</b>	<b>116</b>	<b>117</b>
<b>3</b>	<b>Current Liabilities</b>		
	(a) Financial Liabilities		
	(i) Borrowings	39,934	39,934
	(ii) Trade Payables		
	Due to Micro Enterprises & Small Enterprises	27	33
	Due to Creditors other than Micro Enterprises & Small Enterprises	3,013	2,774
	(iii) Other Financial Liabilities	44,033	38,355
	(b) Other Current Liabilities	195	252
	(c) Provisions	1,216	1,217
	(d) Liabilities directly related to Assets held for Sale	5,772	5,268
	<b>Sub-total - Current Liabilities</b>	<b>94,190</b>	<b>87,833</b>
	<b>Total Equity and Liabilities</b>	<b>40,295</b>	<b>44,500</b>



Cash Flow Statement for the year ended		(₹ in Crore)	
Sr. No.	Particulars	For the Year ended	
		31-Mar-23 Audited	31-Mar-22 Audited
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit / (Loss) before tax from Continuing Operations	(180)	(262)
	Profit / (Loss) before tax from Discontinued Operations	(10,381)	(5,355)
	<b>Profit before tax -Continuing and Discontinued Operations</b>	<b>(10,561)</b>	<b>(5,617)</b>
	Adjusted for:		
	Provision for Doubtful Debts and Advances	-	2
	Impairment of Assets / Investments	4,208	-
	Depreciation and Amortisation Expenses	116	130
	Effect of change in Foreign Exchange Rate (net)	93	49
	Finance Costs (net)	504	464
	Interest Income	(5)	(6)
		<b>4,916</b>	<b>639</b>
	<b>Operating Profit before Working Capital Changes</b>	<b>(5,645)</b>	<b>(4,978)</b>
	Adjusted for:		
	Receivables and Other Advances	40	153
	Inventories	(1)	27
	Trade Payables and Other Liabilities	5,560	4,805
		<b>5,599</b>	<b>4,985</b>
	<b>Cash Generated from Operations</b>	<b>(46)</b>	<b>7</b>
	Income Tax Refund	-	40
	Income Tax Paid	-	-
	<b>Net Cash from Operating Activities</b>	<b>(46)</b>	<b>47</b>
<b>B</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 Creditors for Capital Expenditure and realised loss capitalised)	1	(26)
	Loans given to Subsidiaries	(27)	
	Investment in Bank deposits (having original maturity for more than 3 months) (previous year Rs. 11,05,631)	(1)	-
	Interest Income	3	6
	<b>Net Cash from / (Used in) Investing Activities</b>	<b>(24)</b>	<b>(20)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Net Proceeds from/ (Repayment ) of Borrowings - Current	-	1
	Finance Costs	-	-
	<b>Net Cash from / (used in) Financing Activities</b>	<b>-</b>	<b>1</b>
	<b>Net increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(70)</b>	<b>28</b>
	<b>Opening Balance of Cash and Cash Equivalents for the year</b>	<b>244</b>	<b>216</b>
	<b>Closing Balance of Cash and Cash Equivalents for the year</b>	<b>174</b>	<b>244</b>

## Notes:

1. Pursuant to an application filed by Ericsson India Pvt. Ltd before the National Company Law Tribunal, Mumbai Bench ("NCLT") in terms of Section 9 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder ("Code"), the NCLT had admitted the application and ordered the commencement of corporate insolvency resolution process ("CIRP") of Reliance Communications Limited ("Corporate Debtor", "the Company") vide its order dated May 15, 2018. The NCLT had appointed Mr. Pardeep Kumar Sethi as the interim resolution professional ("IRP") for the Corporate Debtor vide its order dated May 18, 2018. The Hon'ble National Company Law Appellate Tribunal ("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 ("CoC") 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 Niranjan 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 Niranjan 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 CoC of the Corporate Debtor dated March 2, 2020, a resolution plan, submitted by a resolution applicant in respect of the Corporate Debtor, has been approved by the committee of creditors. The application under Section 31 of the Code filed by the RP for approval of resolution plan is currently pending adjudication before the NCLT.

With respect to the standalone financial results for the quarter and year ended March 31, 2023, 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 standalone financial results and while signing this standalone financial results, has relied upon the assistance provided by the directors of the Corporate Debtor, and certifications, representations and statements made by the directors of the Corporate Debtor, in relation to these standalone financial results. The standalone financial results of the Corporate Debtor for the quarter and year ended March 31, 2023

## Registered Office:

Reliance Communications Limited. H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531



have been taken on record by the RP solely on the basis of and relying on the aforesaid certifications, representations and statements of the aforesaid directors and the erstwhile management of the Corporate Debtor. For all such information and data, the RP has assumed that such information and data are in conformity with the Companies Act, 2013 and other applicable laws with respect to the preparation of the standalone financial results and that they give true and fair view of the position of the Corporate Debtor as of the dates and period indicated therein. Accordingly, the RP is not making any representations regarding accuracy, veracity or completeness of the data or information in the standalone financial results.

- (iv) In terms of the provisions of the Code, the RP is required to undertake a review to determine avoidance transactions. Such review has been completed and the RP has filed the necessary applications with the adjudicating authority.
- 2. Figures of the previous period / year have been regrouped and reclassified, wherever required.
- 3. During the quarter ended June 30, 2019, the CIRP in respect of the Corporate Debtor and its subsidiaries; Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL) had been recommenced, and interim resolution professionals had been appointed in respect of the aforesaid companies. Subsequently, appointment of Mr. Anish Niranjana Nanavaty as the Resolution Professional (RP) of the Corporate Debtor and its subsidiaries was confirmed by the NCLT vide its order dated June 21, 2019 which was published on June 28, 2019 on the NCLT's website.

Further, during the year ended March 31, 2020, Reliance Communications Infrastructure Limited (RCIL), a wholly owned subsidiary of the Corporate Debtor, had also been admitted by NCLT for resolution process under the Code and Mr. Anish Niranjana Nanavaty was appointed as the Resolution Professional of RCIL vide its order dated September 25, 2019. In the meeting held on August 05, 2021, the CoC with requisite majority approved the resolution plan submitted by Reliance Projects & Property Management Services Limited, and in accordance with the Sec 30(6) of the Insolvency and Bankruptcy Code, 2016, on August 31, 2021, the plan was submitted to Hon'ble NCLT for its due consideration and approval. The matter is currently sub-judice.

In the meantime, the NCLT, Mumbai Bench, vide order dated December 3, 2020, approved the resolution plan submitted by Reliance Projects and Property Management Services Limited ("RPPMSL"), in respect of RITL, a step-down subsidiary of the Corporate Debtor. Upon approval of the resolution plan of RITL, Mr. Anish Niranjana Nanavaty ceased to be the resolution professional of RITL, and RITL was placed under the supervision of a monitoring committee constituted under the provisions of the approved resolution plan comprising of two nominees/representatives of approving financial creditors, two nominees of the Resolution Applicant (RA) and Mr. Anish Niranjana Nanavaty (as the Insolvency Professional). An application bearing number 1960 of 2019 had been filed by Doha Bank and other banks before the NCLT, Mumbai Bench challenging the constitution of the CoC of RITL basis certain corporate guarantees issued by RITL in respect of facilities availed by the Corporate Debtor, allegedly without consent of the applicant lenders. The NCLT vide order dated March 2, 2021 has partly allowed the appeal and directed "R2 to R7 are not recognised as Financial Creditors of the Corporate Debtor. R1 (RP) is directed to re-constitute the CoC..." An appeal was filed by certain lenders against the order of the NCLT before NCLAT in *State Bank of India v. Doha Bank Q.P.S.C. & Ors*, Company Appeal (AT)(Ins) No. 304 of 2021. On April 12, 2021, the NCLAT stayed the operation of the impugned order until next date. The Hon'ble NCLAT has vide its order dated October 14, 2022 dismissed the said appeal, and upheld the order passed by the NCLT, *inter alia*, stating as follows:

*"17. For all the afore noted reasons, this Appeal fails and is accordingly dismissed. No Order as to costs."*

**Registered Office:**

Reliance Communications Limited. H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531

# RELIANCE

Certain creditors (who are parties to IA No.1960 of 2019) filed an appeal bearing Civil Appeal No. 8527/2022 before the Hon'ble Supreme Court assailing the order dated October 14, 2022 ("**SBI SC Appeal**"). The SBI SC Appeal was listed last on November 30, 2022, where the Hon'ble Supreme Court was pleased to issue notice in the SBI SC Appeal. The matter was thereafter listed on March 27, 2023. During the hearing on March 27, 2023, the Bench expressed that the issue involved in the matter requires detailed consideration and accordingly, directed re-listing of the matter for final hearing and disposal on a non-miscellaneous day in the month of August 2023.

An application had also been filed by Doha Bank before the NCLT, Mumbai Bench bearing number IA 3055 of 2019 challenging the decision of the RP of RITL of admission of claims of certain indirect lenders in the CIRP of RITL, on the basis of a deed of hypothecation. The NCLT had, vide order dated March 2, 2021, dismissed the application. An appeal was filed by Doha Bank against the order of the NCLT before the NCLAT in *Doha Bank and Ors. v. Anish Nanavaty & Ors.*, Company Appeal (AT)(Insolvency) No. 414 of 2021. On June 22, 2021, the NCLAT granted stay on distribution of proceeds under the plan among financial creditors as interim relief. The NCLAT vide its order dated September 9, 2022 set aside the order passed by the NCLT and derecognized the creditors of RITL whose claims were admitted basis the deed of hypothecation ("**Derecognized DoH Creditors**"), as financial creditors. Further, the NCLAT remanded the matter back to the NCLT to take all actions consequential to such derecognition. The relevant portion of the order passed by the Hon'ble NCLAT is as below:

*"12. In view of the above stated position of law and fact we are not in a position to sustain the order of the Adjudicating Authority and we are constrained to set aside the impugned order of the Adjudicating Authority and remanding back to the Adjudicating Authority for taking all consequential actions resulting from de-recognizing R-2 to R-5 as 'Financial Creditors'. No order as to costs."*

Basis the directions issued by the NCLAT, the erstwhile resolution professional of RITL had preferred an application bearing number IA 2820 of 2022 before the NCLT seeking directions for taking consequential actions pursuant to the order dated 9 September 2022.

Meanwhile, the Derecognized DoH Creditors have filed various appeals (including Civil Appeal No. 7407 of 2022, Civil Appeal No. 7298 of 2022, Civil Appeal No. 7615, and Civil Appeal No. 7328) against the order passed by the NCLAT before the Hon'ble Supreme Court of India ("**Secured Creditors Appeals**"). The Hon'ble Supreme Court of India has vide its order dated October 21, 2022 issued notice in such appeals (barring the appeal filed by Industrial and Commercial Bank of China which was taken up later by the Bench on December 14, 2022 owing to pending rectification of defects). Vide the order dated October 21, 2022, the Hon'ble Supreme Court has stayed the operation of the order passed by the NCLAT. The relevant portion for the order passed by the Hon'ble Supreme Court of India states as follows:

*"Issue notice. Until further orders, there shall be stay of the operation of the impugned Order(s)."*

Further, when the Hon'ble Supreme Court of India took up the appeal filed by Industrial and Commercial Bank of China on December 14, 2022, it was pleased to tag all the Secured Creditors Appeals together, and such appeals are now next listed in 18th July 2023 (*tentatively*).

Considering the pendency of inter-creditor disputes highlighted above, Reliance Projects and Property Management Services Limited had preferred an application before the NCLT, bearing I.A No. 3429 of 2022 seeking necessary directions to allow the implementation of the resolution plan approved in respect of RITL, by way of deposit of the plan amount in an escrow account, with the inter se distribution of the amounts among financial creditors being subject to the final outcome of the aforesaid legal proceedings concerning the status of financial creditors. The financial creditors of RITL did not have any objection to the aforesaid, provided that the distribution of these amounts amongst the financial creditors will be subject to the outcome of the SBI SC Appeal and Secured Creditors Civil Appeal (collectively referred to as the "**Pending SC Appeals**"). The Hon'ble NCLT vide order dated November 21, 2022 ("**Nov 21 Order**") permitted the Resolution Applicant to

## Registered Office:

Reliance Communications Limited. H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531



proceed with implementation of the resolution plan and depositing the total value of the resolution plan, in an escrow account to be opened with State Bank of India. The relevant excerpts of the Nov 21 Order are set out below:

*"Accordingly, this Bench is of the view that an Escrow Account should be permitted to be opened in the State Bank of India, and the total value of the Resolution Plan should be deposited in that account. Further, the distribution of the amount so deposited in the Escrow account shall be in terms of the order passed by the Hon'ble Apex Court and after obtaining permission/orders from this Bench."*

This position was also reiterated by the Hon'ble Supreme Court in its order dated November 30, 2022, when the SBI SC Appeals were listed before it and it *inter alia* directed that the amounts payable in terms of the resolution plan be deposited in an escrow account to be opened with State Bank of India (i.e., the account bank herein) in terms of the Nov 21 Order with no distributions from the said account till the next date of hearing. The relevant excerpts in relation to the order dated November 30, 2022, are set out below:

*"In the meanwhile, we direct that the proponent will deposit the amount/money payable in an escrow account to be opened in the State Bank of India in terms of the order dated 21.11.2022 passed by the National Company Law Appellate Tribunal Court-I, Mumbai Bench, Maharashtra"*

Pursuant to the above, RPPMSL issued a closing action notice dated December 21, 2022 committing to implement the resolution plan on or before December 23, 2022.

Accordingly, in pursuance of the above and in compliance with the Nov 21 Order, the Escrow Agreement dated December 22, 2022 ("**Escrow Agreement**") has been executed between RITL, representative of financial creditors State Bank of India and China Development Bank, RPPMSL, Mr. Anish Nanavaty (as authorised signatory) and State Bank of India (as account bank) for purposes of recording the terms governing the escrow account set up in accordance with the Nov 21 Order.

RPPMSL has transferred an amount of INR 3,720 Crore (Rupees Three Thousand Seven Hundred and Twenty Crores Only) in the escrow account(s) opened in pursuance of the Escrow Agreement, in lieu of which 372,00,00,000 Zero Coupon Optionally Fully Convertible Debentures ("**OFCD**") have been allotted to RPPMSL. Further, as part of the implementation, RPPMSL has infused an amount of INR 5 Crore (Rupees Five Crores Only) in the share subscription account of the Company with State Bank of India, in lieu of which, 50,00,000 (Fifty Lakhs) equity shares of RITL have been allotted to RPPMSL (along with its nominees).

Simultaneously, the entire existing issued, subscribed and paid-up share capital of the Company, being (a) 2,79,31,41,868 equity shares of INR 10 each, aggregating to INR 27.93 Crore; and (b) 4,00,00,000 0.1% Redeemable, Non-Cumulative, Non-Convertible preference shares of INR 10 each, aggregating to INR 40 Crore (except the paid-up equity share capital to the extent of the upfront equity infusion amounting to INR 5 Crore (Rupees Five Crore Only) allotted to RPPMSL (along with its nominees) in terms of the resolution plan), has been cancelled/reduced.

The amounts deposited in the escrow account(s) in pursuance of the Escrow Agreement shall be distributed to the relevant creditors and other stakeholders basis further directions from the relevant judicial authorities.

With the completion of the aforesaid actions, the resolution plan for RITL stands implemented on December 22, 2022 in terms of the order of the NCLT dated December 03, 2020 read together with the order dated November 21, 2022 and the Monitoring Committee of RITL has stood dissolved and RPPMSL has acquired the ownership and control of RITL in terms of the approved resolution plan.

Accordingly, RITL has ceased to be a subsidiary of Reliance Communications Limited with effect from December 22, 2022. During the year ended March 31, 2023, Loss on de-subsidiarisation is

**Registered Office:**

Reliance Communications Limited. H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531



# RELIANCE

Rs 4,208 Crore and is shown as Exceptional Items. Hence the figures for the year ended March 31, 2023 are not comparable with the previous year.

4. Pursuant to strategic transformation programme, as a part of asset monetization and resolution plan of the Corporate Debtor, the Corporate Debtor and its subsidiary companies; RTL and RITL, with the permission of and on the basis of suggestions of the lenders, had entered into definitive binding agreements with Reliance Jio Infocomm Limited (RJio) for monetization of certain specified assets on December 28, 2017 for sale of Wireless Spectrum, Towers, Fibre and Media Convergence Nodes (MCNs) (as described above, RITL's implementation of resolution plan has been completed and RITL has ceased to be a subsidiary w.e.f. December 22, 2022). During an earlier 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 (DoT).

On completion of the corporate insolvency resolution process, the Corporate Debtor will carry out a comprehensive review of all the assets including investments, balances lying in Goods and Service Tax, liabilities and accordingly provide for impairment of assets and write back of liabilities, if any. The Auditors have drawn qualification in this regard in their Audit Report for the quarter and year ended March 31, 2023.

The Corporate Debtor had filed applications with the DoT for migration of various telecom licenses [Universal Access Service License (UASL), National Long Distance (NLD) and International Long Distance (ILD) licenses] to the Unified License regime (UL) on October 25, 2020 (17 of which were supposed to expire on July 19, 2021). On June 15, 2021, the DoT has issued a letter to the Corporate Debtor requiring payments of various categories of certain amounts such as 10% of the AGR dues, deferred spectrum installments falling due within the CIRP period, etc. against the telecom licenses, stating such dues to be in the nature of "current dues" and prescribing such payment as a pre-condition to the consideration/processing of the migration applications ("DoT Letter"). On June 25, 2021, the Corporate Debtor has issued a letter to DoT clarifying that the various categories of dues stipulated by the DoT are not in the nature of the "current dues" and are to be resolved within the framework of the Code (being dues that pertain to the period prior to May 7, 2019) and/ or are not payable at present, and requesting that making payments against the said dues should not be mandated as a pre-condition for further processing of the migration applications filed by the Corporate Debtor.

In light of the urgency of the matter, the RP had filed an application before the NCLT praying that the DoT *inter alia* be restrained from taking any action which may interfere with the continued holding of the telecom spectrum of the Corporate Debtor. The NCLT had adjourned the matter following which the RP had thereafter filed a writ petition in the Delhi High Court seeking issuance of an appropriate writ, order or direction in the nature of mandamus directing the DoT to migrate the telecom licenses to UL without the insistence on the payment of the dues set out in DoT Letter. The High Court, on July 19, 2021, passed an interim order that "*till the next date, the respondent is directed to not take any coercive action against the petitioner for withdrawal of the telecom spectrum granted to the petitioner in respect of 18 service areas, as also to permit the petitioner to continue providing telecom services in the 18 service areas which are subject matters of the present petition.*" On July 20, 2021, the writ petition hearing concluded and order was

## Registered Office:

Reliance Communications Limited, H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531



passed by the High Court permitting the withdrawal of the writ petition with direction that the issue on "current dues" should be decided by the NCLT and extending the protection under the July 19, 2021 order by further 10 days.

In view of the aforesaid, the NCLT was apprised of the order of the High Court and the NCLT has, as an interim measure, extended the ad interim protection granted by the Delhi High Court until next date of hearing. Further, on August 12, 2021, the NCLT has directed that the interim orders shall continue until the next date of hearing. The issue under consideration by the NCLT relates to whether the dues being claimed by DoT in its letter of June 15, 2021 for the purposes of processing the license renewal/ migration applications of the Corporate Debtor are in the nature of "current dues" (within the meaning of the Explanation to Section 14(1) of the Code) and therefore, payable during the CIRP period. The matter before NCLT is next listed on June 28, 2023.

Simultaneously, a petition has been filed before the TDSAT seeking directions for migration of the telecom licenses, in view of the Guidelines for Grant of Unified License dated March 28, 2016 issued by the DoT, not prescribing pre-condition for any payment to be made prior to the migration of the telecom licenses. The TDSAT, on September 23, 2021, has directed that *"The interim arrangement shall be considered further after receipt of the order of NCLT. However, till then let the status quo be maintained in terms of initial order of Delhi High Court passed on 19.7.2021 which has continued thereafter by further order of the High Court followed by orders of NCLT."* On March 15, 2022, the TDSAT granted time for filing rejoinder and continued the interim order dated September 23, 2021. The matter was last listed on April 28, 2023 and is next listed on August 28, 2023.

Similarly, in the case of RTL, in one of the circles where the UASL license was due to expire on September 26, 2021, an application had been filed with DoT on July 16, 2021 for migration of UASL to UL wherein the DoT has sought for payment of certain dues as "current dues" (being dues that pertain to the period prior to May 7, 2019 and are not payable at present) as a pre-condition for consideration of the application. The RP has filed an application in the NCLT and a petition before the TDSAT in this regard (which matters are heard together with the RCOM license migration matters). On September 23, 2021, the TDSAT has directed that *"Since the matters are similar in nature, in the interest of justice and uniformity the interim order of status quo as operating in TP No. 31 of 2021 shall operate in this matter also till the next date. It will be in the interest of petitioner to expedite the proceeding pending before the NCLT and try its best to produce the orders passed by that Tribunal by the next date."* On March 15, 2022, the DOT has been granted 6 weeks' time by TDSAT to file the reply, rejoinder is to be filed before the next date of hearing. The TDSAT further directed that the interim order passed by the TDSAT vide order dated September 23, 2021 shall stand continuing to be operative during the pendency of the petitions. The matter was last listed on April 28, 2023 and is next listed on August 28, 2023.

Considering these developments including, in particular, the RP having taken over the management and control of the Corporate Debtor and its two subsidiaries, i.e. RTL and RCIL (Group) ( as described above, with the completion of implementation of the resolution plan approved in relation to RITL, RITL is no longer a subsidiary of the Corporate Debtor) inter alia

**Registered Office:**

Reliance Communications Limited, H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531

# RELIANCE

with the objective of running them as going concerns, the standalone financial results continue to be prepared on going concern basis. Since the Company continues to incur loss, current liabilities exceed current assets and company has defaulted in repayment of borrowings, payment of regulatory and statutory dues and pending renewal of telecom licenses, these events indicate that material uncertainty exists that may cast significant doubt on Company'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, 2023.

5. Considering various factors including admission of the Corporate Debtor and its subsidiaries; RTL and RCIL to CIRP under the Code (as described above, with the completion of implementation of the resolution plan approved in relation to RITL, RITL is no longer a subsidiary of the Corporate Debtor), 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 were being worked out. The Corporate Debtor has not provided Interest of Rs.963 crore and Rs.4,456 crore calculated based on basic rate of interest as per terms of loan for the quarter and year ended March 31, 2023 respectively and foreign exchange (gain) / loss aggregating to Rs.(112) crore and Rs.1,286 crore respectively for the quarter and year ended March 31, 2023 respectively. Had the Corporate Debtor provided Interest and foreign exchange variation, the Loss would have been higher by Rs.851 crore and Rs.5,742 crore for the quarter and year ended March 31, 2023 respectively and Net Worth of the Company as on March 31, 2023 and March 31, 2022 would have been lower by Rs.27,465 crore and Rs. 21,723 crore respectively. The Auditors have drawn qualification for non-provision of interest and foreign exchange variations in their Audit Report for the quarter and year ended March 31, 2023. During the previous years, Interest of Rs. 19,581 crore and foreign exchange loss (net) aggregating to Rs. 2,142 crore were not provided and the Auditors had drawn qualification in their audit reports for the financial years ended March 31, 2018, March 31, 2019, March 31, 2020, March 31, 2021, and March 31, 2022.

6. Assets held for sale including Wireless Spectrum, Towers, Fibre and Media Convergence Nodes (MCNs) continue to be classified as held for sale at the value ascertained at the end of March 31, 2018, along with liabilities, for the reasons referred in Note 4 above and disclosed separately as discontinued operations in line with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations".

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

## Registered Office:

Reliance Communications Limited, H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531

The financial result of discontinued operations is as under:

(Rs in crore)

Particulars	Quarter ended			Year ended	
	31-Mar-23	31-Dec-22	31-Mar-22	31-Mar-23	31-Mar-22
	Audited	Unaudited	Audited	Audited	Audited
Total Income	2	1	1	5	4
Total Expenses	132	134	117	531	465
Profit/ (Loss) before Exceptional Item tax	(130)	(133)	(116)	(526)	(461)
Exceptional Item	(1,488)	(5,645)	(1,290)	(9,855)	(4,894)
Tax	-	-	-	-	-
Profit/ (Loss) after tax	(1,618)	(5,778)	(1,406)	(10,381)	(5,355)

Cash Flow from	31-Mar-23	31-Mar-22
- Operating Activities	-	(26)
- Investing Activities	5	(23)
- Financing Activities	-	-

7. 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

On September 01, 2020, the Supreme Court pronounced the judgment in the AGR matter ("SC Judgement"). It has framed various questions in respect of companies under insolvency and in respect of such questions, the Court has held that the same should be decided first by the NCLT by a reasoned order within 2 months, and that it has not gone into the merits in this decision.

The RP of the Corporate Debtor and Reliance Telecom Limited (RTL) had filed intervention applications before the NCLAT in the appeal filed by the Department of Telecommunications against the resolution plan approval orders of the Aircel companies (wherein the NCLAT was adjudicating on the questions framed by the Hon'ble Supreme Court in the SC Judgement). The RP had also filed written legal submissions in this regard with the NCLAT. The Hon'ble NCLAT has pronounced its judgement dated April 13, 2021 setting out its findings on the questions framed in the SC Judgment. The RP has filed appeals in respect of the Corporate Debtor and RTL against the judgement of the NCLAT before the Supreme Court. On August 2, 2021, the appeals were listed when the bench issued notice in the matter and tagged the same with Civil Appeal No 1810 of 2021 (being the appeal filed by the COC of Aircel companies) and also allowed the application seeking permission to file the civil appeal. On February 22, 2022, the Supreme Court granted a period of six weeks to the DoT to file counter affidavit. The matter was listed on May 2, 2022 wherein the SC directed the matter to be tentatively listed in the third week of July 2022. The matter was mentioned on August 5, 2022, for early listing for arguments, but the Supreme Court directed the matter to be listed after eight weeks. The matter was thereafter listed on October 11, 2022, on which date, the Supreme Court directed that the matter be listed after six weeks. Further, the Supreme Court stated that the parties were to file a common compilation post discussion with each other, and file brief written submissions within a period of six weeks. Next date of hearing in the matter is July 18, 2023 (tentative).

The appeals are currently *sub judice*.

Further, in the SC Judgement, reiterating that AGR dues as per original decision should be paid, the Hon'ble Supreme Court had directed that DoT should complete the assessment in cases where demand had not been raised and raise demand if it has not been raised, to examine the

#### Registered Office:

Reliance Communications Limited, H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531

# RELIANCE

correctness of self-assessment and raise demand, if necessary, after due verification. In case demand notice has not been issued, DoT should raise the demand within six weeks from date of judgement. The Corporate Debtor has not received any such demand in this regard till date.

The DoT had during the pendency of the various proceedings simultaneously directed Special Audit in relation to the computation of License fee, Spectrum fee, applicable interest and penalties thereon, which is under progress for the financial year 2015-16 onwards. In this regard, the Corporate Debtor had provided for estimated liability aggregating to Rs. 36,956 crore up to the previous year ended March 31, 2022 and has provided additional charge of Rs. 1,488 crore and Rs. 5,647 crore during the quarter and year ended March 31, 2023 respectively and shown 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 (subject to orders in the relevant judicial proceedings). This matter has been referred to by the Auditors in their Audit report for the quarter and year ended March 31, 2023.

8. The listed Redeemable Non-Convertible Debentures (NCDs) of the Corporate Debtor aggregating to Rs.3,750 crore as on March 31, 2023 are secured by way of first pari-passu charge on the whole of the movable properties, plant and equipment and Capital Work in Progress, both present and future, including all insurance contracts relating thereto of the Borrower Group; comprising of the Corporate Debtor and its subsidiary companies namely; Reliance Telecom Limited (RTL), Reliance Infratel Limited (RITL) and Reliance Communications Infrastructure Limited (RCIL). RITL's implementation of resolution plan has been completed and RITL has ceased to be a subsidiary of the Company. Out of the above, in case of NCDs of Rs. 750 crore, the Corporate Debtor has also assigned Telecom Licenses, by execution of Tripartite Agreement with Department of Telecommunications (DoT). The asset cover in case of these NCDs exceeds 100% of the principal amount of the said NCDs.

9. Additional details as required in relation to Non-Convertible Debentures (NCDs):

Nature of Instruments	11.20% NCDs	11.25% NCDs
Amount outstanding (Rs in crore)	3,000	750
Previous due date for Principal Repayment and whether paid	01.03.2019 Unpaid	07.02.2019 unpaid
Previous due date for payment of Interest	01.03.2019	07.02.2019
Whether Interest was paid on the due date	No	No
Next due date for payment of interest	Not Applicable	Not Applicable
Credit Rating and change in credit rating, if any	ICRA D earlier ICRA BB	CARE D earlier CARE BB
Due Date for Principal Repayment	Rs. 3,000 crore on 01.03.2019 (Unpaid)	Rs. 375 crore each on 07.02.2018 and 07.02.2019 (Unpaid)
Interest Unpaid up to March 31, 2023 (Rs in crore)	2,015	505

10. Debenture Redemption Reserve (DRR) : Rs 590 crore as on March 31, 2023.
11. Figures for the quarter ended March 31, 2023 and March 31, 2022 are balancing figures between the audited figures in respect of the full financial year and published year to date figures upto the third quarter of the relevant financial years.

## Registered Office:

Reliance Communications Limited, H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531



12. The disclosure required as per the provisions of Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

Particulars	Quarter ended			Year ended	
	31-Mar-23	31-Dec-22	31-Mar-22	31-Mar-23	31-Mar-22
	Audited	Unaudited	Audited	Audited	Audited
Debt Equity ratio	-	-	-	-	-
Debt Service Coverage Ratio	-	-	-	-	-
Interest Service Coverage Ratio	-	-	-	-	-
Current Ratio	0.13	0.13	0.18	0.13	0.18
Long term debt to working capital		-	-	-	-
Bad debts to Accounts receivable ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Current Liability ratio	0.94	0.94	0.94	0.94	0.94
Total Debts to Total Assets	0.99	0.99	0.90	0.99	0.90
Debtors turnover (Days)	91	91	99	86	116
Networth	(55,409)	(53,783)	(44,847)	(55,409)	(44,847)
Operating margin (%)(Continuing operations)	(13.38)	(48.19)	(87.75)	(56.57)	(77.12)
Net Profit margin (%)(Continuing operations)	(8.69)	(45.78)	(87.75)	(54.46)	(75.97)

Note wherever the ratios are negative, the same is shown as Nil (-)

Formula used for computation of Ratios:

- (i) Debt Equity Ratio = Debt / Equity;
- (ii) Debt Service Coverage Ratio (DSCR) = Earnings before depreciation, interest and tax/ (Interest + Principal repayment);
- (iii) Interest Service Coverage Ratio (ISCR) = Earnings before depreciation, interest and tax/ (Interest expense).
- (iv) Current Ratio = Current Assets / Current Liabilities
- (v) Long term debt to working capital = Non Current Borrowings (including Current Maturities of Non-Current Borrowings) / Current Assets less Current Liabilities (excluding Current Maturities of Non Current Borrowings)
- (vi) Bad debts to Accounts receivable ratio = Bad debts / Average trade receivables
- (vii) Current Liability ratio = Total Current Liabilities / Total Liabilities
- (viii) Total Debts to Total Assets = Total Debts / Total Assets
- (ix) Debtors turnover = Average Trade receivables / (Value of Sales and Services / no of days for the period)
- (x) Net Worth includes Rs. 5,538 crore created pursuant to the Scheme of Amalgamation approved by Hon'ble High courts which shall for all regulatory purposes be considered to be part of owned funds of the Company but excludes Capital Reserve. The above net worth is without considering the impact of the qualifications given by the auditors in their Audit report.

#### Registered Office:

Reliance Communications Limited, H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531

# RELIANCE

- (xi) Operating margin (%) (Continuing operations) =  $\text{EBIT} - \text{Other Income} / \text{Value of Sale and Services}$
  - (xii) Net Profit margin (%) (Continuing operations) =  $\text{Profit} / (\text{Loss}) \text{ after tax} / \text{Value of Sales and Service.}$
13. The Corporate Debtor and some of its subsidiaries where assets are held for sale as per Ind AS 105 accordingly lease agreements are considered to be short term in nature and Ind AS 116 has not been applied. The Auditors have drawn qualification in their Audit Report for the quarter and year ended March 31, 2023.
14. Disclosure as per Ind AS 108 "Operating Segments" is reported in Consolidated financial results of the Company. Therefore the same has not been separately disclosed in line with the provisions of Ind AS.
15. During earlier year ended March 31, 2021, Reliance Tech Services Limited (RTSL), a wholly owned subsidiary of the Corporate Debtor, had been admitted by NCLT on August 04, 2020 for corporate insolvency resolution process under the Code and Mr. Anjan Bhattacharya had been appointed as the Interim Resolution Professional (IRP) and subsequently as the Resolution Professional (RP) by the Hon'ble NCLT. During the previous year, the resolution professional of RTSL had filed an application with NCLT on May 04, 2021 for initiation of liquidation proceedings in respect of RTSL. During the quarter, NCLT vide order dated March 03, 2023 has ordered the liquidation of RTSL and appointed Mr. Ashok Mittal as Liquidator. Further, since there are no fixed assets, ongoing operations, or any employees in RTSL, therefore RTSL may not be capable of being liquidated as a going concern in terms of the Code, and accordingly, during the quarter and year ended March 31, 2023, provision is made on Investment of is Rs 0.05 Crore and is represented as Exceptional Items.
16. During the year, the Company received a notice from Axis Trustee Services Limited ("Axis Trustee" / "Security Trustee") on November 9, 2022 regarding invocation cum sale of pledged shares Globalcom IDC Limited ("GIDC"). Thereafter, the Company received a notice of invocation of pledge over such shares from Axis Trustee on December 14, 2022.
- As a matter of background, it may be noted that RWSL is a wholly owned subsidiary of RCOM, holding 100% of equity shares in GIDC. Accordingly, GIDC was a wholly owned step-down subsidiary of RCOM. *Vide* facilities agreement dated August 29, 2016, RCOM and RITL had availed a loan facility of Rs. 565 Crore and Rs. 635 Crore respectively from State Bank of India ("Lender"). *Vide* share pledge agreement dated September 23, 2016, RWSL had pledged 100% of its shareholding in GIDC comprising 20,99,994 equity shares to Axis Trustee (in its capacity as a security trustee for the Lender) for above loan facility.
- Owing to defaults in the repayment of the facilities availed by RCOM and RITL, Axis Trustee first proceeded to issue a notice for the invocation cum sale of pledged shares on November 9, 2022, and thereafter, invoked the pledge on December 12, 2022.
17. Provision for Income Tax (Normal Tax/Minimum Alternative Tax) has been calculated as per Income tax Act 1961 after adjusting carried forward losses, write off of earlier years' provisions.
18. It is hereby declared that the Auditors have issued audit reports with qualification on the annual audited standalone financial result for the year ended March 31, 2023. Impact of the qualification is given in Annexure 1.

## Registered Office:

Reliance Communications Limited, H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531



19. The Corporate Debtor has been served with copies of writ petitions filed by Mr. Punit Garg and certain others, being directors of the Corporate Debtor and its subsidiaries before the Hon'ble High Court of Delhi, challenging the provisions of the RBI Master Directions on Frauds- Classification and Reporting by commercial banks and select FIs bearing No. RBI/ DBS/ 2016-17/ 28 DBS. CO. CFMC. BC. No. 1/ 23.04.001/ 2016-17 dated July 1, 2016 ("Circular") and the declaration by certain banks classifying the loan accounts of the Company, Reliance Infratel Limited ("RITL") and Reliance Telecom Limited ("RTL") being fraudulent in terms of the Circular. RITL's implementation of resolution plan has been completed and RITL has ceased to be a subsidiary of the Company.

The Corporate Debtor, RITL and RTL have been represented through their advocates and accepted notice in the petitions. The respective respondent-banks have been directed, on various dates of hearing, to maintain status quo until the next date of hearing by the High Court. The said petitions have been listed on various dates where counsels of various parties have made arguments and are presently sub judice before the Hon'ble High Court of Delhi. On September 26, 2022, when the matter was listed, Mr. Ramesh Babu, the learned standing counsel of RBI apprised the Hon'ble High Court that the question of constitutional validity of the Master Direction on Frauds is pending consideration before the Hon'ble Supreme Court of India in SLP (C) No. 3931 of 2021 and connected matters. He further informed that the aforesaid SLPs arise out of the Telangana High Court's judgment dated 10 December 2020 in WP No. 19102 of 2019 and the orders passed by the Telangana High Court and other High Courts and that the hearing in the said appeals has commenced and are listed on September 27, 2022 before the Apex Court as continuing part-heard matters.

Noting the aforesaid circumstances, the Hon'ble High Court adjourned the matter and all the connected batch matters to November 21, 2022. On November 21, 2022, the Hon'ble High Court was apprised that the Supreme Court has reserved judgment in SLP (C) No. 3931 of 2021 and connected matters dealing with the question of constitutional validity of the 'Master Direction on Frauds' issued by the RBI. Noting the aforesaid circumstances, the Hon'ble High Court decided to wait for the said judgment and accordingly, the captioned matter and all the connected batch matters were adjourned to May 12, 2023.

On 12 May 2023, the Hon'ble Delhi High Court in light of the judgment dated 27 March 2023 in SBI vs. Rajesh Agarwal [2023 SCC On Line SC 342] has disposed of the said petitions filed by Punit Garg, setting aside the actions taken against the petitioners under the Master circular on Fraud. The Supreme Court has held that since the Master Directions on Frauds do not expressly provide an opportunity of hearing to the borrowers before classifying their account as fraud, audi alteram partem has to be read into the provisions of the directions to save them from the vice of arbitrariness.

Following the SC judgment, these petitions are disposed off setting aside the actions taken against the petitioners in the Master Circular. It is made clear that if any FIR has been lodged, proceedings proceeded thereto will remain unaffected by this order. It will be open to concerned banks to proceed in accordance with law in light of the judgment of the Supreme Court. SBI has filed an application for clarification to the aforesaid judgment with the Supreme Court which was dismissed by an order passed on May 12, 2023 with clarification that Supreme Court has not indicated that a personal hearing is to be given.

20. During the earlier year ended March 31, 2021, and during the previous year ended March 31, 2022, certain banks had issued show cause notices to the Corporate Debtor, certain subsidiaries and certain directors and further during the quarter ended June 30, 2022, a bank has sent show cause notice to a subsidiary of the Corporate Debtor seeking reasons as to why the Corporate Debtor and its subsidiaries should not be classified as willful defaulter. Also, during the previous year ended March 31, 2022, a bank has served notice seeking explanation as to why the account of the Corporate Debtor and a subsidiary company RTL should not be declared as fraud in terms of applicable RBI regulations. The Corporate Debtor and its subsidiaries have responded to the show cause notices. The Corporate Debtor in its response has highlighted that the proceedings and the classification of the Corporate Debtor as a willful defaulter is barred during the prevailing moratorium under section 14 of the Code, and protection is available in terms of section 32A of the Code, and asserting that accordingly, no action can be said to lie against the Corporate Debtor for

**Registered Office:**

Reliance Communications Limited, H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531

# RELIANCE

classification as fraud and requested the banks to withdraw the notices. Further, certain banks had issued notices seeking personal hearing by the authorized representative of the Corporate Debtor and its subsidiaries in respect of the aforesaid matter. Hearings were attended to and necessary submissions were made in accordance with the submissions made earlier in the responses to the show cause notices. No further response has been received from the banks since then. Currently, there is no impact of such notices issued from banks, in the standalone financial results.

21. After review by the Audit Committee, the Directors of the Corporate Debtor have approved the above results at their meeting held on May 27, 2023 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. The Statutory Auditors have done Audit of the standalone financial results for the quarter and year ended March 31, 2023.

**For Reliance Communications Limited**



**Anish Niranjana Nanavaty**  
(Resolution Professional)



**Vishwanath Devaraja Rao**  
(Executive Director and Chief Financial Officer)

Place: Mumbai

Date: May 27, 2023

**Registered Office:**

Reliance Communications Limited, H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531

## ANNEXURE I

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


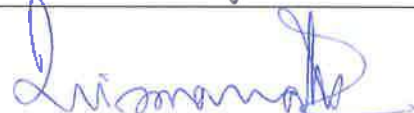
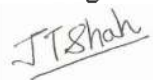
Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023  
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	340	340
	2	Total Expenditure	520	520
	3	Net Profit/(Loss) before Exceptional items	(180)	(180)
	4	Exceptional Item	-	-
	5	Net Profit/(Loss) after Exceptional items	(180)	(180)
	6	Net Profit / (Loss) from Discontinued Operations	(10,381)	(16,123)
	7	Earnings Per Share (Rs.)	(38.49)	(59.41)
	8	Total Assets	40,295	40,295
	9	Total Liabilities	94,306	1,21,771
	10	Net worth	(54,011)	(81,476)
	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 (Refer Note 5)	
	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	Sixth 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 4), Lease (Refer Note 13)	
		(i) Management's estimation on the impact of audit qualification:	Impact is not ascertainable as the Company is under IBC and CIR process initiated	
		(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	

### Registered Office:

Reliance Communications Limited. H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai - 400 710  
CIN No.: L45309MH2004PLC147531



			results, the same is self explanatory.
III	Signatories:		
		Anish Niranjana Nanavaty Resolution Professional	
		Vishwanath Devaraja Rao Executive Director and Chief Financial Officer	
		Statutory Auditor	For Pathak H. D. & Associates LLP Chartered Accountants Firm Registration No. 107783W/W100593  Jigar T. Shah Partner Membership No. 161851 UDIN: 23161851BGSWPI8543
	Place	Mumbai	
	Date	May 27, 2023	

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CIN No.: L45309MH2004PLC147531