

Reliance Wimax Limited**Unaudited Balance Sheet as at March 31, 2020**

	Notes	As at		(Amount in ₹)
		March 31, 2020	March 31, 2019	As at March 31, 2019
ASSETS				
Non Current Assets				
(a) Property, Plant and Equipment	2.01	-	-	-
Current Assets				
(a) Financial Assets				
(i) Cash and Cash Equivalents	2.02	2 09 102	2 16 252	
(ii) Other Financial Assets	2.03	5 09 78 853	5 09 78 853	
		<u>5 11 87 955</u>	<u>5 11 95 105</u>	
		5 11 87 955		5 11 95 105
TOTAL ASSETS		<u>5 11 87 955</u>	<u>5 11 95 105</u>	<u>5 11 95 105</u>
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.04	68 70 660	68 70 660	
(b) Other Equity	2.05	<u>3 24 43 900</u>	<u>3 25 49 165</u>	3 94 19 825
Liabilities				
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.06	1 00 00 000	1 00 00 000	
(ii) Other Financial Liabilities	2.07	<u>18 73 395</u>	<u>17 75 280</u>	
		<u>1 18 73 395</u>	<u>1 18 61 489</u>	
		1 18 73 395		1 17 75 280
TOTAL EQUITY AND LIABILITIES		<u>5 11 87 955</u>	<u>5 11 95 105</u>	<u>5 11 95 105</u>
Significant Accounting Policies	1			
Notes on Accounts	2			

Notes referred to above form an integral part of the Financial Statements.

For and on behalf of the Board

Place : Mumbai
Date :- July 31, 2020

RAKESH GUPTA
Director
DIN No :- 00130829

Reliance Wimax Limited**Statement of Profit and Loss for the year ended March 31, 2020**

	Notes	For the year ended March 31, 2020	(Amount in ₹) For the year ended March 31, 2019
I INCOME			
Revenue from Operations		-	-
Other Income	2.08	<u>-</u>	<u>2 542</u>
Total Income (I)		<u>-</u>	<u>2 542</u>
II EXPENDITURE			
General Administration Expenses	2.09	<u>1 05 265</u>	<u>6 90 553</u>
Total Expenses (II)		<u>1 05 265</u>	<u>6 90 553</u>
III Profit / (Loss) before Tax (I- II)		(1 05 265)	(6 88 011)
IV Tax expense:			
Current Tax		-	-
Deferred Tax		-	-
V Profit / (Loss) after tax		<u>(1 05 265)</u>	<u>(6 88 011)</u>
VI Other Comprehensive Income		-	-
VII Total Comprehensive Income/(Loss) for the year		<u><u>(1 05 265)</u></u>	<u><u>(6 88 011)</u></u>
Earning per share of face value of ₹ 10 each fully Paid	2.13		
Basic (₹)		(0.15)	(1.00)
Diluted (₹)		(0.15)	(1.00)

Significant Accounting Policies**1****Notes on Accounts****2**

Notes referred to above form an integral part of the Financial Statements.

For and on behalf of the BoardPlace : Mumbai
Date :- July 31, 2020**RAKESH GUPTA**
Director
DIN No :- 00130829

Reliance WiMax Limited

Statement of Change in Equity for the year ended March 31, 2020

A Equity Share Capital (Refer Note 2.05)	For the year ended March 31, 2020	(Amount in ₹) For the year ended March 31, 2019
Balance at the beginning of the year	68 70 660	68 70 660
Change in equity share capital during the year	-	-
Balance at the end of the year	68 70 660	68 70 660

B Other Equity (Refer Note 2.06)

Particular	(Amount in ₹)				
	Securities Premium Reserve	General Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance as at 01.04.2018	25 44 42 554	46 78 000	(22 58 69 899)	(13,479)	3 32 37 176
Add : Surplus/(Deficit) of Statement of Profit and Loss	-	-	(6 88 011)	-	(6 88 011)
Balance as at 31.03.2019	25 44 42 554	46 78 000	(22 65 57 910)	(13 479)	3 25 49 165
Add : Surplus/(Deficit) of Statement of Profit and Loss	-	-	(1 05 265)	-	(1 05 265)
Balance as at 31.03.2020	25 44 42 554	46 78 000	(22 66 63 175)	(13 479)	3 24 43 900

For and on behalf of the Board

RAKESH GUPTA
Director
DIN No :- 00130829

Place : Mumbai
Date :- July 31, 2020

Statement of Cash Flow for the year ended March 31, 2020

	For the year ended March 31, 2020	(Amount in ₹) For the year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before tax as per Statement of Profit and Loss	(1 05 265)	(6 88 011)
Adjusted for:		
Remeasurement Gain/Loss of defined benefit plan (Net of Tax)	<u>-</u>	<u>-</u>
Operating Profit/(Loss) before Working Capital Changes	(1 05 265)	(6 88 011)
Adjusted for:		
Receivable and Other Advances		7 00 000
Trade Payable and Other Liabilities	98 115	(18 618)
	<u>98 115</u>	<u>6 81 382</u>
Cash (Used in) Operations	(7 150)	(6 629)
Tax Refund	-	-
Tax Paid	<u>-</u>	<u>-</u>
Net Cash from Operating Activities	<u>(7 150)</u>	<u>(6 629)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Generated from Investing Activities	<u>60 004</u>	<u>60 004</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Preference Shares		-
Issue of Preference Shares		-
Net Cash Generated from / (used in) Financing Activities	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	(7 150)	53 375
Opening Balance of Cash and Cash Equivalents	2 16 252	1 62 877
Closing Balance of Cash and Cash Equivalents	<u>2 09 102</u>	<u>2 16 252</u>

Note:

- (1) Figures in brackets indicate cash outgo.
- (2) Cash and cash equivalents includes bank balances including Fixed Deposits with Bank.
- (3) Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard 7 "Statement of Cash Flow".

For and on behalf of the Board

Place : Mumbai
Date :- July 31, 2020

RAKESH GUPTA
Director
DIN No :- 00130829

Significant Accounting Policies and General Information to the Financial Statements

Note: 1 General Information and Significant Accounting Policy

1.01 General Information

Reliance Wimax Limited ("the Company"), is registered under Companies Act 1956, having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710 and wholly owned subsidiary of Reliance Communications Limited.

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standard) Rules 2015, 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).

These financial statements for the year ended March 31, 2017 are the first financial statements that the Company has prepared under Ind AS. For all periods upto and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'the Previous GAAP') used for its statutory reporting requirements in India immediately before adopting Ind AS.

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 in Schedule III to the Companies Act, 2013. 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 Recent Accounting Developments

Standards issued but not yet effective:

In March 2019, the Ministry of Corporate Affairs (the MCA), Government of India (GoI) notified Ind AS 116 'Lease' and amendments in other Ind Ass and is applicable to the Company with effect from April 1, 2019.

Ind AS116 Leases:

Ind AS116 will replace the existing leases Standard, Ind AS17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The standard permits two possible methods of transition:

-Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

-Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application. Under this approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset.

The Company is currently evaluating the effect of this amendment on the financial statements.

Ind AS 12 Income Taxes - insertion of Appendix C - Uncertainty over Income Tax Treatments :

The MCA has notified "Appendix C - Uncertainty over Income Tax Treatments" under Ind AS 12, while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The standard permits two possible methods of transition - i) Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. There shall not be any effect on adoption of Ind AS 12 Appendix C.

Ind AS 12 Income Taxes - Amendments

The MCA issued amendments to the guidance in Ind AS 12, 'Income Taxes', applicable from April 1, 2019 in connection with accounting for dividend distribution taxes. There shall not be any impact of the said amendments.

Ind AS 19 Employee Benefits - Amendments

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments are require an entity:

Significant Accounting Policies and General Information to the Financial Statements

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

There shall not be any impact on account of this amendment.

1.04 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 judgement in applying the accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

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 judgements pertaining to useful life of property, plant and equipment including intangible asset (Note 2.01 and Note 2.02), current tax expense and payable, recognition of deferred tax assets for carried forward tax losses (Note 2.06), fair value of unlisted securities (Note 2.09), impairment of trade receivables and other financial assets (Note 2.10) and measurement of defined benefit obligation (Note 2.47)

Useful life of Property, Plant and Equipment including intangible asset: The 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.

Taxes : The Company provides for tax considering the applicable tax regulations and based on reasonable 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. MAT (Minimum Alternate Tax) is recognized as an asset only when and to the extent there is convincing 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 convincing evidence to the effect that Company will be able to absorb such credit during the specified period.

Fair value measurement and valuation process: The Company measured its investments in equity shares of subsidiaries at fair value and certain financial assets and liabilities for financial reporting purposes. The fair values of investments in subsidiaries are not quoted in an active market and are determined by using valuation techniques, primarily earnings multiples and discounted cash flows. The models used to determine fair values including estimates / judgements involved are validated and periodically reviewed by the management. The inputs used in the valuation models include unobservable data of the Companies which are categorised within level 3 fair value measurements. They are based on historical experience, technical evaluation and other factors, including expectations of future events. Considering the level of estimation involved and unobservable inputs, the Company has engaged a third party qualified valuer to perform the valuation. Based on the actual performance of respective subsidiaries project, the inputs considered for valuation may vary materially and could cause a material adjustment to carrying amount of investments.

Significant Accounting Policies and General Information to the Financial Statements

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 (including lease 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 collectible.

Contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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 the 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.

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).

1.05 Functional Currency and Presentation Currency

These financial statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company

1.06 Property, Plant and Equipment

- (i) Property, plant and equipment (PPE) are stated at cost net of Modvat/ Cenvat 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) On transition to Ind AS, the Company has availed the deemed cost exemption in relation to the Tangible Assets on the date of transition
- (v) Depreciation is provided on Straight Line Method based on useful life of the assets prescribed in Schedule II to the Companies Act, 2013.

1.07 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production 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 its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.08 Revenue Recognition and Receivables

- (i) Revenue is recognised when 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 (Service Income) is recognised as and when the services are performed on the basis of actual usage of the company's network.
- (iii) 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.
- (iv) Revenue from contracts with customers
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.

Significant Accounting Policies and General Information to the Financial Statements

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. 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.

1.09 Taxes on Income and Deferred Taxes

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that is probable that taxable profit will be available against which those 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 the deferred income tax assets and liabilities relate to 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. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.10 Provisions, 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. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.11 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax. The number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average shares considered for deriving Basic Earning per Share and also weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares unless the results would be anti-dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.12 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 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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(ii) **Subsequent measurement**

Subsequent measurement of the debt instruments depends on the Company's business model for managing asset and cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

(iii) **Financial Assets measured at amortised cost**

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

Significant Accounting Policies and General Information to the Financial Statements

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.

(iv) **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 Company 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.

(v) **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 Company 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').

(vi) **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 Company 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 Company 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 Company 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 Company 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

(vii) **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 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 '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.

(viii) **Impairment of Financial Assets**

The Company 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 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 and loans.

Significant Accounting Policies and General Information to the Financial Statements

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described herein:

(a) **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 Company 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.

(b) **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.

(iii) 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.

1.13 Impairment of Non Financial Assets

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.

1.14 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 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

Retirement benefits to employees comprise contributions to provident fund and gratuity fund. The Company's contributions to these funds are expensed, as incurred, in the statement of Profit and Loss. The contributions towards provident fund are made to statutory authorities and contributions towards gratuity fund are made under policies taken from the Life Insurance Corporation of India ('LIC'). In respect of gratuity, the adequacy of the accumulated fund available with LIC has been confirmed on the basis of an actuarial valuation made at year-end.

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 any 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.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

Significant Accounting Policies and General Information to the Financial Statements

Remeasurements which comprise 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.

(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. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the balance sheet date.

Remeasurements gain and losses is recognised in the Statement of Profit and Loss in the period in which they arise.

Reliance Wimax Limited

Notes on Accounts to the Financial Statements

	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
2.02 Cash and Cash Equivalents		
Balance with Banks	1 89 102	1 96 252
Fixed Deposit	<u>20,000</u>	<u>20,000</u>
	<u>2 09 102</u>	<u>2 16 252</u>
2.03 Other Financial Assets		
Advances to Related Parties (Unsecured, Considered good)	5 09 78 853	5 09 78 853
	<u>5 09 78 853</u>	<u>5 09 78 853</u>
2.04 Share Capital		
Authorised Equity		
15 00 000 (15 00 000) Equity Shares of ₹ 10 each	1 50 00 000	1 50 00 000
Preference		
20 00 000 (20 00 000) Preference Shares of ₹ 10 each	2 00 00 000	2,00,00,000.00
	<u>3 50 00 000</u>	<u>1 50 00 000</u>
Issued, Subscribed and Paid up		
6 87 066 (6 87 066) Equity Shares of ₹ 10 each fully paid up	68 70 660	68 70 660
	<u>68 70 660</u>	<u>68 70 660</u>

Equity Shares

a) All the 6 87 066 shares are held by Reliance Communications Limited, the Holding Company & its nominees.

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after the distribution of all the preferential amounts, in proportion to their shareholdings.

Preference Shares

a) All the 10 00 000 shares are held by Reliance Communications Limited, the Holding Company & its nominees.

b) Terms/rights attached to preference shares

7.5% Redeemable Non cumulative Non Convertible Preference Shares shall be redeemed at the end of 20 (twenty) years from the date of allotment or as mutually agreed by both the parties. The above shares shall be redeemed at 7.5% yield p.a. on face value.

Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

Equity shares	No. of Shares	Amount
At the beginning of the year	6 87 066	68 70 660
Add/ (Less): Changes during the year	-	-
At the end of the year	<u>6 87 066</u>	<u>68 70 660</u>
7.5% Redeemable Non Cumulative Non Convertible Preference Shares		
	No. of Shares	Amount
At the beginning of the year	10 00 000	1 00 00 000
Add/ (Less): Changes during the year	-	-
At the end of the year	<u>10 00 000</u>	<u>1 00 00 000</u>

Reliance Wimax Limited

Notes on Accounts to the Financial Statements

2.05 Other Equity

(Amount in ₹)

Particulars	Reserves and Surplus			Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve	Retained Earnings		
Balance as at 01.04.2018	25 44 42 554	46 78 000	(22 58 69 899)	(13 479)	3 32 37 176
Total Comprehensive Income for the year			(6 88 011)		(6 88 011)
Balance as at 31.03.2019	25 44 42 554	46 78 000	(22 65 57 910)	(13 479)	3 25 49 165
Total Comprehensive Income for the year			(1 05 265)		(1 05 265)
Balance as at 31.03.2020	25 44 42 554	46 78 000	(22 66 63 175)	(13 479)	3 24 43 900

Reliance Wimax Limited**Notes on Accounts to the Financial Statements**

	As at	(Amount in ₹) As at:
	March 31, 2020	March 31, 2019
2.06 Borrowings		
10 00 000 7.5% Redeemable Non Cumulative Non Convertible Preference Shares (Refer Note 2.04) (10 00 000)	1 00 00 000	1 00 00 000
	<u>1 00 00 000</u>	<u>1 00 00 000</u>
2.07 Other Financial Liabilities		
Provision for Expenses	11 73 901	10 75 786
Payable to Related Parties	6 99 494	6 99 494
	<u>18 73 395</u>	<u>17 75 280</u>

Reliance Wimax Limited
Notes on Accounts to the Financial Statements

(Amount in ₹)

For the year ended
March 31, 2020

For the year ended
March 31, 2019

2.08 Other Income

Other Income	-	2 542
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

2.09 General administration Expenses

Bank Charges	-	69 014
Legal and Professional Fees	5 265	7 020
Others	-	64 519
Payment to Auditors	1 00 000	5 50 000
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Notes on Accounts to the Financial Statements

2.10 Previous Year

The figures of the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees.

2.11 Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The management believes that it is appropriate to prepare these financial statements on 'going concern' basis. During the earlier year, License issued by Department of Telecommunications, for providing Internet services had expired but Management proposes to enter into trading activity and/ or any other activity utilizing the resources of the Company.

2.12 Contingent Liabilities	As at March 31, 2020	As at March 31, 2019
Bank guarantees and letters of credit	2 20 00 000	2 20 00 000

2.13 Earnings per Share (EPS)	For the year ended March 31, 2020	(Amount in ₹) For the year ended March 31, 2019
Profit/ (loss) attributable to Equity share holders (Numerator - Profit after tax) (₹)	(1 05 265)	(6 88 011)
Denominator - Weighted number of equity shares	6 87 066	6 87 066
Basic as well as diluted, earning per equity share (₹)	(0.15)	(1.00)

2.14 Deferred Tax Assets (net)	As at March 31, 2020	As at March 31, 2019
Related to carried forward losses	1 46 59 282	1 46 59 282
Related to timing difference on depreciation of Fixed Assets	-	-
Total Deferred Tax Assets	<u><u>1 46 59 282</u></u>	<u><u>1 46 59 282</u></u>

Significant management judgement considered in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. The Company on a conservative basis has restricted deferred tax asset to Nil. Yearwise expiry of total losses are as under:

S.No	Year of Expiry	Amount of Loss
I)	Financials Year 2017-18	2 60 32 838
II)	Financials Year 2018-19	36 92 500
III)	Unabsorbed Depreciation for unlimited period	1 77 15 704

(a) Amounts recognised in profit and loss

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current income tax	-	-
Tax for earlier years	-	-
Tax expense for the year	<u><u>-</u></u>	<u><u>-</u></u>

(b) Amounts recognised in other comprehensive income.

Nil Nil

(c) Reconciliation of Tax Expenses

Profit/ (Loss) before Tax	(1,05,265)	(6,88,011)
Applicable Tax Rate	30.9%	30.9%
Computed Tax Expenses (I)	(32,527)	(2,12,595)
Add: Expenses not considered for taxable profit	<u><u>32,527</u></u>	<u><u>2,12,595</u></u>
	<u><u>-</u></u>	<u><u>-</u></u>

2.15 Segment Reporting

There are no reportable Segments as per Ind AS-108 "Operating segment" as Company engaged in single line of business.

2.16 Post Reporting Events

Notes on Accounts to the Financial Statements

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

2.17 Related Parties :

As per Ind AS- 24, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below

a) Name of the Related Party	Relationship
i Reliance Innoventures Private Limited	Ultimate Holding Company
ii Reliance Communications Limited	Holding Company
iii Reliance Communications Infrastructure Limited	Fellow Subsidiary Company

b) Transactions during the year with related parties :

(Amount in ₹)

Sr. No.	Nature of Transactions	Holding Company	Fellow Subsidiary Company	Total
1	Other Payable	6 99 494 (6 99 484)		6 99 494 (6 99 484)
2	Advances to Related Parties		5 09 78 853 (5 09 78 853)	5 09 78 853 (5 09 78 853)

Note : 2.18

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 have been used to estimate the fair values:

Fair value of cash , trade and other short term receivables, trade payables, other financial liabilities, short term loans approximate their carrying amounts largely due to the short term maturities of these instruments

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).

There is no fair valuation of Financial Instruments. The carrying value of the financial instruments by categories were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.02)	2 09 102	2 16 252
Other Financial Assets (Refer Note 2.03)	5 09 78 853	5 09 78 853
Financial assets at fair value through Profit and Loss/ other Comprehensive Income:	Nil	Nil
Financial liabilities at amortised cost:		
Borrowings (Refer Note 2.06)	1 00 00 000	1 00 00 000
Other Financial Liabilities (Refer Note 2.07)	18 73 395	17 75 280
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	Nil	Nil

2 Financial Risk Management Objectives and Policies

The Company's financial liabilities comprise of borrowings to manage its operation and the financial assets include cash and bank balances, other receivables etc. arising from its operation.

Financial risk management

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. 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.

Exposure to interest rate risk

The Company does not have Interest rate risk as there is no interest bearing liability or assets.

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The Company does not have exposure to the credit risk at the reporting date.

Liquidity risk

Reliance Wimax Limited

Notes on Accounts to the Financial Statements

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company does not have any contractual maturities of financial liabilities.

Note : 2.19

Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholders value. The funding requirement is met through a mixture of equity, internal accruals and borrowings which the Company monitors on regular basis.

	As at March 31, 2020	As at March 31, 2019
(a) Equity	3 93 14 560	3 94 19 825
(b) Debt	1 00 00 000	1 00 00 000
(c) Equity + Debt (a+b)	4 93 14 560	4 94 19 825
(d) Capital Gearing Ratio (b/c)	20%	20%

Note : 2.20

Authorisation of Financial Statements

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors on July 31, 2020.

For and on behalf of the Board

Place : Mumbai

Date :- July 31, 2020

RAKESH GUPTA
Director
DIN No :- 00130829

Independent Auditor's Report

To the Members of Reliance Bhutan Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **Reliance Bhutan Limited** ("*the Company*") which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, (statement of changes in equity) and statement 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, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 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 our opinion.

Emphasis of Matter

Effects of COVID-19

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. The COVID-19 outbreak was declared a global pandemic by the World Health

Organization. The Indian government had announced countrywide lockdown from 24th March, 2020 which is continued at present. In this nation-wide lock-down period, though all the services across the nation were suspended, some essential services establishments could operate and were exempted from the lock-down.

The management has assessed the potential impact of the COVID-19 on the Company. Based on the current assessment, the management is of the view that impact of COVID-19 on the operations of the Company and the carrying value of its assets and liabilities is not likely to be material for and up to March 31, 2020 and there has been no material change in the controls or processes followed in the closing of the financial statements and hence the necessary effects have been captured in the financial statements for the year 2019-2020.

Since the situation is rapidly evolving, its effect on the operations of the Company may be different from that estimated as at the date of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions. Our opinion is not modified in respect of the matters described under paragraph above.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity)ⁱ 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

Auditor's Responsibility 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. 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 financial statements.

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 statement 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:

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.

- a. 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 [and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- b. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- g. 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 does not have any pending litigations as at March 31, 2020

- ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2020 for which there were any material foreseeable losses; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

For Priti V Mehta & Co
Chartered Accountants
Firm Regn.No. 129568W

Priti V.Mehta
(Proprietor)
M. No. 130514
UDIN: 20130514AAAACD2903

Place: Mumbai
Date: 31st July,2020

Reliance Bhutan Limited

Annexure A to Independent Auditor's Report - 31st March 2020

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

1. The company does not have fixed assets as on 31st March 2020. Accordingly paragraphs 1(a), (b) and (c) of the orders are not applicable to the company.
2. The Company does not have inventories at the end of financial year. Accordingly paragraphs 2 of the orders are not applicable to the company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other covered in the register maintained under section 189 of the Act. Accordingly paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under Sub-Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, goods and services tax, income tax, cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of goods and services tax, income tax, and cess were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.

Reliance Bhutan Limited

Annexure A to Independent Auditor's Report - 31st March 2020

10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.
13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act.2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For Priti V Mehta & Co
Chartered Accountants
Firm Regn.No. 129568W

Priti V.Mehta
(Proprietor)
M. No. 130514
UDIN: 20130514AAAACD2903

Place: Mumbai
Date: 31st July,2020

Annexure B to Independent Auditor’s Report - 31st March 2020 on the Financial Statements of Reliance Bhutan Limited

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 over financial reporting of **Reliance Bhutan 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’. 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 Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 over financial reporting 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 over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over 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 judgement, 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 audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

Annexure B to Independent Auditor's Report - 31st March 2020 on the Financial Statements of Reliance Bhutan Limited

A company's internal financial control over financial reporting 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 over financial reporting 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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".

For Priti V Mehta & Co
Chartered Accountants
Firm Regn.No. 129568W

Priti V.Mehta
(Proprietor)
M. No. 130514
UDIN: 20130514AAAACD2903

Place: Mumbai

Date: 31st July,2020

Reliance Bhutan Limited

Balance Sheet as at March 31, 2020

			As at March 31, 2020	(Amount in ₹) As at March 31, 2019
ASSETS				
Non Current Assets				
(a) Income Tax Assets (net)	2.01		18 278	19 936
Current Assets				
(a) Financial Assets				
(i) Investments	2.02	200 00 00 000		200 00 00 000
(ii) Cash and Cash Equivalents	2.03	5 64 888	200 05 64 888	200 05 34 627
(b) Other Current Assets	2.04		13 817	14 799
Total Assets			<u>200 05 96 983</u>	<u>200 05 69 362</u>
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.05	5 00 000		5 00 000
(b) Other Equity	2.06	<u>(4 86 762)</u>	13 238	<u>(4 94 822)</u> 5 178
Liabilities				
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.07	200 05 07 739		200 05 02 339
(b) Other Current Liabilities	2.08	<u>76 006</u>	200 05 83 745	<u>61 845</u> 200 05 64 184
Total Equity and Liabilities			<u>200 05 96 983</u>	<u>200 05 69 362</u>
Significant Accounting Policies	1			
Notes to the Financial Statements	2			

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For **Priti V Mehta & Co**
Chartered Accountants
Firm Registration No 129568W

For and on behalf of the Board

Rakesh Gupta
Director
DIN No :- 00130829

Priti V Mehta
Proprietor
Membership No. 130514

Arvind Purohit
Director
DIN No :- 08349713

Place : Mumbai
Date : July 31, 2020

Reliance Bhutan Limited**Statement of Profit and Loss for the year ended March 31, 2020**

(Amount in ₹)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
I INCOME			
Other Income	2.09	31 941	20 883
Total Income		31 941	20 883
II EXPENDITURE			
General and Administrative Expenses	2.10	15 576	28 910
Total Expenses		15 576	28 910
III Profit /(Loss) Before Tax (I- II)		16 365	(8 027)
IV Tax expense:			
- Current Tax		8 305	5 430
- Short/ (Excess) provision of earlier years		-	-
V Profit/ (Loss) After Tax		8 060	(13 457)
VI Other Comprehensive Income		-	-
VII Total Comprehensive Income		8 060	(13 457)
Earning per share of face value of ₹ 10 each for fully Paid			
	2.12		
Basic (₹)		0.16	(0.27)
Diluted (₹)		0.16	(0.27)

Significant Accounting Policies 1
Notes to the Financial Statements 2

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date
For Priti V Mehta & Co
Chartered Accountants
Firm Registration No 129568W

For and on behalf of the Board

Rakesh Gupta
Director
DIN No :- 00130829

Priti V Mehta
Proprietor
Membership No. 130514

Arvind Purohit
Director
DIN No :- 08349713

Place : Mumbai
Date : July 31, 2020

Reliance Bhutan Limited

Statement of Change in Equity for the year ended March 31, 2020

(Amount in ₹)

A Equity

For the year ended
March 31, 2020

For the year ended
March 31, 2019

Balance at the beginning of the year

5 00 000

5 00 000

Change in equity share capital during the period

-

-

Balance at the end of the period

5 00 000

5 00 000

B Other Equity

Surplus/ (Deficit) in statement of Profit and Loss

Particular

Retained Earnings

Balance of Profit/ (Loss) as at April 1,2018

(4 81 365)

Add : Profit \ (Loss) for the year

(13 457)

Balance Profit/ (Loss) as at March 31, 2019

(4 94 822)

Add : Profit \ (Loss) for the period

8 060

Balance Profit/ (Loss) as at March 31, 2020

(4 86 762)

As per our Report of even date

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

For and on behalf of the Board

Rakesh Gupta

Director

DIN No :- 00130829

Priti V Mehta

Proprietor

Membership No. 130514

Arvind Purohit

Director

DIN No :- 08349713

Place : Mumbai

Date : July 31, 2020

Reliance Bhutan Limited**Statement of Cash Flow for the year ended March 31, 2020**

(Amount in ₹)

**For the year ended
March 31, 2020****For the year ended
March 31, 2019****A CASH FLOW FROM OPERATING ACTIVITIES**

Net Profit /(Loss) before tax as per Statement of Profit and Loss	16 365		(8 027)
Adjusted for:			
Interest on Fixed Deposit with Bank	(31 941)		(20 883)
Operating Profit before Working Capital Changes	(15 576)		(28 910)
Adjusted for:			
Receivables and other Advances	-		-
Other Current Liabilities	<u>14 161</u>	14 161	<u>(20 221)</u>
Cash (used in) / Generated from Operations		(1 416)	(49 131)
Tax Refund		-	-
Tax Paid		(6 647)	(7 188)
Net Cash used in Operating Activities		(8 063)	(56 319)

B CASH FLOW FROM INVESTING ACTIVITIES

Interest on Fixed Deposit with Bank		32 923	31 912
Net Cash Generated from Investing Activities		32 923	31 912

C CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Short Term Borrowings		5 400	55 100
Net Cash from Financing Activities		5 400	55 100
Net Increase/ (Decrease) in Cash and Cash Equivalents		30 261	30 693
Opening Balance of Cash and Cash Equivalents		5 34 627	5 03 934
Closing Balance of Cash and Cash Equivalents		5 64 888	5 34 627

Note:

- Cash and Cash Equivalent includes cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.
- Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard 7 "Statement of Cash Flow".

As per our Report of even date

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

For and on behalf of the Board**Rakesh Gupta**

Director

DIN No :- 00130829

Priti V Mehta

Proprietor

Membership No. 130514

Arvind Purohit

Director

DIN No :- 08349713

Place : Mumbai

Date : July 31, 2020

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2020

1. General Information and Significant Accounting Policies

1.01 General Information

Realsoft Bhutan Limited ("the Company"), is registered under Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Infratel Limited.

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, 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 of the Companies Act, 2013 ("the Act") read with Rule 3 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 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 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 "Income Tax" and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 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 require 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 provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

Notes on Accounts to the Financial Statement as at March 31, 2020

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.

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.

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 Company and that are believed to be reasonable under the circumstances.

1.05 Functional Currency and Presentation Currency

These financial statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets up to the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) 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.

ii) The Company determines whether revenue should be recognised 'over time' or 'at a point in time'.

iii) 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.

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, 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. 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. Contingent Assets are not recognised but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares 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 of the beginning of the period, unless issued at a later date.

1.11 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 Assets

Classification

- (i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.
- (ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.
- (iii) **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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.
- (iv) **Financial Assets measured at amortised cost:**
Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.
- (v) **Financial Assets measured at fair value through profit or loss (FVTPL):**
Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.
- (vi) **Investment in Mutual Funds:**
A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.
- (vii) **Derecognition of Financial Assets**
A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.
- (viii) **Impairment of Financial Assets**
In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

- (i) **Classification**
The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- (ii) **Initial recognition and measurement**
All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.
- (iii) **Subsequent measurement**
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 that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
- (iv) **Loans and Borrowings**
Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or 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 the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2020

(v) 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.

(vi) Derivative Financial Instrument and Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2020

	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
2.01 Income Tax Assets		
Advance taxes and Tax deducted at source (Net)	18 278	19 936
	<u>18 278</u>	<u>19 936</u>
2.02 Investments		
a) Investment in Preference Shares of Companies-		
50 00 000 7.5% Redeemable Non Cumulative Non Convertible (50 00 000) Preference share of Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited) ₹ 10 each	200 00 00 000	200 00 00 000
	<u>200 00 00 000</u>	<u>200 00 00 000</u>
2.03 Cash and Cash Equivalents		
Balance with Banks	6 807	8 223
Bank Deposit	5 58 081	5 26 404
	<u>5 64 888</u>	<u>5 34 627</u>
2.04 Other Current Assets (Considered Good)		
Interest accrued on Fixed Deposits	13 817	14 799
	<u>13 817</u>	<u>14 799</u>

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2020

	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
2.05 Equity Share Capital		
Authorised		
50 000 (50 000) Equity Shares of ₹ 10 each	5 00 000	5 00 000
	<u>5 00 000</u>	<u>5 00 000</u>
Issued, Subscribed and Paid up		
50 000 (50 000) Equity Shares of ₹ 10 each	5 00 000	5 00 000
	<u>5 00 000</u>	<u>5 00 000</u>

2.05.01 Equity Shares

a) All the 50,000 shares are held by Reliance Infratel Limited, the Holding Company & its Nominee.

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 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 the remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder

2.05.02 Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Equity Shares

	As at March 31, 2020	As at March 31, 2019
	No. of shares	No. of shares
At the beginning of the Year	50 000	50 000
Add / (Less) : Changes during the period	-	-
At the end of the period	<u>50 000</u>	<u>50 000</u>

2.06 Other Equity

	As at March 31, 2020	As at March 31, 2019
Surplus / (Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(4 94 822)	(4 81 365)
Add: Profit / (Loss) for the period	<u>8 060</u>	<u>(13 457)</u>
	<u>(4 86 762)</u>	<u>(4 94 822)</u>

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2020

(Amount in ₹)

	As at March 31, 2020	As at March 31, 2019
2.07 Borrowings		
Unsecured		
Loans and Advances from Related Parties (Refer Note 2.16)	200 05 07 739	200 05 02 339
	<u>200 05 07 739</u>	<u>200 05 02 339</u>
2.08 Other Current Liabilities		
Provision for expenses	76 006	61 845
	<u>76 006</u>	<u>61 845</u>
2.09 Interest Income		
Interest on Fixed Deposit with Bank	31 941	20 883
	<u>31 941</u>	<u>20 883</u>
*(Tax Deducted at Source ` nil (Previous year ` 1 246.00)		
2.10 General and Administrative expenses		
Professional Fees	-	14 750
Payment to Auditors - Audit Fees	14 160	14 160
Bank Charges	1 416	-
Other Miscellaneous Expenses	-	-
	<u>15 576</u>	<u>28 910</u>

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2020

Note : 2.11

Previous Year

The figures of the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees except as otherwise stated.

Note : 2.12

(Amount in ₹)

Earnings per Share (EPS)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Numerator - Profit /(Loss) after tax (₹)	8 060	(13 457)
Denominator - Weighted number of equity shares	50 000	50 000
Basic as well as diluted, earning per equity share (₹)	0.16	(0.27)

Note : 2.13

Deferred Tax Assets

Significant management judgement considered in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. The Company on a conservative basis has restricted deferred tax asset to Nil.

S.No	Year of Expiry	Amount of Loss
I)	A.Y.2018-2019	98,534
II)	A.Y.2019-2020	86,555

(a) Amounts recognised in profit and loss

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current income tax	8 305	5 430
Deferred income tax liability / (asset), net	-	-
Tax expense for the year	8 305	5 430

(b) Amounts recognised in other comprehensive income - Rs. Nil

(c) Reconciliation of Tax Expenses

Profit/ (Loss) before Tax	16 365	(8 027)
Applicable Tax Rate	25.75%	25.75%
Computed Tax Expenses (I)	4 214	(2 067)
Add: Tax on Expenses disallowed	4 091	7 497
Income Tax Expenses charge / (credit) to Statement of Profit and Loss	8 305	5 430

Note : 2.14

Segment Reporting

There are no reportable Segments as per Ind AS-108 "Operating segment" issued by the Institute of Chartered Accountants of India.

Note : 2.15

Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2020

Note : 2.16

1 Related Parties :

As per Ind AS- 24, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below

a) Name of the Related Party	Relationship
i Reliance Communications Limited	Ultimate Holding Company
ii Reliance Infratel Limited	Holding Company
iii Reliance Communications Infrastructure Limited	Fellow Subsidiary Company
iv Reliance Realty Limited	Fellow Subsidiary Company
v Reliance Tech Services Private Limited	Fellow Subsidiary Company

b) Transactions during the year with related parties :

(Amount in ₹)

Sr. No.	Nature of Transactions	Ultimate Holding Company	Fellow Subsidiary	Total
1	Short Term Borrowings			
	Balance as at April 1, 2019	1 41 574 (1 41 574)	200 03 60 765 (200 03 05 665)	200 05 02 339 (200 04 47 239)
	Taken During the period	-	5 400	5 400
	Repaid during the period	(-)	(5 00 55 100)	(5 00 55 100)
	Balance as at March 31, 2020	1 41 574 (1 41 574)	200 03 66 165 (200 03 60 765)	200 05 07 739 (200 05 02 339)
2	Other Receivable			
	Balance as at April 1, 2019	-	-	-
	Taken During the period	(-)	(-)	(-)
	Adjusted during the period	-	-	-
	Balance as at March 31, 2020	(-)	(-)	(-)
3	Investment in Preference Shares			
	Balance as at April 1, 2019	-	200 00 00 000	200 00 00 000
	Purchases During the period	(-)	(200 00 00 000)	(200 00 00 000)
	Sale during the period	-	-	-
	Balance as at March 31, 2020	(-)	200 00 00 000 (200 00 00 000)	200 00 00 000 (200 00 00 000)

Note : 2.17

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 have been 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 approximate their carrying amounts largely due to the short term maturities of these instruments

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 the financial instruments by categories were as follows:

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2020

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.03)	5 64 888	5 34 627
Financial assets at fair value through Profit and Loss/ other Comprehensive Income:	Nil	Nil
Investments (Refer Note 2.02)	200 00 00 000	200 00 00 000
Financial liabilities at amortised cost:		
Borrowings (Refer Note 2.07)	200 05 07 739	200 05 02 339
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	Nil	Nil

2 Financial Risk Management Objectives and Policies

The Company does not have any activity during the year and therefore no financial risks like market risk, credit risk and liquidity risk.

Financial risk management

Market risk

The Company operates in India only. Market Risk is the risk that changes in market prices such as interest rates will affect income or value of its holding financial assets/ instruments.

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. 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.

Exposure to interest rate risk

The Company does not have Interest rate risk as there is no interest bearing liability

The Company's interest bearing financial instruments are reported as below:

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Rate Instruments		
Financial Assets	5 58 081	5 26 404
Financial Liabilities	Nil	Nil
Variable Rate Instruments	Nil	Nil

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

Impact on Profit and Loss / Equity

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Impact of increase in interest rate by 100 basis point	5 581	5 264

If the interest rate is adversely affected with decrease by 100 basis point, profit shall also accordingly be affected vice versa.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and is calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

Derivative financial instruments

The Company does not hold derivative financial instruments

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The Company does not have exposure to the credit risk at the reporting date.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company does not have any contractual maturities of financial liabilities.

Reliance Bhutan Limited

Notes on Accounts to the Financial Statement as at March 31, 2020

Note : 2.18

Segment Reporting

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS")108 - 'Operating Segment'

Note : 2.19

Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholders value. The funding requirement is met through a mixture of equity, internal accruals and borrowings which the Company monitors on regular basis.

Note : 2.20

Impact of Covid 19

There is no significant impact on the Company's financial results on account of the Covid 19 pandemic

Note : 2.21

Authorisation of Financial Statements

The financial statements for the year ended March 31, 2020 are approved by the Board of Directors on July 31, 2020.

As per our Report of even date

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

For and on behalf of the Board

Rakesh Gupta

Director

DIN No :- 00130829

Priti V Mehta

Proprietor

Membership No. 130514

Arvind Purohit

Director

DIN No :- 08349713

Place : Mumbai

Date : July 31, 2020

Independent Auditor's Report on Ind AS financial statements To the Members of Reliance Webstore Limited

Report on the Ind AS financial statements

Qualified Opinion

We have audited the Ind AS financial statements of **Reliance Webstore Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS 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 effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid 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 and its loss (including other comprehensive income) and its cash flows for the year ended on that date.

Basis for Qualified Opinion

A. Note no. 2.27 of the Ind AS financial statements, regarding the pending impairment review by the Company of its investments and other financial & non-financial assets as at March 31, 2020, hence no provision in the books of account has been made by the Company. In the absence of assessment of impairment by the Company, we are unable to comment on the recoverable amount with regard to said items.

Material Uncertainty Relating to Going Concern

We draw attention to Note no. 2.27 of the Ind AS financial statements regarding significant decline in the operations of the Company, further the net worth of the Company has been eroded, the Company continues to incur losses, current liabilities exceed current assets and Company has defaulted in payment of statutory dues.

These conditions raise significant doubt on the ability of the Company to continue as a "Going Concern". These events or conditions, along with other matters indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, financial statements have been prepared based on going concern basis for the reasons stated in the said note.

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.

Emphasis of Matter

Effects of COVID-19:

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. The COVID-19 outbreak was declared a global pandemic by the World Health Organization. The Indian government had announced countrywide lockdown from 24th March, 2020 which is continued at present. In this nation-wide lock-down period, though all the services across the nation were suspended, some essential services establishments could operate and were exempted from the lock-down.

The management has assessed the potential impact of the COVID-19 on the Company. Based on the current assessment, the management is of the view that impact of COVID-19 on the operations of the Company and the carrying value of its assets and liabilities is not likely to be material for and up to March 31, 2020 and there has been no material change in the controls or processes followed in the closing of the financial statements and hence the necessary effects have been captured in the financial statements for the year 2019-2020.

Since the situation is rapidly evolving, its effect on the operations of the Company may be different from that estimated as at the date of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions.

Our opinion is not modified in respect of the matters described under paragraph above.

Information Other than the Ind AS financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS 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 Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management 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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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. 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 Ind AS 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 Ind AS 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 Ind AS 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 Company to cease to continue as a going concern.
Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS 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.

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 statement 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:

(a) 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 Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015. , except requirement of Ind AS 36 on Impairment of Assets, Ind 37 on Provisions, Contingent Liabilities and Contingent Assets, with regard to matters described in the Basis of Qualified Opinion paragraph above.

(e) The matter described under the basis for qualified opinion paragraph and Material Uncertainty Related to Going Concern paragraph above in our opinion, may have an adverse effect on functioning of the Company and on the amounts disclosed in Ind AS Ind AS financial statements of the Company;

(f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

(h) 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 explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(i) 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 Ind AS financial statements - Refer Note no. 2.26 to the Ind AS 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 Priti V Mehta & Company
Chartered Accountants,
Firm Regn.No:129568W

Priti V. Mehta
Proprietor
M. No.130514
UDIN: 20130514AAAACC7740

Place : Mumbai
Date : July 31st, 2020

Reliance Webstore Limited

“Annexure A” to the Independent Auditor’s Report -March 31, 2020

With reference to the Annexure A referred to in the Independent Auditor’s Report to the Members of Reliance Webstore Limited (‘the Company’) on the Ind AS 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) As explained to us, the fixed assets have been physically verified by the management during the year and no material discrepancies were notice on such verification.
(c) According to the information and explanations given to us, there is no immovable property lying in fixed assets in the books of the company as on March 31, 2020. Accordingly, paragraphs 3 (i) (c) of the order are not applicable to the company.
- ii. The inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- iii. 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. 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.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph (v) of the Order is not applicable to the Company.
- vi. As informed to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act. Accordingly paragraph (vi) of the Order is not applicable to the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, goods and service tax (GST), duty of excise, service tax, duty of customs, sales tax, value added tax (VAT), entry tax, employees’ state insurance, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities except amount mentioned below which were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

Name of Statute	Nature of Dues	Amount (Rs. In Crore)	Period to which the amount relates	Due Date	Date of Payment
Central Sales Tax Act, 1956	Central Sales Tax Payable	1,78,646	Prior to Mar 17	Various Dates	Unpaid
Maharashtra Value Added Tax Act, 2002	Value Added Tax Payable	3,72,77,026	Prior to Mar 18	Various Dates	Unpaid
Bihar VAT Act, 2005	Value Added Tax Payable	20,915	Prior to Mar 18	Various Dates	Unpaid
Chandigarh VAT Act, 2005	Value Added Tax Payable	7,586	Prior to Mar 18	Various Dates	Unpaid
Daman & Diu VAT Act, 2005	Value Added Tax Payable	525	Prior to Mar 18	Various Dates	Unpaid
Haryana General Sales Tax Act, 1973	Value Added Tax Payable	4,03,041	Prior to Mar 18	Various Dates	Unpaid
Jharkhand VAT Act, 2005	Value Added Tax Payable	342	Prior to Mar 18	Various Dates	Unpaid
Karnataka VAT Act, 2003	Value Added Tax Payable	4,98,753	Prior to Mar 18	Various Dates	Unpaid
Finance Act, 1994	Service Tax	30,63,223	Prior to Mar 18	Various Dates	Unpaid
West Bengal VAT Act, 2005	Value Added Tax Payable	21,16,191	Prior to Mar 18	Various Dates	Unpaid
Madhya Pradesh Value Added Tax Act, 2002	Value Added Tax Payable	8,68,253	Prior to Mar-17	Various Dates	Unpaid
Telangana Value Added Tax Act, 2005	Value Added Tax Payable	49,11,016	Prior to Mar-17	Various Dates	Unpaid
Maharashtra Value Added Tax Act, 2002	Works Contract Tax Payable	1,06,576	2016-17	Various Dates	Unpaid
Central GST Act, 2017	CGST	1,13,07,516	2017-18 2018-19	Various Dates	Unpaid
Integrated GST Act, 2017	IGST	33,73,764	2017-18 2018-19	Various Dates	Unpaid
Assam GST Act, 2017	SGST	9,297	2017-18 2018-19	Various Dates	Unpaid

Haryana GST Act, 2017	SGST	3,25,574	2017-18 2018-19	Various Dates	Unpaid
Himachal Pradesh GST Act, 2017	SGST	2,465	2017-18 2018-19	Various Dates	Unpaid
Jharkhand GST Act, 2017	SGST	2,452	2017-18 2018-19	Various Dates	Unpaid
Kerala GST Act, 2017	SGST	28,810	2017-18 2018-19	Various Dates	Unpaid
Meghalaya GST Act, 2017	SGST	16,669	2017-18 2018-19	Various Dates	Unpaid
Punjab GST Act, 2017	SGST	29,915	2017-18 2018-19	Various Dates	Unpaid
Tamil Nadu GST Act, 2017	SGST	12,20,304	2017-18 2018-19	Various Dates	Unpaid
Uttar Pradesh GST Act, 2017	SGST	14,08,140	2017-18 2018-19	Various Dates	Unpaid
Uttaranchal GST Act, 2017	SGST	10,041	2017-18 2018-19	Various Dates	Unpaid
Andhra Pradesh CST Act	CST	2,26,997	2016-17	Various Dates	Unpaid
Kerala VAT Act	VAT	52,433	2012-13	Various Dates	Unpaid
Telangana CST Act	CST	3,45,69,873	2015-16	Various Dates	Unpaid

(b) According to the information and explanations given to us, there are no dues of Duty of Customs and Cess which have not been deposited on account of any dispute. The dues of Income Tax, Service Tax, Sales Tax, VAT and Entry Tax as disclosed below have not been deposited by the Company on account of dispute.

Nature of Statute	Nature of Tax	Period to which the Amount Relates	Forum where the dispute is pending	Amount* (Rs. In Crore)
The Finance Act, 1994	Service Tax	2006-07 to 2010-11, 2013-14	Commissioner of Appeals	26.20
Value Added Tax	CST	2005-06, 2010-11	Joint Commissioner (Appeals)	9.96
	CST	2009-10, 2010-11, 2013-14	Asst. Commissioner of Commercial Taxes	0.30

and Central Sales Tax Act	CST	2014-15	Dy. Commissioner of Commercial Taxes	0.49
	VAT	2003-04, 2010-11, 2012-13, 2014-15	Joint Commissioner (Appeals)	1.37
	VAT	2007-08	Tax Revision Board	0.03
	VAT	2009-10, 2011-12	Case Remanded Back to Assessing Authority	0.16
	VAT	Vehicle Detention case, 2008-09	Deputy Excise and Taxation Commissioner (Appeals)	0.03
Value Added Tax	VAT	2014-15	DETC (Appeals) Cum Joint Director (Investigation) Patiala Division Patiala	0.04
and Central Sales Tax Act	VAT	2009-10, 2010-11, 2013-14	Asst. Commissioner of Commercial Taxes	1.26
	VAT	2014-15	Dy. Commissioner of Commercial Taxes	0.42
	Entry Tax	2003-04	Trade Tax Tribunal	0.06
	Entry Tax	2006-07	Asst. Commissioner of Commercial Taxes	0.00
	Entry Tax	2013-14	Jt. Commissioner (Appeals)	0.20

viii. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Accordingly, the provision of clause (viii) of the order is not applicable to the company.

ix. In our opinion, and information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of clause (ix) of the order is not applicable to the company.

x. According to the information and explanations given to us, no significant fraud on or by the company by its officer or employees, that causes a material misstatement to the Ind AS financial statements, has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us and based on our examination, the company is not required to appoint Key managerial Personnel during the year. Accordingly, the provision of clause (xi) is not applicable to the company.

xii. As the Company is not a Nidhi Company, the provision of clause (xii) of the order is not applicable to the company.

xiii. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of the Act, and the details have been disclosed in the Ind AS 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. Accordingly, the provision of clause (xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us, the company has not entered into any non-cash transactions with the directors or persons connected with him as per section 192 of the Act. Accordingly, the provision of clause (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 clause (xvi) is not applicable.

For Priti V Mehta & Company
Chartered Accountants
Firm Regn.No:129568W

Priti V. Mehta
Proprietor
M. No.130514
UDIN: 20130514AAAACC7740

Place : Mumbai
Date : July 31st, 2020

Reliance Webstore Limited

“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 over financial reporting of Reliance Webstore Limited („the Company”) as of March 31, 2020 in conjunction with our audit of the Ind AS 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”. 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over 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 judgement, including the assessment of the risks of material misstatement of the Ind AS 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 audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting 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 Ind AS financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 reporting to future periods are subject to the risk that the internal financial control over 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 reporting as at March 31, 2020:

- i. Balances of trade receivable, trade payables & other liabilities, certain bank balances and loan & advances are subject to confirmation.
- ii. Statutory dues (Goods and Service Tax/Service Tax/ Value Added Tax / Tax Deducted at Source) accounts are in the process of reconciliation and there are delays in filing of certain statutory returns with the respective authorities. Company needs to strengthened internal control system in this regard.
- iii. The Company's internal control process needs to be strengthened in respect of closure of outstanding entries in Bank Reconciliation Statements.

Qualified Opinion

In our opinion, except for the effects / possible effects of the material weaknesses described above under 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 ICAI.

A „material weakness“ is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim Ind AS financial statements will not be prevented or detected on a timely basis.

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 March 31, 2020 Ind AS financial statements of the Company and these material weaknesses affect our opinion on Ind AS financial statements of the Company for the year ended March 31, 2020 [our audit report dated June 29, 2020, which expressed an qualified opinion on these Ind AS financial statements of the Company].

For Priti V Mehta & Company
Chartered Accountants
Firm Regn.No:129568W

Priti V. Mehta
Proprietor
M. No.130514
UDIN: 20130514AAAACC7740

Place : Mumbai
Date : July 31st, 2020

Reliance Webstore Limited
Balance Sheet as at March 31, 2020

(₹ in crore)

	NOTES	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non Current Assets			
(a) Property, Plant and Equipment	2.01	-	-
(b) Capital Work In Progress	2.01	-	-
(c) Investments in Subsidiaries	2.02	2.15	2.15
(d) Financial Assets			
(i) Others Financial Assets	2.03	0.03	0.03
(e) Income Tax Assets	2.04	7.41	8.81
(f) Deferred Tax Assets	2.05	0.70	0.70
Current Assets			
(a) Financial Assets			
(i) Trade Receivables	2.06	7.08	6.95
(ii) Cash and Cash Equivalents	2.07	1.03	4.18
(iii) Other Financial Assets	2.08	0.01	0.01
(b) Other Current Assets	2.09	262.40	247.17
Total Assets		280.81	269.99
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	2.10	0.05	0.05
(b) Other Equity	2.11	(639.78)	(639.61)
		(639.73)	(639.56)
LIABILITIES			
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.12	612.32	613.20
(ii) Trade Payable	2.13		
Due to Micro and Small Enterprises		2.18	5.53
Due to Others		61.50	61.59
(iii) Other Financial Liabilities	2.14	29.06	16.95
(b) Other Current Liabilities	2.15	215.48	212.26
Total Equity and Liabilities		280.81	269.99
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

Notes referred to above form an integral part of the Financial Statements

As per our Report of even date

For Priti V. Mehta & Co.
Chartered Accountants
Firm Regn No. 129568W

Priti V. Mehta
Proprietor
Membership No.130514

Place :Mumbai
Date :July 31, 2020

For and on behalf of the Board

Ramanan Laxminarayan
Director
DIN: 06739382

Grace Thomas
Director
DIN: 07079566

Reliance Webstore Limited

Statement of Profit and Loss for the Year ended March 31, 2020

(₹ in crore)

	NOTES	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from Operations	2.16	1.69	12.42
Other Income	2.17	0.17	0.17
Total Income		1.86	12.58
EXPENDITURE			
Cost of Goods Sold	2.18	0.50	6.00
Utilities and Services Consumed	2.19	0.00	0.63
Finance Costs	2.20	0.01	0.43
Other Expense	2.21	1.52	34.64
Total Expenses		2.03	41.71
Profit / (Loss) before Tax		(0.17)	(29.12)
Tax Expense :			
Current Tax		-	-
Profit / (Loss) After Tax		(0.17)	(29.12)
Other Comprehensive Income		-	-
Total Comprehensive Income		(0.17)	(29.12)
Earning per Share of face value of ₹10 each fully paid up	2.26		
Basic (₹)		(33.71)	(5,824.44)
Diluted (₹)		(33.71)	(5,824.44)
Significant Accounting Policies	1		
Notes On Accounts	2		

Notes referred to above form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board

For Priti V. Mehta & Co.

Chartered Accountants
Firm Regn No. 129568W

Priti V. Mehta

Proprietor
Membership No.130514

Place :Mumbai

Date :July 31, 2020

Ramanan Laxminarayan

Director
DIN: 06739382

Grace Thomas

Director
DIN: 07079566

Reliance Webstore Limited
Statement of Change in Equity for the period ended March 31, 2020

(₹ in crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Equity Share Capital		
Balance at the beginning of the year	0.05	0.05
Change in equity share capital during the year	-	-
Balance at the end of the year	<u><u>0.05</u></u>	<u><u>0.05</u></u>

B. Other Equity

(₹ in crore)

Attributable to the equity holders

Particulars	Retained Earnings
Opening Balance as at April 1, 2018	(610.49)
Total Comprehensive Income for the year	(29.12)
Balance as at March 31, 2019	<u>(639.61)</u>
Total Comprehensive Income for the year	(0.17)
Balance as at March 31, 2020	<u><u>(639.78)</u></u>

As per our Report of even date

For and on behalf of the Board

For Priti V. Mehta & Co.

Chartered Accountants
 Firm Regn No. 129568W

Ramanan Laxminarayan

Director
 DIN: 06739382

Priti V. Mehta

Proprietor
 Membership No.130514

Grace Thomas

Director
 DIN: 07079566

Place :Mumbai

Date :July 31, 2020

Reliance Webstore Limited

Statement of Cash flow for the year ended March 31, 2020

(₹ in crore)

For the Year ended March 31, 2020 For the year ended March 31, 2019

A CASH FLOW FROM OPERATING ACTIVITIES

Net Profit/ (Loss) before tax as per Statement of Profit	(0.17)		(29.12)
Adjusted for:			
Write back of Liability No Longer required	-		(0.15)
Finance Cost	0.01		0.43
Effect of change in Unrealised Foreign Exchange Rate	-	0.01	7.91
			8.18
Operating Profit before Assets and Liabilities Changes	(0.16)		(20.94)
Adjusted for:			
Receivables and other Advances	(15.36)		126.11
Inventories	-		4.06
Trade Payables and Other Liabilities	11.88		(103.61)
			26.56
	(3.48)		
Cash Generated from Operations	(3.64)		5.62
Income Tax Refund	1.40		2.85
Income Tax Paid	-	1.40	(0.17)
Net Cash from Operating Activities	(2.25)		8.30

B CASH FLOW FROM INVESTING ACTIVITIES

Additions of Fixed Assets & CWIP (net)	-		-
Interest Income	-		-
Net Cash from / (used in) Investing Activities	-		-

C CASH FLOW FROM FINANCING ACTIVITIES

Repayment of Short term Borrowings (net)	(0.89)		(9.26)
Interest Paid	(0.01)		(0.43)
Net Cash (Used in) / from Financing Activities	(0.90)		(9.69)
Net Increase/ (Decrease) in Cash and Cash	(3.14)		(1.39)
Opening Balance of Cash and Cash Equivalents	4.18		5.57
Closing Balance of Cash and Cash Equivalents (Refer Note 2.07)	1.03		4.18

NOTE:

- (1) Figures in brackets indicates Cash Outflow
- (2) Cash and Cash Equivalent includes cash on hand, cheques on hand and bank balances.

As per our Report of even date

For Priti V. Mehta & Co.

Chartered Accountants
Firm Regn No. 129568W

Priti V. Mehta

Proprietor
Membership No.130514

Place :Mumbai

Date :July 31, 2020

For and on behalf of the Board

Ramanan Laxminarayan

Director
DIN: 06739382

Grace Thomas

Director
DIN: 07079566

Reliance Webstore Limited

General Information and Significant Accounting Policies to the Financial Statements

Note: 1

1.01 General Information

Reliance Webstore Limited ("RWSL" or "the Company"), is wholly owned subsidiary of Reliance Communications Limited. The Company is registered under the Companies Act, 1956 having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710.

The Company is engaged in marketing of Telecom and DTH related products and collection thereof.

1.02 Basis of Preparation of Financial Statements

- i) The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standard) Rules 2015, 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 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.

- ii) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

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 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 judgement in applying the accounting policies. This note provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

The Company has based its assumptions and estimates on parameter 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 Company. Such changes are reflected in assumptions when they occur. The areas involving critical estimates or judgements pertaining to useful life of property, plant and equipment, current tax expense and payable, and recognition of Deferred Tax Assets/(Liabilities) (Note 2.05). 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 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.

Reliance Webstore Limited

General Information and Significant Accounting Policies to the Financial Statements

- iii 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. 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.
- iv Fair value measurement and valuation process: The Company measures certain financial assets and liabilities at fair value for financial reporting purposes.
- v Trade receivables and Other financial assets: The Company follows a simplified approach for recognition of impairment loss allowance on Trade receivables (including lease receivables). The Company estimates irrecoverable amounts based on specific identification method and historical experience. Individual trade receivables are written off when management deems them not to be collectible.
- vi 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.
- vii 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.
- viii Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

1.05 Property, Plant and Equipment

- (i) Property, plant and equipment (PPE) are stated at cost net of Modvat and Cenvat / GST, less accumulated depreciation 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 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 property, plant and equipment (PPE) are reviewed at each financial year end and adjusted prospectively, if appropriate.
- (iii) Expenses directly attributable to project, prior to commencement of commercial operation are considered as project development expenditure and shown under Capital Work-in-Progress.
- (iv) Depreciation is provided on Straight Line Method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.
- (v) Depreciation on Leasehold Improvements is provided on Straight Line Method based on the lease period i.e. 10 years or lease period whichever is lower.

Reliance Webstore Limited

General Information and Significant Accounting Policies to the Financial Statements

1.06 Impairment of Non Financial Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognised when the carrying cost of assets exceeds 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 of prior accounting period is increased/reversed where there has been change in the estimate of recoverable value. The recoverable value is higher of the fair value less cost to sell and value in use of the Asset.

1.07 Investments

Current Investments are carried at lower of cost and quoted / fair value, computed investment wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary in the opinion of the management.

1.08 Inventories of Stores, Spares and Communication Devices

Inventories of stores and spares are accounted for at cost and all other cost incurred in bringing the inventory to their present location and condition determined on weighted average basis, or net realisable 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 Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- (ii) Monetary items denominated in foreign currencies at the reporting date are restated at year end rates.
- (iii) Non monetary foreign currency items are recorded at the rate prevailing on the date of transaction.
- (iv) Any income or expense on account of exchange difference on settlement / restatement is recognised in the Statement of Profit and Loss.
 - (a) Exchange difference on foreign currency borrowings relating to depreciable capital asset are included in cost of assets.
 - (b) Exchange difference on foreign currency transactions, on which receipt and/ or payments are not planned, initially recognised in other comprehensive income and reclassified from equity to profit and loss on repayment of the monetary items.

1.10 Revenue Recognition and Receivables

- i) Revenue includes sale of communication devices, accessories/ any other traded goods and services, net of taxes and income from services are recognised when the same is performed on the basis of actual usage of facilities by customers.
- ii) Service Income in Marketing, Billing Income, Common Cost / Infrastructure Sharing Income and Promotional Activities are recognised after considering credit note / discount.
- iii) Interest on Investment is booked on time proportion basis taking into account the amounts invested and the rate of interest and in case of Fixed Maturity Plans, the gains are accrued.
- iv) Dividend income on investments is accounted for when the right to receive the payment is established.
- v) Revenue from Contracts with Customers

The Company has applied Ind AS 115 "Revenue from Contracts with Customers" w.e.f. April 1, 2018, using the cumulative effect method and therefore comparative information has not been restated and continues to be reported under Ind AS 18. 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.

Reliance Webstore Limited

General Information and Significant Accounting Policies to the Financial Statements

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.

1.11 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 current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable / recoverable in respect of the 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. The Deferred Tax Asset is recognised for all deductible temporary difference, carried forward of unused tax credit and unused tax loss, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

1.12 Provisions, 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. 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. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.13 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. The number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average shares considered for deriving Basic Earning per Share and also weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares unless the results would be anti-dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.14 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).

Reliance Webstore Limited

General Information and Significant Accounting Policies to the Financial Statements

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. (Refer to note 2.40.1) for information on detailed disclosures pertaining to the measurement of fair values.

1.15 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 profit or 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, and
- 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."

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, and 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 Investment

Also, Company 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.

Reliance Webstore Limited

General Information and Significant Accounting Policies to the Financial Statements

(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.

1.16 Financial Liabilities

(i) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) 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.

(iii) 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.

Reliance Webstore Limited
Note on Accounts to the Financial Statement

NOTE : 2.01

Property, Plant and Equipment

(₹ in crore)

Particulars	Leasehold Improvement	Plant and Machinery	Furniture and Fixtures	Vehicles	Total	Capital Work in Progress
Gross carrying value						
As at April 1, 2018	4.18	224.11	2.75	0.36	231.40	143.66
Additions	-	-	-	-	-	-
Disposals/ Adjustments	-	-	-	-	-	-
As at March 31, 2019	<u>4.18</u>	<u>224.11</u>	<u>2.75</u>	<u>0.36</u>	<u>231.40</u>	<u>143.66</u>
Additions	-	-	-	-	-	-
Disposals/ Adjustments	-	-	-	-	-	-
As at March 31, 2020	<u>4.18</u>	<u>224.11</u>	<u>2.75</u>	<u>0.36</u>	<u>231.40</u>	<u>143.66</u>
Accumulated Depreciation						
As at April 1, 2018	4.18	224.11	2.75	0.36	231.40	143.66
Depreciation for the year	-	-	-	-	-	-
Provision for Impairment	-	-	-	-	-	-
Disposals/ Adjustments	-	-	-	-	-	-
As at March 31, 2019	<u>4.18</u>	<u>224.11</u>	<u>2.75</u>	<u>0.36</u>	<u>231.40</u>	<u>143.66</u>
Depreciation for the year	-	-	-	-	-	-
Provision for Impairment	-	-	-	-	-	-
Disposals/ Adjustments	-	-	-	-	-	-
As at March 31, 2020	<u>4.18</u>	<u>224.11</u>	<u>2.75</u>	<u>0.36</u>	<u>231.40</u>	<u>143.66</u>
Net Carrying Value						
As at March 31, 2019	-	-	-	-	-	-
As at March 31, 2020	-	-	-	-	-	-

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

	As at Mar. 31, 2020	(₹ in crore) As at March 31, 2019
NOTE : 2.02		
INVESTMENT		
In Equity Shares of Subsidiary Companies		
Unquoted, fully Paid up		
21 00 000 Shares of Globalcom IDC Limited (Formerly known as Reliance IDC Limited) `10 each ('2100000)	2.10	2.10
50 000 Shares of Reliance Communication Tamil Nadu Limited `10 each ('50000)	0.05	0.05
(Refer Note 2.31)	<u>2.15</u>	<u>2.15</u>

Note: 2.02.01 - Equity Shares of Globalcom IDC Limited (Formerly known Reliance IDC Limited), held by the company has been pledged against facility of ₹1,200.00 crore sanctioned by State Bank of India to Reliance Communications Limited the holding company and Reliance Infratel Limited fellow subsidiary.

NOTE : 2.03

OTHERS FINANCIAL ASSETS

Bank deposits with maturity for more than 12 months

0.03	0.03
<u>0.03</u>	<u>0.03</u>

NOTE : 2.04

INCOME TAX ASSETS

TDS and Advance Tax (Net)

7.41	8.81
<u>7.41</u>	<u>8.81</u>

NOTE : 2.05

As at March 31

For the year ended
March 31,

DEFERRED TAX ASSETS

	2020	2019	2020	2019
Related to carried forward loss	-	-	-	-
Related to timing difference on depreciarion	-	-	-	-
MAT Credit Entitlement	0.70	0.70	-	-
Net Deferred Tax Assets	<u>0.70</u>	<u>0.70</u>	-	-
Deferred Tax Charge/ (Credit)				

The Company 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 related to income taxes levied by the same tax authority.

Significant management judgment considered in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income for the period over which deferred income tax assets will recovered.

Reliance Webstore Limited
Note on Accounts to the Balance Sheet and Statement of Profit and Loss

(₹ in crore)

(a) Amounts recognised in profit and loss	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax	-	-
Short Provision for Tax of Earlier Year	-	-
Deferred Tax Charge/ (Credit) (net)	-	-
Tax expense for the year	<u>-</u>	<u>-</u>
(b) Reconciliation of Tax Expenses		
Profit/ (Loss) before Tax	(0.17)	(29.12)
Applicable Tax Rate	31.200%	34.608%
Computed Tax Expense (I)	(0.05)	(10.08)
Add: Items not considered for Tax Computation		
DTA Recognised in earlier year reversed during the year	-	-
Tax Losses for which no DTA was recognised	0.05	10.08
Expenses disallowed as per Income Tax Act.	-	-
Subtotal (II)	<u>-</u>	<u>-</u>
Less: Items not considered for Tax Computation		
Short Provision for Tax of Earlier Year	-	-
Subtotal (III)	<u>-</u>	<u>-</u>
Income Tax Expenses charge to Statement of Profit and Loss (I+II-III)	-	-

NOTE : 2.06

TRADE RECEIVABLES (Unsecured)

Considered Good (Refer Note No. 2.31)	7.08	6.95
Considered Doubtful	-	-
Less: Loss Allowance	-	-
	<u>7.08</u>	<u>6.95</u>

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

(₹ in crore)

	As at Mar. 31, 2020	As at March 31, 2019
NOTE : 2.07		
CASH AND CASH EQUIVALENTS		
Balances with Banks	1.03	4.18
	<u>1.03</u>	<u>4.18</u>
NOTE : 2.08		
OTHERS FINANCIAL ASSETS		
Interest Accrued	0.01	0.01
	<u>0.01</u>	<u>0.01</u>
NOTE : 2.09		
OTHER CURRENT ASSETS		
Advances and Receivables		
Considered good (Refer Note No 2.31)	175.44	174.47
Othres		
Deposit with Government Authorities	0.37	0.37
Deposit with Others	1.56	1.56
Balance with Customs, Central Excise Authorities etc.	85.03	70.49
Others	-	0.28
	<u>262.40</u>	<u>247.17</u>

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

(₹ in crore)

NOTE : 2.10

	As at March 31, 2020	As at March 31, 2019
--	-------------------------	-------------------------

SHARE CAPITAL

Authorised

50 000 (50 000) Equity Shares of ₹ 10 each	0.05	0.05
	<u>0.05</u>	<u>0.05</u>

Issued, Subscribed and Paid up

50 000 (50 000) Equity Shares of ₹ 10 each fully paid up	0.05	0.05
	<u>0.05</u>	<u>0.05</u>

1) Shares held by Holding / Ultimate Holding Company and / or their Subsidiaries

	No. of Shares	No. of Shares
Reliance Communications Limited , Holding Company and its Nominees	50 000	50 000

1) Details of Shareholders holding more than 5% shares in the Company

	No. of Shares	%	No. of Shares	%
Reliance Communications Limited (Holding Company) and its Nominees	50 000	100	50 000	100

2) The Company has only one class of equity shares having a par value of ₹10 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 share will be entitled to receive remaining assets of the Company.

3) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	Number	₹ in Crore	Number	₹ in Crore
Equity Shares				
At the beginning of the year	50 000	0.05	50 000	0.05
Add/Less: Changes during the year	-	-	-	-
At the end of the year	<u>50 000</u>	<u>0.05</u>	<u>50 000</u>	<u>0.05</u>

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

(₹ in crore)

	As at Mar. 31, 2020	As at March 31, 2019
NOTE : 2.11		
OTHER EQUITY		
Surplus in Retained Earnings		
Opening Balance	(639.61)	(610.49)
Profit/(Loss) for the year	(0.17)	(29.12)
Balance carried forward	<u>(639.78)</u>	<u>(639.61)</u>
	<u>(639.78)</u>	<u>(639.61)</u>

NOTE : 2.12

BORROWINGS

Unsecured

Rupee Loan from Related Party (Refer Note 2.30)

612.32	613.20
<u>612.32</u>	<u>613.20</u>

NOTE : 2.13

TRADE PAYABLES

Due to Micro, Small and Medium Enterprises

Others

2.18	5.53
<u>61.50</u>	<u>61.59</u>
<u>63.68</u>	<u>67.12</u>

Note : 2.13.01

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2nd October 2006, certain disclosures are required to be made relating to MSE. 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.

Particulars	As at Mar. 31, 2020	As at March 31, 2019
(a) Principal amount due to the enterprises defined under MSMED	2.18	5.53
(b) Interest due thereon to the enterprises defined under MSMED	1.73	4.61
(c) Amount of Interest paid to the enterprises under section 16 of MSMED	-	-
(d) Payment made to the enterprises beyond appointed date under section 16 of MSMED	0.08	1.08
(e) 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	0.00	0.36
(f) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	1.74	4.97
(g) The 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	1.12	3.46

NOTE : 2.14

OTHER FINANCIAL LIABILITIES

Provision for Expenses

29.06	16.95
<u>29.06</u>	<u>16.95</u>

NOTE : 2.15

OTHER CURRENT LIABILITIES

Advance from Customers

Other Liabilities*

7.08	10.40
<u>208.40</u>	<u>201.86</u>
<u>215.48</u>	<u>212.26</u>

(*Other Liabilities include Book Over draft, Security Deposits, Payable to Government Authorities)

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

(₹ in crore)

For the year ended
March 31, 2020

For the year ended March
31, 2019

NOTE : 2.16

REVENUE FROM OPERATIONS

Hand Sets & Devices	1.69		8.40	
Less: VAT/Sales Tax	-	1.69	-	8.40
Marketing Income	-		1.50	
Less: Service Tax	-	-	-	1.50
Income From ancillary services (ancillary to DTH)		-		2.52
		1.69		12.42

Revenue for the year from sale of services as disclosed above excluding 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 and there is no further disaggregation. 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.

NOTE : 2.17

OTHER INCOME

Interest Income ₹ 15112 (Previous Year ₹ 15,112)	0.00		0.00	
Interest Income on Income Tax Refund	0.17		-	
Miscellaneous Income	-		0.17	
		0.17		0.17

Revenue for the year from sale of services as disclosed above excluding 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 and there is no further disaggregation.

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.

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

(₹ in crore)

**For the year ended
March 31, 2020** For the year ended
March 31, 2019

NOTE : 2.18

COST OF GOODS SOLD

Handsets	0.50	6.00
	<u>0.50</u>	<u>6.00</u>

NOTE : 2.19

UTILITIES AND SERVICES CONSUMED

Network Repairs and Maintenance (Rs 378)	0.00	0.50
Stores and Spares Consumed (Rs 5453)	0.00	0.13
	<u>0.00</u>	<u>0.63</u>

Reliance Webstore Limited

Note on Accounts to the Balance Sheet and Statement of Profit and Loss

(₹ in crore)

For the year ended
March 31, 2020

For the year ended
March 31, 2019

NOTE : 2.20

FINANCE COST

Interest and Other Charges on Loans	-	0.22
Other Financial Cost (net)	<u>0.01</u>	<u>0.21</u>
	<u>0.01</u>	<u>0.43</u>

NOTE : 2.21

OTHERS EXPENSES

Selling Expenses

Sales Promotion and Trade Discount	-	0.20
Selling and Marketing Expense	0.05	0.04
Customer Acquisition & Customer Care	<u>0.29</u>	<u>0.02</u>
	<u>0.35</u>	<u>0.26</u>

General Administration Expenses

Insurance	-	-
Interest on TDS/GST	0.63	6.24
Rent, Rates & Taxes	0.00	0.02
Repairs and Maintenance	-	0.35
Professional Fees	0.18	0.07
Foreign Exchange (Gain)/ Loss	-	7.91
Sundry Balances Written off	-	18.06
Other General and Administrative Expenses	<u>0.34</u>	<u>1.68</u>
	<u>1.15</u>	<u>34.33</u>

Payment to Auditors

Audit Fees	0.02	0.04
Tax Audit Fees	<u>0.01</u>	<u>0.01</u>
	<u>0.03</u>	<u>0.05</u>
	<u>1.52</u>	<u>34.64</u>

Reliance Webstore Limited

Note on Accounts to the Balance Sheet as at March 31, 2020 and Statement of Profit and Loss for the year ended on that date

Note : 2.22

Previous Year

Previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees in crore, except as otherwise stated.

Note 2.23

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 accounts and not provided for	-	-
(ii) Disputed Liabilities not provided for		
- Sales Tax and VAT	14.06	14.26
- Custom, Excise and Service Tax	26.20	27.11
- Entry Tax and Octroi	0.26	0.33
- Other Litigations	11.00	10.81

Note : 2.24

Going Concern

During the year, operation of the Company adversely Impacted due to competitive intensity in the telecom sector. Networth of the Company has been eroded. The management believes that it is appropriate to prepare these financial statements on " going concern" basis as management proposes to enter into trading activity and/ oother activity utilizing the resources of the Company.

Reliance Webstore Limited

Note on Accounts to the Financial Statement

Note 2.25

2.25.1 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 were as follows:

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and Cash Equivalents (Refer Note 2.07)	1.03	4.18
Trade receivables (Refer Note 2.06)	7.08	6.95
Other financial assets (Refer Note 2.08 & 2.03)	0.04	0.04
Total	8.14	11.17
Financial assets at fair value through Profit and Loss:	Nil	Nil
Financial assets at fair value through other comprehensive Income:	Nil	Nil
Financial liabilities at amortised cost:	-	-
Trade payables (Refer note 2.13)	63.68	67.12
Other Financial Liabilities (Refer note 2.14)	29.06	16.95
Borrowings (Refer Note 2.12)	612.32	613.20
Total	705.05	697.29
Financial liabilities at fair value through Profit and Loss:	Nil	Nil
Financial Liabilities at fair value through other Comprehensive Income:	Nil	Nil

2.25.2 Financial Risk Management Objectives and Policies

The Company's activities 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 financial assets includes trade receivables, deposits, cash and bank balances, other receivables etc. arises from its operation. Corporate Insolvency Resolution (CIR) Process has been initiated against the Holding Company and operations of the Company has also been adversely impacted and its associated risks are as under

Market risk

The Company purchase its assets and spares in several currencies and consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its purchases from overseas suppliers and borrowings in various foreign currencies. Market risk is the risk that change in market price such as foreign exchange rates, interest rates will affect income or value of its holding financial assets/instruments. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against US dollar.

Reliance Webstore Limited

Note on Accounts to the Financial Statement

Foreign Currency Risk from financial instruments as of :

Particulars	March 31, 2020		
	U.S. dollars	GB Pound	Total
Borrowings	-	-	-
Trade payables	14.62	0.07	14.69
Net (assets) / liabilities	14.62	0.07	14.69

Particulars	March 31, 2019		
	U.S. dollars	GB Pound	Total
Borrowings	-	-	-
Trade payables	14.62	0.07	14.69
Net (assets) / liabilities	14.62	0.07	14.69

Sensitivity Analysis

Not relevant till the time operations become normal

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.

Exposure to interest rate risk

Not relevant till the time operations become normal

Reliance Webstore Limited

Note on Accounts to the Financial Statement

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 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 model to assess the impairment loss or gain. 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 and credit ratings from international credit rating agencies and historical experience for customers.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Ageing of Trade Receivable

(₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Gross Amount	Weighted Average loss rate	Loss Allowance	Gross Amount	Weighted Average loss rate	Loss Allowance
0-90	0.28	-	-	0.15	-	-
91-180	0.21	-	-	0.16	-	-
181-365	0.24	-	-	0.24	-	-
Above 365	6.35	-	-	6.39	-	-
	<u>7.08</u>			<u>6.94</u>		

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Corporate Insolvency Resolution (CIR) Process has been initiated against the Holding Company and operations of the Company has also been adversely impacted. Management believes that operations may become normal and thereafter liquidity periodic budget and rolling forecast shall be determined

Note 2.26

Earnings per Share (EPS)	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic and Diluted EPS (before and after Exceptional Items)		
(a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic EPS)	(0.17)	(29.12)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	50,000	50,000
(c) Basic and Diluted Earnings per Share of ₹ 10 each (₹)	(33.71)	(5,824.44)

Note 2.27

Segment Performance

The Company has a single line of activity. So there is neither more than one business segment and nor more than one geographical segment. Hence segment information as per Ind AS - 108 is not required to be disclosed.

Note 2.28

On completion of the corporate insolvency resolution process of the Holding Company, the Company will carry out a comprehensive review of all the assets and liabilities and accordingly provide for impairment of assets and write back of liabilities, if any. Consistent with the practice followed in earlier years, interest has not been charged on loans given to subsidiaries / fellow subsidiaries in earlier years. Receivable and Payable balances are subject to confirmation from the respective parties. Further, the Company is in the process of reconciling Goods & Service Tax (GST) and Tax Deducted at source.

Note 2.29

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. 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, the Company is leasing its premises to the Holding Company and fellow subsidiaries providing 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 without any interruptions and honour commitments during lockdown and as such there has been no significant impact on the operations of the Company on account of COVID-19.

Reliance Webstore Limited

Note on Accounts to the Financial Statement

Note 2.30

Corporate Social Responsibility (CSR) Expenses

(a) Gross amount required to be spent by a company during the year Rs. 1.02 Crore (Previous year ₹ Nil).

	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) Amount spent during the year on:				
(i) Construction / acquisition of any asset	-	-	-	-
(ii) On purposes other than (i) above	-	-	1.02	-

Note 2.31

Related Parties

As per the Ind AS 24 of "Related Party Disclosures" as referred to in Accounting Standard Rules, disclosure of the transactions with the related parties as defined therein are given below.

A List of related party

1 Reliance Communications Limited	Holding Company
2 Globalcom IDC Limited (Formerly known as Reliance IDC Limited)	} Subsidiary Company
3 Reliance Communications Tamilnadu Limited	
4 Reliance Communications Infrastructure Limited	} Fellow subsidiary
5 Reliance Infratel Limited	
6 Reliance Realty Limited (Formerly known as Reliance Infocomm Infrastructure Limi	
7 Independent TV Limited (Formerly known as Reliance BIG TV Limited)	
8 Reliance Globalcom Limited	
9 Reliance Tech Services Limited	
10 Reliance Communications Hongkong Limited	
11 Reliance Telecom Limited	
12 Reliance Capital Limited	} Enterprise over which Promoter of Holding Company having control
13 Reliance Nippon Life Asset Management Limited	
14 Reliance General Insurance Company Limited	
15 Big Flicks Private Limited	
16 Reliance Nippon Life Insurance Company Ltd.	
17 Zapak Digital Entertainment Limited	
18 Reliance Infrastructure Limited.	

B Transactions during the year with related parties

	Holding Company	Subsidiaries	Fellow Subsidiaries	Enterprise over which Promoter of Holding Company having control	Total
					(₹ in crore)
(A) Non Current investment					
Balance as at April 1, 2019	-	2.15	-	-	2.15
Purchase/(Sale) Of Investment	-	-	-	-	-
Balance as at March 31, 2020	-	2.15	-	-	2.15
(B) Trade Receivables					
As at March 31, 2020	-	-	0.97	0.16	1.12
As at March 31, 2019	-	-	0.97	0.13	1.10

Reliance Webstore Limited

Note on Accounts to the Financial Statement

(C) Other Current Assets					
As at March 31, 2020	136.04	-	0.73	-	136.77
As at March 31, 2019	119.25	-	4.04	0.01	123.30
(D) Short Term Borrowings					
Balance as at April 1, 2019	-	-	613.20	-	613.20
	-	-	-	-	-
Taken/ Adjusted during the year	-	-	-	-	-
	-	-	-	-	-
Repaid / Adjusted during the year	-	-	0.88	-	0.88
	-	-	-	-	-
Balance as at March 31, 2020	-	-	612.32	-	612.32
(E) Trade Payables					
As at March 31, 2020	-	12.68	-	0.00	12.69
As at March 31, 2019	-	12.69	-	0.40	13.09
(F) Other Financial Liabilities					
As at March 31, 2020	133.54	-	13.66	-	147.20
As at March 31, 2019	133.54	-	14.04	-	147.58

Note 2.32

Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Note 2.33

Particular of Derivatives Instruments

Foreign Currency exposures that are not hedge by derivative instruments or otherwise for Loans are Nil (Previous year \$ Nil), equivalent to Nil (Previous year Nil)

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 primary objective of the Company's capital management is to maximise shareholders value.

The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings.

The Company monitors capital using gearing ratio, which is debt divided by total capital plus debt.

	As at	As at March
	March 31, 2020	31, 2019
(a) Equity	(639.74)	(639.56)
(b) Debt	612.32	613.20
(c) Equity and Debt (a + b)	(27.42)	(26.36)
(d) Capital Gearing Ratio (b / c)	(22.33)	(23.27)

Reliance Webstore Limited

Note on Accounts to the Financial Statement

Note : 2.35

Authorisation of Financial Statements

The financial statements for the years ended March 31, 2020 were approved by the Board of Director on July 31, 2020

As per our Report of even date

For **Priti V. Mehta & Co.**
Chartered Accountants
Firm Regn No. 129568W

Priti V. Mehta
Proprietor
Membership No.130514

Place :Mumbai
Date :July 31, 2020

For and on behalf of the Board

Ramanan Laxminarayan
Director
DIN: 06739382

Grace Thomas
Director
DIN: 07079566

Reliance Tech Services Limited

2019-20

Financial Statements

Independent Auditors' Report

To
The Members of
Reliance Tech Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Reliance Tech Services Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement 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, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) as 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 *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 Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

We draw attention to Note 2.31 in the financial statements regarding accumulated loss exceeding the Net Worth of the Company and the Company has prepared the financial statements on a going concern basis for the reasons stated therein.

Our opinion is not modified in this respect

Management's Responsibility and Those Charged with Governance for Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of 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, management 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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors 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. 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 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, 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 ability of the Company 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 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 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 Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Director's report and shareholders information included in the annual 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 do 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 when it becomes available and 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 above other information, if we conclude that there is material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

- 1 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 Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 As required by Section 143 (3) of the Act, we report that:
 - a) 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) 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;
- c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder;
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”;
- g) 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 explanations given to us, the Company has not paid any remuneration to directors during the year.

- h) 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) There were no pending litigations which would impact financial position of the Company.
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and protection fund by the Company during the year ended March 31, 2020.

For **M.S Sethi & Associates**

Chartered Accountants
Regn.No.0109407W

Manoj Sethi

Proprietor
Membership No.039784

Place: Mumbai

Date: July 30, 2020

UDIN: 20039784AAABFA7104

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our report of even date on the financial statements of **Reliance Tech Services Limited** for the year ended March 31, 2020)

- i. As explained to us, the Company has no fixed assets therefore clause (i) of paragraph 3 of the Order is not applicable to the Company.
- ii. As explained to us, the Company has no inventories therefore clause (ii) of paragraph 3 of the Order is not applicable.
- iii. During the year, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of the clause (iii) of paragraph 3 of the Order are not applicable to the Company.
- iv. According to the information and explanations given to us, the Company has no investments made hence clause 3(iv) of the Order is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of clause (v) of paragraph 3 of the Order are not applicable to the Company.
- vi. According to the information and explanations given to us, Central Government has not prescribed maintenance of cost records under sub-Section (1) of Section 148 of the Act in respect of activities carried on by the Company. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company.
- vii) a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, duty of customs, Goods and Service Tax, cess and other statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of provident fund, income tax, Goods and Service Tax, duty of customs, cess and other statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable, *except Provident Fund of Rs. 2,47,651, Labour Welfare Fund of Rs.6,534, Profession Tax of Rs. 8,80,595, and Service Tax of Rs. 72,65,299 which are outstanding for a period of more than six months.*

(b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.
- viii) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of default in repayment of dues to them does not arise.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- 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) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.
- xii) In our opinion, the Company is not a Nidhi Company. Therefore, paragraph 3(xli) of the Order is not applicable.
- 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 and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, 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 of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) In our opinion and according to the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M.S Sethi & Associates
Chartered Accountants
Regn.No.109407W

Manoj Sethi
Proprietor
Membership No.039784
Place: Mumbai
Date: July 30, 2020

ANNEXURE B TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Reliance Tech Services Limited** ("the Company") of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Reliance Tech Services Limited** as of 31st March, 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. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over 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 audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting 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 over financial reporting 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 over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 issued by ICAI.

For **M.S Sethi & Associates**

Chartered Accountants
Regn.No.109407W

Manoj Sethi

Proprietor
Membership No.039784

Place: Mumbai

Date: July 30, 2020

Reliance Tech Services Limited
Balance Sheet as at March 31, 2020

(₹ in lakh)
As at
March 31, 2019

	Notes	As at March 31, 2020		As at March 31, 2019
ASSETS				
Non Current Assets				
(a) Financial Assets				
(i) Other Financial Assets	2.01	14	14	
(b) Income Tax Assets (Net)	2.02	50	34	
(c) Other Non Current Assets	2.03	1	1	49
Current Assets				
(a) Financial Assets				
(i) Trade Receivables	2.04	4,238	4,525	
(ii) Cash and Bank Balances	2.05	125	12	
(iii) Other Financial Assets	2.06	932	900	
(b) Other Current Assets	2.07	2,307	2,583	8,020
Total Assets		7,667	8,069	
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.08	5	5	
(b) Other Equity	2.09	(1,943)	(1,277)	(1,272)
Liabilities				
Non Current Liabilities				
(a) Financial Liabilities				
Borrowing	2.10	-	196	
(b) Provisions	2.11	126	395	591
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.12	1,201	-	
(ii) Trade Payables	2.13			
Micro and Small Enterprises		34	34	
Others		4,328	4,333	
(iii) Other Financial Liabilities	2.14	575	1,134	
(b) Other Current Liabilities	2.15	3,292	3,172	
(c) Provisions	2.16	49	77	8,750
Total Equity and Liabilities		7,667	8,069	

Significant Accounting Policies 1

Notes on Accounts 2

Notes referred to above form an integral part of Financial Statements

As per our Report of even date

For M. S. Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

For and on behalf of the Board

Manoj Sethi
Proprietor
Membership No. 039784

Rakesh Gupta
Director
DIN : 00130829

Grace Thomas
Director
DIN : 07079566

Place : Mumbai
Dated : July 30, 2020

Reliance Tech Services Limited**Statement of Profit and Loss for the year ended March 31, 2020**

(₹ in lakh)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
I REVENUE			
(a) Service Revenue	2.17	874	3,468
(b) Other Income	2.18	1	547
(c) Total Income ((a)+(b))		875	4,015
II EXPENSES			
(a) Employees Benefit Expenses	2.19	922	2,718
(b) Repairs & Maintenance	2.20	-	15
(c) Finance Cost	2.21	68	173
(d) Other Expenses	2.22	666	1,368
(e) Total Expenses ((a) to (d))		1,656	4,274
III Profit / (Loss) Before Tax (I (c) - II (e))		(781)	(259)
IV Tax expense:			
(a) - Current Tax	2.29	-	-
V Profit / (Loss) After Tax (III - IV)		(781)	(259)
VI Other Comprehensive Income			
Remeasurement Gain/ (Loss) of the defined employee benefit (Net of Tax)		115	37
VII Total Comprehensive Income for the year (V + VI)		(666)	(222)
VIII Earnings per share of ₹ 10 each fully paid up			
-Basic and Diluted	2.26	(1,562)	(518)

Significant Accounting Policies

1

Notes on Accounts

2

Notes referred to above form an integral part of Financial Statements

As per our Report of even date

For M. S. Sethi & Associates

Chartered Accountants

Firm Regn. No. 109407W

For and on behalf of the Board**Manoj Sethi**

Proprietor

Membership No. 039784

Rakesh Gupta

Director

DIN : 00130829

Grace Thomas

Director

DIN : 07079566

Place : Mumbai

Dated : July 30, 2020

Reliance Tech Services Limited**Statements of Changes in Equity for the year ended March 31, 2020**

(a) Equity share capital (Refer Note 2.08) (₹ in lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	5	5
Change in equity share capital during the year	-	-
Balance at the end of the year	5	5

(b) Other Equity (Refer Note 2.09)

Particulars	Retained Earning	Other Comprehensive Income	Total
Balance as at April 1, 2018	(1,004)	(51)	(1,055)
Surplus/ (Deficit) of Statement of Profit and Loss	(259)	-	(259)
Other Comprehensive Income	-	37	37
Balance as at March 31, 2019	(1,263)	(14)	(1,277)
Surplus/ (Deficit) of Statement of Profit and Loss	(781)	-	(781)
Other Comprehensive Income	-	115	115
Balance as at March 31, 2020	(2,044)	101	(1,943)

As per our Report of even date

For M.S. Sethi & AssociatesChartered Accountants
Firm Regn. No. 109407W**For and on behalf of the Board****Manoj Sethi**Proprietor
Membership No. 39784**Rakesh Gupta**Director
DIN : 00130829**Grace Thomas**Director
DIN : 07079566

Place: Mumbai

Dated : July 30, 2020

Reliance Tech Services Limited**Cash Flow Statement for the year ended March 31, 2020**

(₹ in lakh)

Sl.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A: CASH FLOW FROM OPERATING ACTIVITIES:			
	Net Profit (Loss) before tax as per Statement of Profit and Loss	(781)	(259)
	Adjusted for:		
	Finance Cost	68	173
	Effect of change in Foreign Exchange Rate (net)	14	1
	Remeasurement of the net defined benefit liability/ asset	115	37
	Provision for Doubtful Debts/ Advances	395	81
	Interest Income	-	-
		<u>592</u>	<u>292</u>
	Operating Profit (Loss) before Working Capital Changes	(189)	33
	Adjusted for:		
	Receivables and other Advances	136	(1 381)
	Trade Payables and Other Liabilities	(217)	2 037
		<u>(81)</u>	<u>656</u>
	Cash Generated from Operations	(270)	689
	Taxes Refund	297	297
	Taxes Paid	(313)	(80)
		<u>(16)</u>	<u>217</u>
	Net Cash from/ (used in) Operating Activities	(286)	906
B: CASH FLOW FROM INVESTING ACTIVITIES:			
	Interest Income	-	-
	Net Cash from/ (used in) Investing Activities	-	-
C: CASH FLOW FROM FINANCING ACTIVITIES:			
	Proceeds from/ (Repayment of) Long Term Borrowings (net)	(734)	(734)
	Net Proceeds from Short term Borrowings	1 201	-
	Finance Cost (net)	(68)	(173)
		<u>399</u>	<u>(907)</u>
	Net Cash from / (used in) Financing Activities	399	(907)
	Net Increase / (Decrease) in Cash and Cash Equivalents	113	(1)
	Opening Balance of Cash and Cash Equivalents	12	13
	Closing Balance of Cash and Cash Equivalents	<u>125</u>	<u>12</u>

Notes:

(1) Figures in brackets indicate cash outgo.

(2) Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flow".

As per our Report of even date

For M. S. Sethi & Associates

Chartered Accountants

Firm Regn. No. 109407W

For and on behalf of the Board**Manoj Sethi**

Proprietor

Membership No. 039784

Place : Mumbai

Dated : July 30, 2020

Rakesh Gupta

Director

DIN : 00130829

Grace Thomas

Director

DIN : 07079566

Reliance Tech Services Limited

Notes on Accounts to Financial Statements for the year ended March 31, 2020

1. General Information and Significant Accounting Policies

1.1 General Information

Reliance Tech Services Limited ("RTSL" or "the Company"), a subsidiary of Reliance Communications Limited ("RCOM" or "the Holding Company"). The Company is registered under the Companies Act, 1956, having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. RTSL is engaged primarily on the business of Design, Development and Extending customer support for Technical Services, Professional consulting and allied services.

1.01 (a) Basis of preparation of financial statement

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, 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 of the Companies Act, 2013 ("the Act") read with Rule 3 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 Company's normal operating cycle and other criteria set out 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.

1.01 (b) Recent Developments

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.

Since the Company is providing services to certain Group entities and continued to provide services to them without any interruptions and honour commitments, despite facing all odds during lockdown hence there is no impact of the COVID-19 pandemic on the Company's future financials.

1.02 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 Rupee Lakhs, unless stated otherwise.

Reliance Tech Services Limited

Notes on Accounts to Financial Statements for the year ended March 31, 2020

1.03 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 require 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 provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

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 judgements pertaining to current tax expense (Note 2.29) and payable, impairment of trade receivables (Note 2.04), other financial assets (Note 2.06) and measurement of defined benefit obligation (Note 2.24). 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 Company and that are believed to be reasonable under the circumstances.

- (i) Taxes : The Company provides for tax considering the applicable tax regulations and based on reasonable 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.

Reliance Tech Services Limited

Notes on Accounts to Financial Statements for the year ended March 31, 2020

- (ii) Fair value measurement and valuation process: The Company measured financial assets and liabilities, if any, at fair value for financial reporting purposes.
- (iii) 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 (including lease 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 collectible.
- (iv) 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 the 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.

- (v) 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).
- (vi) Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

1.04 Employee Retirement 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 employees are recognised as an expense during the period.

Long term employee benefits

(i) Define Contribution plan

The Company's contribution towards Employees' Superannuation Plan is recognised as an expense during the period in which it accrues.

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. The employer makes monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. The Company's contributions to schemes are expensed in the Statement of Profit and Loss.

(ii) Define benefit plan :

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 and the fair value of any 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.

Reliance Tech Services Limited

Notes on Accounts to Financial Statements for the year ended March 31, 2020

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

Remeasurements which comprise 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.

(iii) Others Long term employee 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. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

Remeasurements gain and losses is recognised in the Statement of Profit and Loss in the period in which they arise.

1.05 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) Exchange difference on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

1.06 Revenue recognition

(i) 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.

(ii) 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. 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) 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.

Reliance Tech Services Limited

Notes on Accounts to Financial Statements for the year ended March 31, 2020

1.07 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 period at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in 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 losses, to the extent that is probable that taxable profit will be available against which such deductible temporary differences can be utilised.

1.08 Provisions, 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. 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. Contingent Assets are not recognised but disclosed in the financial statements when economic inflow is probable.

1.09 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares 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 of the beginning of the period, unless issued at a later date.

1.10 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 Assets

Classification

- (i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.
- (ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

(iii) 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.

Reliance Tech Services Limited

Notes on Accounts to Financial Statements for the year ended March 31, 2020

(iv) **Financial Assets measured at amortised cost:**

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.

(v) **Financial Assets measured at fair value through profit or loss (FVTPL):**

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the statement of Profit or Loss.

(vi) **Derecognition of Financial Assets**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial Liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(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.

(ii) **Subsequent measurement**

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 that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iii) **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.

Reliance Tech Services Limited**Notes on Accounts to Financial Statements for the year ended March 31, 2020**

(₹ in lakh)

	As at March 31, 2020	As at March 31, 2019
2.01 Other Financial Assets		
Bank Deposits (more than 12 months maturity)	12	12
Interest Accrued on above deposits	2	2
	<u>14</u>	<u>14</u>
2.02 Income Tax Assets (Net)		
Advance taxes and Tax deducted at source (Net of Provision for Tax)	50	34
	<u>50</u>	<u>34</u>
2.03 Other Non Current Assets (Unsecured, Considered Good)		
Deposits	1	1
	<u>1</u>	<u>1</u>

Reliance Tech Services Limited

Notes on Accounts to Financial Statements for the year ended March 31, 2020

(₹ in lakh)

	As at March 31, 2020	As at March 31, 2019
2.04 Trade Receivables * (Unsecured)		
Considered Good**	4,238	4,525
Considered Doubtful	1,013	619
	<u>5,251</u>	<u>5,144</u>
Less: Provision for doubtful debts	1,013	619
	<u><u>4,238</u></u>	<u><u>4,525</u></u>

* For Related parties Refer Note 2.33

** Includes ₹ 127 lakh receivable from Reliance Communications Limited, the Holding Company, and ₹ 289 lakh receivable from Reliance Telecom Limited, a fellow subsidiary, both of which are undergoing Corporate Insolvency Resolution Process (CIRP) and accounting impact if any with respect to the receivables will be provided on completion of their CIRP.

2.05 Cash and Cash Equivalents

Balance with Banks in Current Account	125	12
	<u>125</u>	<u>12</u>

2.06 Other Financial Assets (Unsecured, Considered Good)

Unbilled Revenue	932	900
	<u>932</u>	<u>900</u>

2.07 Other Current Assets (Unsecured, Considered Good)

Advance to Related Parties*	300	300
Advance to Vendors	45	159
Loans to employees	-	6
Prepaid Expenses	1	4
Others **	1,961	2,114
	<u>2,307</u>	<u>2,583</u>

*Represents amount receivable from Reliance Communications Limited, the Holding Company, which is undergoing CIRP and accounting impact if any with respect to the said receivable will be provided on completion of the CIRP .

** Includes GST Receivable

Reliance Tech Services Limited

Notes on Accounts to Financial Statements for the year ended March 31, 2020

(₹ in lakh)

As at
March 31, 2020

As at
March 31, 2019

2.08 Equity Share Capital

Authorised :

1 00 000 (1 00 000) Equity Shares of ₹ 10 each	10	10
	<u>10</u>	<u>10</u>

Issued, Subscribed and Paid up

50 000 (50 000) Equity Shares of ₹ 10 each fully paid up	5	5
	<u>5</u>	<u>5</u>

(a) Details of Shareholders Holding more than 5% shares in the Company / Holding Company

Share Holder Name	As at March 31, 2020		As at March 31, 2019	
	No of Shares	%	No of Shares	%
Reliance Communications Limited, Holding Company and its nominee	50,000	100.00	50,000	100.00
	<u>50,000</u>	<u>100.00</u>	<u>50,000</u>	<u>100.00</u>

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 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.

(c) The Reconciliation of shares outstanding at beginning and end of the year

	No of Shares	(₹ in lakh)	No of Shares	(₹ in lakh)
At the the beginning of the year	50,000	5	50,000	5
Add/ Less: Shares issued/ bought back during the year	-	-	-	-
At the end of the year	<u>50,000</u>	<u>5</u>	<u>50,000</u>	<u>5</u>

2.09 Other Equity

(₹ in lakh)

	Surplus/ (Deficit) in retained	Other Comprehensive Income	Total
Balance as at April 1, 2018	(1,004)	(51)	(1,055)
Profit / (Loss) for the year	(259)	-	(259)
Additions/ (deduction) during the year (net)	-	37	37
Balance as at March 31, 2019	<u>(1,263)</u>	<u>(14)</u>	<u>(1,277)</u>
Profit / (Loss) for the year	(781)	-	(781)
Additions/ (deduction) during the year (net)	-	115	115
Balance as at March 31, 2020	<u>(2,044)</u>	<u>101</u>	<u>(1,943)</u>

Reliance Tech Services Limited

Notes on Accounts to Financial Statements for the year ended March 31, 2020

(₹ in lakh)

	As at March 31, 2020	As at March 31, 2019
2.10 Borrowings - Non Current		
Unsecured		
Rupee Term Loan from others	-	196
	<u>-</u>	<u>196</u>
2.11 Provisions		
Provision for Gratuity	98	151
Provision for Leave Encashment	28	244
	<u>126</u>	<u>395</u>
2.12 Borrowings		
Unsecured		
From Related Parties (Refer Note 2.33)	1,201	-
	<u>1,201</u>	<u>-</u>
2.13 Trade Payables		
Due to Micro and Small Enterprises	34	34
Others*	4,328	4,333
	<u>4,362</u>	<u>4,367</u>

* For Related parties Refer Note 2.33

Note:

2.13.1 Disclosure under Micro, Small and Medium Enterprises

Under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED), certain disclosures are required to be made relating to Micro and Small Enterprises. 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.

	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Principal amount due to any supplier as at the year end	34	34
(ii) Interest due to suppliers and remaining unpaid as at year end	18	19
(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	-	-
(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	-	-
(vi) The amount of interest accrued and remaining unpaid at the end of each accounting year	18	13
(vii) the 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 the MSMED	18	13

Reliance Tech Services Limited

Notes on Accounts to Financial Statements for the year ended March 31, 2020

(₹ in lakh)

As at
March 31, 2020

As at
March 31, 2019

2.14 Other Financial Liabilities

Current Maturities of Long Term Debts-Unsecured

Rupee Term Loan from Others	196	734
Employee Benefits Payable	267	253
Other Liabilities	112	147
	<u>575</u>	<u>1,134</u>

2.15 Other Current Liabilities

Other Current Liabilities*

	3,292	3,172
	<u>3,292</u>	<u>3,172</u>

* Includes amount due towards Services received, Provident fund contribution & others

2.16 Provisions

Provision for Gratuity	41	59
Provision for Superannuation	-	1
Provision for Leave Encashment	8	17
	<u>49</u>	<u>77</u>

Reliance Tech Services Limited

Notes on Accounts to Financial Statements for the year ended March 31, 2020

(₹ in lakh)

	For the year ended March 31, 2020	For the year ended March 31, 2019
2.17 Service Income		
Sale of Services	874	3,468
	<u>874</u>	<u>3,468</u>
2.18 Other Income		
Interest Income	1	65
Other Miscellaneous Income	-	482
	<u>1</u>	<u>547</u>
2.19 Employees Benefit Expenses		
Salaries	718	2,293
Contribution to Provident, Pension and Gratuity Fund	90	165
Employee Welfare and other Amenities	114	260
	<u>922</u>	<u>2,718</u>
2.20 Repairs & Maintenance		
Repairs & Maintenance	-	15
	<u>-</u>	<u>15</u>
2.21 Finance Cost		
Interest and Other Finance expenses (net)	68	173
	<u>68</u>	<u>173</u>
2.22 Other Expenses		
Business Centre Expenses	-	50
Travelling Expenses	1	3
Provision for Doubtful Debts and Advances	395	81
Net loss on foreign currency transactions and translation	14	9
Insurance	17	20
Professional Fees	-	221
Payment to Auditors*	3	1
Other Administration and Miscellaneous Expenses	236	983
	<u>666</u>	<u>1,368</u>
*Payment to Auditors		
		(Amount in ₹)
- Audit Fees	40,000	40,000
- Tax Audit Fees	10,000	10,000
- Certification/ Reimbursement of Expenses	2,48,000	1,000
	<u>2,98,000</u>	<u>51,000</u>

RELIANCE TECH SERVICES LIMITED

Notes on Accounts to Financial Statements for the year ended March 31, 2020

Note : 2.23

Previous year

The figures of previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees in lakhs, except as otherwise stated.

Note : 2.24

Employee Benefits :

Gratuity: In accordance with the applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) for all its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on respective employees last drawn salary and for the years of employment with the company.

The define benefit plan exposed the Company at actuarial risk such as logevity risk. interest risk and market (Investment) risk.

The following table sets out the status of the Gratuity Plan as required under Indian Accounting Standard ("Ind AS") 19 "Employee Benefits".

Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

	(₹ in lakhs)	
	March 31, 2020	March 31, 2019
Employer's Contribution to Provident Fund	29	70
Employer's Contribution to Pension Scheme	12	27

Defined Benefit Plan:

The employees' gratuity fund scheme managed by Reliance Life Insurance Company Limited and Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

	(₹ in lakhs)	
	As at	
Particulars	March 31, 2020	March 31, 2019
(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	432	482
Service Cost	10	37
Interest Cost	33	37
Actuarial (Gain)/ Loss on obligation - Due to change in Financial Assumptions	(46)	7
Actuarial (Gain)/ Loss on obligation - Due to Experience adjustments	(75)	(50)
Benefits paid from Fund	(215)	(81)
Obligation at the end of the year	139	432
(ii) Change in plan assets		
Plan assets at the beginning of the year, at fair value	222	286
Interest Income	17	22
Employer contribution	-	1
Benefits paid	(215)	(81)
Actuarial Gain/ (Loss)	(6)	(6)
Plan assets at the end of the year, at fair value	18	222

RELIANCE TECH SERVICES LIMITED

Notes on Accounts to Financial Statements for the year ended March 31, 2020

(₹ in lakhs)

	As at	
	March 31, 2020	March 31, 2019
(iii) Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	18	222
Present value of defined benefit obligation at the end of the year	139	432
Amount recognized in Balance Sheet	(121)	(210)
(iv) Expense recognised in Profit or Loss		
Service Cost	10	37
Interest Cost	16	15
Total	26	52
(v) Amount Recognised in Other Comprehensive Income		
Actuarial Gain/ (Loss) on Plan Assets	6	6
Actuarial (Gains)/Losses on Obligation	(121)	(43)
Total	(115)	(37)

(vi) Investment Details of Plan Assets

Investment for employees gratuity fund scheme managed by Reliance Life Insurance Company Limited.

(vii) Assumptions

Discount rate (per annum)	5.04%	7.64%
Expected rate of return on plan assets (per annum)	7.64%	7.64%
Rate of escalation in salary (per annum)	0.00%	8.00%

The estimates of rate of escalation in salary is considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by actuary.

(viii) Particulars of the amounts for the year and Previous years

As at March 31	Present value of benefit obligation	Fair Value of plan Assets	Excess of obligation over plan assets (plan assets over obligation)
2020	139	18	121
2019	432	222	210
2018	482	286	196
2017	793	518	275
2016	647	386	261

(ix) 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.

Discount rate (+ 1% movement)	(2)	(27)
Discount rate (- 1% movement)	2	30
Future salary growth (+ 1% movement)	-	30
Future salary growth (- 1% movement)	-	(27)
Employee turnover (+ 1% movement)	-	(1)
Employee turnover (- 1% movement)	-	1

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.

(x) Maturity analysis of defined benefit plan (fund)

Project benefit payable in future from the date of reporting		
1st following year	59	48
2nd following year	40	23
3rd following year	22	28
4th following year	9	38
5th following year	5	36
Sum of Years 6 and above	2	614

RELIANCE TECH SERVICES LIMITED

Notes on Accounts to Financial Statements for the year ended March 31, 2020

Note 2.25

2.25.1 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 rates 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). There is no fair valuation of financial instruments. The carrying value of the financial instruments by categories were as follows:

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Trade receivables (Refer Note 2.04)	4,238	4,525
Cash and cash equivalents (Refer Note 2.05)	125	12
Other financial assets (Refer Note 2.01 & 2.06)	946	914
Total	5,309	5,451
Financial assets at fair value through Profit and Loss:	Nil	Nil
Financial assets at fair value through other Comprehensive Income:	Nil	Nil
Financial liabilities at amortised cost:		
Borrowings (Refer Note 2.10 & 2.12)	1,201	196
Trade payables (Refer note 2.12)	4,362	4,367
Other financial Liabilities (Refer Note 2.13)	575	1,134
Total	6,138	5,697
Financial liabilities at fair value through Profit and Loss:	Nil	Nil
Financial Liabilities at fair value through other Comprehensive Income:	Nil	Nil

2.25.2 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 financial assets includes trade receivables, deposits, cash and bank balances, other receivables etc. arises from its operation.

RELIANCE TECH SERVICES LIMITED

Notes on Accounts to Financial Statements for the year ended March 31, 2020

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Diversification of bank deposits, letters of credit
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Un hedged
Market risk- price risk	Unquoted investment in equity shares of subsidiaries – not exposed to price risk	-	-

Market risk

The Company's liability towards Capex Creditors is payable in US Dollars hence exposed to foreign exchange risk to the extent, changes in market prices such as foreign exchange rates.

Foreign Currency Risk from financial instruments as of :		(₹ in lakhs)	
Particulars	March 31, 2020	March 31, 2019	
Trade Receivables	-	-	
Trade payables	(162)	(148)	
Net assets / (liabilities)	(162)	(148)	

Sensitivity Analysis

A reasonably possible change in foreign exchange rates, based on average movement in exchange rate during previous three years at the reporting date, would have increased (decreased) equity and profit or loss by the amounts shown below.

Movement in Exchange Rate	For the year ended	For the year ended
	March 31, 2020	March 31, 2019
Impact of 2% increase in exchange rate of USD INR	(3)	(3)

If exchange rate is adversely affected with decrease by 2%, profit shall also accordingly be affected.

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.

Exposure to interest rate risk

Interest rate risk of the Company arises from borrowings. The Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate. Interest rate profile of interest-bearing financial instruments of the Company is as follows.

RELIANCE TECH SERVICES LIMITED

Notes on Accounts to Financial Statements for the year ended March 31, 2020

The Company's interest-bearing financial instruments is reported as below (₹ in lakhs)

	As at March 31, 2020	As at March 31, 2019
Fixed Rate Instruments		
Financial Assets	12	12
Financial Liabilities	196	930
Variable Rate Instruments		
Financial Assets	Nil	Nil
Financial Liabilities	Nil	Nil

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit

Cash flow sensitivity analysis for variable-rate instruments

Not relevant since there is no Variable rate Assets and Liabilities.

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 realize 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 Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from 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 model to assess the impairment loss or gain. 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 Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations and certificates of deposit which are funds deposited at a bank for a specified time period.

Ageing of Trade Receivable

Particulars	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
0-90	7	256
91-180	-	268
181-365	-	836
Above 365	4,231	22,825
Total	4,238	24,185

RELIANCE TECH SERVICES LIMITED

Notes on Accounts to Financial Statements for the year ended March 31, 2020

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Company closely monitors its liquidity position and maintains adequate source of funding.

The table below provides details regarding the contractual maturities, within one year, of significant financial liabilities are as under:

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings	196	734
Trade payables	4,362	4,367

Note : 2.26

Earnings per share

Basis and Diluted EPS

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit attributable to Equity Shareholders (₹ in lakhs) (used as numerator for calculating Basic EPS)	(781)	(259)
Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	50,000	50,000
Profit attributable to Equity Shareholders (₹ in lakhs) (used as numerator for calculating Diluted EPS)	(781)	(259)
Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	50,000	50,000
Basic Earnings per Share of ₹ 10 each	(1,562)	(518)
Diluted Earnings per Share of ₹ 10 each	(1,562)	(518)

Note : 2.27

Segment Reporting

The Company has a single line of activity. So there is neither more than one business segment and nor more than one geographical segment. Hence segment information as per Ind AS - 108 is not required to be disclosed.

Note : 2.28

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 primary objective of the Company's capital management is to maximise shareholders value.

The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings.

The Company monitors capital using gearing ratio, which is debt divided by total capital plus debt.

RELIANCE TECH SERVICES LIMITED

Notes on Accounts to Financial Statements for the year ended March 31, 2020

	As at March 31, 2020	(₹ in lakhs) As at March 31, 2019
(a) Equity	(1,938)	(1,272)
(b) Debt	196	930
(c) Equity and Debt (a + b)	(1,742)	(342)
(d) Capital Gearing Ratio (b / c)	(11%)	-272%

Capital gearing ratio reflects reduction in equity on account of net losses incurred during the year.

Note : 2.29

Income Tax

	For the year ended March 31, 2020	(₹ in lakhs) For the year ended March 31, 2019
Reconciliation of Tax Expenses		
Profit/ (Loss) before Tax	(781)	(259)
Applicable Tax Rate	31.20%	31.20%
Computed Tax Expenses	(244)	(81)
Deferred Tax Assets not recognised	242	80
Expenses not allowed in Taxable Income	2	1
Income Tax Expenses charge/ (credit) to Statement of Profit and Loss	-	-

Significant management judgment is considered in determining 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.

However, Deferred Tax Assets have not been recognised in respect of losses due to non existence of reasonable certainty.

Note : 2.30

Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Note : 2.31

Going Concern

The Accounts have been prepared on a 'Going concern basis' as the Company has been able to meet its obligations in the ordinary course of business and considering the assurance of the financial support extended by other body corporate.

Note : 2.32

Contingent Liabilities (as represented by the Management)

	As at March 31, 2020	(₹ in lakhs) March 31, 2019
Disputed Liabilities for CST and VAT*	497	Nil
Other Claims against the Company not acknowledged as Debts	249	Nil

*The Company has deposited ₹ 13 lacs under protest against the said demand.

RELIANCE TECH SERVICES LIMITED

Notes to the accounts to the Financial Statements as at March 31, 2020

Note : 2.33

Related Parties

As per the Indian Accounting Standard (“Ind AS”) 24 of “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 and their relationships :

Sr. No.	Name of the Related Party	Relationship
1	Reliance Communications Limited	Holding Company
2	Reliance Communications Infrastructure Limited	Fellow Subsidiary
3	Reliance Infratel Limited	
4	Reliance Telecom Limited	
5	Reliance Webstore Limited	
6	Reliance Realty Limited	
7	Globalcom IDC Limited	
8	Reliance Globalcom Limited	
9	Reliance Big Entertainment Private Limited	
10	Reliance Communications Inc.	
11	Big Animation (India) Private Limited	
12	Big Flicks Private Limited	
13	Reliance Capital Limited	
14	Reliance General Insurance Company Limited	
15	Reliance Commodities Limited	
16	Reliance Wealth Management Limited	
17	Reliance Financial Limited	
18	Reliance Money Solutions Private Limited	
19	Reliance Securities Limited	
20	Reliance Money Precious Metals Private Limited	
21	Reliance Nippon Life Insurance Company Limited	
22	Delhi Airport Metro Express Private Limited	
23	Reliance Infrastructure Limited	Enterprise over which promoter of holding company having control
24	SU Toll Road Private Limited	
25	NK Toll Road Limited	
26	TD Toll Road Private Limited	
27	BSES Rajdhani Power Limited	
28	Reliance Coal Resources Private Limited	
29	Rosa Power Supply Company Limited	
30	Sasan Power Limited	
31	Coastal Andhra Power Limited	
32	Vidarbha Industries Power Limited	
33	Reliance Power Limited	

RELIANCE TECH SERVICES LIMITED

Notes to the accounts to the Financial Statements as at March 31, 2020

(b) Transactions during the year with related parties and closing balances.

(Figures in bracket represent Previous year)

(₹ in lakhs)

Sr. No.	Nature of Transactions	Holding Company	Fellow Subsidiary	Enterprise over which promoter of holding company having control	Total
1	Loans Taken				
	Balance as at April 1, 2019	-	-	-	-
		(-)	(-)	(-)	(-)
	Taken/ assigned during the year	-	1,201	-	1,201
		(-)	(-)	(-)	(-)
	Repaid during the year	-	-	-	-
		(-)	(-)	(-)	(-)
	Balance as at March 31, 2020	-	1,201	-	1,201
		(-)	(-)	(-)	(-)
2	Trade Receivables	127	4,162	20	4,309
		(19,673)	(4,155)	(32)	(23,860)
3	Other Financial Assets	-	932	-	932
		(-)	(900)	(-)	(900)
4	Other Current Assets	300	-	-	300
		(117)	(-)	(-)	(117)
5	Trade Payable	-	463	-	463
		(-)	(3,398)	(-)	(3,398)
6	Other Current Liabilities	-	2,961	30	2,991
		(19,360)	(129)	(18)	(19,507)
7	Service Revenue	737	136	-	873
		(-)	(3,358)	(110)	(3,468)
8	Business Center Expenses	-	-	-	-
		(-)	(50)	(-)	(50)

Note : 2.34

Authorisation of Financial Statements

The financial statements for the year ended March 31, 2020 are approved by the Board of Directors on July 30, 2020.

As per our Report of even date

For M. S. Sethi & Associates

Chartered Accountants

Firm Regn. No. 109407W

For and on behalf of the Board

Manoj Sethi

Proprietor

Membership No. 039784

Place : Mumbai

Dated : July 30, 2020

Rakesh Gupta

Director

DIN : 00130829

Grace Thomas

Director

DIN : 07079566

Reliance Telecom Limited
Financial Statements

2019-20

INDEPENDENT AUDITOR'S REPORT

**To the Members of Reliance Telecom Limited
(A Company under Corporate Insolvency resolution process vide NCLT Order)**

Report on the Audit of the 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 Telecom Limited ("the Company"), Reliance Communications Limited ("the Holding Company") & Reliance Infratel Limited ("the Fellow Subsidiary") 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 financial statements of **Reliance Telecom Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the Statement of Profit and Loss, Statement of changes in equity and Statement 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 other 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:-

We draw attention to -

- A. Note no. 2.06 & 2.21, "Assets Held for Sale (AHS)" including Spectrum acquired on deferred payment basis 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.2.18.01 regarding admission of the Company 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 & disclosure thereof pending reconciliation and determination of final obligation.

The Company accordingly has not provided interest on borrowings amounting to Rs. 206.75 crore for the current Financial Year (FY) & Rs.351.11 crore up to previous financial year calculated based on the basic rate of interest as per the terms of the loan. The Company further has not provided foreign exchange losses amounting to Rs.133.95 crore for the current FY& Rs 81.89 crore up to previous financial year, resulting in understatement of loss by the said amounts. Had such interest and foreign exchange losses as mentioned above been provided, the reported loss for the year ended March 31, 2020 would have been higher by Rs. 340.70 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. 2.21, regarding pending comprehensive review of carrying amount of all other assets & liabilities and non-provision for impairment of carrying value of assets and write back of liabilities if any, pending completion of the corporate insolvency resolution process. 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 & 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 Instrument, Ind AS 37- Provisions, Contingent Liabilities & Contingent Assets and Ind AS 36 on Impairment of Assets.
- D. Note no. 2.25, 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 2.21, 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 ongoing 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 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

1. We draw attention to Note no 2.24 of the Financial statements, 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.
2. We draw attention to Note no 2.35 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 on the financial statement 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 matter below, our description of how Key audit matter is addressed in our audit 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 matter below, provide the basis for our audit opinion on the accompanying Financial Statements.

1. 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 and the Company has also deposited the amount with regulatory authorities against the said demand, 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 2.23 on Contingent liabilities and note no 2.24 on provision of License 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 person and RP. 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 2.23, 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 2.23, 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 the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility 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 do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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 2.37 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The management/Resolution Professional is also responsible for overseeing the Company's financial reporting process read together with Note no.2.37 of the Financial Statements.

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. 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 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 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 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.

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

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. Thus, our personal attendance was impracticable under the circumstances. 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 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 there under ("Code"), the NCLT had admitted the application and ordered the commencement of corporate insolvency resolution process ("CIRP") of Reliance Telecom Limited ("the Company"), vide its orders dated May 15, 2018. The NCLT had appointed Ms. Mitali Shah as the interim resolution professional of the Company vide its orders dated May 18, 2018. Thereafter, the committee of creditors ("CoC") of the Company, 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 Professional with the Resolution Professional ("RP") for the Company, 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 should be signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it should 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 2.37 of the financial statements, in view of the ongoing 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:

- (a) Except for the matters stated in Basis for 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.
- (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 Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015as amended, except requirements of Ind AS 105 on Non-Current Assets Held for Sale and Discontinued Operations, Ind AS 23 on Borrowing Cost, Ind AS 21 on Effects of Changes in foreign exchanges, Ind AS 109 on Financial Instruments, Ind AS 36 on Impairment of Assets ,Ind 37 on Provisions, Contingent Liabilities and Contingent Assets and Ind AS 116 "Leases", with regard to matters described in the Basis of Qualified Opinion paragraph above .
- (e) The matters 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;
- (f) 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, 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 2.36 of the financial statements one of the director of the Company has resigned from the position of director, however his resignation has not been accepted for the reason stated in the said note and Company has not received declaration from this director in this regard, accordingly we are unable to comment whether this director is

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 the 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 explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (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 Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.23 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 are no amounts, which are 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

Membership No.124262

July 31 2020

Mumbai

UDIN No 20124262AAAADG7948

Reliance Telecom Limited

‘Annexure A’ to the Independent Auditor’s Report - 31 March 2020

With reference to the Annexure A referred to in the Independent Auditors’ Report to the Members of Reliance Telecom Limited ('the Company') on the financial statements for the year ended 31 March 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) The Company has transferred its Property, Plant and Equipment (PPE) (Except Building) to Assets Held for Sale (AHS) and has fully provided for Property, Plant and Equipment Except to the extent of Scrap value. The Management has not conducted physical verification of Fixed Asset during the year.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 2.01 to the financial statements, are held in the name of the Company.
- (ii) Since the Company does not have any inventory. Accordingly, paragraph (ii) of the Order is not applicable to the Company.
- (iii) As per information and explanation provided to us and on the basis of verification of records of the Company, 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) According to the information and explanation given to us, since the turnover of the Company is below threshold limit, maintenance of cost records under sub-section 1 of Section 148 of the Act, in respect of telecommunication activities is not applicable.
- (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.

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 31 March 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 (Rs.)	Period to which the amount relates	Due Date	Date of Payment
The Orissa Value Added Tax Act,2004	VAT Payable	87,567	2016-17	Various Dates	Unpaid
Jharkhand Value Added Tax Act,	VAT Payable	1,18,370	2017-18	Various Dates	Unpaid
Jharkhand central Sales Tax Act,1956	Sales Tax Payable	7,003	2017-18	Various Dates	Unpaid
The Himachal Pradesh value added Tax Act,2005	WCT payable	8,633	2017-18	Various Dates	Unpaid
The Maharashtra Value Added Tax Act, 2002	WCT Payable	1,97,680	2016-17 & 2017-18	Various Dates	Unpaid
Jharkhand Value Added Tax Act,2005	WCT Payable	6,378	2017-18	Various Dates	Unpaid
Madhya Pradesh Value Added Tax Act,2002	WCT Payable	45,202	2017-18	Various Dates	Unpaid
Chhattisgarh Value Added Tax Act, 2005	WCT Payable	18,288	2017-18	Various Dates	Unpaid

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
The West Bengal Value added Tax Act,2003	WCT payable	40,765	2017-18	Various Dates	Unpaid
	WCT payable	18,752	2016-17	Various Dates	Unpaid
Professional Tax Act,1957	Professional Tax payable	45,827	2017-18	Various Dates	Unpaid
Income Tax Act,1961	Tax Deducted at Source	4,58,972	2017-18	Various Dates	Unpaid
Income Tax Act,1961	Tax Deducted at Source	816	2018-19	Various Dates	Unpaid

*In respect of Goods & Service Tax (GST) payable, the Company is in the process of reconciliation (Refer note No. 2.21 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 customs and duty of excise which have not been deposited on account of any dispute. The dues of income tax, service tax, sales tax, value added tax, entry tax and cess as at March 31, 2020 which have not been deposited on account of dispute, are as follows:

Name of the Statute	Nature of dues	Amount * (` in Cr)	Period	Forum where the dispute is pending
Local Sales Tax Act, Value Added Tax and Central Sales Tax Act	Sales Tax, VAT and CST	7.21	1997-1998,2000-2001 to 2015-2016	Appellate Authority upto Commissioner's Level
		6.49	1997-1998 to 2007-08 , 2010-2011	Tribunal
Entry Tax Act, 1976	Entry Tax	1.22	2005-2006 to 2009-2010, 2011-2012 to 2013-2014, 2015-2016	Appellate Authority upto Commissioner's Level
		7.26	2006-2007 to 2010-2011	Tribunal
		1.40	1998-1999, 1999-2005, 2010-2011 to 2016-2017	High Court
The Finance Act, 1994	Service Tax	1.14	2005-2006 , 2006- 2007	Appellate Authority upto Commissioner's Level
		34.16	2005-2006 to 2008-2009	Tribunal
Madhya Pradesh Luxury, Entertainment, Merriment, Advertising Act, 2011	Entertainment Tax	40.77	2011-2012 to 2014-2015	High Court
Meghalaya(Mobile phone connection cess) Act, 2002	Cess	0.59	2002-2003	High Court

*Net of amounts paid under protest.

(viii) (a) The company has defaulted in repayment of following dues to the banks and Financial Institutions during the year, which were not paid as at Balance Sheet date:

Sr. No.	Lenders' Name	Amount (Rs in Cr) Borrowings	Amount (Rs in Cr) Interest	Period (Maximum Days) Borrowings	Period (Maximum Days) Interest
1	Bank of India	46.00	0.61	1097	1096
2	Canara Bank	50.40	-	1006	-
3	Central Bank of India	18.40	0.22	1097	1097
4	Corporation Bank	13.80	0.16	1097	1096
5	China Development Bank	863.67	26.7	933	1119
6	Export Import Bank of China	215.92	6.67	933	1119
7	IDBI Bank	276.00	3.78	1097	1096
8	IDBI Bank	54.92	-	1110	-
9	Indian Overseas Bank	18.40	0.22	1097	1096
10	Oriental Bank of Commerce	13.93	0.22	914	1096
11	Punjab National Bank	187.60	-	1122	-
12	State Bank of India	115.00	1.76	1097	1096
13	Syndicate Bank	36.80	0.44	1097	1096
14	Union Bank of India	21.96	0.24	1097	1096
15	HSBC-France	261.47	4.46	1041	1041
16	Vishvakarma Equipment Finance Limited	118.00	-	121	-
	Total	2312.27	45.48		

(Refer Note No.2.10.03 of the Financial Statement)

Apart from above outstanding of interest mentioned above, the Company has not provided interest of Rs. 206.75 crore and Rs. 557.86 crore for the year ended and up to March 31, 2020 respectively and therefore it has not been disclosed above.

(b) Installments amounting to Rs. 297.17 crore payable to Department of Telecommunications (DOT) as on March 31, 2020 for spectrum acquired on deferred payment basis, has not been paid. (Refer note 2.06.01 of the financial statements).

- (ix) According to the information and explanations provided to us and based on our examination of the records of the Company, during the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans.
- (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) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Act.
- (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 No 20124262AAAADG7948

Reliance Telecom Limited**‘Annexure B’ to the Independent Auditor’s Report - 31 March 2020****Report on the Internal Financial Controls under Clause (h) 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 Telecom 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 with reference to 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 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.

Auditors’ 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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 statements, 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 judgement, 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 control 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 has been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at March 31, 2020:

- i. Balances of trade receivable, trade payables, other liabilities and loan & advances are subject to confirmation. (Read with Note no. 2.21).
- 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 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 financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, 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, except for the effects / possible effects of the material weaknesses described above under Basis of Qualified Opinion paragraph on the achievement of the objectives of the control criteria, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to 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 Reporting issued by the Institute of Chartered Accountants of India.

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 31st March 2020 and these material weaknesses has affected our opinion on the said financial statements of the Company [our audit report dated July 31 2020] and we have expressed an qualified opinion on these 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 No20124262AAAADG7948

Reliance Telecom Limited

Balance Sheet as at March 31, 2020

(₹ in Crore)

	Notes	As at		As at
		March 31, 2020		March 31, 2019
ASSETS				
Non Current Assets				
(a) Property, Plant and Equipment	2.01	0.04		0.04
(b) Income Tax Assets (net)	2.02	14.74	14.78	14.74
Current Assets				
(a) Financial Assets				
(i) Trade Receivables	2.03	44.70		44.70
(ii) Cash and Cash Equivalents	2.04	40.51		59.54
(b) Other Current Assets	2.05	337.22		336.04
(c) Assets Held for Sale	2.06	3,402.77	3,825.20	3,403.06
				3,843.34
Total Assets			3,839.98	3,858.12
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.07	85.00		85.00
(b) Other Equity	2.08	(10,168.74)	(10,083.74)	(6,779.72)
LIABILITIES				
Non-Current Liabilities				
(a) Financial Liabilities				
(b) Provisions	2.09	0.03	0.03	0.05
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.10	6,568.96		6,568.96
(ii) Trade Payables	2.11			
Micro and Small Enterprises		13.47		13.19
Others		552.66		542.78
(iii) Other Financial Liabilities	2.12	4,016.65		982.75
(b) Other Current Liabilities	2.13	36.95		43.75
(c) Provisions	2.14	0.01		0.01
(d) Liabilities directly related to Assets Held for Sale	2.06	2,734.99	13,923.69	2,486.35
				10,637.79
Total Equity and Liabilities			3,839.98	3,858.12
Significant Accounting Policies	1			
Notes on Accounts	2			

Reliance Telecom Limited

Balance Sheet as at March 31, 2020

Notes referred to above form an integral part of the Financial Statements.

In terms of our report of even date.

For Pathak H.D. & Associates LLP

Firm Regn No. 107783W/W100593

Chartered Accountants

Parimal Kumar Jha

Partner

Membership No. 124262

Mumbai

Dated : July 31, 2020

For Reliance Telecom Limited

Anish Niranjana Nanavaty

Resolution Professional

Grace Thomas

Director

Mahesh Mungekar

Director

Sanjay K Agarwal

Chief Financial Officer

Vinay Sony

Company Secretary & Manager

Reliance Telecom Limited

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
I INCOME			
(a) Revenue from Operations		-	-
(b) Other Income	2.15	-	23.40
(c) Total Income ((a) +(b))		<u>-</u>	<u>23.40</u>
II EXPENSES			
(a) Access Charges, License Fees and Network Expenses	2.16	8.86	16.52
(b) Employee Benefits Expenses	2.17	0.45	0.96
(c) Finance Costs	2.18	257.03	248.02
(d) Depreciation and Amortisation ₹ 9,743 (Previous year ₹ 9,743)	2.01	-	-
(e) Sales and General Administration Expenses	2.19	21.74	62.25
(f) Total Expenses ((a) to (e))		<u>288.08</u>	<u>327.75</u>
III Profit before Exceptional items and Tax (I(c)- II(f))		(288.08)	(304.35)
IV Exceptional Items			
Provision for Impairment	2.06	-	30.00
Provision of Liability on account of License and Spectrum Fee	2.24	3,015.98	-
V Profit before Tax (III- IV)		(3,304.06)	(334.35)
VI Tax Expense:			
(a) - Current Tax		-	-
(b) - Deferred Tax Charge/ (Credit)		-	-
VII Profit after Tax (V- VI)		(3,304.06)	(334.35)
VIII Other Comprehensive Income			
Remeasurement Gain/ (Loss) of the net defined employee benefit (Net of Tax)		0.04	0.03
IX Total Comprehensive Income for the year (VII + VIII)		(3,304.02)	(334.32)
X Earnings per Share of ₹ 10 each fully paid up 2.27			
- Before exceptional items (Basic and Diluted) (₹)		(33.89)	(35.81)
- After exceptional items (Basic and Diluted) (₹)		(388.71)	(39.34)
Significant Accounting Policies	1		
Notes on Accounts	2		

Reliance Telecom Limited

Statement of Profit and Loss for the year ended March 31, 2020

Notes referred to above form an integral part of the Financial Statements.

In terms of our report of even date.

For Pathak H.D. & Associates LLP

Firm Regn No. 107783W/W100593

Chartered Accountants

Parimal Kumar Jha

Partner

Membership No. 124262

For Reliance Telecom Limited

Anish Niranjan Nanavaty

Resolution Professional

Grace Thomas

Director

Mahesh Mungekar

Director

Sanjay K Agarwal

Chief Financial Officer

Mumbai

Dated : July 31, 2020

Vinay Sony

Company Secretary & Manager

Reliance Telecom Limited

Statements of Change in Equity as at March 31, 2020

(a) Equity Share Capital (Refer Note 2.07)

	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	85.00	85.00
Change in Equity Share Capital during the period	-	-
Balance at the end of the year	85.00	85.00

(b) Other Equity (Refer Note 2.08)

	Reserves and Surplus			Total
	Preference Share Redemption Reserve	Retained Earnings	Other Comprehensive Income	
Balance as at April 1, 2018	200.00	(6,730.19)	(0.21)	(6,530.40)
Surplus/ (Deficit) of Statement of Profit and Loss	-	(334.35)	-	(334.35)
Other Comprehensive Income	-	-	0.03	0.03
Balance as at April 1, 2019	200.00	(7,064.54)	(0.18)	(6,864.72)
Surplus/ (Deficit) of Statement of Profit and Loss	-	(3,304.06)	-	(3,304.06)
Other Comprehensive Income	-	-	0.04	0.04
Balance as at March 31, 2020	200.00	(10,368.60)	(0.14)	(10,168.74)

In terms of our report of even date.

For Pathak H.D. & Associates LLP

Firm Regn No. 107783W/W100593

Chartered Accountants

Parimal Kumar Jha

Partner

Membership No. 124262

For Reliance Telecom Limited

Anish Niranjana Nanavaty
Resolution Professional

Grace Thomas
Director

Mahesh Mungekar
Director

Sanjay K Agarwal
Chief Financial Officer

Vinay Sony
Company Secretary & Manager

Mumbai

Dated : July 31, 2020

Reliance Telecom Limited

Cash Flow Statement for the year ended March 31, 2020

(₹ in crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before tax as per Statement of Profit and Loss	(3,304.06)	(334.35)
Adjusted for:		
Provision/ Written off for Bad and Doubtful Debts/ Advances	-	33.01
Provision for Impairment	-	30.00
Provision for Liabilities no longer required, written back	-	(9.06)
Effect of change in Foreign Exchange Rate (net)	13.89	4.65
Remeasurement of the net defined benefit liability/asset	0.04	0.03
Finance Costs	257.03	248.02
Interest Income	-	0.15
	270.96	306.80
Operating Profit / (Loss) before Working Capital Changes	(3,033.10)	(27.55)
Adjusted for:		
Receivables and Other Advances	(1.18)	19.06
Trade Payables and Other liabilities	3,023.99	(5.51)
	3,022.81	13.55
Cash Generated from Operations	(10.29)	(14.00)
Tax Refund	-	57.59
Tax Paid	-	(0.16)
	(10.29)	43.43
Net Cash from Operating Activities	(10.29)	43.43
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Property, Plant and Equipments, Intangible Assets and Capital Work in Progress/ Intangible under Development (including realised foreign exchange variation capitalised)	0.27	0.06
Proceeds from /(Investment in) Term Deposit	-	5.25
Interest Received	-	0.64
Net Cash from/ (Used in) Investing Activities	0.27	5.95
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from / (Repayment of) Short term Borrowings	-	10.75
Repayment of Non-Current Borrowings	-	(4.47)
Finance Costs includes interest capitalised	(9.01)	(8.92)
Net Cash from/ (Used in) Financing Activities	(9.01)	(2.64)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(19.03)	46.74
Opening Balance of Cash and Cash Equivalents	(182.98)	(229.72)
Closing Balance of Cash and Cash Equivalents	(202.01)	(182.98)

Note:

(1) Figures in brackets indicate cash outgo.

(2) Non cash transactions relating to financing activities comprise of ₹ Nil (Previous year ₹ 12.38 crore) adjusted/reclassified from Other liabilities, ₹ Nil (Previous year ₹ 297.17 crore) adjusted from Deferred payment liabilities and ₹ Nil (Previous year ₹ 53.91 crore) adjusted from Advances and Receivables.

Reliance Telecom Limited

Cash Flow Statement for the year ended March 31, 2020

(3) Cash and Cash Equivalents includes cheques on hand, remittances-in-transit and bank balance.

(4) Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard (Ind AS) 7. "Statement of Cash Flow".

(5) Breakup of Cash and Cash Equivalents:

	As at March 31, 2020	As at March 31, 2019
(i) Cash and cash equivalent	40.51	59.54
(ii) Less: Bank overdraft	<u>(242.52)</u>	<u>(242.52)</u>
(iii) Cash and cash equivalent (net) as per Ind AS 7	<u>(202.01)</u>	<u>(182.98)</u>

In terms of our report of even date.

For Pathak H.D. & Associates LLP

Firm Regn No. 107783W/W100593

Chartered Accountants

Parimal Kumar Jha

Partner

Membership No. 124262

For Reliance Telecom Limited

Anish Niranjana Nanavaty

Resolution Professional

Grace Thomas

Director

Mahesh Mungekar

Director

Sanjay K Agarwal

Chief Financial Officer

Mumbai

Dated : July 31, 2020

Vinay Sony

Company Secretary & Manager

Reliance Telecom Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Note: 1

General Information and Significant Accounting Policies

1.1 General Information

Reliance Telecom Limited ("RTL" or "the Company"), a subsidiary of Reliance Communications Limited ("RCOM" or "the Holding Company"). The Company is registered under the Companies Act, 1956, having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. RTL was providing Telecommunication services in eight telecom service areas namely: Assam, Bihar, Himachal Pradesh, Kolkata, Madhya Pradesh, North East, Orissa and West Bengal through GSM Technology. The Company, during the earlier year, had discontinued Wireless business.

Corporate Insolvency Resolution Process ("CIR Process") has been initiated in case of the Company 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 Hon'ble National Company Law Tribunal (NCLT).

1.01 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for assets, specified hereunder, which are measured at fair value, 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 2.06, 2.18.01, 2.21 and 2.25 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 are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the services and their realization 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.

1.02 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 crore, unless stated otherwise.

1.03 Property, Plant and Equipment

- (i) Property, Plant and Equipment (PPE) are stated at cost net of Input credits/ Modvat/ Cenvat 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 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.

Reliance Telecom Limited

Notes on Accounts to Financial Statements as at March 31, 2020

- (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 useful life of the assets prescribed in Schedule II to the Companies Act, 2013 except in case of the following assets where useful life is different than those that are prescribed in Schedule II, considered based on technical evaluation.
 - (a) Telecom Electronic Equipments - 20 years
 - (b) Furniture, Fixtures and Office Equipments - 5, 10 years
 - (c) Vehicles - 5 years
 - (d) Leasehold improvements - Shorter of the remaining lease term or useful life.
- (v) Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.
- (vi) Depreciation methods, useful lives and residual values are reviewed periodically at each reporting date.
- (vii) 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.
- (viii) Depreciation on additions is calculated pro rata from the following month of addition.
- (ix) Expenses incurred relating to project, prior to commencement of commercial operations, are considered as project development expenditure and shown under Capital Work in Progress.

1.04 Intangible Assets

- (i) Intangible Assets are stated at cost as applicable less accumulated amortisation/ impairment, if any.
- (ii) 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.
- (iii) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (iv) Intangible assets, namely Telecom Licenses are amortised, over the period of Licenses on Straight Line Method (SLM) . Software assets are amortized from the date of acquisition or commencement of commercial services, whichever is later.
- (v) There are no intangible assets assessed with indefinite useful life. The life of amortisation of the intangible assets are as follows:
 - (a) Telecom Licenses - 20 years
 - (b) Software - 5 years
- (vi) Amortisation methods, useful lives and residual values are reviewed periodically at each reporting date.

Reliance Telecom Limited

Notes on Accounts to Financial Statements as at March 31, 2020

1.05 Non-current Assets Held for Sale

Non-current assets are classified as the Assets Held for Sale when their carrying amount is to be recovered principally through a sale transaction. Non-current assets 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 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. Non-current assets are not depreciated or amortised while they are classified as held for sale.

Loss is recognised for any initial or subsequent write down of such non current assets to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell an asset 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 such assets ceases to be classified as held for sale.

1.06 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 period 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 higher of the assets net selling price and value in use.

1.07 Inventories of Stores, Spares and Communication Devices

Inventories of stores, spares and communication devices are accounted for at costs 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.

1.08 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 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.

Reliance Telecom Limited

Notes on Accounts to Financial Statements as at March 31, 2020

(ii) **Defined benefit plans** **Provident Fund**

The Company's contribution towards provident fund is recognised 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 services in the current and prior periods; that benefit is discounted to determine its present value, mortality rate and the fair value of any 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.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

Remeasurements which comprise 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.

(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. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the balance sheet date.

Remeasurements gain and losses is recognised in the Statement of Profit and Loss in the period in which they arise.

1.09 Borrowing Costs

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 expense in the period in which they are incurred.

1.10 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 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 are recognised in the Statement of Profit and Loss in the period in which they arise except for;
 - (a) Exchange difference on foreign currency borrowings relating to depreciable capital asset are included in cost of assets which are regarded as an adjustment to interest cost.

Reliance Telecom Limited

Notes on Accounts to Financial Statements as at March 31, 2020

- (b) Exchange difference on foreign currency transactions, on which receipt and/ or payments are not planned, initially recognised in other comprehensive income 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) Any Gain/ Loss arising out of marking a class of derivative contracts to market price is recognised in the Statement of Profit and Loss.

1.11 Revenue Recognition and Receivables

- (i) Revenue is recognised when control over goods or services is transferred to a customer, which under current GAAP is based on the transfer of risks and rewards. 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.
- (ii) 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) Interest income is recognised on time proportion basis.

1.12 Taxes on Income and Deferred Tax

Income Tax comprises current and deferred tax. It is recognised in 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 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 the 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 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 is probable and that taxable profit will be available against which such deductible temporary differences can be utilised. MAT credit is recognised as an asset only if there is convincing evidence that the Company will pay normal income tax during the specified period.

Reliance Telecom Limited

Notes on Accounts to Financial Statements as at March 31, 2020

1.13 Asset Retirement Obligation (ARO), Provisions, 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. Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Asset Retirement Obligation (ARO) relates to the removal of 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.

1.14 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any exceptional item. Number of shares used in computing basic earning per share is the weighted average number of shares 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 of the beginning of the period, unless issued at a later date.

1.15 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 currency foreign exchange forward contracts.

Financial Assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of the financial asset. In the case of financial assets recorded at fair value through Profit and Loss, the transaction cost is recognised in the Statement of Profit and Loss.

(ii) Subsequent measurement

Subsequent measurement of the Financial Assets depends on the Company's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets:

Reliance Telecom Limited

Notes on Accounts to Financial Statements as at March 31, 2020

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 at 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 financial assets, and
- b) The contractual cash flows of the asset represent SPPI: Debt instrument is included within FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and 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 OCI is reclassified from the equity to 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):

A '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 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 and 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 OCI. There is no recycling of the amounts from OCI 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 profit and loss.

Also, Company 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".

Reliance Telecom Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Derecognition of Financial Assets

A financial asset is primarily derecognised when: (I) The rights to receive cash flows from the asset have expired, or (II) 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.

Impairment of Financial Assets

The Company assesses on a forward looking basis the Expected Credit Loss 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. 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. The 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.

(ii) 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 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 profit or loss.

Financial liabilities measured at amortised cost: After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognised in 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.

Reliance Telecom Limited

Notes on Accounts to Financial Statements as at March 31, 2020

1.16 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 judgement in applying the accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement 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

Critical estimates and judgements

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 judgements pertains to useful life of property, plant and equipment (Note 2.01), current tax expense and payable, recognition of deferred tax assets for carried forward tax losses, impairment of trade receivables, other financial assets (Note 2.02, 2.03 and 2.05), Assets Held for Sale (Note 2.06) and measurement of defined benefit obligation (Note 2.29). 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 Company and that are believed to be reasonable under the circumstances.

- (i) Useful life of Property, Plant and Equipment including intangible asset: The 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 collectible.

Reliance Telecom Limited

Notes on Accounts to Financial Statements as at March 31, 2020

- (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 the 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 of 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.

Reliance Telecom Limited**Notes on Accounts to the Financial Statements as at March 31, 2020****Note: 2.01****Property, Plant and Equipment**

(₹ in crore)

	Buildings	Capital Work in Progress
Gross carrying value		
As at April 1, 2018	0.04	-
Additions	-	-
Deductions	-	-
As at March 31, 2019	0.04	-
Additions	-	-
Deductions	-	-
As at March 31, 2020	0.04	-
Accumulated Depreciation		
As at April 1, 2018	-	-
Depreciation for the year (₹ 9,743)	-	-
Deductions	-	-
As at March 31, 2019	-	-
Depreciation for the year (₹ 9,743)	-	-
Deductions	-	-
As at March 31, 2020	-	-
Net Carrying Value		
As at March 31, 2019	0.04	-
As at March 31, 2020	0.04	-

Notes:

2.01.01 Building includes cost of shares in Co-operative Society ₹ 250 (Previous year ₹ 250).

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Note: 2.02

(a) Income Tax Assets (net) (Refer Note 2.21)

(₹ in crore)

	As at March 31, 2020	As at March 31, 2019
Advance Income Tax and Tax Deducted at source (net of provision for tax)	14.74	14.74
	14.74	14.74

(b) Deferred Tax Assets (Net)

(₹ in crore)

	As at March 31, 2020	As at March 31, 2019	For the year ended March 31, 2020	2019
(a) Amount recognised in Financial Statement				
(i) Deferred Tax Assets				
Relating to Carried forward losses and unabsorbed depreciation	1,714.25	1,657.74	56.51	413.17
Disallowances under Income Tax Act, 1961	73.36	89.44	(16.08)	30.97
MAT Credit Entitlement	29.31	29.31	-	-
Relating to temporary difference on depreciation/ amortisation and Impairment of Assets	275.91	468.49	(192.58)	(223.00)
	2,092.83	2,244.98	(152.15)	221.14
(ii) Deferred Tax Liabilities	-	-	-	-
Net Deferred Tax Assets (i)- (ii)	2,092.83	2,244.98	(152.15)	221.14
Deferred Tax Assets recognised/ restricted	Nil	Nil	Nil	Nil

Significant management judgement is considered in determining 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 MAT Credit entitlement which according to the management will be used to setoff taxable profit arising in subsequent years from operation and/or sale of assets 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:

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Sr. Year of Expiry	Amount of Loss (₹ in crore)
i. Financial Year 2019-20	270.30
ii. Financial Year 2020-21	78.81
iii. Financial Year 2022-23	39.55
iv. Financial Year 2024-25	688.56
v. Financial Year 2025-26	684.06
vi. Financial Year 2026-27	542.71
vii. Financial Year 2027-28	532.12
viii. Unabsorbed Depreciation for unlimited period	2,658.30
(b) Amounts recognised in profit and loss	(₹ in crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current income tax	-	-
Deferred income tax liability / (asset), net	-	-
Tax expense for the year	-	-
(c) Amounts recognised in Other Comprehensive Income	Nil	Nil
(d) Reconciliation of Tax Expenses		
Profit/ (Loss) before Tax	(3,304.06)	(334.35)
Applicable Tax Rate	31.200%	34.944%
Computed Tax Expenses (I)	(1,030.87)	(116.84)
Add/ (Less):		
(i) DTA not recognised on account of		
Temporary differences	89.83	106.36
Provision for Impairment disallowed/ Others not allowed under Income Tax Act, 1961	941.04	10.48
(ii) Reversal of MAT credit entitlement	-	-
Subtotal (II)	1,030.87	116.84
Income Tax Expenses charge/ (credit) to Statement of Profit and Loss (I+II)	-	-

Reliance Telecom Limited**Notes on Accounts to the Financial Statements as at March 31, 2020****Note: 2.03**

Trade Receivables (unsecured, Considered good/ unless stated otherwise)	(₹ in crore)	
	As at	As at
	March 31, 2020	March 31, 2019
Considered Good (Refer Note 2.21)	44.70	44.70
Considered Doubtful	199.65	199.65
Less: Provision for Doubtful Debts	199.65	199.65
	44.70	44.70

Note: 2.04

Cash and Cash Equivalents	(₹ in crore)	
	As at	As at
	March 31, 2020	March 31, 2019
Balance with Banks*	40.51	59.54
	40.51	59.54

* includes balance of ₹ 0.01 crore in respect of 6 Bank accounts, which is subject to confirmation from Bank.

Note: 2.05

Other Current Assets (Unsecured)*	(₹ in crore)	
	As at	As at
	March 31, 2020	March 31, 2019
a) Advances and Receivables		
Considered good		
Related Parties (Refer Note 2. 29)	8.59	8.29
Others	173.57	173.75
	182.16	182.04
b) Others		
Deposits	35.80	35.80
Balance with GST Authorities etc.	116.77	116.11
Prepaid Expenses	2.49	2.09
	337.22	336.04

* Refer Note 2.21

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Note: 2.06

Assets Held for Sale

(₹ in crore)

	Net Block Reclassified from PPE and Intangible		Provision for Impairment		Assets Held for Sale	
	For the year ended March 31,		For the year ended March 31,		As at March, 31	
	2020	2019	2020	2019	2020	2019
Tangible						
Plant and Machinery	-	-	-	-	7.37	7.64
Capital Work in Progress	-	-	-	-	0.13	0.15
Subtotal	-	-	-	-	7.50	7.79
Intangible						
Telecom Licences	-	-	-	30.00	2,542.13	2,542.13
Intangible Assets under Development- Telecom Licences	-	-	-	-	853.14	853.14
Subtotal	-	-	-	30.00	3,395.27	3,395.27
Total	-	-	-	30.00	3,402.77	3,403.06

Liabilities directly related to Assets Held for Sale

(₹ in crore)

	As at March 31, 2020	As at March 31, 2019
Deferred Payment Liabilities relating to Telecom Licences	1,921.48	1,921.48
Interest accrued on Spectrum	813.51	564.87
	2,734.99	2,486.35

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

2.06.01 The assets pertaining to Wireless Business continued to be classified as assets held for sale at the value ascertained as at March 31, 2018, along with liabilities and disclosed separately as discontinued operations in line with Ind AS 105 "Non-current. During the year, ₹ Nil (Previous year ₹ 30.00 crore) have been impaired and represented as exceptional items. 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.

During the earlier years, Reliance Communications Limited (RCOM), being the Holding Company, successfully bid under auction conducted for spectrum, by The Department of Telecommunications (DoT), for and on behalf of the Company and won spectrum in 5 service areas at a total cost of ₹ 2,584.57 crore. RCOM has made upfront payment of ₹ 663.09 crore on behalf of the Company, under the deferred payment option on April 8, 2015 and balance ₹ 4,754.72 crore (including interest), was payable in 16 annual installment starting from Financial year 2018-19. An Installment of ₹ 297.17 crore, due on April 9, 2019 is yet to be paid and balance installments not due as at March 31, 2020 is aggregating to ₹ 4,160.38 crore including interest @10% per annum. Spectrum won in 3 service areas are yet to be put to use and was reflected as Intangible assets under development.

In this regard it is pertinent to note that the dues 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 Code. In accordance with the aforesaid and admission of deferred spectrum installments as claims, the Corporate Debtor has not paid the installments.

2.06.02 Refer note 2.10.01 for security in favour of lenders. Reliance Communications Limited (RCOM), the Holding Company had, during the earlier years, 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, and 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. The NCD's, alongwith 6.5% Senior Secured Notes (SCN's), Foreign Currency Loans and Rupee Term Loans of ₹ 25,424 crore availed by Reliance Communications Limited (RCOM), the Holding Company and Foreign Currency Loans of ₹ 1623 crore availed by Reliance Infratel Limited (RITL), a fellow subsidiary were secured by a first pari passu charge on the whole of the movable plant and machinery of the Company including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work-in-progress (pertaining to movable fixed assets) both present and future including all the rights, title, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company, RCOM, the Holding Company and its fellow subsidiaries namely RITL and Reliance Communications Infrastructure Limited (RCIL) in favour of the Security Trustee for the benefit of the NCD Holders and the Lenders of the said secured loans. Further, Rupee Term Loan of ₹ 2,359 crore availed by RCOM and ₹ 1,109 crore availed by RITL have also been secured by second pari passu charge on the said assets. Rupee loans availed by RCOM also includes ₹ 5,463 crore secured by current assets, movable and immovable assets including intangible, both present and future of the Borrower Group. Further, non fund based outstanding of ₹ 246 crore availed by the Company, ₹ 1,361 crore availed by RCOM and ₹ 4 crore availed by RCIL have been secured by second pari passu charge on movable fixed assets of the Borrower Group.

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Note: 2.07

Equity Share Capital

(₹ in crore)

	As at March 31, 2020	As at March 31, 2019
Authorised		
400,000,000 Equity Shares of ₹ 10 each (400,000,000)	400.00	400.00
100,000,000 Preference Shares of ₹ 10 each (100,000,000)	100.00	100.00
	500.00	500.00
Issued, Subscribed and Paid up		
85,000,000 Equity Shares of ₹ 10 each fully paid up (85,000,000)	85.00	85.00
	85.00	85.00

2.07.01 Equity Shares

(a) Equity Shares held by Holding Company and its subsidiaries	No of Shares	No of Shares
Reliance Communications Limited, Holding Company and its nominees	6 69 80 100	6 69 80 100
	78.80%	78.80%
Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited), a fellow subsidiary	1 80 19 900	1 80 19 900
	21.20%	21.20%

(b) The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after the distribution of all the preferential amounts, in proportion to their shareholding.

(c) Reconciliation of Shares outstanding at beginning and at the end of the reporting period.

	March 31, 2020		March 31, 2019	
	No of Shares	(₹ in crore)	No of Shares	(₹ in crore)
Equity Shares				
At the beginning of the year	8 50 00 000	85.00	8 50 00 000	85.00
Add: Shares issued during the year	-	-	-	-
At the end of the year	8 50 00 000	85.00	8 50 00 000	85.00

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Note: 2.08

Other Equity

(₹ in crore)

	As at		As at	
	March 31, 2020		March 31, 2019	
Preference Share Redemption Reserve				
(i) Opening Balance	200.00		200.00	
(ii) Additions during the period	<u>-</u>	200.00	<u>-</u>	200.00
Surplus /(Deficit) in retained earnings				
(i) Opening Balance	(7,064.54)		(6,730.19)	
(ii) Add: Profit /(Loss) for the year	<u>(3,304.06)</u>	(10,368.60)	<u>(334.35)</u>	(7,064.54)
Other Comprehensive Income				
(i) Opening Balance	(0.18)		(0.21)	
(ii) Add: Additions during the year (net)	<u>0.04</u>	(0.14)	<u>0.03</u>	(0.18)
		<u>(10,168.74)</u>		<u>(6,864.72)</u>

Note: 2.09

Provisions

(₹ in crore)

	As at		As at	
	March 31, 2020		March 31, 2019	
Provision for Retirement Benefit		<u>0.03</u>		<u>0.05</u>
		<u>0.03</u>		<u>0.05</u>

Reliance Telecom Limited**Notes on Accounts to the Financial Statements as at March 31, 2020****Note: 2.10****Borrowings- Current**

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Secured		
From Banks (Refer Note 2.10.01)		
Foreign Currency Loans	1,341.06	1,341.06
Rupee Term Loan	36.80	36.80
Unsecured		
From Banks		
Rupee Loans	242.52	242.52
From Related Parties (Refer Note 2.29)		
Borrowings	3,555.88	3,555.88
Preference Shares (Refer Note 2.10.06 & 2.10.07)	1,392.70	1,392.70
	6,568.96	6,568.96

2.10.01 Secured Loans

The Company, during earlier years, had availed Rupee Term Loan (Outstanding as on March 31, 2020 was ₹ 610.69 crore) under consortium banking arrangement and Foreign Currency Loan (Secured Loans) (Outstanding as on March 31, 2020 was ₹ 1,341.06 crore), which have been secured by way of first pari passu charge on 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 movable fixed assets), both present and future, including all rights, title, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company, Reliance Communications Limited (RCOM), the Holding Company and its fellow subsidiaries namely Reliance Infratel Limited (RITL) and Reliance Communications Infrastructure Limited (RCIL) (Borrower Group) in favour of the Security Trustee for the benefit of the Lenders. The said Secured Loans apart from the above security, are also secured by pledge of equity shares of RCIL held by RCOM and of the Company held by RCOM and Reliance Realty Limited (RRL) by execution of the Share Pledge Agreement with the Share Pledge Security Trustee.

The Company, in favour of the Lenders of the Foreign Currency Loans, has also assigned eight Unified Access Services (UAS) Licences, by execution of Tripartite Agreements with Department of Telecommunications (DoT) and IDBI Bank, being the agent acting on behalf of the Lenders. The Company, during the earlier year, migrated to Unified licence in 7 telecom circles. Assignment of Telecom Licenses of the Company for the Rupee Term Loans is pending to be executed. The said Foreign Currency Loans are also guaranteed by Holding Company.

Rupee Term loans are also secured by pledge of equity shares of RITL held by RCIL, current assets, movable and immovable assets including intangible, both present and future of the Borrower Group and Corporate Guarantee 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 Reliance Globalcom BV (RGBV) the security for Rupee Loan is pending to be created.

During the earlier year, lenders have invoked guarantees provided by Borrower group for outstanding Rupee loan of ₹ 610.69 crore availed by the Company, ₹ 5,950.00 crore availed by RCOM and ₹ 485 crore availed by RITL. Further, 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.

2.10.02 Long term loans of ₹ 1,377.86 crore has classified as Short term as the Company is under CIR process.

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

2.10.03 Delay/ Default in Repayment of Borrowings and interest

The Company has delayed/ defaulted in payment of dues to banks and other lenders. The lenderwise details are as under:

Sr	Name of Bank	Borrowings				Interest				Borrowings				Interest			
		Delayed during the financial year ended March 31, 2020		Default as at March 31, 2020		Delayed during the financial year ended March 31, 2020		Default as at March 31, 2020		Delayed during the financial year ended March 31, 2019		Default as at March 31, 2019		Delayed during the financial year ended March 31, 2019		Default as at March 31, 2019	
		Amount [₹ in crore]	Period [Maximum days]	Amount [₹ in crore]	Period [Maximum days]	Amount [₹ in crore]	Period [Maximum days]	Amount [₹ in crore]	Period [Maximum days]	Amount [₹ in crore]	Period [Maximum days]	Amount [₹ in crore]	Period [Maximum days]	Amount [₹ in crore]	Period [Maximum days]	Amount [₹ in crore]	Period [Maximum days]
1	Central Bank of India	-	-	18.40	1,097	-	-	0.22	1,097	-	-	8.80	731	-	-	0.22	731
2	Bank of India	-	-	46.00	1,097	-	-	0.61	1,096	-	-	22.00	731	-	-	0.61	730
3	Canara Bank	-	-	50.40	1,006	-	-	-	-	-	-	21.60	640	-	-	-	-
4	Indian Overseas Bank	-	-	18.40	1,097	-	-	0.22	1,096	-	-	8.80	731	-	-	0.22	730
5	Oriental Bank of Commerce	-	-	13.93	914	-	-	0.22	1,096	4.47	411	4.33	548	-	-	0.22	730
6	State Bank of India	-	-	115.00	1,097	-	-	1.76	1,096	-	-	55.00	731	-	-	1.76	730
7	IDBI Bank Ltd	-	-	276.00	1,097	-	-	3.78	1,096	-	-	132.00	731	-	-	3.78	730
8	Union Bank of India	-	-	21.96	1,097	-	-	0.24	1,096	-	-	9.96	731	-	-	0.24	730
9	Corporation Bank	-	-	13.80	1,097	-	-	0.16	1,096	-	-	6.60	731	-	-	0.16	730
10	Syndicate Bank*	-	-	36.80	1,097	-	-	0.44	1,096	-	-	36.80	731	-	-	0.44	730
11	Punjab National Bank	-	-	187.60	1,122	-	-	-	-	-	-	187.60	756	-	-	-	-
12	IDBI Bank Ltd	-	-	54.92	1,110	-	-	-	-	-	-	54.92	744	-	-	-	-
13	Vishvakarma Equipment Finance Ltd.	-	-	118.00	121	-	-	-	-	-	-	-	-	-	-	-	-
14	HSBC- France	-	-	261.47	1,041	-	-	4.46	1,041	-	-	146.05	675	-	-	4.46	675
15	China Development Bank*	-	-	863.67	933	-	-	26.70	1,119	-	-	863.67	567	-	-	26.70	753
16	Export Import Bank of China*	-	-	215.92	933	-	-	6.67	1,119	-	-	215.92	567	-	-	6.67	753
17	Total	-	-	2,312.27		-	-	45.48		4.47		1,774.05		-	-	45.48	

* Facilities recalled

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

2.10.04 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 CIRP. Hence due to non availability of revised repayment schedule of borrowings, the total loan amount has been disclosed in delay/default however, the previous year figures of delay/default are based on original terms of facility and from the date of recall, where loans have been recalled.

2.10.05 Apart from above outstanding of Interest, the Company has not provided Interest Expenses of ₹557.86 crore upto March 31, 2020 (Previous year upto March 31, 2019 ₹ 351.11 crore) calculated based on basic rate of interest as per terms of loan as at March 31, 2020 and therefore it has not been disclosed.

2.10.06 Preference Shares

	As at March 31, 2020	As at March 31, 2019
	No of Shares	No of Shares
(a) 1% Non Convertible, Non Cumulative, Redeemable Preference Shares		
Reliance Communications Limited, Holding Company	4 50 00 000	4 50 00 000
	100.00%	100.00%

Preference Shares are redeemable at any time after expiry of 6 months from the date of allotment (i.e. March 3, 2003) and before expiry of 20 years from the date of allotment, at a face value of ₹ 10/- each by one month notice from the Preference Shareholders; or on expiry of 20 years from the date of allotment at a price of ₹ 100/- per share (including ₹ 90/- premium per share), in case above option is not exercised.

(b) 1% Redeemable, Non Cumulative, Non Convertible Preference Shares

Reliance Communications Tamilnadu Limited (RCTL)	1 34 77 000	1 34 77 000
	100.00%	100.00%

Preference Shares are redeemable at any time after the date of allotment (i.e. December 11, 2013) and before expiry of 20 years from the date of allotment, at 1% yield per annum less dividend paid, if any, at the time of redemption on issue price (Face value plus premium paid at the time of application) by giving three months notice to the Preference Shareholders; or on expiry of 20 years from the date of allotment at a price of ₹ 1000/- per share (including ₹ 990/- premium per share), in case above option is not exercised.

2.10.07 Details of Authorised Capital (Refer Note 2.07)

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Note: 2.11

Trade Payables (Refer Note 2.21) (₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Due to Micro and Small Enterprises (Refer Note 2.28)	13.47	13.19
Due to Related Parties (Refer Note 2.29)	173.27	169.69
Due to Others	<u>379.39</u>	<u>373.09</u>
	<u>566.13</u>	<u>555.97</u>

Note: 2.12

Other Financial Liabilities (₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Current Maturities of Long Term Debts		
Secured		
From Banks (Refer Note 2.10.01)		
Rupee Term Loan	573.89	573.89
From Others		
Rupee Loans	118.00	118.00
Others		
Interest accrued and due on borrowings	45.48	45.48
Capital Creditors	169.66	156.76
Other Liabilities*		
-From Related Parties* (Refer Note 2.29)	67.85	67.85
-Others** (Refer Note 2.21 & 2.24)	<u>3,041.77</u>	<u>20.77</u>
	<u>4,016.65</u>	<u>982.75</u>

* The amount was received from Reliance Realty Limited during financial year 2018-19. Pending finalisation of terms, interest has not been charged and the same has been shown as "Other Financial Liabilities".

**Includes amounts due towards Provision for accrual of expenses, salary payable, statutory dues and others.

Note: 2.13

Other Current Liabilities (Refer Note 2.21) (₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Income received in advance	13.25	13.25
Other Liabilities*	<u>23.70</u>	<u>30.50</u>
	<u>36.95</u>	<u>43.75</u>

* Includes amounts due towards security deposit, advance from customers, statutory dues and book overdraft.

Note: 2.14

Provisions (₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Employee Benefits	<u>0.01</u>	<u>0.01</u>
	<u>0.01</u>	<u>0.01</u>

Reliance Telecom Limited**Notes on Accounts to the Financial Statements as at March 31, 2020****Note: 2.15****Other Income**

(₹ in crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income	-	3.13
Miscellaneous Income / Liabilities written back	-	20.27
	<u>-</u>	<u>23.40</u>

Note: 2.16**Access Charges, License Fees and Network Expenses**

(₹ in crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
License Fees	5.99	5.95
Bandwidth Charges	-	1.27
Passive Infrastructure Charges	-	1.21
Rent, Rates and Taxes	2.25	4.24
Repairs and Maintenance	0.02	0.02
Insurance*	0.03	1.12
Power, Fuel and Utilities	0.57	2.71
Other Network Operating Expenses	-	-
	<u>8.86</u>	<u>16.52</u>

*Refer Note 2.29

Note: 2.17**Employee Benefits Expenses**

(₹ in crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and Wages (Refer Note 2.29)	0.43	0.89
Contribution to Provident and Other Funds	0.01	0.05
Employee Welfare and Other Amenities	0.01	0.02
	<u>0.45</u>	<u>0.96</u>

Note: 2.18**Finance Costs**

(₹ in crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Financial Liabilities	248.64	239.11
Other Financial Cost	<u>8.39</u>	<u>8.91</u>
	<u>257.03</u>	<u>248.02</u>

2.18.01 Non Provision of Interest and Foreign Exchange Variation

Considering various factors including admission of the Company to debt resolution process under the IBC with effect from May 15, 2018 and pursuant to the commencement of Corporate Insolvency Resolution Process (CIRP) of the Company under Insolvency and Bankruptcy Code, 2016 (IBC), there are various claims submitted by the operational creditors, the financial creditors, employees and other creditors. The Overall obligation 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 was under Strategic Debt Restructuring (SDR) and asset monetization and debt resolution plan was being worked out. The Company has not provided Interest of ₹ 206.75 crore calculated based on basic rate of interest as per terms of loan and foreign exchange variation (loss) to ₹133.95 crore for the year ended March 31, 2020. Had the Company provided Interest and foreign exchange variation, the Loss would have been higher by ₹ 340.70 crore for the year ended March 31, 2020. During the previous years, Interest of ₹ 351.11 crore and foreign exchange variation (loss) to ₹ 81.89 crore was not provided during the financial year ended March 31, 2018 and March 31, 2019. Consistent with the practice followed in earlier years, interest has not been charged on loans availed from Holding Company & Fellow Subsidiary.

Note: 2.19**Sales and General Administration Expenses**

(₹ in crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Selling Expenses		
Provision for Doubtful Debts	-	33.01
General Administration Expenses		
Rent, Rates and Taxes	-	0.27
Professional Fees	0.93	1.74
CIRP Cost	3.21	-
Net loss on Foreign currency transactions and translation	13.89	4.65
Other General and Administration Expenses	<u>3.46</u>	<u>22.33</u>
	21.49	28.99
Payment to Auditors		
- Audit Fees	0.25	0.25
	<u>21.74</u>	<u>62.25</u>

Reliance Telecom Limited**Notes on Accounts to the Financial Statements as at March 31, 2020****Note : 2.20****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.

For the year ended March 31, 2020		Regrouped in for the year ended March 31, 2019	
Nature	New grouping	Old grouping	(₹ in crore)
Funds received	Other Financial Liabilities	Other Current Liabilities	67.85

Note: 2.21**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 there under ("Code"), the NCLT had admitted the application and ordered the commencement of corporate insolvency resolution process ("CIRP") of Reliance Telecom Limited ("Company" or "Corporate Debtor") vide its order dated May 15, 2018. The NCLT had appointed Ms. Mitali Shah as the interim resolution professional for the Company 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 Company and allowed the management of the Company to function. In accordance with the order of the Hon'ble NCLAT, Ms. Mitali Shah handed over the control and management of the Company back to the erstwhile management of the Company 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 order of the Hon'ble NCLAT, Ms. Mitali Shah, wrote to the management of the Company on May 02, 2019 requesting the charge, operations and management of the Company to be handed over back to IRP. Therefore, Ms. Mitali Shah had in his capacity as IRP taken control and custody of the management and operations of the Company from May 02, 2019. Subsequently, the committee of creditors of the Company pursuant to its meeting held on May 30, 2019 resolved, with requisite voting share, to replace the existing interim resolution professional, i.e. Ms. Mitali Shah with Mr. Anish Niranjana Nanavaty as the resolution professional for the Company 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 Company ("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 Company to the RP as on June 28, 2019 who assumed the powers of the board of directors of the Company and the responsibility of conducting the CIRP of the Company.

On the basis of the Hon'ble NCLAT's order dated April 30, 2019, the CIRP in respect of the Company has been recommenced and interim resolution professional has been appointed. Subsequently, appointment of Mr. Anish Niranjana Nanavaty as the Resolution Professional (RP) of the Company 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, Reliance Communication Limited, the holding company and Reliance Infratel Limited, the fellow subsidiary, 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 CIRP, the Company will carry out a comprehensive review of all the assets and liabilities and accordingly provide for impairment of assets and write back of liabilities, if any. Receivable and Payable balances are subject to confirmation from the respective parties. Further, the Company is in the process of reconciling Goods & Service Tax (GST) and Tax Deducted at source.

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Considering these developments including, in particular, the RP having taken over the management and control of the Company inter alia with the objective of running them as going concern, the financial results continue to be prepared on going concern basis. However, 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, these events indicate that material uncertainty exists that may cast significant doubt on Company's ability to continue as a going concern.

Note: 2.22

Movement of Provisions (Current/ Non current)

Particulars	(₹ in crore)			
	Current		Non Current	
	For the year ended		For the year ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Provision for Retirement Benefits (Refer Note 2.29)	0.01	0.01	0.03	0.05

Note: 2.23

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 accounts (net of advances) and not provided for	Nil	Nil
(ii) Claims against the Company not acknowledged as debts*	1,197.85	1,166.82
<p>* These includes demands received from Sales Tax/ Service Tax/ Entry Tax authorities in various States/ Department of Telecommunications, which are pending before the Appellate Authorities/ Tribunal/ High Court/ TDSAT and the stay orders are granted against the said demands. The Company is confident that the aforesaid claims will be successfully contested.</p> <p>The Company has deposited ₹ 31.44 crore (Previous year ₹ 30.49 crore) under protest with the Sales tax/ Service tax/ Entry tax authorities/ Income tax/ Department of Telecommunications against the demand, which are included in Income Tax Assets, Deposits and Advances and Receivables-Others (Refer Note 2.02 " Income Tax Assets" and 2.05 "Other Current Assets).</p>		
(iii) Guarantees given including on behalf of other companies for business purpose	0.13	0.13
(iv) Spectrum Charges		
<p>Department of Telecommunication (DoT) had, during the earlier year, issued demand on the Company for ₹ 4.70 crore towards levy of one time Spectrum Charges, being the prospective charges for holding GSM Spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012 and prospective charge of ₹ 168.77 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 (T.P. No. 220 of 2018), 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.</p>		
(v) Considering various factors including admission of the Company to debt resolution process under the Code with effect from May 15, 2018 and pursuant to the commencement of Corporate Insolvency Resolution Process (CIRP) of the Company 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.		

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

- (vi) 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 a Director and the Company. 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.

Note: 2.24

License Fees and Spectrum Fee demands on account of Special Audit and Comptroller and Audit General (CAG)

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 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.

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 ₹ 3,015.98 crore for the year ended March 31, 2020 and represented as exceptional items which may undergo revision based on demands from DoT and / or any developments in this matter.

Considering various factors including admission of the Company to resolution process under the Code and the moratorium applicable under the Code, discharge of the aforesaid liability will be dealt with in accordance with the Code.

Note: 2.25

Lease

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: 2.26

2.26.1 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, 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.

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

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).

There is no fair valuation of financial instruments. The carrying value of financial instruments by categories are as follows:

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.04)	40.51	59.54
Trade receivables (Refer Note 2.03)	44.70	44.70
Total	85.21	104.24
Financial assets at fair value through Profit and Loss:	Nil	Nil
Financial assets at fair value through other Comprehensive Income:	Nil	Nil
Financial liabilities at amortised cost:		
Trade payables (Refer note 2.11)	566.13	555.97
Other financial liabilities (Refer Note 2.12)	4,016.65	982.75
Borrowings (Refer Note 2.10) and Deferred payment liabilities (Refer Note 2.06)	9,303.95	9,055.31
Total	13,886.73	10,594.03
Financial liabilities at fair value through Profit and Loss:	Nil	Nil
Financial Liabilities at fair value through other Comprehensive Income:	Nil	Nil

2.26.2 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 operations and the

Corporate Insolvency Resolution Process ("CIRP") has been initiated in case of the Company 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 Hon'ble 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 cash flow and its associated risks are as under:

Market risk

The Company also deals 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 affected as rupee appreciates/ depreciates against US Dollar. Since the Company is under CIRP, 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 CIRP, foreign currency loans are stated at exchange rate as at March 31, 2018.

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Foreign Currency Risk from financial instruments as of :							(₹ in crore)
Particulars	March 31,2020			March 31,2019			
	U.S. dollars	Other Currency	Total	U.S. dollars	Other Currency	Total	
Trade Receivables	-	-	-	-	-	-	
Borrowings	(1,341.06)	-	(1,341.06)	(1,341.06)	-	(1,341.06)	
Trade payables and Other Liabilities	(195.05)	(5.42)	(200.47)	(181.52)	(5.09)	(186.61)	
Net assets/ (liabilities)	(1,536.11)	(5.42)	(1,541.53)	(1,522.58)	(5.09)	(1,527.67)	

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 CIRP, 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.

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Ageing of Trade Receivable

Particulars	As at March 31, 2020			As at March 31, 2019		
	Gross Amount	Weighted Average Loss Rate- Range	Provision for Doubtful debts	Gross Amount	Weighted Average Loss Rate- Range	Provision for Doubtful debts
Not Due	-	-	-	-	-	-
0-90	-	-	-	-	-	-
91-180	-	-	-	-	-	-
181-365	-	-	-	0.51	100%	0.51
Above 365	244.35	82%	199.65	243.84	82%	199.14
Total	244.35	0.82	199.65	244.35	82%	199.65

Liquidity risk

The Company is under CIR Process. The Company depends upon receipt from Trade receivables and delay in 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 CIRP, 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 CIRP.

Note: 2.27

Earnings per Share (EPS)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic and Diluted EPS (before Exceptional Items)		
(a) Profit/ (Loss) attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	(288.08)	(304.35)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)	85,000,000	85,000,000
(c) Basic and Diluted Earnings per Share of ₹ 10 each (₹)	(33.89)	(35.81)
Basic and Diluted EPS (after Exceptional Items)		
(a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS)	(3,304.06)	(334.35)
(b) Weighted average number of Equity Shares (used as denominator for calculating basic and Diluted EPS)	85,000,000	85,000,000
(c) Basic and Diluted Earnings per Share of ₹ 10 each (₹)	(388.71)	(39.34)

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Note: 2.28

Disclosure under Micro, Small and Medium Enterprises

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.

	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Principal amount due to any supplier as at the year end	14.61	13.85
(ii) Interest due to suppliers and remaining unpaid as at year end	8.51	6.01
(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	0.07	2.37
(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	0.00	0.66
(vi) Amount of interest accrued and remaining unpaid at the end of each accounting year	8.51	6.67
(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	5.42	5.52

Note: 2.29

Related Parties

As per the Indian Accounting Standard ("Ind AS") 24 of "Related Party Disclosures", 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 party

1	Reliance Innoventures Private Limited	Ultimate Holding Company (upto February 6, 2019) Holding Company
2	Reliance Communications Limited (RCOM)	
3	Reliance Communications Infrastructure Limited (RCIL)	Fellow subsidiary
4	Reliance Infratel Limited (RITL)	
5	Reliance Tech Services Limited (RTSL)	
6	Reliance Webstore Limited (RWSL)	
7	Globalcom IDC Limited (GIDC)	
8	Reliance Realty Limited (RRL)	
9	Reliance Communications Tamilnadu Limited (RCTL)	

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

10	Reliance Big Entertainment Private Limited	} Enterprises over which Promoter of Holding Company having control
11	Reliance Capital Limited	
12	Reliance General Insurance Company Limited	
13	Reliance Telecom Limited Employees Provident Fund	} Employee Benefits Trust
14	Reliance Telecom Ltd. Employees Group Gratuity Assurance Scheme	
15	Reliance Telecom Ltd. Employees Superannuation Scheme	
16	Shri Vinay Soni - Company Secretary (w.e.f. September 16, 2019) and Manager (w.e.f. November 15, 2019)	} Key Managerial Person (KMP)

B Transactions during the year with related parties

(Figures relating to current year are reflected in Bold, relating to previous year are reflected in brackets and italic .)

	(₹ in crore)					
	Holding Company	Fellow Subsidiaries	Enterprises over which Promoter of Holding Company having control	Employee Benefits Trust	KMP	Total
(i) Advances/ Other Receivables	-	8.30	-	0.29	-	8.59
	-	<i>(8.05)</i>	-	<i>(0.24)</i>	-	<i>(8.29)</i>
(ii) Trade Payable	-	173.27	-	-	-	173.27
	-	<i>(169.69)</i>	-	-	-	<i>(169.69)</i>
(iii) Other Financial Liabilities	-	67.85	-	-	-	67.85
	-	<i>(67.85)</i>	-	-	-	<i>(67.85)</i>
(iv) Loans Taken						
Opening Balance as on April 1, 2019	2,355.88	1,200.00	-	-	-	3,555.88
	<i>(1,981.67)</i>	<i>(1,200.00)</i>	-	-	-	<i>(3,181.67)</i>
Add: Taken/Adjusted during the year	-	-	-	-	-	-
	<i>(391.07)</i>	-	-	-	-	<i>(391.07)</i>
Less: Repayment/ Adjusted during the year	-	-	-	-	-	-
	<i>(16.86)</i>	-	-	-	-	<i>(16.86)</i>
Balance as on March 31, 2020	2,355.88	1,200.00	-	-	-	3,555.88
	<i>(2,355.88)</i>	<i>(1,200.00)</i>	-	-	-	<i>(3,555.88)</i>

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

	(₹ in crore)					
	Holding Company	Fellow Subsidiaries	Enterprises over which Promoter of Holding Company having control	Employee Benefits Trust	KMP	Total
(v) Preference Shares including Share Premium	45.00	1,347.70	-	-	-	1,392.70
	(45.00)	(1,347.70)	-	-	-	(1,392.70)
(vi) Expenditure						
Employee Benefit Expenses	-	-	-	0.01	-	0.01
Sharing of Expenses (Including Preoperative Expenses)	-	-	-	(0.02)	-	(0.02)
	0.03	-	-	-	-	0.03
	(1.11)	-	-	-	-	(1.11)
(vii) Corporate Guarantee on behalf of the Company	1,939.61	-	-	-	-	1,939.61
	(1,805.66)	-	-	-	-	(1,805.66)
(viii) Managerial Remuneration						
Shri Vijay Soni	-	-	-	-	0.02	0.02
	-	-	-	-	-	-

The following table describes the components of compensation paid or payable to key management personnel for the services rendered during the year ended:

	(₹ in crore)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and other benefits	0.02	-
Contributions to defined benefit plans ₹ 3,979 (Previous year ₹ Nil)	-	-
Contributions to defined contribution plans ₹ 9,297 (Previous year ₹ Nil)	-	-
Total	0.02	-

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Note: 2.30

Employee Benefits

2.30.01 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 have outsourced the investment management of the fund to insurance company which in turn manage 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 of a final salary defined benefit in nature 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 define benefit plan exposed the Company at 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 Indian Accounting Standard ("Ind AS")-19 "Employee Benefits".

Particulars	(₹ in crore)	
	As at	As at
	March 31, 2020	March 31, 2019
(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at beginning of the year	0.13	0.29
Service cost	0.01	0.01
Interest cost	0.01	0.02
Actuarial (Gain)/ Loss	(0.02)	(0.03)
Benefits paid	-	(0.16)
Obligation at year end	0.13	0.13
*Defined benefit obligation liability as at the balance sheet is wholly funded by the Company		
(ii) Change in plan assets		
Plan assets at beginning of the year, at fair value	0.37	0.51
Expected return on plan assets	0.03	0.02
Actuarial Gain/ (Loss)	0.02	-
Contributions	-	-
Benefits	-	(0.16)
Plan assets at year end, at fair value	0.42	0.37
(iii) Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	0.42	0.37
Present value of the defined benefit obligations at the end of the year	0.13	0.13
Liability/ (Advance) recognised in the Balance Sheet	(0.29)	(0.24)

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Particulars	(₹ in crore)	
	As at	As at
	March 31, 2020	March 31, 2019
(iv) Expense Recognised in Profit or Loss		
Service Cost	0.01	0.01
Interest Cost	(0.02)	-
Total	(0.01)	0.01
(V) Amount Recognised in Other Comprehensive Income		
Actuarial (Gain)/Loss on Obligation	(0.02)	(0.03)
Actuarial (Gain)/ Loss on Plan Assets	(0.02)	-
Total	(0.04)	(0.03)
(vi) Investment details of plan assets		
100% of the plan assets are invested in balanced Fund Instruments		
(vii) Actual return on plan assets	0.05	0.02
(viii) Assumptions		
Interest rate	5.04%	7.64%
Estimated return on plan assets	7.64%	7.64%
Salary Growth rate	0.00%	8.00%
*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.		

Particulars of the amounts for the year and previous years	As at March 31,				
	2020	2019	2018	2017	2016
	Present Value of benefit obligation	0.13	0.13	0.29	0.37
Fair value of plan assets	0.42	0.37	0.51	0.59	0.54
Excess of (obligation over plan assets) / plan assets over obligation	0.29	0.24	0.22	0.22	0.27

The expected contribution is based on the same assumptions used to measure the company's gratuity obligations as of March 31, 2020.

(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.

	(₹ in crore)	
	As at	As at
	March 31, 2020	March 31, 2019
Discount rate (+1% movement) { ₹ (20,603) }	-	(0.01)
Discount rate (-1% movement) { ₹ 21,012 }	-	0.01
Future Salary growth (+1% movement)	-	0.01
Future Salary growth (-1% movement)	-	(0.01)
Employee Turnover (+1% movement) { ₹ (14) (Previous year ₹ (924)) }	-	-
Employee Turnover (-1% movement) { ₹ 19 (Previous year ₹ 963) }	-	-

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.

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

(xi) Maturity analysis of defined benefit plan (fund)

Project benefit payable in future from the date of reporting

	As at March 31, 2020	As at March 31, 2019
1st following year	1,521,301	71,036
2nd following year	362,579	73,193
3rd following year	202,520	75,396
4th following year	76,267	77,638
5th following year	37,686	250,056
Sum of 6 years and above	37,950	1,427,836

2.30.02 Provident Fund :

During the year, the Company has received a notice from the Regional Provident Fund Commissioner (RPFC) to surrender the Provident fund Trust due to losses in consecutive past four years. Accordingly, the Company has initiated the process to surrender the Trust and started making payment of monthly contribution directly to RPFC. During the year, the Company has contributed ₹ 0.01 crore (Previous year ₹ 0.02 crore) towards Provident Fund contribution to the Trust established under the earthwhile Scheme. The Company is in the process to transfer the accumulated funds to RPFC after completion of inspection/ audit by RPFC hence any liability towards the short fall on sale of securities, if any, will be recognised at the time of transfer of funds.

Note: 2.31

Segment Information

The Company is having one reportable segment accordingly Indian Accounting Standard ("Ind AS")108 - 'Operating Segment' does not apply to the Company .

Note: 2.32

Capital Management

Capital of the Company, for the purpose of capital management , include issued equity capital 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 and the Company under going CIRP and thereby operating as a going concern.

The Company monitors capital using gearing ratio, which is debt divided by total capital plus debt.

	As at March 31, 2020	As at March 31, 2019
(a) Equity	(10,083.74)	(6,779.72)
(b) Debt	7,260.85	7,260.85
(c) Equity+ Debt	(2,822.89)	481.13
(d) Capital Gearing Ratio (b/c)	-257%	1509%

Capital gearing ratio reflects reduction in equity on account of net losses incurred during the year.

Note: 2.33

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: 2.34

Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Note: 2.35

Impact of COVID 19

The Company had discontinued its wireless business during earlier year and there are no major operations in the Company hence, there is no impact of the COVID-19 pandemic on the Company's future financial results.

Reliance Telecom Limited

Notes on Accounts to the Financial Statements as at March 31, 2020

Note: 2.36

Director's disqualification

During the year, one of the director has resigned from the position of the Director, however his resignation has not been accepted by the Committee of Creditors (CoC) under Code and the Company has not received declaration under section 164 (2) of the Companies Act, 2013.

Note: 2.37

Authorisation of Financial Statements

Upon application by the CoC in terms of Section 22(3) of the Code, the Hon'ble 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. 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 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 statement 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.

After review, the Directors of the Corporate Debtor have approved the 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.

In terms of our report of even date.

For Pathak H.D. & Associates LLP
Firm Regn No. 107783W/W100593
Chartered Accountants

Parimal Kumar Jha
Partner
Membership No. 124262

Mumbai
Dated : July 31, 2020

For Reliance Telecom Limited

Anish Niranjana Nanavaty
Resolution Professional

Grace Thomas
Director

Mahesh Mungekar
Director

Sanjay K Agarwal
Chief Financial Officer

Vinay Soni
Company Secretary

Independent Auditor's Report on financial statements

To the Members of Reliance Communications Infrastructure Limited (A Company under Corporate Insolvency resolution process vide NCLT Order)

Report on the 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 a financial creditor against Reliance Communications Infrastructure 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 financial statements of **Reliance Communications Infrastructure Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss, statement of changes in equity and statement 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 the 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.2.14, "Assets Held for Sale (AHS)" 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. 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 2020.

- B. Note no. 2.33 regarding admission of the Company 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/ disclosure thereof pending reconciliation and determination of final obligation.

The Company accordingly has not provided interest on borrowings amounting to Rs. 12 Crore for year ended March 31, 2020 and Rs.92 Crore up to the previous financial year calculated based on basic rate of interest as per terms of loan. Had such interest as mentioned above been provided, the reported loss for the year ended March 31, 2020 would have been higher by Rs. 12 Crore. Non provision of interest is not in compliance with Ind AS 23 "Borrowing Costs".

- C. Note no. 2.31 , regarding pending comprehensive review of carrying amount of all other assets including investment in subsidiaries & 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 reconciliation. In the absence of Comprehensive review as mentioned above for the carrying value of all the 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 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 & Ind AS 36 on Impairment of Assets.
- D. Note no 2.39, 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 ongoing Corporate Insolvency Resolution Process, the outcome of which cannot be presently ascertained.
- F. Note No 2.32 regarding non receipt of balance confirmation from balance with Industrial and Commercial bank of China in Fixed Deposit (FD) account amounting to Rs. 31.62 Crores as at March 31, 2020. The Company further, has recognised Interest income on the said FD amounting to Rs. 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 (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 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

We draw attention to Note no 2.48 of the statement, as regards to the managements 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 the above matter.

Information Other than the financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the 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 do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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 Ind AS 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 2.50 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 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 resolution professional is also responsible for overseeing the Company's Financial reporting process read together with Note no.2.50 of the financial statements

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. 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 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 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 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

- G. 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.
- H. 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 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

Niranjan 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. Reliance Communications Limited (being the Holding Company of the Company), Reliance Telecom Limited and Reliance Infratel Limited are also undergoing CIRP under the provisions of the Code and the RP is also the resolution professional of the aforesaid companies.

The financial statements of the Company should be signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it should 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. 2.50 of the financial statements, 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 statement 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:

- (a) 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.
- (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 Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015. , except requirement of Ind AS 105 on Non Current Assets Held for Sale and Discontinued Operations, Ind AS 23 on Borrowing Cost, Ind AS 116 Leases, Ind AS 109 Financial Instruments and 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.
- (e) 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;

- (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, two of the directors of the company are not disqualified as on March 31, 2020 from being appointed as directors in terms of section 164(2) of the Act.

In respect of one of the director, the company has not received declaration from this director in terms of section 164(2) of the Act (Refer Note 2.49 of the financial statements), accordingly we are unable to comment whether this director is 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 explanations given to us, the company has not paid/provided for any remuneration to its directors during the year.

- (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 Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.38 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 are no amounts which is 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: 20124262AAAADF1622

Reliance Communications Infrastructure Limited

‘Annexure A’ to the Independent Auditor’s Report –March 31, 2020

With reference to the Annexure A referred to in the Independent Auditor’s Report to the Members of Reliance Communications Infrastructure 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) As explained to us, the fixed assets have been physically verified by management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and based on the examination of the records of the Company, 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.
- ii. The inventories have 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 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 and 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 as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph (v) of the Order is not applicable to the Company.
- vi. As informed to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act. Accordingly, paragraph (vi) of the Order is not applicable to the Company.
- 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.

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 (Rs.)	Period to which the amount relates	Due Date	Date of Payment
The Central Sales Tax Act, 1956	Central Sales Tax	2,67,643	Prior to Mar-17	Various Dates	Unpaid
Delhi Value Added Tax Act, 2004	Value Added Tax Payable	95,691	Prior to Mar-17	Various Dates	Unpaid
Manipur Value Added Tax Act, 2004	Value Added Tax Payable	81,479	Prior to Mar-17	Various Dates	Unpaid
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax Payable	1,16,963	Prior to Mar-17	Various Dates	Unpaid
Tamilnadu Value Added Tax Act, 2006	Value Added Tax	3,82,704	Prior to Mar-17	Various Dates	Unpaid
Kerala Value Added Tax Act, 2003	Value Added Tax	17,36,696	Prior to Mar-17	Various Dates	Unpaid
Karnataka Value Added Tax Act, 2003	Value Added Tax	24,96,722	Prior to Mar-17	Various Dates	Unpaid
Chandigarh Value Added Tax Act, 2005	Value Added Tax	16,963	Prior to Mar-17	Various Dates	Unpaid
West Bengal Value Added Tax Act, 2003	Value Added Tax	55,16,229	Prior to Mar-17	Various Dates	Unpaid
Nagaland Value Added Tax Act, 2005	Value Added Tax	138	Prior to Mar-17	Various Dates	Unpaid
Central Excise Act, 1944	Excise	25,02,825	Prior to Mar-17	Various Dates	Unpaid
Maharashtra Sales tax Act	Sales Tax	12,27,724	Prior to Mar-17	Various Dates	Unpaid
Profession Tax Act, 1957	Professional Tax Payable	1,16,70,043	Prior to Mar-18	Various Dates	Unpaid
Chhattisgarh VAT Act, 2003	Works Contract Tax payable	36	Prior to Mar-17	Various Dates	Unpaid
Kerala VAT Act, 2003	Works Contract Tax payable	10,069	Prior to Mar-17	Various Dates	Unpaid
Chhattisgarh VAT Act, 2003	Works Contract Tax payable	14,844	Prior to Mar-17	Various Dates	Unpaid

Income Tax Act, 1961	Tax Deducted at source	1,14,74,174	Prior to October - 2019	Various Dates	Unpaid
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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 Duty of Customs and Cess which have not been deposited on account of any dispute. The dues of Income Tax, Service Tax, Sales Tax, VAT and Entry Tax as disclosed below have not been deposited by the Company on account of dispute

Nature of Dues	Forum where the dispute is pending	Period to which the amount relates	Amount* (in Crore)
Entry Tax	Sales Tax Officer	2001-02	0.16
	Assessing Authority	2000-01 (Rs. 21,527/-)	0
	Addl. Commissioner (Appeals)	2006-07	0.01
	Dy. Commissioner (Appeals)	2010-11 (Rs. 1,000/-)	0
	Jt. Commissioner (Appeals)	2005-06, 2006-07, 2007-08, 2011-12, 2013-14	0.22
	Tribunal	2000-01, 2002-03, 2003-04, 2004-05, 2006-07	0.06
	Tax Board	2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10	1.21
	High Court	2002-03, 2003-04, 2004-05, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15	1.01
	Supreme Court of India	2012-13 (Rs. 13,510/-)	0
		Entry Tax Total	2.67
Sales Tax	Sales Tax Officer	2001-02	2.15
	Addl. Commissioner (Appeals)	2007-08	0.32
	Jt. Commissioner (Appeals)	2005-06, 2006-07, 2007-08	0.02
	Tribunal	2000-01, 2004-05	0.45
		Sales Tax Total	2.94
VAT/CST	Commercaill Tax Officer	2014-15	0.56
	Addl. Commissioner (Appeals)	2012-13	0.26
	Commissioner	2009-10, 2010-11, 2011-12	0.16
	Jt. Commissioner (Appeals)	2003-04, 2004-05, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14	41.33

	Tribunal	2005-06, 2007-08,2008-09	0.64
	High Court	2007-08	2.38
	Appellate Authority	2010-11,2011-12,2012-13,2014-15	1.39
	Dy. Commissioner of Sales Tax	2013-14	0.38
	VAT Total		47.1
Service Tax/CEN VAT	CESTAT	2007-08,2008-09, 2009-10, 2010-11, 2011-12,2014-15,2008-2012, 2008-2018	138.63
	Comm. Appeals	01/09/2006 to 30/10/2010, 01/05/2008 to 31/03/2011	1.46
	Service Tax Total		140.09
Income Tax Act, 1961	Income Tax Appellate Tribunal	2008-09, 2009-10, 2010-11, 2011-12	368.99
	Income Tax Total		368.99

- viii. (a) The company has defaulted in repayment of following dues to the banks during the year, which were not paid as at Balance Sheet date.

S no	Name of Lender	Borrowings		Interest	
		Amount (Rs. In Cr.)	Period (Maximum days)	Amount (Rs. In Cr.)	Period (Maximum days)
I	Loan From banks				
1.	Corporation bank	110.60	1 075	7.97	1 075
2.	IDBI bank	3.74	1 100	0.46	1 100

Apart from above outstanding of interest, the Company has not provided interest expense of Rs. 12 crore and Rs.104 Crore for the year and up to March 31, 2020 respectively and therefore it has not been disclosed above.

- ix. In our opinion, and according to information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause (ix) of the order is not applicable to the company.
- x. According to the information and explanations given to us, no significant fraud on or by the company by its officer or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of records, the Company has not paid/provided for any managerial remuneration during the year, accordingly the provision of clause 3(xi) of the order is not applicable to the company.
- xii. As the Company is not a Nidhi Company, the provision of clause 3(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. Accordingly, paragraph (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us, the company has not entered into any non-cash transactions with the directors or persons connected with him as per section 192 of the Act. 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 clause (xvi) is not applicable.

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: 20124262AAAADF1622

Reliance Communications Infrastructure Limited

‘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 Infrastructure Ltd (‘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’. 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.

Auditors’ 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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI, to the extent applicable to an audit of internal financial controls, both 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 statements, 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 judgement, 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 control 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 has been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at March 31, 2020

- i. Balances of trade receivable, trade payable, other liabilities and loan & advances are subject to confirmations. (Refer Note No. 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 paragraph of our main report, resulting in the Company not providing for adjustments, which are required to be made, to the financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to 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 explanation given to us except for the effect / possible effect 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 with reference to 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 Reporting 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 financial statements of the Company for the year ended March 31, 2020 and these material weaknesses has affected our opinion on 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: 20124262AAAADF1622

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Balance Sheet as at March 31,2020

(₹ in crore)

	Notes	As at March 31,2020		As at March 31,2019
ASSETS				
Non Current Assets				
(a) Property, Plant and Equipment	2.01	-	-	
(b) Intangible Assets	2.02	-	-	
(c) Investment in Subsidiaries	2.03	318.29	318.29	
(d) Financial Assets				
(i) Investments	2.04	0.01	1.00	
(e) Income Tax Assets	2.05	115.05	108.19	
(f) Deferred Tax Asset (net)	2.06	4.67	4.67	
(g) Other Non Current Assets	2.07	-	438.01	432.15
Current Assets				
(a) Inventories	2.07	-	0.42	
(b) Financial Assets				
(i) Trade Receivables	2.08	20.15	25.17	
(ii) Cash and Cash Equivalents	2.09	23.93	23.70	
(iii) Bank Balances other than (ii) above	2.10	67.92	60.23	
(iv) Loan	2.11	994.55	999.28	
(v) Other Financial Assets	2.12	2.87	8.24	
(c) Other Current Assets	2.13	214.53	211.65	
(d) Assets held for sale	2.14	2,190.19	3,514.13	3,523.45
Total Assets			3,952.15	3,955.60
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.15	938.00	938.00	
(b) Other Equity	2.16	(3,215.93)	(2,277.93)	(2,267.13)
LIABILITIES				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.17	0.02	0.02	
(b) Provisions	2.18	3.47	3.49	3.49
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.19	5,783.67	5,778.71	
(ii) Trade Payables	2.20			
Due to Micro and Small Enterprises		3.14	3.24	
Due to Others		223.36	218.90	
(iii) Other Financial Liabilities	2.21	24.72	46.11	
(b) Other Current Liabilities	2.22	178.72	159.29	
(c) Provisions	2.23	12.99	6,226.60	6,219.24
Total Equity and Liabilities			3,952.17	3,955.60
Significant Accounting Policies	1			
Notes on Accounts	2			

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For Reliance Communications Infrastructure Limited

For Pathak H.D. & Associates LLP
Chartered Accountants
Firm Regn No. 107783W/W100593

Anish Niranjana Nanavaty
Resolution Professional

Parimal Kumar Jha
Partner
Membership No. 124262

Grace Thomas
Director
DIN:- 07079566

Mumbai
Dated: 31st July 2020

Sanjeev Modi
Director
DIN:- 08109280

Rakesh Gupta
Company Secretary

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Statement of Profit and Loss for the year ended March 31,2020

(₹ in crore)

	Notes	For the year ended March 31,2020	For the year ended March 31,2019
INCOME			
Revenue from Operations	2.24	7.82	8.78
Other Income	2.25	5.25	435.06
Total Revenue		13.07	443.84
EXPENDITURE			
Network Operating Expenses	2.26	0.55	2.63
Employee Benefits Expenses	2.27	-	1.76
Finance Costs	2.28	0.36	3.10
Depreciation and Amortisation Expenses	2.01 & 2.02	-	-
Provision for Impairment		5.57	2,271.56
Other Expenses	2.29	17.39	257.70
Total Expenses		23.86	2,536.75
Profit/ (Loss) before Exceptional Items		(10.80)	(2,092.91)
Exceptional Items			
Provision for Impairment of Investment		-	-
Profit/ (Loss) before Tax		(10.80)	(2,092.91)
Tax Expenses			
Current Tax		-	-
Deferred Tax		-	-
Profit/ (Loss) after tax		(10.80)	(2,092.91)
Earning per Share of ₹ 1 each			
(before exceptional items) (basic and diluted) ₹	2.44	(0.01)	(2.23)
(after exceptional items) (basic and diluted) ₹		(0.01)	(2.23)
Significant Accounting Policies	1		
Notes on Accounts	2		

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For Reliance Communications Infrastructure Limited

For Pathak H.D. & Associates LLP
Chartered Accountants
Firm Regn No. 107783W/W100593

Anish Niranjana Nanavaty
Resolution Professional

Parimal Kumar Jha
Partner
Membership No. 124262

Grace Thomas
Director
DIN:- 07079566

Mumbai
Dated: 31st July 2020

Sanjeev Modi
Director
DIN:- 08109280

Rakesh Gupta
Company Secretary

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	(₹ in crore)	
	For the period ended March 31,2020	For the year ended March 31,2019
A. Equity Share Capital		
Balance at the beginning of the Year	938.00	938.00
Change in Equity Share Capital during the year	-	-
Balance at the end of the year	<u>938.00</u>	<u>938.00</u>

B. Other Equity

Particulars	Reserves and Surplus			Total
	Securities Premium Reserve	General Reserve	Retained Earnings	
Balance as at March 31, 2019	529.94	783.57	(4,518.64)	(3,205.13)
Surplus/ Deficit in statement of profit and Loss	-	-	(10.80)	(10.80)
Balance as at March 31, 2020	<u>529.94</u>	<u>783.57</u>	<u>(4,529.44)</u>	<u>(3,215.93)</u>

As per our report of even date

For Pathak H.D. & Associates LLP
Chartered Accountants
Firm Regn No. 107783W/W100593

Parimal Kumar Jha
Partner
Membership No. 124262

Mumbai
Dated: 31st July 2020

For Reliance Communications Infrastructure Limited

Anish Niranjana Nanavaty
Resolution Professional

Grace Thomas
Director
DIN:- 07079566

Sanjeev Modi
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DIN:- 08109280

Rakesh Gupta
Company Secretary

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

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
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax as per Statement of Profit and Loss from:	(10.80)	(2,092.91)
Adjusted for:		
Provision for Impairment of Assets / Investments	5.57	-
Bank Balances written off	6.77	2,446.53
Inventory Written off	0.41	-
Finance Costs	0.36	3.10
Write back of Provision for Liabilities no longer required	(1.06)	(13.67)
Loss (Profit) on Sale of Assets	-	(353.82)
Expense on Sale of Assets	4.67	13.35
Effect of change in Foreign Exchange Rate (net)	-	(5.58)
Interest Income	(4.19)	(28.34)
	<u>12.53</u>	<u>2,061.57</u>
Operating Profit / (Loss) before Working Capital Changes	1.73	(31.34)
Adjusted for:		
Receivables and Other Advances	(1.37)	(32.33)
Inventories	0.01	1.37
Trade Payables and Other liabilities	5.01	(100.54)
	<u>3.65</u>	<u>(131.50)</u>
Cash Generated from Operations	5.38	(162.84)
Tax Refund	-	101.79
Tax Paid	(6.85)	(2.85)
	<u>(6.85)</u>	<u>(2.85)</u>
Net Cash from Operating Activities	(1.47)	(63.90)
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	-	-
Refund of Loans given to Related Parties	4.73	-
Interest received	9.14	24.14
Bank deposit with less than 12 months maturity	(7.69)	-
Net Cash from/ (Used in) Investing Activities	6.19	24.14
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from / (Repayment of) Short term Borrowings	2.34	42.87
Finance Costs	(0.05)	(4.87)
Net Cash from/ (used in) Financing Activities	2.29	38.00
Net Increase/ (Decrease) in Cash and Cash Equivalents	7.01	(1.76)
Opening Balance of Cash and Cash Equivalents	23.70	27.23
Effect of Exchange Loss (Gain)/ Provision for write off on Cash and Cash Equ	(6.77)	(1.77)
Closing Balance of Cash and Cash Equivalents	23.93	23.70

Note:

- (i) Cash and Cash Equivalent includes cash on hand, cheques on hand, remittances-in-transit and bank balance.
- (ii) Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3 " Cash Flow Statements".
- (iii) Figures in brackets indicates cash outgo.

As per our report of even date

For Reliance Communications Infrastructure Limited

For Pathak H.D. & Associates LLP
Chartered Accountants
Firm Regn No. 107783W/W100593

Anish Niranjana Nanavaty
Resolution Professional

Parimal Kumar Jha
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Grace Thomas
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DIN:- 07079566

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Dated: 31st July 2020

Sanjeev Modi
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Rakesh Gupta
Company Secretary

Reliance Communications Infrastructure Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Note: 1

General Information and Significant Accounting Policies to the Financial Statements

1.01 General Information

Reliance Communications Infrastructure Limited ("RCIL" or "the Company"), is wholly owned subsidiary of Reliance Communications Limited. The Company is registered under the Companies Act, 1956 having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710. The Company is engaged in providing, call center services to telecom operator in India, trading in Handsets and providing infrastructure services. Further, The Company is generating revenue from Internet Data Centre business from Public sector units.

Corporate Insolvency Resolution Process ("CIR Process") has been initiated in case of the Company and 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 Interim Resolution Professional ("IRP") appointed by the NCLT.

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principals (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act"), except note no 2.31, 2.32, 2.33 & 2.39, read with Rule 3 of the Companies (Indian Accounting Standards) Rule 2015, the Companies (Indian Accounting Standards) Amendment Rules 2016 and other 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 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 and Cenvat / GST, less accumulated depreciation 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 estimated costs of dismantling and removing the item and restoring the site on which it is located.
- (iii) Expenses directly attributable to project, prior to commencement of commercial operation, are considered as project development expenditure and shown under Capital Work-in-Progress.
- (iv) Depreciation is provided on Straight Line Method based on useful life of the assets prescribed in Schedule II to the Companies Act, 2013 except in case of the following assets where useful life is different than those prescribed in Schedule II are used :
 - (a) Telecom Electronic Equipments - 20 years
 - (b) Furniture, Fixtures and Office Equipments - 5, 10 years
 - (c) Vehicles - 5 years
 - (d) Leasehold improvements - Shorter of the remaining lease term or useful life
- (v) Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.
- (vi) Depreciation methods, useful lives and residual values are reviewed periodically at each financial year.
- (vii) Depreciation on additions is calculated pro rata from the following month of addition.

Reliance Communications Infrastructure Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Note: 1

General Information and Significant Accounting Policies to the Financial Statements

1.05 Intangible Assets

- (i) Intangible assets, namely entry fees/ fees for Telecom Licenses are amortised over the balance period of Licenses. Software are amortized from the date of acquisition or commencement of commercial services, whichever is later. The life of amortisation of the intangible assets are as follows.

- (a) Software - 5 years

1.06 Impairment of Non Financial Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognised when the carrying cost of assets exceeds 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 of prior accounting period is increased/reversed where there has been change in the estimate of recoverable value. The recoverable value is higher of the fair value less cost to sell and value in use of the Asset.

1.07 Inventories of Stores, Spares and Communication Devices

Inventories of stores and spares are accounted for at cost and all other cost incurred in bringing the inventory to their present location and condition determined on weighted average basis, or net realisable 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.

1.08 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 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 to the members as per statutory rates.

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 and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in Other Comprehensive Income.

- (iii) 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. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

General Information and Significant Accounting Policies to the Financial Statements

1.09 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production 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 its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.10 Foreign Currency Transactions

- (i) The functional currency of the Company is Indian Rupee.
- (ii) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the time of the transaction.
- (iii) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- (iv) Non monetary foreign currency items are recorded at the rate prevailing on the date of transaction.
- (v) Any income or expense on account of exchange difference on settlement / restatement is recognised in the Statement of Profit and Loss.
 - (a) Exchange difference on foreign currency borrowings relating to depreciable capital asset are included in cost of assets.
 - (b) Exchange difference on foreign currency transactions, on which receipt and/ or payments are not planned, initially recognised in other comprehensive income and reclassified from equity to profit and loss on repayment of the monetary items.

1.11 Non Current assets held for sale

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 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.

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.

1.12 Revenue Recognition and Receivables

- (ii) Interest income is recognised on time proportion basis.
- (iii) Revenue from Contracts with Customers

General Information and Significant Accounting Policies to the Financial Statements

The Company has applied Ind AS 115 "Revenue from Contracts with Customers" w.e.f. April 1, 2018, using the cumulative effect method and therefore comparative information has not been restated and continues to be reported under Ind AS 18. 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. 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.

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 current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable / recoverable in respect of the 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. The Deferred Tax Asset is recognised for all deductible temporary difference, carried forward of unused tax credit and unused tax loss, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

1.14 Provisions, 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. 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. Contingent Assets are neither recognised nor disclosed in the financial statements.

General Information and Significant Accounting Policies to the Financial Statements

1.15 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. The number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average shares considered for deriving Basic Earning per Share and also weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares unless the results would be anti-dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.16 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. (Refer to note 2.40.1) for information on detailed disclosures pertaining to the measurement of fair values.

1.17 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 profit or 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:

Reliance Communications Infrastructure Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Note: 1

General Information and Significant Accounting Policies to the Financial Statements

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 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."

Financial Assets measured at fair value through other comprehensive income (FVTOCI)

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')

Reliance Communications Infrastructure Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Note: 1

General Information and Significant Accounting Policies to the Financial Statements

Equity Investment

All equity investments in scope of Ind-AS 109 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 and is irrevocable.

If the company decides to classify an equity instruments as at FVOCI, then all fair value changes on the instruments, excluding dividends, are recognized in the OCI. There is no recycling of the amount from OCI 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 profit and loss.

Also, Company 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: 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.

Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been significant increase in the credit risk. 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. The 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 and updated and changes in the forward-looking estimates are analysed.

General Information and Significant Accounting Policies to the Financial Statements

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:

- (a) **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 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.
- (b) **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.
- (c) **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.

1.18 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 judgement in applying the accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

The Company has based its assumptions and estimates on parameter 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 Company. Such changes are reflected in assumptions when they occur. The areas involving critical estimates or judgements pertaining to useful life of property, plant and equipment, current tax expense and payable, and recognition of Deferred Tax Assets/(Liabilities) (Note 2.06). 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 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.

Reliance Communications Infrastructure Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Note: 1

General Information and Significant Accounting Policies to the Financial Statements

- ii Taxes : The Company provides for tax considering the applicable tax regulations and based on probable estimates.
- iii 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. 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.
- iv Fair value measurement and valuation process: The Company measures certain financial assets and liabilities at fair value for financial reporting purposes.
- v Trade receivables and Other financial assets: The Company follows a simplified approach for recognition of impairment loss allowance on Trade receivables (including lease receivables). The Company estimates irrecoverable amounts based on specific identification method and historical experience. Individual trade receivables are written off when management deems them not to be collectible.
- vi 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.
- vii 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.
- viii Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- ix Determination of net realisable value for Assets held for sale and related liabilities.

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.01

Property, Plant and Equipment

(₹ in crore)

Particulars	Leasehold Land	Freehold Land	Buildings	Plant and Machinery	Electrical Installations	Office Equipment	Furniture and Fixtures	Vehicles	Total
Gross carrying value									
As at March 31, 2018	0.38	-	-	-	-	-	-	-	0.38
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transferred to Assets held for Sale	-	-	-	-	-	-	-	-	-
As at March 31, 2019	0.38	-	-	-	-	-	-	-	0.38
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2020	0.38	-	-	-	-	-	-	-	0.38
Accumulated Depreciation									
As at March 31, 2018	0.38	-	-	-	-	-	-	-	0.38
Depreciation for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transferred to Assets held for Sale	-	-	-	-	-	-	-	-	-
As at March 31, 2019	0.38	-	-	-	-	-	-	-	0.38
Depreciation for the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transferred to Assets held for Sale	-	-	-	-	-	-	-	-	-
As at March 31, 2020	0.38	-	-	-	-	-	-	-	0.38
Net Carrying Value									
As at March 31, 2019	-	-	-	-	-	-	-	-	-
As at March 31, 2020	-	-	-	-	-	-	-	-	-

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

2.01.01 Freehold land includes ₹ 0.55 crore (previous year ₹ 0.55 crore) towards land acquired, the transfer of ownership is under process.

2.01.02 Reliance Communications Limited (RCOM), the Holding Company had, during the earlier years, allotted, 1,500, 11.25% Secured Redeemable, Non Convertible Debentures (NCDs) of the face value of ₹1,00,00,000 each, aggregating to ₹ 750 crore (original amount ₹1,500 crore), 11.20% Secured Redeemable, Non Convertible Debentures (NCDs) of the face value of ₹10,000,000 each, aggregating to ₹3,000 crore. The said NCD's, 6.5% Senior Secured Notes of ₹1,955 crore, Rupee Term Loans of ₹ 9,139 crore along with Foreign Currency Loans of ₹14,156 crore ("the Secured Loans") availed by Reliance Communications Limited (RCOM), the Holding Company, Reliance Telecom Limited (RTL) a fellow subsidiary and Reliance Infratel Limited (RITL) a subsidiary were secured by a first pari passu charge on the whole of the movable plant and machinery of the Company including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work-in-progress (pertaining to movable fixed assets) both present and future including all the rights, title, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company, RCOM, the Holding Company and fellow subsidiary namely RTL and subsidiary RITL in favor of the Security Trustee for the benefit of the NCD Holders and the Lenders of the said Secured Loans. Further, Rupee Term Loan of ₹ 2,359 crore availed by RCOM and ₹ 485 crore availed by RITL has been secured by second pari passu charge over movable plant and machinery and capital work in progress of the Borrower Group. Rupee loan of ₹5,463 crore and ₹611 crore availed by RCOM and RTL respectively are also secured by current assets, movable and immovable assets including intangible, both present and future of borrowers group. The said loan is also secured by pledge of equity share of RITL held by the company. Non funded based outstanding of ₹ 1,361 crore availed by Reliance Communications Limited the Holding company, ₹ 246 crore by Reliance Telecom Limited the Fellow subsidiary and ₹ 4 crore by the Company have been secured by second paripasu charges on movable fixed assets of borrower group.

2.01.03 Depreciation has been charged till September 30 2017, i.e. the date of classification of Assets held for sale.

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.02

Other Intangible Assets

(₹ in crore)

Particulars	Indefeasible Right of Connectivity	Software Non-embedded	Software	Total
Gross carrying value				
As at March 31, 2018	0.00	0.15	0.58	0.73
Additions	-	-	-	-
As at March 31, 2019	0.00	0.15	0.58	0.73
Additions	-	-	-	-
As at March 31,2020	0.00	0.15	0.58	0.73
Accumulated amortisation				
As at March 31, 2018	0.00	0.15	0.58	0.73
Amortisation for the year	-	-	-	-
As at March 31, 2019	0.00	0.15	0.58	0.73
Amortisation for the year	-	-	-	-
As at March 31,2020	0.00	0.15	0.58	0.73
Net Carrying Value				
As at March 31, 2019	0.00	0.00	-	0.00
As at March 31,2020	0.00	0.00	-	0.00

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(₹ in crore)

As at March 31,2020 As at March 31,2019

Note : 2.03

INVESTMENTS IN SUBSIDIARIES (valued at cost unless otherwise stated)

Trade Investment

In Equity Shares of Subsidiary Companies

Unquoted, fully Paidup

222 64 15 796 Reliance Infratel Limited of ₹ 10 each (222 64 15 796)	318.06	318.06
1,50,700 Internet Exchangenext.com Limited of ₹ 10 each (150 700)	0.15	0.15
10,000 Reliance BPO Private Limited ₹ 10 each (10 000)	0.01	0.01
10,000 Worldtel Tamilnadu Private Limited ₹ 10 each (10 000)	0.01	0.01
10,000 Realsoft Cyber Systems Private Limited ₹ 10 each (10 000)	0.01	0.01
50,000 Globalcom Realty Limited (Formerly Reliance Infra Realty Limited) of ₹ 10 each (50 000)	0.05	0.05
	318.29	318.29

Note: Investment in Equity Shares of Reliance Infratel Limited, held by the Company, has been pledged against Loans and/ or Non Convertible Debentures availed by Reliance Communication Limited (Holding Company) and Reliance Telecom Limited (Fellow Subsidiary).

Note : 2.04

NON CURRENT INVESTMENTS

In Equity Shares of Companies

Unquoted, fully Paidup

1,750 Reliance Globalcom BV, the Netherlands EURO 100 each (refer note 2.31)	0.99	0.99
(1 750) Less: Provision of Impairment	(0.99)	-

Government Securities

Unquoted

6 Year National Savings Certificates (Lodged with Sales Tax Department)	0.01	0.01
	0.01	1.00

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	(₹ in crore)	
	As at March 31,2020	As at March 31,2019
Note 2.05		
Income Tax Assets		
Advance Income Tax (net of provision for tax) (Refer note 2.31)	115.05	108.19
	115.05	108.19
Note 2.06		
Deferred Tax Assets (Net)		
MAT Credit Entitlement	4.67	4.67
	4.67	4.67
Note 2.07		
Inventories		
Stores and Spares	-	-
Stock in Trade (Communication Devices and Accessories)	0.00	0.42
	0.00	0.42

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	(₹ in crore)	
	As at March 31,2020	As at March 31,2019
Note 2.08		
Trade Receivables		
Unsecured		
Considered Good (Refer Note:2.31 & 2.46)	20.15	25.17
Considered Doubtful	130.00	130.00
Less: Provision for Doubtful Debts	130.00	130.00
	20.15	25.17
Note 2.09		
Cash and Cash Equivalents		
Balance with Banks *	23.93	23.70
	23.93	23.70
* Bank balances amounting to 0.01 crore with respect to three bank accounts are subject to confirmations.		
Note 2.10		
Bank Balances other than Note 10 above		
Bank deposits with less than 12 months' maturity (Refer note: 2.32)	67.92	60.23
	67.92	60.23
Note 2.11		
Loans		
Unsecured, Considered good		
Loans to Related Party (Refer Note:2.46 & 2.31)	994.55	999.28
	994.55	999.28
Note 2.12		
Other Financial Assets		
Interest accrued on Investment and Loans (Refer note: 2.32)	1.92	6.88
Unbilled Revenue	0.94	1.36
	2.87	8.24
Note 2.13		
Other Current Assets		
Advances and Receivables (Unsecured)		
Other Loans and Advances		
Considered good Others	126.55	117.83
Related Party	3.28	3.28
Unsecured, Doubtful		
Considered doubtful	67.71	67.71
Less: Provision for doubtful advances	67.71	67.71
	129.82	121.11
Deposits	13.99	13.99
Balance with Customs, Central Excise Authorities etc. (refer note 2.31)	70.70	75.87
Others	0.02	0.68
	214.53	211.65

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Financial Statements as at March 31,2020

Note 2.14

[A] Assets Held for Sale

Consequent to discontinuance of commercial operations, the following assets have been classified as the assets held for sale at the value ascertained as at the end of year ended March 31,2018 and recorded at lower of carrying amount and fair value less selling cost. Also Refer Note 2.01.2 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. Details of Assets held for Sale are as under:

(₹ in crore)

Particulars	For the year ended March 31,2020							
	Net Block Reclassified from PPE		Provision for Impairment		Disposal *		Assets Held for Sale (Net)	
	For the period ended March 31, 2020	For the year ended March 31, 2019	For the period ended March 31, 2020	For the year ended March 31, 2019	For the period ended March 31, 2020	For the year ended March 31, 2019	For the period ended March 31, 2020	For the year ended March 31, 2019
Free Hold Land	-	-	-	-	-	50.13	22.65	22.65
Building**	-	-	4.57	-	-	25.62	12.54	17.11
Plant and Machinery	-	-	-	-	-	-	2,152.32	2,152.32
Electric Installation	-	-	-	-	-	-	0.27	0.27
Office Equipment	-	-	-	-	-	-	0.76	1.32
Furniture & Fixture	-	-	-	-	-	-	0.68	0.68
Vehicle	-	-	-	-	-	-	0.97	0.41
Total	-	-	4.57	-	-	75.75	2,190.19	2,194.76

* During the previous year, based on the final confirmation , sale of certain Media Convergence Node (MCN) have been recorded and net Income thereof has been accounted.

**Leasehold land amounting to Rs.4.57 crore is impaired during the year

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	As at March 31,2020	(₹ in crore) As at March 31,2019
Note 2.15		
Share Capital		
Authorised		
940 00 00 000 Equity Shares of ₹ 1 each (940 00 00 000)	940.00	940.00
1 00 00 000 Preference Shares of ₹ 10 each fully paid up (1 00 00 000)	10.00	10.00
	950.00	950.00
Issued, Subscribed and Paid up		
938 00 00 000 Equity Shares of ₹ 1 each fully paid up (938 00 00 000)	938.00	938.00
	938.00	938.00

2.15.01 Shares held by holding/Ultimate holding company and/or their subsidiaries/associates

	No of Shares	No of Shares
Equity Shares		
Reliance Communications Limited, the Holding Company and its nominees	938 00 00 000	938 00 00 000
Preference Shares		
Reliance Communications Limited, the Holding Company (refer note 2.18)	20 000	20 000

2.15.02 Details of Shareholders holding more than 5% shares in the Company

	No of Shares	No of Shares
Equity Shares		
Reliance Communications Limited and its nominees	100% 938 00 00 000	100% 938 00 00 000
Preference Shares		
Reliance Communications Limited	100% 20 000	100% 20 000

2.15.03 Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 1 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 share will be entitled to receive remaining assets of the Company.

2.15.04 Terms/rights attached to Preference Shares

The Company has 20,000, 8% Cumulative Preference Shares of ₹ 10/- each to be redeemed at par at on or before July 29,2022.

2.15.05 Reconciliation of shares outstanding a 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
(i) Equity shares				
At the beginning of the Year	938 00 00 000	938.00	938 00 00 000	938.00
Add : Issued during the year	-	-		
At the end of the Year	938 00 00 000	938.00	938 00 00 000	938.00
(ii) Preference Shares				
At the beginning of the Year	20 000.00	0.02	20 000.00	0.02
Add/(Less) : Changes during the year	-	-	-	-
At the end of the Year	20 000.00	0.02	20 000.00	0.02

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(₹ in crore)

As at March 31, 2020

As at March 31, 2019

Note 2.16

OTHER EQUITY

Security Premium Reserve

(i) Opening Balance	529.94		529.94	
(ii) Additions during the period	-	529.94	-	529.94

General Reserve

(i) Opening Balance	783.57		783.57	
(ii) Add: Profit /(Loss) for the year	-	783.57	-	783.57

Surplus/ (Deficit) in Statement of Profit and Loss

(i) Opening Balance	(4,518.64)		(2,425.73)	
(ii) Add: Additions during the year (net)	(10.80)	(4,529.44)	(2,092.91)	(4,518.64)
		(3,215.93)		(3,205.13)

Note 2.17

Borrowings

20 000 8% Cumulative Preference Shares of ₹ 10 each fully paid up (20 000) (20 000) (Refer Note: 2.15)		0.02		0.02
		0.02		0.02

Note 2.18

Provisions

Provision for Retirement Benefit		3.47		3.47
		3.47		3.47

Note 2.19

Borrowings

Unsecured

From Banks				
Rupee Loans		114.33		114.33
From Related Parties (Refer Note: 2.33 and 2.46)		5,669.34		5,664.38
		5,783.67		5,778.71

Note 2.19.01

Delay/ Default in repayment of Borrowing and Interest

	Corporation	IDBI Bank	Total
Default as at March 31, 2020			
Borrowings			
Amount (Rs. in crore)	110.60	3.74	114.34
Period (Maximum Days)	1075	1,100	
Interest			
Amount (Rs. in crore)	7.97	0.46	8.43
Period (Maximum Days)	1075	1,100	
Default as at March 31, 2019			
Borrowings			
Amount (Rs. in crore)	68.86	3.74	72.60
Period (Maximum Days)	710	735	
Interest			
Amount (Rs. in crore)	7.97	0.46	8.43
Period (Maximum Days)	710	735	

Note 2.19.02

Apart from above outstanding of Interest, the Company has not provided Interest Expenses of ₹ 12.00 crore for the year ended March 31, 2020 and during the previous years 92 crore has not provided. Therefore it has not been disclosed.

Note 2.19.03

Since the Company is 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 CIR process. Hence due to non availability of revised repayment schedule of borrowings, above delay/ default is disclosed based on original terms of facility and from the date of recall, where loans have been recalled.

Note 2.19.04

The Holding Company was, in the process of finalising and implementing its asset monetization and debt resolution plan, comprising the Holding Company's restructuring of Debt including allotment of shares against debt from lenders by Holding Company. Accordingly in order to allot the shares of Holding Company, debt aggregating to ₹ Nil (Previous year ₹ 2,881.91 crore) was transferred by the Company to Holding Company.

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note 2.20

Trade Payables (refer note 2.31)

Due to Micro, Small and Medium Enterprises	3.14	3.24
Others	223.36	218.90
	<u>226.50</u>	<u>222.14</u>

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2nd October 2006, certain disclosures are required to be made relating to MSE. 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.

Sr. Particulars	As at March 31, 2020	As at March 31, 2019
a. Principal amount due to any supplier as at the year end	3.14	3.24
b. Interest due on the principal amount unpaid at the year end to any supplier	2.06	2.29
c. 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	-	-
d. Payment made to the enterprises beyond appointed date under section 16 of MSMED	0.02	0.54
e. 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	0.13
f. The amount of interest accrued and remaining unpaid at the end of each accounting year	2.06	2.42
g. The 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.	1.66	2.07

Note 2.21

Other Financial Liabilities

Interest Accrued on Borrowings (Refer Note: 2.33 and 2.46)	22.13	22.13
Others Financial Liabilities	2.59	23.98
	<u>24.72</u>	<u>46.11</u>

Note 2.22

Other Current Liabilities

Others

Payable to Tax Authorities (Refer note 2.31)	107.75	127.82
Other Payables*	70.97	31.48
	<u>178.72</u>	<u>159.29</u>

* Includes Advance from Customer, Security deposits, Collection payable and Income received in advance

Note 2.23

Provisions

Provision for Employee Benefits

Employee Benefits	12.16	12.16
Others		
Wealth Tax	0.83	0.83
	<u>12.99</u>	<u>12.99</u>

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	(₹ in crore)	
	For the year ended March 31,2020	For the year ended March 31,2019
Note 2.24		
Revenue from Operations		
Service Revenue		
Income From Internet and Telecommunication Services	7.82	8.78
	<u>7.82</u>	<u>8.78</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 and there is no further disaggregation.

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 ` 1.36 crore and it was billed during the year. Unbilled Revenue as at March 31, 2020 is ` 0.94 crore.

Note 2.25

Other Income

Interest Income (Refer note: 2.32)	4.19	28.34
Profit on Sale of Assets	-	353.82
Miscellaneous Income *	<u>1.06</u>	<u>52.90</u>
	<u>5.25</u>	<u>435.06</u>

* Miscellaneous Income includes write back of liabilities no longer required.

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	For the year ended March 31,2020	(₹ in crore) For the year ended March 31,2019
Note 2.26		
Network Operating Expenses		
Power, Fuel and Utilities	0.04	1.08
Repairs and Maintenance - Plant and Machinery	0.00	0.00
Rent	0.46	0.60
Stores and Spares Consumed	0.04	0.95
	<u>0.55</u>	<u>2.63</u>
Note 2.27		
Employee Benefit Expenses		
Salaries (including Managerial Remuneration)	0.00	1.76
Contribution to Provident, Gratuity and Superannuation Fund	0.00	-
Employee Welfare and Other Amenities	-	-
	<u>0.00</u>	<u>1.76</u>
Note 2.28		
Finance Cost		
Interest and Other charges on Loans (Refer note: 2.33)	-	0.91
Other Financial Cost	0.36	2.19
	<u>0.36</u>	<u>3.10</u>

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

	(₹ in crore)		
	For the year ended March 31,2020	For the year ended March 31,2019	
Note 2.29			
Other Expenses			
Selling Expenses			
Cost of Handsets and Accessories	<u>(0.03)</u>	<u>(0.03)</u> 0.93	0.93
General Administration Expenses			
Business Centre Expenses and IT Services	-	2.68	
Rent, Rates & Taxes	4.68	9.43	
Travelling and Conveyance	0.01	3.31	
Electricity Expenses	0.01	0.22	
Professional Fees	0.14	7.17	
CIRP Process Cost	1.57	-	
Provision for Bad Debts	-	174.97	
Inventory Balances Written off	0.41	-	
Insurance	0.82	-	
Sundry balances written off / written back	7.24	54.61	
Recovery of expenses (Refer note 2.36 & 2.46)	1.77	-	
Group Service charges (Refer note 2.35)	0.19	1.13	
Interest on TDS & GST	0.35	2.73	
Miscellaneous expenses	0.13	0.08	
Telephone expenses	<u>-</u>	<u>17.32</u> 0.19	256.52
Payment to Auditors		0.10	0.25
Total	<u><u>17.39</u></u>	<u><u>257.70</u></u>	

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Financial Statements as at March 31, 2020

Note : 2.30

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. Regrouping schedule prepared below:-

For the year ended March 31, 2020		For the year ended March 31, 2019		Nature of transactions	Amount
S.n	New grouping	Old grouping			₹ in crore
1	Other Current assets	Loans & Advances		RBTV balance	16.23
2	Other Current Liabilities	Trade Payable		RTL balance	1.83
3	Other Financial Liabilities	Borrowings		Interest payable to RCOM	17.69
4	Borrowings	Other Current Liabilities		RIDC	5.08
5	Borrowings	Trade Payable		Assignment	3.49
6	Borrowings	Income tax assets		TDS by Rcom	1.20
7	Other Current Liabilities	Borrowings		Rcom	16.82
8	Trade receivables	Other Current Liabilities		Advance from customers	27.40
9	Borrowings	Other current assets		On behalf payments &	6.08

Regrouping of previous year figures in cash flow stated below:

S.n	New grouping	Amount (Rs in Crs)
1	Receivables and Other Advances	-32.28
2	Trade Payables and Other liabilities	32.28

Note : 2.31

Going Concern

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 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. Reliance Communications Limited (being the Holding Company of the Company), Reliance Telecom Limited and Reliance Infratel Limited are also undergoing CIRP under the provisions of the Code and the RP is also the resolution professional of the aforesaid companies.

On finalisation and implementation of resolution process through Hon'ble NCLT, the Company will carry out a comprehensive impairment review of its tangible and intangible assets, assets held for sale and other 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. **Consistent with the practice followed in earlier years, interest has not been charged on loans given/taken to/from Holding company/ subsidiaries / fellow subsidiaries**. Further, the Corporate Debtor 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 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 Company has incurred a net loss during the year and preceding financial year, current liabilities exceed current assets and Company has defaulted in repayment of borrowings, payment of statutory dues, these events indicate that material uncertainty exists that may cast significant doubt on Company's ability to continue as a going concern.

Note : 2.32

Fixed Deposit balance confirmation from ICBC and transfer of money to designated account

The Company has written to ICBC requesting for balance confirmation of Rs. 31.62 crore as at March 31, 2020 and transfer the entire amount lying in fixed deposit including all interest monies accruing thereon up to the date of remittance to the designated account of RCIL. The Auditors and RCIL have not received balance confirmation from ICBC for March 31, 2020.

Note : 2.33

Non Provision of Interest on loans

Considering various factors including admission of the Holding Company 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 Holding Company were under Strategic Debt Restructuring (SDR) and asset monetization and debt resolution plan was being worked out. The Company has not provided Interest of Rs. 12 crore for the year ended March 31, 2020. Had the Company provided Interest, the Loss would have been higher by Rs 12 crore for the year ended March 31, 2020. During the previous years, Interest of Rs 92 crore were not provided.

Note : 2.34

Employee Benefits

Since there were no employees at the reporting period, The company is being managed by Resolution professionals and their team, hence the disclosure as required under Indian Accounting Standard ("Ind AS") 19 "Employee Benefits" is not applicable.

Note : 2.35

Sharing of Expenses

The Company had, during the year, reimbursed expenses, which have been incurred on behalf of the Company amounting to 0.19 crs included in General Administration expenses, charged by Reliance ADA Group Pvt Limited.

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Financial Statements as at March 31, 2020

Note : 2.36

Recovery of Expenses

During the year the Company has recovered ₹ 1.76 crore (Previous year ₹ 27.3 crore) on account of Network Expenses from Globalcom IDC Limited (formerly Reliance IDC Limited) a Fellow Subsidiary of the Company, ₹ Nil (previous year ₹ 0.28 crore) on account of Network Expenses from Reliance Infratel Limited the Subsidiary and ₹ Nil (Previous year ₹ 86.07 crore) from and Reliance Communications Limited the Holding Company on account of Salary .

Note : 2.37

Special Audit

Pursuant to the Telecom License Agreement, The Department of Telecommunications (DoT) directed audits of various telecom companies including of the Company. The Special Auditors appointed by DoT were required to verify records of the Company for the years ended March 31, 2007 and March 31, 2008. The Special Auditors have completed the audit of previous financial years and submitted the report to DoT. As the Company was, then having only Internet Service Provider (ISP) license, revenue of the Company was not subject to License Fee. Hence no liability of License Fee is expected by the Company.

Note 2.38

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 accounts (net of advances) and not	-	-
(ii) Disputed Liabilities in Appeal:		
- Sales Tax and VAT	53.26	53.26
- Custom, Excise and Service Tax	157.84	157.84
- Entry Tax and Octroi	6.68	6.68
- Income Tax	368.99	368.99
- Other Litigations	12.51	12.51
(iii) Arrears of Dividend on 8% Cumulative Preference Shares of ₹ 10 each ₹ 2,08,000/- (Previous	0.02	0.02
(iv) Guarantees given including on behalf of other companies for business purpose	18.08	86.93

Note 2.39

Lease

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 2.40

2.40.1 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

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 ratea and individual credit

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

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:

	(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.09)	23.93	23.70
Trade receivables (Refer Note 2.08)	20.15	25.17
Bank Balance (Refer Note 2.10)	67.92	60.23
Loans (Refer Note 2.11)	994.55	999.28
Other Financial Assets (Refer Note 2.12)	2.87	8.24
Total	1,109.41	1,116.62
Financial assets at fair value through Profit and Loss:	Nil	Nil
Financial assets at fair value through other Comprehensive	Nil	Nil
Investments (Refer Note 2.04)	0.01	1.00
Total	0.01	1.00

	(₹ in crore)	
Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities at amortised cost:		
Trade payables (Refer note 2.21)	226.50	222.14
Other financial liabilities (Refer Note 2.22)	24.72	46.11
Borrowings (Refer Note 2.20)	5,783.69	5,778.73

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Financial Statements as at March 31, 2020

2.40.2 Financial Risk Management Objectives and Policies

The Company's activities 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 financial assets includes trade receivables, Corporate Insolvency Resolution Process ("CIR Process") has been initiated in case of the Company and iys Holding Company under the Provisions of the

Financial risk management

The Company's business activities exposed it to variety of financial risk, namely liquidity risk, market risk and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents,	* Specific provision on individual	Diversification of bank deposits, letter of credit,
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market Risk - foreign exchange	Recognised financial assets and liabilities not () denominated in Indian rupee.	Sensitivity analysis	Un hedged
Market Risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Un hedged

Market risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign

Foreign Currency Risk from financial instruments as of :

(₹ in crore)

Particulars	March 31, 2020			
	U.S. dollars	GB Pound	Other Currency	Total
Trade Receivables	13.69	-	0.46	14.15
Trade payables	(85.88)			(85.88)
Net assets / (liabilities)	(72.18)	-	0.46	(71.72)

Particulars	March 31, 2019			
	U.S. dollars	GB Pound	Other Currency	Total
Trade Receivables	2.05	-	0.50	2.55
Trade payables	91.62			91.62
Net assets / (liabilities)	93.67	-	0.50	94.17

Sensitivity Analysis

Not relavent till the time operations become normal.

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.

Exposure to interest rate risk/ Sentivity Analysis

Not relavent till the time operations become normal.

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 Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from 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 model to assess the impairment loss or gain. 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 customers

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Corporate Insolvency Resolution (CIR) Process has been initiated against the Holding Company and operations of the Company has also been adversaly impacted. Management belives that operations may become normal and thereafter liquidity periodic budget and rolling forcast shall be determined.

Note 2.41 Segment Performance

The Company has single line of activity. So there is neither more than one business segment and nor more than one geographical segment. Hence segment information as per Ind AS - 108 is not required to be disclosed.

Note 2.42 Post Reporting Event

No adjusting or significant non - adjusting events have occurred between the reporting date and the date of authorisation.

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Financial Statements as at March 31, 2020

Note 2.43 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 safeguard the Company's ability to continue as a going concern. However, in view of certain adverse factors and liquidity problems faced by the Company, the net worth of the Company has been fully eroded and the Company is presently under CIRP process and thereby continue to operate as a going concern.

The Company monitors capital using gearing ratio, which is debt divided by total capital plus debt.

	As at	(₹ in crore) As at
(a) Equity	(2,277.93)	(2,267.13)
(b) Debt	5,783.69	5,809.54
(c) Equity and Debt (a+b)	3,505.77	3,542.41
(d) Capital Gearing Ratio (b/c)	165%	164%

Note 2.44

Earnings per Share (EPS)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic and Diluted EPS (before Exceptional Items)		
(a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating	(10.80)	(2,092.91)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic	9,38,00,00,000	9,38,00,00,000
(c) Basic and diluted Earnings per Share of ₹ 1 each (₹)	(0.01)	(2.23)
Basic and Diluted EPS (after Exceptional Items)		
(d) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating	(10.80)	(2,092.91)
(e) Weighted average number of Equity Shares (used as denominator for calculating Diluted	9,38,00,00,000	9,38,00,00,000
(f) Basic and diluted Earnings per Share of ₹ 1 each (₹)	(0.01)	(2.23)

Note 2.45

Corporate Social Responsibility (CSR) Expenses

(a) **Gross amount required to be spent by a company during the year ₹ Nil** (Previous year ₹10.07 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) Amount spent during the year on:				
(i) Construction / acquisition of any asset	-	-	-	-
(ii) On purposes other than (i) above	-	-	-	10.07

Note 2.46

As per the Indian Accounting Standard ("Ind AS") 18 of "Related Party Disclosures" as referred to in Accounting Standard Rules, the disclosure of transactions with

A List of related party

1 Reliance Communications Limited	}	Holding Company	
2 Reliance Infratel Limited.		}	Subsidiary Company
3 Globalcom Realty Limited (formerly Reliance Infra Realty Limited)			
4 Realsoft Cyber Systems Private Limited			
5 Internet Exchangenext.Com Limited			
6 Worldtel Tamilnadu Private Limited			
7 Reliance BPO Private Limited			
(Parties With whom transactions taken place)			
8 Reliance Wimax Limited	}	Fellow Subsidiaries	
9 Reliance Webstore Limited			
10 Globalcom IDC Limited (Formerly Reliance IDC Limited)			
11 Reliance Communications International Inc.			
12 Reliance Communications Inc.			
13 Reliance Communications Hongkong Limited			
14 Reliance Globalcom Limited, Bermuda and its Subsidiaries			
15 Reliance Communications Canada Inc.			
16 Reliance Communications U.K. Limited			
17 Reliance Communications Australia Pty Limited			
18 Reliance Telecom Limited			
19 Gateway Net Trading Pte. Limited Singapore			
20 Reliance Tech Services Limited			
21 Reliance Globalcom Limited			
22 Reliance Bhutan Limited			
23 Globalcom Mobile Commerce Limited			
24 Reliance Realty Limited			
25 Vanco Group Ltd.			}
26 Reliance Communications New Zealand Pte Limited			
27 Reliance Globalcom B.V. The Netherlands			
28 Reliance Communications Tamilnadu Limited			
29 Reliance Big Broadcasting Private Limited			
30 Reliance Big Entertainment Private Limited			
31 Reliance Capital Limited			
32 Reliance Capital Asset Management Limited			
33 Reliance Money Express Limited			
34 Reliance General Insurance Company Limited			
35 Reliance Spot Exchange Infrastructure Limited			
36 Reliance Power Limited			
37 Reliance Infrastructure Limited			
38 Reliance Energy Limited			

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Financial Statements as at March 31, 2020

B Transactions during the year with related parties

(Figures in bracket represent Previous year)

(₹ in crore)

	Holding Company	Subsidiaries	Fellow Subsidiaries	Enterprise over which Promoter of Holding Company having control	Key Management Personnel	Total
(A) Investment						
Balance as at April 1, 2019	-	318.29	0.99	-	-	319.28
Purchase/(Sale) Of Investment	-	(318.34)	(0.99)	-	-	(319.33)
Balance as at March 31, 2020	-	318.29	0.99	-	-	319.28
(B) Trade Receivables	-	-	15.94	0.80	-	16.74
	-	-	(15.65)	(0.83)	-	(16.48)
(C) Loans						
Balance as at April 1, 2019	-	100.00	899.27	-	-	999.27
Given/adjusted during the year	-	(100.00)	(870.71)	-	-	(970.71)
Returned/Adjusted during the year	-	-	5.00	-	-	5.00
Balance as at March 31, 2020	-	100.00	894.53	-	-	994.53
(D) Advances and Receivables	-	1.48	1.79	0.46	-	3.73
	-	(1.48)	(1.79)	(0.46)	-	(3.73)
(E) Borrowings (Refer Note 2.19.3)						
Balance as at April 1, 2019	3,456.47	1,099.19	1,108.71	-	-	5,664.37
Taken /adjusted during the year	(1,026.82)	(1,095.78)	(1,048.67)	(400.00)	-	(3,571.27)
Repaid/Adjusted during the year	(2,870.85)	(3.41)	(157.30)	-	-	(3,031.56)
Balance as at March 31, 2020	3,461.08	1,099.19	1,109.06	-	-	5,669.33
	(3,456.47)	(1,099.19)	(1,108.71)	-	-	(5,664.37)
(F) Trade Payables	-	-	92.28	8.51	-	100.79
	-	-	(92.28)	(8.41)	-	(100.69)
(G) Other Financial Liabilities						
Interest Accrued on Borrowings	17.69	-	-	-	-	17.69
	(17.69)	-	-	-	-	(17.69)
(H) Other Liabilities	-	-	1.82	-	-	1.82
(I) Expenditure						
Network Operating Expenses	-	-	-	-	-	-
Sales and General Administration Expenses	-	(0.74)	-	-	-	(0.74)
Financial Cost	-	-	-	-	-	-
Recovery of Expenses	(86.07)	(3.02)	1.77	-	-	(87.32)
	-	-	(27.30)	-	-	(27.30)
(J) Managerial Remuneration	-	-	-	-	0.02	0.02
Shri Gaurav Singh Ranawat (upto 19th July,19)	-	-	-	-	(0.01)	(0.01)
(K) Corporate guarantee on behalf of the Company	233.00	-	-	-	-	233.00
	(208.00)	-	-	-	-	(208.00)

The following table describe the components of compensation paid or payable to key management personnel dor 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	1,48,786	1,25,979
Contribution to Provident fund/ Superannuation fund	5,397	5,492
Total	1,56,346	1,33,673

RELIANCE COMMUNICATIONS INFRASTRUCTURE LIMITED

Notes on Accounts to Financial Statements as at March 31, 2020

Note 2.47

Appointment of Key Managerial Person

As per Companies Act 2013, Key Managerial Person is not appointed by the Company during the year and hence penalty provision is made in accounts for the current year .

Note 2.48

Impact of COVID 19

The Company had discontinued its wireless business during earlier year and there are no major operations in the Company hence, there is no impact of the COVID-19 pandemic on the Company's future financial results.

Note 2.49

Note on Disqualification of Directors

One of the Directors has not submitted the declaration required to be filed u/s 164 (2) of the Companies Act 2013.

Note 2.50

Authorisation of Financial Statements

After review, the Directors of the Company have approved the financial statements at their meeting held on July 31, 2020 which was chaired by Mr. Anish 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 law, 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 results and while signing this statement of financial results, has relied upon the assistance provided by the directors of the Corporate Debtor, and certifications, representations and statements made by the directors of the Corporate Debtor, in relation to these financial results. The statement of financial results of the Corporate Debtor for the year ended March 31, 2020 have been taken on record by the RP solely on the basis of and on relying on the aforesaid certifications, representations and statements of the aforesaid directors and the management of the Corporate Debtor. For all such information and data, the RP has assumed that such information and data are in the conformity with the Companies Act, 2013 and other applicable laws with respect to the preparation of the financial results and that they give true and fair view of the position of the Corporate Debtor as of the dates and period indicated therein. Accordingly, the RP is not making any representations regarding accuracy, veracity or completeness of the data or information in the financial results.

As per our report of even date

For and on behalf of the Bo: **For Reliance Communications Infrastructure Limited**

For Pathak H.D. & Associates LLP

Chartered Accountants
Firm Regn No. 107783W/W100593

Anish Niranjana Nanavaty
Resolution Professional

Parimal Kumar Jha

Partner
Membership No. 124262

Grace Thomas
Director
DIN:- 07079566

Sanjeev Modi
Director
DIN:- 08109280

Mumbai
Dated: 31st July 2020

Rakesh Gupta
Company Secretary

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To,

The Members of Globalcom IDC Limited (Formerly Reliance IDC Limited)

Report on the Financial Statements

Qualified Opinion

1. We have audited the financial statements of GlobalcomIDC Limited ('the Company') (Formerly known as Reliance IDC Limited), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "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 the 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 , ("INDAS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its profit (including other comprehensive income) 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:-

1. Note no. 2.33 , regarding pending comprehensive impairment review of its assets & liabilities including Trade Receivables and Trade Payables which are pending for confirmation. Further Goods & Service Tax (GST) and Tax Deducted at source are pending reconciliation. In the absence of Comprehensive impairment review as mentioned above for the carrying value of all the 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 profit for the year ended March 2020. Non determination of fair value of financial assets & liabilities are not in compliance with Ind AS 109- Financial Instrument, Ind AS 37- Provisions, Contingent Liabilities & Contingent Assets and Ind AS 36 on Impairment of Assets.

2. Note no 2.34, 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.

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 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

We draw attention to Note no 2.32 of the financial 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 the above matter.

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

4 The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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

- 5 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 record, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

- 6 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. 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 financial statements.

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 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 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 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

- 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 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.

Report on Other Legal and Regulatory Requirements

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

we enclose in Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

(a) 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;

(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 Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss, Statement of Cash Flows and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

(d) In our opinion the aforesaid financial statements comply with the Indian Accounting Standards prescribe under Section 133 of the Act read with relevant rules issued there under, except requirement of Ind AS 109 on Financial Instruments, Ind AS 36 on Impairment of Assets, Ind 37 on Provisions, Contingent Liabilities and Contingent Assets and Ind AS 116 on Leases, with regard to matters described in the Basis of Qualified Opinion paragraph above;

(e) 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;

(f) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of sub section (2) of Section 164 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 over financial reporting 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 explanations given to us, the company has not paid/provided for any remuneration to its directors during the year.

(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 Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.27 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 are no amounts which are 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

Place: Mumbai

Date: 31st July 2020

Parimal Kumar Jha

Partner

Membership No: 124262

UDIN : 0124262AAAADI1865

Annexure A to the Independent Auditor's Report – 31st March 2020

With reference to the Annexure referred to in the Independent Auditor's Report to the Members of Globalcom IDC Limited ('the Company')(Formerly known as Reliance IDC Limited) on the financial statements for the year ended 31 March 2020, we report the following:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodic manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its asset and no material discrepancies were noticed on such verification.

(c) As represented and as per the records of the Company, there is no immovable property in books of the Company. Accordingly, paragraphs 3 (i) (c) of the order is not applicable to the Company.

2. (a) The inventories have 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 stock and book records were not material and have been dealt with in books of account.

3. 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 3 of the Order is not applicable to the Company.

4. 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.

5. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 5 of the Order is not applicable to the Company.

6. As informed to us, the Central Government has not prescribed maintenance of cost records under Sub- Section (1) of section 148 of the Companies Act, 2013. Accordingly paragraph 6 of the Order is not applicable to the Company.

7. (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, employees' state insurance, goods and Service tax, customs duty, income tax, cess, and other material statutory dues.

According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, goods and service tax, customs duty, excise duty, income tax, and cess were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable except Value Added Tax, Work Contract tax, Professional Tax, Employee State Insurance and Entry Tax for which details are given in below table:

Sr. No.	Name of the Statute *	Nature of the dues	Amount (Rs.)	Period to which amount relates	Due date	Date of Payment
1	The Maharashtra Tax on Entry of Goods into Local Areas Act, 2002	Entry Tax	7,600	February – 2017	Various Dates	Yet to be Paid
2	The Maharashtra Value Added Tax Act, 2002	Works Contract Tax (WCT)	17,44,712	FY - 2016 -17 & 2017-18	21st of following month	Yet to be Paid
3	Tamil Nadu Value Added Tax Act, 2006	Works Contract Tax (WCT)	5,400	FY - 2016-17	20th of following month	Yet to be Paid
4	The Kerala Value Added Tax Act, 2003	Works Contract Tax (WCT)	25,441	Up to June 2017	15th following month	Yet to be Paid
5	Andhra Pradesh Value Added Tax Act, 2005	Works Contract Tax (WCT)	22,052	Up to June 2017	21st of following month	Yet to be Paid
6	Delhi Value Added Tax Act, 2004	Works Contract Tax (WCT)	65,683	FY – 2016-17	21st of following month	Yet to be Paid
7	Professional Tax Act, 1957	Professional Tax Payable	2,36,365	Upto F.Y 2019-20	Various dates	Yet to be Paid
8	ESIC Act, 1948	Employee State Insurance Payable	3,73,132	Upto F.Y 2017-18	Various dates	Yet to be Paid

* In respect of Goods & Service Tax (GST) payable, the Company is in the process of reconciliation (Refer note No. 2.33 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 December 2019 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 explanation given to us , there are no dues of sales tax, service tax, goods and Service tax, custom duty, excise duty, value added tax, income tax, and cess which have not been deposited on account of dispute.

8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 8 of the order requiring comment on repayment of the dues to them is not applicable.

9. In our opinion, and information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 9 of the order is not applicable to the company.

10. According to the information and explanations given to us, no significant fraud on or by the Company by its officer or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the course of our audit.

11. According to the information and explanations given to us and based on our examination of records, the Company is not required to appoint Key Managerial Personnel during the year. Accordingly, the provision of Clause 11 of the order is not applicable to the company.

12. As the Company is not a Nidhi Company, the provision of clause 12 of the order is not applicable to the Company.

13. According to the information and explanations given to us and based on our examination of records, the Company has made all the transactions with the related parties in compliance with sections 177 & 188 of the Act and the details have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.

14. 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. Accordingly, paragraph 14 of the Order is not applicable to the Company.

15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them as per section 192 of the Act. Accordingly, paragraph 15 of the Order is not applicable to the Company.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 16 is not applicable.

For Pathak H.D. & Associates LLP

Chartered Accountants

Firm's Registration No: 107783W/W100593

Place: Mumbai

Date: 31st July 2020

Parimal Kumar Jha

Partner

Membership No: 124262

UDIN : 0124262AAAADI1865

‘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 GlobalcomIDC Ltd (‘the Company’)(Formerly known as Reliance IDC Limited) 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’. 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 Companies Act, 2013.

Auditors’ 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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 over financial reporting 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 over financial reporting included obtaining an understanding of internal financial controls over 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 judgement, 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 control 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 has been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at March 31, 2020:

- i. Balances of trade receivable, trade payables, other liabilities, and loan & advances are subject to confirmation. (Read with Note no. 2.33).
- ii. Statutory dues (Goods and Service Tax/ Value Added Tax/ Tax Deducted at Source) accounts are in the process of reconciliation and there are 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 financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, 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 with reference to financial statements were operating effectively as at March 31, 2020, 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 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 March 31, 2020 financial statements of the Company and these material weaknesses affect our opinion on financial statements of the Company for the year ended March 31, 2020 (our audit report dated July 31 2020), and we have expressed qualified opinion on these financial statements of the Company.

For Pathak H.D. & Associates LLP

Chartered Accountants

Firm's Registration No: 107783W/W100593

Place: Mumbai

Date: 31st July 2020

Parimal Kumar Jha

Partner

Membership No: 124262

UDIN : 0124262AAAADI1865

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Balance Sheet as at March 31, 2020

(₹ in crore)

	Notes	As at		
		March 31, 2020	March 31, 2019	
ASSETS				
Non Current Assets				
(a) Property, Plant and Equipment	2.01	44.96	51.14	
(b) Capital Work in Progress		88.37	85.19	136.33
(c) Deferred Tax Asset	2.02		2.10	9.11
(d) Income Tax Assets	2.03		39.81	35.03
Current Assets				
(a) Inventories	2.04	0.23	1.43	
(b) Financial Assets				
(i) Trade Receivables	2.05	51.64	63.93	
(ii) Cash and Cash Equivalents	2.06	15.00	8.93	
(iii) Bank Balances other than (ii) Above	2.07	5.36	5.01	
(vi) Other Financial Assets	2.08	139.90	139.39	
(c) Other Current Assets	2.09	53.03	76.43	295.12
Total Assets		440.40	475.59	
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.10	2.10	2.10	
(b) Other Equity	2.11	28.35	16.09	18.19
Liabilities				
Non-Current Liabilities				
(a) Provisions	2.12		0.37	7.45
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.13	185.00	185.00	
(i) Trade Payables	2.14			
Due to Micro and Small Enterprises		0.23	0.65	
Due to Others		144.50	149.91	
(ii) Other Financial Liabilities	2.15	3.89	4.29	
(b) Other Current Liabilities	2.16	75.69	108.96	
(c) Provisions	2.17	0.27	1.14	449.95
Total Equity and Liabilities		440.40	475.59	

Significant Accounting Policies 1

Notes on Accounts 2

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For and on Behalf of the Board

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Regn No. 107783W/W100593

Rakesh Gupta
Director
DIN : 00130829

Parimal Kumar Jha
Partner
Membership No. 124262

Grace Thomas
Director
DIN-07079566

Place : Mumbai
Date : July 31, 2020

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Statement of Profit and Loss for the year ended March 31, 2020

(₹ in crore)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
I	Revenue from Operations	250.66	310.95
II	Other Income	0.54	3.16
III	Total Income (I + II)	251.20	314.11
IV EXPENSES			
	Operating Expenses	158.56	180.02
	Employee Benefits Expenses	(1.31)	14.73
	Finance Costs	0.07	0.25
	Depreciation	6.18	5.88
	Sales and General Administration Expenses	58.13	111.78
	Total Expenses (IV)	221.63	312.66
V	Profit before Tax	29.57	1.45
VI	Tax expense:		
	- Current Tax	10.53	0.64
	- Deferred Tax Charge/ (Credit) (net)	7.01	-
	- Short provision for earlier years	-	-
		17.54	0.64
VII	Profit / (Loss) after Tax	12.03	0.81
VIII	Other Comprehensive Income		
	(i) Remeasurement of defined benefit plan (Net of Tax)	0.23	(0.06)
	Income tax on (i) above		
	Other Comprehensive Income for the year	0.23	(0.06)
IX	Total Comprehensive Income for the year (VII+VIII)	12.26	0.75
XI	Earnings per Share of ₹ 10 each fully paid up (before and after Exceptional Items)		
	- Basic (₹)	57.30	3.86
	- Diluted (₹)	57.30	3.86

Significant Accounting Policies 1

Notes on Accounts 2

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

For and on Behalf of the Board

For Pathak H. D. & Associates LLP

Chartered Accountants

Firm Regn No. 107783W/W100593

Rakesh Gupta

Director

DIN : 00130829

Parimal Kumar Jha

Partner

Membership No. 124262

Grace Thomas

Director

DIN-07079566

Place : Mumbai

Date : July 31, 2020

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Statement of changes in equity for the year ended March 31, 2020

(a) Equity share capital (₹ in crore)

Balance at April 1, 2018	2.10
Change in equity share capital during the year	-
Balance at March 31, 2019	2.10
Change in equity share capital during the year	-
Balance at March 31, 2020	2.10

(b) Other Equity

Particulars	Retained Earnings	Other Comprehensive Income	Total
Balance at April 1, 2018	15.28	0.06	15.34
Other Comprehensive Income	-	-	-
Surplus/ (Deficit) of Statement of Profit and Loss	0.81	(0.06)	0.75
Balance at March 31, 2019	16.09	(0.00)	16.09
Other Comprehensive Income	-	0.23	0.23
Surplus/ (Deficit) of Statement of Profit and Loss	12.03	-	12.03
Balance at March 31, 2020	28.12	0.23	28.35

As per our report of even date

For and on Behalf of the Board

For Pathak H. D. & Associates LLP

Chartered Accountants

Firm Regn No. 107783W/W100593

Rakesh Gupta

Director

DIN : 00130829

Parimal Kumar Jha

Partner

Membership No. 124262

Grace Thomas

Director

DIN-07079566

Place : Mumbai

Date : July 31, 2020

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Statement of Cash Flow for the year ended March 31, 2020

(₹ in crore)

Sl.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax as per Statement of Profit and Loss	29.57	1.45
	Adjusted for:		
	Effect of changes in Foreign Exchange Rate (net)	-	0.24
	Depreciation/ Impairment and Amortisation	6.18	5.88
	Bad Debts/Advance Written off/ Provision for doubtful debt:	39.20	57.04
	Service tax written off	0.00	22.79
	Interest Expenses	0.07	
	Interest Income	(0.34)	(0.31)
		45.11	85.64
	Operating Profit before Working Capital Changes	74.68	87.09
	Adjusted for:		
	Receivables and other Advances	(4.03)	(164.82)
	Inventories	1.21	(0.06)
	Trade Payables and Other Laibilities	(46.92)	105.02
		(49.74)	(59.85)
	Cash Generated from Operations	24.94	27.24
	Tax Paid	(15.65)	(13.15)
	Tax Refund	0.36	
	Net Cash from Operating Activities	9.65	14.09
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets and Capital Work in Progress	(3.48)	(9.74)
	Interest Received	0.34	0.25
	Fixed Deposits made	(0.36)	(0.23)
	Net Cash Used in Investing Activities	(3.50)	(9.72)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Net Proceeds/ (Repayment) from Borrowings- Current	-	185.00
	Net Proceeds/ (Repayment) from Borrowings- Non Current	-	(185.00)
	Interest paid	(0.07)	0.00
	Net Cash from Financing Activities	(0.07)	0.00
	Net Increase in Cash and Cash Equivalents	6.08	4.37
	Opening Balance of Cash and Cash Equivalents	8.92	4.55
	Closing Balance of Cash and Cash Equivalents	15.00	8.92

Notes:

- Figures in brackets indicates cash outgo.
- Cash and Cash Equivalent includes bank balance and Fixed Deposits with Banks.
- Cash Flow statement has been prepared under the Indirect method set out in Indian Accounting Standard 7 "Statement of Cash Flow".

As per our report of even date

For and on Behalf of the Board

For **Pathak H. D. & Associates LLP**
Chartered Accountants
Firm Regn No. 107783W/W100593

Rakesh Gupta
Director
DIN : 00130829

Parimal Kumar Jha
Partner
Membership No. 124262

Grace Thomas
Director
DIN-07079566

Place : Mumbai
Date : July 31, 2020

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Significant Accounting Policies to the Financial Statements

Note: 1

1 General Information and Significant Accounting Policy

1.01 General Information

Globalcom IDC Ltd. ("GIDC" or "the Company") (formerly Reliance IDC Limited) is registered under Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. GIDC is a wholly owned subsidiary of Reliance Webstore Limited and engaged in the business of providing Internet Data Center Services located at Mumbai, Chennai, Hyderabad and Bangalore.

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, in accordance with the generally accepted accounting principles and comply with Indian Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") except note no 2.33 & .2.34, read with Rule 3 of the Companies (Indian Accounting Standard) Rules 2015, Companies (Indian Accounting Standards) Amendment Rules 2016 and other relevant 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 in Schedule III to the Companies Act, 2013. 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 which is functional and presentation currency of the company.

1.04 Property, Plant and Equipment

- (i) Property, Plant and Equipment are stated at cost net of Modvat/ Cenvat, Value Added Tax less accumulated depreciation, amortisation and impairment loss, if any. Subsequent Expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Company
- (ii) Depreciation is provided on Straight Line Method (SLM), w.e.f. April 1, 2017 (till March 31st 2017 Depreciation was provided on WDV) based on useful life of the assets prescribed in Schedule II to the Companies Act, 2013.
- (iii) Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.
- (iv) Depreciation on additions is calculated pro rata from the following month of addition.
- (v) Depreciation methods, useful lives and residual values are reviewed periodically at each reporting Date.
- (vi) Cost of an item of PPE Comprises its Purchase price, including Import duties and non refundable purchase taxes after deducting trade discount and rebates, any directly attributable cost of bringing the items to its working condition for its intended use

1.05 Impairment of Non Financial Assets

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 if where there is change in the estimate of recoverable value. The recoverable value is higher of Fair value less cost to sale and value in use.

1.06 Inventories of Stores, Spares and Communication Devices

Inventories of stores, spares and communication devices are accounted for at costs, determined on weighted average basis or net realisable value, whichever is less.

1.07 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 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

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Significant Accounting Policies to the Financial Statements

Provident Fund

The Company's contribution towards Provident Fund is recognised as an expense during the period in which it accrues.

Provident Fund contributions are made to a Government Fund. 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 to the members as per statutory rates.

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 and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

Remeasurements which comprises actuarial gain and losses, the return of plan assets excluding interest and the effects of assets ceiling (if any, excluding interest), are recognised in OCI.

(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. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

1.08 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production 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 its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.09 Foreign Currency Transactions

- (i) The functional currency of the Company is Indian Rupee.
- (ii) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the time of the transaction.
- (iii) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- (iv) Non monetary foreign currency items are carried at cost.
- (v) Exchange difference on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

1.10 Revenue Recognition and Receivables

- (i) Revenue from Internet Data Centre Services is recognised as and when the services are provided. Upfront and one time setup amount received from customers are recognised over the estimated useful life of customers or specified fixed validity period as appropriate. The estimated useful life is consistent with estimated churn of the customers.
- (ii) Interest income is recognised on time proportion basis.
- (iii) Service revenue are recognised as the services are rendered and are stated net of discount, waiver and taxes.
- (iv) Unbilled revenue is measured based on usage from last billing cycle to reporting date
- (v) 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.

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Significant Accounting Policies to the Financial Statements

1.11 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that is probable that taxable profit will be available against which those 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 the deferred income tax assets and liabilities relate to 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. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.12 Provisions, 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. 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. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.13 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax. The number of shares used in computing Basic Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average number of shares considered for deriving Basic Earning per Share and also weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares unless the results would be anti-dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.14 Measurement of Fair value of financial instruments

The company's accounting policies and disclosures require the measurement of fair values for financial instruments.

The company has an established control framework with respect to the 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 the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the 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 the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1.15 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 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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

ii Subsequent measurement

Debt instruments: Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Significant Accounting Policies to the Financial Statements

Financial Assets measured at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The 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 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. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or 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 at the FVTOCI if both of the following criteria are met:

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 group 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 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 and 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 OCI. There is no recycling of the amounts from OCI 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 profit and loss.

Derecognition of Financial Assets

A financial asset is primarily derecognised when:

- I) The 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 a '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 Company assesses on a forward looking basis the expected credit losses 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. 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. The 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

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.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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 relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or 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.

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Significant Accounting Policies to the Financial Statements

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 Assets

(i) Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

(ii) 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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(iv) Financial Assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.

(v) Financial Assets measured at fair value through other comprehensive income (FVTOCI):

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income.

(vi) Financial Assets measured at fair value through profit or loss (FVTPL):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

(iii) Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial Liabilities

(i) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) 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.

(iii) Subsequent measurement

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 that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iv) Loans and Borrowings

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or 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 the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(iii) 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.

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Significant Accounting Policies to the Financial Statements

(vi) Derivative Financial Instrument and Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

1.16 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.

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.

1.17 Critical estimates and judgements

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 judgements pertain to useful life of property, plant and equipment (Note 2.01), current tax expense and payable recognition of deferred tax assets for carried forward tax losses (Note 2.02), impairment of trade receivables and other financial assets (Note 2.05 & 2.08). 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.

Useful life of Property, Plant and Equipment: The 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.

Taxes: The Company provides for tax considering the applicable tax regulations and based on reasonable 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. MAT (Minimum Alternate Tax) is recognized as an asset only when and to the extent there is probable 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 to the effect that Company will be able to absorb such credit during the specified period.

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 (including lease 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 collectible.

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 the 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.

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Significant Accounting Policies to the Financial Statements

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.

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).

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 Company and that are believed to be reasonable under the circumstances.

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Notes on accounts to the Financial Statement

2.01 Property, Plant and Equipment

(₹ in crore)

Particulars	Plant and Machinery	Electrical Installation	Office Equipment	Furniture and Fixtures	Total	Capital Work in Progress
Gross carrying value						
As at April 1, 2018	80.50	6.08	0.02	0.89	87.49	75.77
Additions	-	-	-	-	-	9.42
Deductions	-	-	-	-	-	-
As at March 31, 2019	80.50	6.08	0.02	0.89	87.49	85.19
Additions	-	-	-	-	-	3.18
Deductions/ Adjustments	-	-	-	-	-	-
As at March 31, 2020	80.50	6.08	0.02	0.89	87.49	88.37
Accumulated Depreciation						
As at April 1, 2018	28.33	1.63	(0.00)	0.50	30.46	
Depreciation for the year	5.41	0.45	-	0.02	5.88	
Disposals						
As at March 31, 2019	33.74	2.08	(0.00)	0.52	36.34	
Depreciation for the year	5.57	0.61	(0.00)	0.01	6.18	
Disposals	-	-	-	-	-	
As at March 31, 2020	39.30	2.69	(0.00)	0.53	42.52	
Net Carrying Value						
As at March 31, 2019	46.76	3.99	0.02	0.37	51.14	
As at March 31, 2020	41.20	3.39	0.02	0.36	44.96	

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Notes on accounts to the Financial Statements

2.02 Deferred Tax Assets

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
The Deferred Tax Assets of the Company comprise of the following.	-	0.00		
(i) Deferred Tax Assets				
Related to carried forward loss	0.00	8.09	8.09	-
Related to timing difference on depreciation on fixed assets	2.28	-3.36	(5.64)	0.03
Relating of Disallowance of expenses	11.96	0.00	0.00	0.00
(ii) MAT Credit Entitlement	2.10	4.42	2.32	0.64
(iii) Remeasurement of defined benefit plan		-0.04	(0.04)	(0.03)
Net Deferred Tax Assets *	16.34	9.11	4.73	0.64
Restricted to	2.10	0.00	7.01	0.00
Deferred Tax Charge/ (Credit)			4.73	0.64

Significant management judgement is considered in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. Since the group is undergoing CIRP, Deferred tax asset has been restricted to the extent of MAT credit entitlement.

(a) Amounts recognised in profit and loss

	For the year ended March 31, 2020	For the year ended March 31, 2019
Deferred income tax liability / (asset), net	4.73	0.64
Tax expense for the year	4.73	0.64

(b) Amounts recognised in other comprehensive income - Nil

(c) Reconciliation of Tax Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/ (Loss) before Tax	29.57	1.45
Applicable Tax Rate	34.944%	34.944%
Computed Tax Expenses (I)	10.33	0.51
Add: Items not considered for Tax Computation		
On account of Depreciation difference	(3.36)	0.13
Tax Rate Difference	-	-
Carried forward Loss	8.09	-
Others	2.47	-
Income not considered for taxable profit		
Subtotal (II)	7.20	0.13
Less: Items not considered for Tax Computation		
Deferred tax charged during the year	-	-
Disallowances	-	-
Subtotal (III)	-	0.01
Income Tax Expenses charge/ (credit) to Statement of Profit and Loss (I + II - III)	17.54	0.64

The Company's weighted average tax rates for the years ended March 31, 2020 and 2019 were 59.3% and 44%, respectively.

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Notes on accounts to the Financial Statement

2.02 Deferred Tax Assets

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Tax Assets	-	4.69
MAT Credit Entitlement	2.10	4.42
	2.10	9.11

2.03 Income Tax Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Income Tax (net of provision for tax) (Refer note 2.33)	39.81	35.03
	39.81	35.03

2.04 Inventories

(Valued at lower of cost or Net realisable value)

Particulars	As at March 31, 2020	As at March 31, 2019
Stores and Spares	0.23	1.43
	0.23	1.43

2.05 Trade Receivables (unsecured)

Particulars	As at March 31, 2020	As at March 31, 2019
Considered Good (Refer note 2.33 & 2.37(b))	51.64	63.93
Considered Doubtful	5.21	-
Less: Provision for Doubtful Debts	(5.21)	-
	51.64	63.93

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Notes on accounts to the Financial Statement

2.06 Cash and Cash Equivalents

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with Banks *	15.00	8.93
	15.00	8.93

* Includes balance of Rs 0.03 crore in respect of 2 bank accounts which is subject to confirmation from bank.

2.07 Bank Balances other than Cash and Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Bank deposits with less than 12 months' maturity	5.36	5.01
	5.36	5.01

2.08 Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Interest accrued on Investments	0.37	0.20
Unbilled Revenue (refer note 2.37(b))	7.61	7.07
Loan to related party (refer note 2.33 & 2.37(b))	131.92	132.12
	139.90	139.39

2.09 Other Current Assets (Unsecured)

Particulars	As at March 31, 2020	As at March 31, 2019
a) Advances and Receivables (Unsecured)		
Advance to Others (Refer note 2.33)	42.20	34.01
Less:- Provision for doubtful advances	(27.02)	-
Advance to Related party (refer note 2.37(b))	17.48	11.01
Less:- Provision for doubtful advances	(1.36)	-
	31.30	45.02
b) Others		
Deposits	1.69	1.69
Balance with Customs, Central Excise Authorities etc. (Refer note 2.33)	19.86	29.65
Prepaid Expenses	0.18	0.07
	53.03	76.43

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Notes on accounts to the Financial Statement

(₹ in crore)

As at
March 31, 2020

As at
March 31, 2019

2.10 Equity Share Capital

Authorised

21 00 000 Equity Shares of ₹10 each (March 31, 2019: 21 00 000)	2.10	2.10
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2.10

2.10

Issued, Subscribed and Paid up

21 00 000 Equity Shares of ₹10 each (March 31, 2019: 21 00 000)	2.10	2.10
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2.10

2.10

2.10.01 Shares held by holding company	% of Holding	No of Shares	% of Holding	No of Shares
Reliance Webstore Limited & its Nominee	100%	21 00 000	100%	21 00 000

2.10.02 Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation the equity shareholders are

2.10.03 Reconciliation of shares outstanding a 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)
Equity shares				
At the beginning of the Year	21 00 000	2.10	21 00 000	2.10
Add/(Less):Changes during the year	-	-	-	-
At the end of the Year	21 00 000	2.10	21 00 000	2.10

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Notes on accounts to the Financial Statement

2.11 Other Equity

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Surplus/(Deficit) of Statement of Profit and Loss		
Opening Balance	16.09	15.28
Add: Profit/(Loss) for the year	12.03	0.81
Closing Balance (A)	28.12	16.09
(ii) Other Comprehensive Income		
Opening Balance	(0.00)	0.06
Add: Profit/(Loss) for the year	0.23	(0.06)
Closing Balance (B)	0.23	(0.00)
Total (A + B)	28.35	16.09

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Notes on accounts to the Financial Statement

(₹ in crore)

	As at March 31, 2020	As at March 31, 2019
2.12 Provisions		
Provision for Retirement Benefit	0.37	7.45
	0.37	7.45

2.13 Borrowings (Unsecured) - Current

Loan from Others	-	-
Loan from Related Parties(Refer note 2.37(b))*	185.00	185.00
	185.00	185.00

* Consistent with the practice followed in earlier year, interest has not been charged on loans availed from the Ultimate Holding Company.

2.14 Trade Payables

Due to Micro and Small Enterprises	0.23	0.65
Others (Refer note 2.33 & 2.37(b))	144.50	149.91
	144.73	150.56

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 2nd October, 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.

	As at March 31, 2020	As at March 31, 2019
Principal amount due to any supplier as at the year end	0.23	0.65
Interest due on the principal amount unpaid at the year end to any supplier	0.08	0.09
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		
Payment made to the enterprises beyond appointed date under Section 16 of MSMED	1.24	1.69
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	0.03	0.27
Amount of interest accrued and remaining unpaid at the end of each accounting year	0.11	0.36
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	0.06	0.25

2.15 Other Financial Liabilities

Capital Creditors (Refer note 2.33)	3.89	4.20
Other Payables	-	0.10
	3.89	4.29

2.16 Other Current Liabilities

Income Received in advance (refer note 2.37(b))	31.02	38.63
Advance from Customers(refer note 2.37(b))	9.76	15.79
Payable to Tax Authorities (refer note 2.33)	10.41	29.23
Book overdraft	0.89	-
Other Liabilities	23.64	25.30
	75.69	108.95

2.17 Provisions

Provision for Employee Benefits

Employee Benefits	0.27	1.14
	0.27	1.14

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Notes on accounts to the Financial Statement

(₹ in crore)

For the year ended March 31, 2020 For the year ended March 31, 2019

2.18 Revenue from Operations

Income from Data Centre Services(refer note 2.37(b))	250.66	310.95
	<u>250.66</u>	<u>310.95</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 revaluations 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.

2.19 Other Income

Other Income	-	2.86
Interest on FD	0.54	0.31
	<u>0.54</u>	<u>3.16</u>

2.20 Operating Expenses

Power, Fuel and Utilities (refer note 2.37(b))	123.79	120.50
Repairs and Maintenance - Plant and Machinery	9.29	12.03
Leased Capacity Charges & Other Rent (refer note 2.37(b))	23.48	45.16
Stores and Spares	0.66	2.02
Rates & Taxes - Others	0.15	0.31
Inventory written off	1.06	-
Network Expenses others	0.14	-
	<u>158.56</u>	<u>180.02</u>

2.21 Employee Benefits Expenses

Salaries	5.89	6.72
Contribution to Provident, Gratuity and Superannuation Fund*	0.44	7.08
Employee Welfare and Other Amenities	0.30	0.93
Provision for Gratuity and leave encashment*	(7.95)	-
	<u>(1.31)</u>	<u>14.73</u>

* Based on Actuarial Valuation report

2.22 Finance Cost

Interest on Financial Liability measured at amortised cost *	0.07	0.25
	<u>0.07</u>	<u>0.25</u>

2.23 Sales and General Administration Expenses

Sales and Marketing Expenses

Bad Debts written off	5.61	57.04
-----------------------	-------------	-------

General Administration Expenses

IT Services Expenses(refer note 2.37(b))	1.24	21.00
Professional Fees	0.32	0.41
Provision for Doubtful Debts/advances	33.59	-
Hire Charges	9.65	3.56
Interest paid Others	3.91	2.30
Service Tax written off	-	22.79
Security Expenses	3.04	2.66
Other General and Administrative Expenses	0.73	2.00
	<u>52.46</u>	<u>54.73</u>
Payment to Auditors	0.05	0.01
	<u>58.13</u>	<u>111.78</u>

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note : 2.24

Previous year figures have been re-grouped, re-arranged and re-classified wherever necessary as required. Amount in financial statements are presented Rupees in crore, except as otherwise stated.

For the year ended March 31, 2020		Regrouped in for the year ended March 31, 2019	
S.n	New Grouping	Old grouping	(₹ in crore)
1	Loans to related party (Other Financial Assets)	Other receivables (Other Financial Assets)	132.12

Note : 2.25

Earning Per Share (before and after Exceptional Items)

Net Profit (Numerator used for calculation) (₹ in crore)
 Weighted Average number of Equity Shares used as denominator for calculating EPS
 Basic and Diluted Earning Per Share of ₹ 10 each (₹)

For the year ended March 31, 2020

12.03
21 00 000
57.30

(₹ in crore)
For the year ended March 31, 2019

0.81
 21 00 000
 3.86

Note : 2.26

Corporate Social Responsibility Expenditure (as per section 135 of the Companies Act, 2013 read with Schedule VII)

(a) Gross amount required to be spent by the company during the year .	0.33	0.33
(b) Amount Spent During the year on	-	-
(i) Construction /Acquisition of any Assets	-	-
(ii) On purposes other than(i) above	-	-

Note : 2.27

Contingent Liabilities

	As at March 31, 2020	As at March 31, 2019
(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for.	4.75	1.89
(ii) Disputed legal case filed against the Company by Housekeeping services for unpaid invoices.	0.24	-

Note : 2.28

Capital Management

Capital of the company, for the purpose of capital management, includes issued equity capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maximise shareholder's value.

The funding requirement is met through a mixture of equity, internal accruals and borrowings.

The company monitors capital using a gearing ratio which is net debt divided by total debts and equity.

	As at March 31, 2020	As at March 31, 2019
(a) Total Debt	185.00	185.00
(b) Equity	30.45	18.19
(c) Total Debt and Equity (a+b)	215.45	203.19
(d) Capital Gearing Ratio (a/c)	85.87%	91.05%

Reduction in capital gearing ratio reflects increase in Equity on account of profit during the year.

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Notes on account to the Financial Statements

Note : 2.29

Employees Benefits

Gratuity: In accordance with the applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) for all its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on respective employees last drawn salary and for the years of employment with the company

The defined benefit plan expose the company at actuarial risk such as longevity risk, interest risk and market (investment) risk.

The following table sets out the status of the Gratuity Plan as required under Indian Accounting Standard ("Ind AS") 19 "Employee Benefits".

Particulars	As at March 31	
	2020	2019
i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	1.05	0.98
Service cost	0.07	0.08
Interest cost	0.08	0.07
Liability Transferred In		
Liability Transferred out		
Actuarial (gain) / loss recognised in other comprehensive income		
Change in financial assumptions	-	0.00
Experience adjustments	(0.23)	0.09
Benefits paid	(0.60)	(0.18)
Obligation at the end of the year	0.37	1.05
ii) Change in plan assets		
Plan assets at Year beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain / (loss) recognised in other comprehensive income	-	-
Contributions	-	-
Liability Transferred In	-	-
Liability Transferred out	-	-
Benefits paid	-	-
Plan assets at the end of the year, at fair value	-	-
iii) Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	0.37	1.05
Liability recognized in the Balance Sheet	0.37	1.05
iv) Expense Recognised in Profit or Loss		
Service Cost	0.07	0.08
Interest Cost	0.08	0.07
Total	0.15	0.15
Amount Recognised in Other Comprehensive Income		
Actuarial (gain) / loss recognised in other comprehensive income	0.23	(0.06)
Expected return on plan assets		
Total	0.23	-
v) Investment details of plan assets		
100% of the plan assets are invested in debt instruments	-	-

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Notes on account to the Financial Statements

	(₹ in crore)	
	As at March 31	
	2020	2019
vi) Actual return on plan assets	-	-
vii) Assumptions		
Estimated return on plan assets	N.A	N.A
Interest rate	5.04%	7.64%
Salary Growth rate	0.00%	8.00%
Employee turnover rate	50% for all age group	For service 4 year and below 18% and 5% thereafter

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.

	(₹ in crore)	
	Gratuity for the year ended March 31	
	2020	2019
iii) Particulars of the amounts for the year and Previous years		
Present Value of benefit obligation	0.37	1.05
Fair Value of Plan assets	-	-
Excess of obligation over plan assets (plan assets over obligation)		
ix) Experience Adjustment	2020	2019
On Plan Liabilities	(0.23)	0.09
On Plan Assets	-	-

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)	(0.01)	(0.07)
Discount rate (- 1% movement)	0.01	0.08
Future salary growth (+ 1% movement)	-	0.08
Future salary growth (- 1% movement)	-	(0.07)
Employee turnover (+ 1% movement)	-	(0.00)
Employee turnover (- 1% movement)	-	0.00

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 been given.

Maturity analysis of defined benefit plan (fund)

Project benefit payable in future from the date of reporting

1st following year	0.16	0.09
2nd following year	0.11	0.06
3rd following year	0.05	0.05
4th following year	0.03	0.09
5th following year	0.01	0.06
Sum of years 6 to 10	0.01	0.55
Sum of years 11 and above	0.00	1.17

Provident Fund : The employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's salary. Contributions are made to Government fund. For the year ended March 31,2020, the Company has contributed ` 0.11 crore (Previous year ` 0.19 crore) towards Provident Fund.

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Notes on account to the Financial Statements

Note : 2.30

2.30.1 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 receivables, trade payables, other current liabilities 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 rates 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).

There is no fair valuation of Financial instruments. The carrying value of financial instruments as of March 31, 2020 were as follows:

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.06)	15.00	8.93
Bank Balances (Refer Note 2.07)	5.36	5.01
Trade receivables (Refer Note 2.05)	51.64	63.93
Other financial assets (Refer Note 2.08)	139.90	139.39
Total	211.91	217.25
Financial assets at fair value through Profit and Loss:	Nil	Nil
Financial assets at fair value through other Comprehensive Income:	Nil	Nil
Financial liabilities at amortised cost:		
Trade payables (Refer note 2.14)	0.00	0.00
Other financial liabilities (Refer Note 2.15)	3.89	4.29
Borrowings (Refer Note 2.13)	185.00	185.00
Total	188.90	189.29
Financial liabilities at fair value through Profit and Loss:	Nil	Nil
Financial Liabilities at fair value through other Comprehensive Income:	Nil	Nil

2.30.2 Financial Risk Management Objectives and Policies

The Company Has instituted a framework at enterprise and operating level across the functions to facilitate that financial risks are identified , measured and managed in accordance with the policies and objectives of the company.

Market risk

The company operates predominantly in India only. 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.

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.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

The Company's interest-bearing financial instruments is reported as below

Fixed Rate Instruments

Financial Assets	-	-
Financial Liabilities	185.00	185.00

Variable Rate Instruments

Financial Assets	-	-
Financial Liabilities	-	-

Globalcom IDC Limited (Formerly Reliance IDC Limited)

Notes on account to the Financial Statements

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Impact on Profit and loss /equity	For the year ended March 31, 2020	For the year ended March 31, 2019
-----------------------------------	--------------------------------------	--------------------------------------

Impact of Profit and loss / equity - -

If interest rate is adversely affected with i.e decrease by 100 basis profit shall accordingly be affected vice versa.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

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 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 model to assess the impairment loss or gain. 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 credit rating agencies and historical experience for customers.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks.

Ageing of Trade Receivable

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Not Due	5.57	0.00
0-90	26.82	0.00
91-180	13.91	59.84
181-365	0.00	2.55
Above 365	5.33	1.54
Total	51.63	63.93

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has stress on liquidity profile and it closely monitors liquidity position. The company is managing its current requirements through working capital. Accordingly, liquidity risk is perceived. The Company closely monitors its liquidity position and maintains adequate source of funding.

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Borrowings	-	-
Trade payables	-	-
Other financial liabilities	3.89	4.29

Note : 2.31

Post reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation

Note : 2.32

Impact of COVID 19

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.

Note : 2.33

Corporate Insolvency Resolution (CIR) Process has been initiated against the Ultimate Holding Company. Upon finalisation of CIR process of Ultimate Holding Company, The Company will carry out a comprehensive impairment review of its assets and liabilities including Trade receivables and Trade payable which are pending for confirmation. Further, the Company is in the process of reconciling Goods & Service Tax (GST) and Tax Deducted at source. Consistent with the practice followed in earlier years, interest has not been charged on loans given to subsidiaries / fellow subsidiaries.

Note : 2.34

Leases

Since the Ultimate Holding company is under Corporate Insolvency Resolution (CIR) Process, IND AS 116 has not been applied

Note : 2.35

Authorisation of Financial Statements

The Financial Statements for the year ended March 31, 2020 were approved by the Board of Directors on July 31, 2020

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note : 2.36

Segment Information

The Company is operating only in India and providing Internet Data Centre Services only. So there is neither more than one business segment and nor more than one geographical segment. Hence segment information as per Ind AS - 108 is not required to be disclosed.

Note : 2.37

As per the Ind AS 24 of "Related Party Disclosures" as referred to in Accounting Standard Rules, the disclosure of transactions with the related parties as defined therein are given below.

a) Name of the Related Party	Relationship
1 Reliance Communications Limited	Ultimate Holding Company
2 Reliance Webstore Limited	Holding Company
List of other Related Parties where there have been transactions	
3 Reliance Telecom Limited	} Fellow Subsidiary Companies
4 Reliance Infratel Limited	
5 Reliance Tech Services Limited	
6 Reliance Communications Infrastructure Limited	
7 Reliance Reality Limited (Formerly Reliance Infocomm Infrastructure Limited)	
8 Reliance Globalcom Limited, Bermuda and its Subsidiaries* (ceased w.e.f. 1-7-2019)	
9 Reliance Big Broadcasting Private Limited	
10 Reliance Big Entertainment Private limited	
11 FLAG Telecom Ireland Network Limited *(ceased w.e.f. 1-7-2019)	
12 Zapak Digital Entertainment Limited	
13 Big Animation (India) Private Limited	
14 Reliance Capital Limited	
15 Reliance Nippon Life Asset Management Limited (formerly Reliance Capital Asset Management Limited)	
16 Reliance Nippon Life Insurance Company Limited (formerly Reliance Life Insurance Company Limited)	
17 Reliance Securities Limited	
18 Reliance General Insurance Company Limited	
19 Reliance Spot Exchange Infrastructure Limited	
20 Reliance Power Limited	
21 Reliance Infrastructure Limited	
22 Reliance Defence Limited	
23 Reliance Energy Limited	
24 NIS Sparta Education & Learning Technologies Private Limited	
25 Reliance Commercial Finance Limited (formerly Reliance Gilts Limited)	
26 Reliance Home Finance Limited	
27 Reliance Defence and Engineering Limited	
28 Reliance Defence Systems & Tech Limited	

* These companies have ceased to be our Related parties during the current year .

Globalcom IDC Limited (Formerly Reliance IDC Limited)
Notes on account to the Financial Statements

(b) Transactions with related parties :

* (figures Shown in brackets pertains to Previous year)

(₹ in crore)

Sr. No.	Nature of Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Enterprise over which promoter of Holding Company having control	Total
1	Trade Receivable			-		-
	Gross Trade Receivable	5.47	3.58	3.40	8.53	20.98
		(12.01)	(3.99)	(9.26)	(54.71)	(79.97)
	Bad debts written off	-			3.50	3.50
				(2.84)	(50.70)	(53.54)
	Net Trade Receivable	5.47	3.58	3.40	5.03	17.48
		(12.01)	(3.99)	(6.42)	(7.07)	(29.49)
2	Other Financial Assets					
	Unbilled Revenue	-	-	-	0.34	0.34
		-	-	-	(0.32)	(0.32)
3	Other Current Assets					
	Advance to vendor	4.89	-	11.96	0.62	17.48
		(8.92)	-	(1.47)	(0.62)	(11.01)
	Loans to Related party			131.92		131.92
				(132.13)		(132.13)
4	Borrowings - Current					
	Balance as at April 01, 2019	185.00	-	-	-	185.00
		-	-	-	-	-
	Taken During the year	-	-	-	-	-
		(185.00)	-	-	-	(185.00)
	Repaid during the year	-	-	-	-	-
		-	-	-	-	-
	Balance as at March 31, 2020	185.00	-	-	-	185.00
		(185.00)	-	-	-	(185.00)
5	Trade Payable	-	-	116.90	13.90	130.80
		-	-	(125.96)	(10.85)	(136.81)
6	Other Current Liabilities					
i)	Advance from customer	-	-	-	0.87	0.87
		-	-	(0.02)	(0.82)	(0.84)
ii)	Income Received in Advance	-	-	-	3.02	3.02
		-	-	-	-	-
7	Revenue from Operations					
	Services Income	44.00	-	-	13.82	57.82
		(105.79)	(1.01)	(1.42)	(15.10)	(118.46)
8	Expenditure					
i)	Operating Expenditure	-	-	20.20	-	20.20
		-	-	(111.48)	-	(111.48)
ii)	General Administration Expenditure	-	-	1.24	-	1.24
		-	-	(21.00)	-	(21.00)
iii)	Sharing of Expenses	-	-	74.39	-	74.39
		-	-	(27.30)	-	(27.30)
9	Corporate Guarantee on behalf of The Company	1.20	-	-	-	1.20
		(1.29)	-	-	-	(1.29)

As per our report of even date

For and on Behalf of the Board

For Pathak H. D. & Associates LLP

Chartered Accountants

Firm Regn No. 107783W/W100593

Rakesh Gupta

Director

DIN : 00130829

Parimal Kumar Jha

Partner

Membership No. 124262

Grace Thomas

Director

DIN-07079566

Place : Mumbai

Date : July 31, 2020

Reliance Infratel Limited

Annual Accounts

2019-20

Independent Auditor's Report on financial statements

To the Members of Reliance Infratel Limited

(A Company under Corporate Insolvency resolution process vide NCLT Order)

Report on the 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 Infratel 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 financial statements of **Reliance Infratel Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss, statement of changes in equity and statement 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 other 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. 2.11& 2.28, regarding "Assets Held for Sale (AHS)" including Towers and Fibre 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. 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. 2.25.01 regarding admission of the Company 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 accordingly has not provided interest on borrowings amounting to Rs.315 Crore for the year ended March 31,2020 and Rs.560 Crore up to previous financial year calculated based on the basic rate of interest as per the terms of the loan. The Company further has not provided for foreign exchange variance (gain)/ loss amounting to Rs.162 Crore for the year ended March 31,2020 and Rs. 99 Crore up to previous financial year, Had such interest and foreign

exchange losses as mentioned above been provided, the reported loss for the year ended March 31, 2020 would have been higher by Rs.477 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. 2.28 , regarding pending comprehensive review of carrying amount of all other assets including investment in subsidiaries & 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 amount 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 are not in compliance with Ind AS 109- Financial Instruments, Ind AS 37- Provisions, Contingent Liabilities & Contingent Assets & Ind AS 36 on Impairment of Assets.
- D. Note no.2.32, 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 i.e. Ind AS 116.
- E. Note no.2.19.01, regarding revenue recognized by the Company amounting to Rs.917 Crore with respect to services provided till March 31, 2020, which has not been billed by the Company on account of pending reconciliation due to various parameters. 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.
- F. Note no 2.28, regarding continuous losses incurred by the Company, current liabilities exceeding its current assets, default in repayment of borrowings and default in payment of 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 ongoing 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 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 there under, 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 2.42 to the financial statements, 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 on the Financial statement is not modified in respect of above matter.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the 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 do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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 2.44 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 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 resolution professional is also responsible for overseeing the Company's Financial reporting process read together with Note no.2.44 of the financial statements

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. 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 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 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 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 Matter

- 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 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.

- 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 Infratel Limited (“the Company”) vide its orders dated May 15, 2018. The NCLT had appointed Mr. Manish Kaneria as the interim resolution professional of the Company, (“Interim Resolution Professional”) vide its orders dated May 18, 2018. Thereafter, the committee of creditors (“CoC”) of the Company, 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 Professional with the resolution professional (“RP”) for the Company, 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 should be signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it should 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 2.44 of the financial statements, 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 statement 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:

- (a) Except for the matters stated in Basis for 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.
- (b) Except for the possible effect 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.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015, as amended, except requirements of Ind AS 105 on Non Current Assets Held for Sale and Discontinued Operations, Ind AS 23 on Borrowing Cost, 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 and Ind 37 on Provisions, Contingent Liabilities and Contingent Assets, with regard to matters described in the Basis of Qualified Opinion paragraph above.
- (e) 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;

- (f) On the basis of the written representations received from one of the directors of the Company as on March 31, 2020 taken on record by the Board of Directors, this one of the director is 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 2.43 of the financial statements, two of the directors of the Company have resigned from the position of director, however their resignation has not been accepted by Committee of Creditors (COC) for the reasons stated in the said note, further the Company has not received declaration 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 the 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 explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (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 as amended, 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 Note 2.31 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 are no amounts, which are 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:20124262AAAAD7201

Reliance Infratel Limited

‘Annexure A’ to the Independent Auditor’s Report - 31 March 2020

With reference to the Annexure A referred to in the Independent Auditors’ Report to the Members of Reliance Infratel Limited (‘the Company’) on the financial statements for the year ended 31 March 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
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 2.01 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 it’s name as these were acquired through various schemes of arrangement entered in the earlier years

Particulars	Freehold land
No of cases	207
Gross Block as at March 31,2020 (Rs. in Cr.)	9
Net Block as at March 31, 2020 (Rs. in Cr.)	9

- (ii) Since the Company does not have any inventory. Accordingly, paragraph (ii) of the Order is not applicable to the Company.
- (iii) As per information and explanation provided to us and on the basis of verification of records of the Company, 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 and 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.

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 31 March 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 Rs.)	Period to which the amount relates	Due Date	Date of Payment
Bihar VAT Act,2005	VAT Payable	72 944	2017-18	Various dates	Unpaid
Karnataka Value Added Tax Act, 2003	VAT Payable	1 23 328	2017-18	Various dates	Unpaid
Madhya Pradesh Value Added Tax Act,2003	VAT Payable	12 586	2016-17	Various Dates	Unpaid
Gujarat Value Added Tax Act,2003	VAT Payable	18 953	2016-17	Various dates	Unpaid
Haryana Value Added Tax Act,2003	WCT payable	63 595	2017-18	Various dates	Unpaid
Himachal Pradesh Value Added Tax Act,2005	WCT payable	23 273	2017-18	Various dates	Unpaid
Punjab Value Added Tax Act,2005	WCT payable	1 26 220	2017-18	Various dates	Unpaid
Uttar Pradesh VAT Act,2008	WCT payable	35 586	2017-18	Various dates	Unpaid

Name of Statute*	Nature of Dues	Amount (in Rs.)	Period to which amount relates	Due Date	Date of Payment
Maharashtra Value Added Tax Act, 2002	WCT payable	9 20 447	2017-18	Various dates	Unpaid
Chhattisgarh Value Added Tax Act,2003	WCT payable	1 31 101	2017-18	Various dates	Unpaid
Orissa Value Added Tax Act, 2004	WCT payable	3 77 339	2017-18	Various dates	Unpaid
West Bengal VAT Act, 2003	WCT payable	5 618	2017-18	Various dates	Unpaid
Rajasthan Value Added Tax Act, 2003	WCT payable	69 967	2017-18	Various dates	Unpaid
Tamil Nadu CST Act,1956	CST payable	25 569	2017-18	Various dates	Unpaid
Andhra Pradesh CST Act,1956	CST Payable	3 19 317	2017-18	Various dates	Unpaid

*The above does not include the GST on unbilled revenue of Rs. 917Crore, pending reconciliation with customers, as management states that GST is payable upon completion of reconciliation and invoicing thereon. (Refer note no. 2.19.01)

*In respect of Goods & Service Tax (GST) payable, the Company is in the process of reconciliation (Refer note No. 2.28 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 December 2019 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 Duty of Customs and Cess which have not been deposited on account of any dispute. The dues of Income Tax, Service Tax, Sales Tax, VAT and Entry Tax as disclosed below have not been deposited by the Company on account of dispute.

Name of Statute	Nature of Dues	Amount (Rs. In Crore)	Period to which the amount relates	Forum where Pending
Central Sales Act, 1956	Central Sales Tax	0.02	2008-09	Jt. Commissioner (Appeals)
		0.39	2008-09	Sales Tax Appellate Tribunal
		0.01	2010-11	Jt. Commissioner (Appeals)
		0.01	2011-12	Dy. Commissioner (Appeals)
		0.09	2011-12	Jt. Commissioner (Appeals)
		0.18	2012-13	Jt. Commissioner (Appeals)
		0.01	2013-14	Dy. Commissioner of Commercial Taxes
		0.78	2013-14	Special Audit Officer
		0.02	2014-15	Dy Commissioner, Appeals, Bhopal
		0.01	2014-15	Special audit Officer
		0.04	April'07 to March'09	Sales Tax Appellate Tribunal
		0.65	April'09 to Sept'12	Jt. Commissioner
Entry tax of various states	Entry Tax	0.57	2007-08	Commercial Taxes Tribunal
		0.49	2007-08	MP Tax Board
		0.56	2007-08	Sales Tax Appellate Tribunal
		4.35	2007-08	Supreme Court
		0.12	2008-09	Commercial Tax Appellate Tribunal
		0.01	2008-09	MP Tax Board
		0.33	2009-10	Supreme Court
		0.50	2010-11 to 2013-14	High Court**
		0.10	2010-11	Supreme Court
		0.08	2011-12	Dy. Commissioner (Appeals)

Name of Statute	Nature of Dues	Amount (Rs. In Crore)	Period to which the amount relates	Forum where Pending
		0.20	2011-12	Supreme Court
		0.04	2011-12	Dy. Commissioner (Appeals)
		0.16	2012-13	High Court of Punjab and Haryana
		0.22	2012-13	Supreme Court
		0.26	2013-14	Appellate Authority
		0.09	2013-14	Jt. Commissioner (Appeals)
		0.14	2014-15	Appellate Authority
		1.67	April'07 to March'09	High Court
		0.20	April'09 to Sept'12	High Court
		0.20	July'10 to Dec'12	High Court Commercial Tax Officer
		0.00	2015-16	Supreme Court
Finance Act, 1994	Service Tax	95.08	2009-10 to 2012-13	CESTAT
		7.04	2013-14	CESTAT
		3.17	2012-13 to 2013-14	CESTAT
VAT of various states		0.07	2008-09	Commercial Taxes Tribunal
		0.01	2009-10	Sales Tax Appellate Tribunal
		0.12	2010-11	Asst. Commissioner (Sales Tax)
		0.00	2011-12	Dy. Commissioner of Commercial Taxes
		0.01	2011-12	Dy. Commissioner of Commercial Taxes
		0.41	2012-13	Jt. Commissioner (Appeals)
		0.02	2013-14	Dy. Commissioner of Commercial Taxes

Name of Statute	Nature of Dues	Amount (Rs. In Crore)	Period to which the amount relates	Forum where Pending
		0.03	2013-14	Jt. Commissioner (Appeals)
		0.15	2013-14	Dy. Commissioner of Commercial Taxes
		0.30	April'09 to Sept'12	Asst. Commissioner (Sales Tax)
		0.00	2014-15	Jt. Commissioner (Appeals)
		0.01	2014-15	Special Audit Officer
		0.28	2014-15	Dy. Commissioner of State Tax
		0.07	2015-16	Dy. Commissioner of State Tax
Income Tax Act, 1961	Income Tax	21.70	2012-13	Commissioner Income Tax
	Income Tax	125.56	2017-18	Commissioner Income Tax

*Net of amounts paid under protest

** Stay granted by High Court

- (viii) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of loans or borrowings and interest thereon from banks & financial institutions, which were not paid as at Balance Sheet date. The lender wise details of principal and interest are as under

Name of Lender	Borrowings		Interest	
	Amount (Rs. in crore)	Period (Maximum days)	Amount (Rs. in crore)	Period (Maximum days)
State Bank of India	485	1066	Nil	Nil
Standard Chartered Bank	192	1089	Nil	Nil
Syndicate Bank	3	1110	Nil	Nil
Standard Chartered Bank, London	407	1031	7	1031
Doha Bank Q.S.C	326	1031	6	1031
Emirate NBD Bank PJSC	261	1031	5	1031
Industrial & Commercial Bank of China	222	1031	4	1031
VTB Capital PLC	407	1031	7	1031
Reliance Capital Limited	Nil	Nil	2	1111
Mahimna Mercantile Credits Limited	433	91	Nil	Nil
Total	2,736		31	

(Refer Note no 2.18.2 of the Financial Statement)

Apart from above outstanding on interest, the Company has not provided interest of Rs. 315 crore and Rs. 875 crore for the year and upto March 31, 2020 respectively and therefore it has not been disclosed above.

- (ix) In our opinion, and according to information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause (ix) of the order is not applicable to the company.
- (x) According to the information and explanations given to us, no significant fraud on or by the company by its officer or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid /provided for managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Act.
- (xii) As 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. Accordingly, paragraph (xiv) of the Order is not applicable to the Company.
- (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:20124262AAAADE7201

Reliance Infratel Limited

‘Annexure B’ to the Independent Auditor’s Report - 31 March 2020

Report on the Internal Financial Controls under Clause (h) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to financial statements of Reliance Infratel 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 with reference to 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 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.

Auditors’ 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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 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 over 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 judgement, 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 control 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for 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 with reference to financial statements as at March 31, 2020:

- i. Balances of trade receivable, trade payables & other liabilities and loan & advances are subject to confirmation.(Read with Note no.2.28)
- 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 paragraph of our main report, resulting in the Company not providing for adjustments, which are required to be made, to the 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, 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 with reference to financial statements were operating effectively as at 31 March 2020, based on the internal control with reference to 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 Reporting issued by the Institute of Chartered Accountants of India.

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 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 these 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

Date: July 31 2020

Place: Mumbai

UDIN:20124262AAAADE7201

Reliance Infratel Limited
Balance Sheet as at March 31, 2020

(₹ in Crore)

	Note	As at		As at
		March 31, 2020		March 31, 2019
Assets				
Non Current Assets				
(a) Property, Plant and Equipment	2.01	9		9
(b) Intangible Assets	2.02	6		13
(c) Investment	2.03	-		-
(d) Income Tax Assets (net)	2.04	205		123
(e) Other Non Current Assets	2.05	73	293	73
				218
Current Assets				
(a) Financial Assets				
(i) Trade Receivables	2.06	405		314
(ii) Cash and Cash Equivalents	2.07	107		100
(iii) Loans	2.08	1,200		1,200
(iv) Other Financial Assets	2.09	1,303		1,307
(b) Other Current Assets	2.10	556		655
(c) Assets held for sale	2.11	9,023	12,594	9,024
				12,600
Total Assets			12,887	12,818
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.12	2,793		2,793
(b) Other Equity	2.13	(1,638)	1,155	(1,572)
				1,221
Liabilities				
Non-Current Liabilities				
(a) Deferred Tax Liabilities (net)	2.14	1,014		1,128
(b) Provisions	2.15	2	1,016	3
				1,131
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.16	4,195		4,195
(ii) Trade Payables	2.17			
Due to Micro and Small Enterprises		22		29
Due to Others		733		598
(iii) Other Financial Liabilities	2.18	3,370		3,202
(b) Other Current Liabilities	2.19	2,162		2,208
(c) Provisions	2.20	234	10,716	234
				10,466
Total Equity and Liabilities			12,887	12,818

Reliance Infratel Limited
Balance Sheet as at March 31, 2020

Significant Accounting Policies 1
Notes on Accounts 2

The 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 Regn No. 107783W/W100593

For Reliance Infratel Limited

Resolution Professional **Anish Niranjnan Nanavaty**

Parimal Kumar Jha
Partner
Membership No. 124262

Director

Mahesh Mungekar

Chief Financial Officer

Mangesh Chavan

Place : Mumbai
Date : July 31, 2020

Company Secretary and Manager

Gaurav Ranawat

RELIANCE INFRATEL LIMITED**Statement of Profit and Loss for the year ended March 31, 2020**

(₹ in Crore)

	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from Operations	2.21	1,322	1,332
Other Income	2.22	21	118
Total Income		<u>1,343</u>	<u>1,450</u>
EXPENDITURE			
Network Expenses	2.23	1,462	1,513
Employee Benefits Expenses	2.24	25	22
Finance Costs	2.25	-	8
Depreciation and Amortization Expenses	2.01 & 2.02	1	1
General and Administration Expenses	2.26	35	38
Total Expenses		<u>1,523</u>	<u>1,582</u>
Profit/ (Loss) before Tax		(180)	(132)
Tax Expenses:			
Current Tax		-	-
Deferred Tax Charge/ (Credit)		(114)	-
Total Tax Expenses		<u>(114)</u>	<u>-</u>
Profit/ (Loss) after Tax for the year		(66)	(132)
Other Comprehensive Income			
Remeasurement Gain/ (Loss) of Defined Benefit plan (net of tax)		-	1
Total Comprehensive Income		<u>(66)</u>	<u>(131)</u>
Earning per Share			
- Basic and Diluted (₹)	2.35	(0.24)	(0.47)

RELIANCE INFRATEL LIMITED

Statement of Profit and Loss for the year ended March 31, 2020

Significant Accounting Policies 1

Notes on Accounts 2

The 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 Regn No. 107783W/W100593

For Reliance Infratel Limited

Resolution Professional **Anish Niranjana Nanavaty**

Parimal Kumar Jha

Partner

Membership No. 124262

Director

Mahesh Mungekar

Chief Financial Officer

Mangesh Chavan

Place : Mumbai

Date : July 31, 2020

Company Secretary and Manager

Gaurav Ranawat

Reliance Infratel Limited

Statement of changes in equity for the year ended March 31, 2020

(a) Equity Share Capital (Refer Note 2.12)

(₹ in Crore)

For the year ended
March 31, 2019

For the year ended
March 31, 2020

Balance at the beginning of the year	2,793	2,793
Change in equity share capital during the period	-	-
Balance at the end of the year	2,793	2,793

(b) Other Equity (Refer Note 2.13)

Particulars	Attributable to the Equity Shareholders				Other Comprehensive income	Total
	Reserves and Surplus					
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings		
Balance as at March 31, 2018	1793	675	536	(4,446)	1	(1,441)
Surplus / (Deficit) of Statement of Profit and Loss	-	-	-	(132)	-	(132)
Other Comprehensive Income	-	-	-	-	1	1
Balance as at March 31, 2019	1,793	675	536	(4,578)	2	(1,572)
Surplus / (Deficit) of Statement of Profit and Loss	-	-	-	(66)	-	(66)
Other Comprehensive Income	-	-	-	-	-	-
Balance as at March 31, 2020	1,793	675	536	(4,644)	2	(1,638)

As per our Report of even date

For Pathak H.D. & Associates LLP

Chartered Accountants

Firm Regn No. 107783W/W100593

For Reliance Infratel Limited

Resolution Professional

Anish Niranjana Nanavaty

Parimal Kumar Jha

Director

Mahesh Mungekar

Partner

Membership No. 124262

Chief Financial Officer

Mangesh Chavan

Place : Mumbai

Date : July 31, 2020

Company Secretary and Manager

Gaurav Ranawat

RELIANCE INFRATEL LIMITED
Statement of Cash Flow for the year ended March 31, 2020

(₹ in Crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/ (Loss) before tax as per Statement of Profit and Loss	(180)	(132)
Adjusted for:		
Depreciation and Amortisation	1	1
Write back of provision for liabilities no longer required	(7)	(117)
Finance Costs	-	8
Interest Income	-	(1)
	(6)	(109)
Operating Profit before Working Capital Changes	(186)	(241)
Adjusted for:		
Receivables and other Advances	18	421
Inventories	-	7
Trade Payables and Other Liabilities	256	(66)
	274	362
Cash Generated from Operations	88	121
Income tax paid	(124)	(140)
Income tax refund	42	69
Net Cash Generated from Operating Activities	6	50
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to Fixed Assets and CWIP	1	-
Interest Income	-	1
Net Cash Used in Investing Activities	1	1
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Finance Costs	-	(4)
Net Cash Used / (from) in Financing Activities	-	(4)
Net Increase / (Decrease) in Cash and Cash Equivalents	7	47
Opening balance of Cash and Cash Equivalents	100	53
Closing balance of Cash and Cash Equivalents (net)	107	100

Notes

- 1 Figures in brackets indicate cash outgo.
- 2 Cash and Cash equivalents includes cash on hand and bank balances including Fixed Deposits.
- 3 Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard 7 "Statement of Cash Flows".
- 4 During previous year, Non Cash transaction relating to financing activities comprise of transfer of borrowings to ultimate holding company ₹ 721 crore.

RELIANCE INFRATEL LIMITED**Statement of Cash Flow for the year ended March 31, 2020**

(₹ in Crore)

**For the year ended
March 31, 2020** For the year ended
March 31, 2019**5 Break up of Cash and Cash Equivalents**

Cash and Cash Equivalents	107	100
Less : Bank overdraft	<u>-</u>	<u>-</u>
Cash and Cash Equivalents (net) as per Ind AS 7	<u>107</u>	<u>100</u>

As per our Report of even date

For Pathak H.D. & Associates LLP

Chartered Accountants

Firm Regn No. 107783W/W100593**For Reliance Infratel Limited**

Resolution Professional

Anish Niranjan Nanavaty**Parimal Kumar Jha****Partner****Membership No. 124262**

Director

Mahesh Mungekar

Chief Financial Officer

Mangesh Chavan

Place : Mumbai

Date : July 31, 2020

Company Secretary and Manager

Gaurav Ranawat

Reliance Infratel Limited
Significant Accounting Policies to the Financial Statements

Note 1 General Information and Significant Accounting Policies

1.01 General Information

Reliance Infratel Limited is a leading passive telecommunication infrastructure provider in India, based on the number of telecommunication towers that it owns. The Company builds, owns and operates telecommunication towers, optic fiber cable assets and related assets at designated sites and provide these passive telecommunication infrastructure assets on a shared basis to wireless service providers and other communications service providers under long term contracts.

Corporate Insolvency Resolution Process ("CIRP") has been initiated in case of the Company 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 principals (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act") except matters specified in Note 2.11, 2.25, 2.28 and Note 2.32, read with relevant rules of the Companies (Indian Accounting Standards) Rule 2015, the Companies (Indian Accounting Standards) Amendment Rules 2016 and other 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 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 and Capital Work in Progress

- (i) Property, plant and equipment (PPE) are stated at cost net of Modvat and Cenvat / GST, less accumulated depreciation 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 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 property, plant and equipment (PPE) are reviewed at each financial year end and adjusted prospectively, if appropriate.

- (iii) Expenses incurred relating to projects prior to commencement of commercial operation are considered as project development expenditure and shown under Capital Work in Progress.

Reliance Infratel Limited

Significant Accounting Policies to the Financial Statements

- (iii) Intangible assets are stated at cost or fair value, as applicable, less accumulated amortisation.
- (iv) 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.
- (v) Depreciation on Property, Plant and Equipments (PPE) is provided on Straight Line Method w.e.f. April 01, 2017 (till March 31, 2017 depreciation was provided on Written Down Value (WDV) Method), at the rates and in the manner prescribed in Schedule II of the Companies Act 2013, except in respect of the following assets where useful life is different than those prescribed in Schedule II:-
 - (i) In respect of Telecom Towers and OFC, the Company is providing depreciation over the useful life of 35 years as technically assessed.
 - (ii) In respect of Batteries, the Company is providing depreciation over the useful life of 9 years as technically assessed.
- (vi) OFC assets provided to customers as Indefeasible Right to Use (IRU) are amortised fully in the same year on matching principle basis in line with revenue recognition.
- (vii) As per the exemption provided under Indian Accounting Standard, depreciation on foreign exchange differences capitalised pursuant to para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates' vide notifications dated December 29, 2011 and August 9, 2012 by Ministry of Corporate Affairs (MCA), is provided over the remaining useful life of the depreciable capital asset.

1.05 Intangible Assets

- (i) Indefeasible Right to Use is stated at cost less accumulated amortisation.
- (ii) Indefeasible Right to Use in respect of cables purchased from other operators is amortised over the period of IRU.
- (iii) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (iv) Amortisation methods, useful lives and residual values are reviewed periodically at each reporting period.

1.06 Impairment of Non Financial Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognised when the carrying cost of assets exceeds 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 of prior accounting period is increased/reversed where there has been change in the estimate of recoverable value. The recoverable value is higher of the fair value less cost to sell and value in use of the Asset.

1.07 Inventories of Stores and Spares

Inventories of stores and spares are accounted for at cost and all other cost incurred in bringing the inventory to their present location and condition determined on weighted average basis, or net realisable 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.

Reliance Infratel Limited
Significant Accounting Policies to the Financial Statements

1.08 Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- (ii) Monetary items denominated in foreign currencies at the reporting date are restated at year end rates.
- (iii) Non monetary foreign currency items are recorded at the rate prevailing on the date of transaction.
- (iv) Any income or expense on account of exchange difference on settlement / restatement is recognised in the Statement of Profit and Loss.
 - (a) Exchange difference on foreign currency borrowings relating to depreciable capital asset are included in cost of assets.
 - (b) Exchange difference on foreign currency transactions, on which receipt and/ or payments are not planned, initially recognised in other comprehensive income 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.

1.09 Non-Current assets held for sale

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 fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the assets (or disposal group) is available for immediate sale in its present condition subject to terms that are usual, customary and regulatory for sale of such assets and sale is expected to be concluded within twelve months from the date of 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.

Reliance Infratel Limited

Significant Accounting Policies to the Financial Statements

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.

1.10 Revenue Recognition

(i) Revenue from Contracts with Customers

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. 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.

- (ii) 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.
- (iii) Service Revenue is recognised net of taxes as and when the Base Transceiver Station (BTS) Tower is Ready for Installation of customer equipment, as per the terms of agreement.
- (iv) Income related to Optic Fibre Infrastructure given on operating lease is recognised net of taxes on straight line basis over the lease term.
- (v) The Company sells rights of use (ROU) that provide customers with Passive Infrastructure services, typically over a 10 to 20 year without transferring the legal title or giving an option to purchase Passive Infrastructure. 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 customers / payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue. Revenue on non cancellable contracts for right to use of specified fibre pairs/ ducts for a period of 15 - 20 years are recognized as revenue on delivery of such assets to customers. Advances from customers are presented net of unbilled revenue, if any.

Reliance Infratel Limited
Significant Accounting Policies to the Financial Statements

- (vi) 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.

1.11 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 current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable / recoverable in respect of the 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. The Deferred Tax Asset is recognised for all deductible temporary difference, carried forward of unused tax credit and unused tax loss, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

1.12 Provision 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. Asset Retirement Obligation (ARO) relates to removal of telecom towers 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.

1.13 Borrowing Cost

Borrowing costs that are attributable for construction of qualifying assets are capitalised, net of income from temporary investment of the borrowings, as part of the cost of such assets up to the commencement of commercial operation. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

Reliance Infratel Limited
Significant Accounting Policies to the Financial Statements

1.14 Earning per Share

In determining Earning per Share, the Company considers the net profit after tax and includes the post tax effect of any exceptional item. Number of shares used in computing basic Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average shares considered for deriving Basic Earning per Share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares unless the results would be anti-dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.15 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 employees are recognised as an expense during the period.

Long term employee benefits

(i) Defined benefit plan

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 publically 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.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

Remeasurements 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.

(ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund and employees' state insurance scheme (ESIC). The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

(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. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government Securities as at the Balance Sheet date.

Reliance Infratel Limited
Significant Accounting Policies to the Financial Statements

1.16 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. (Refer to note 2.36.1) for information on detailed disclosures pertaining to the measurement of fair values."

1.17 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 profit or 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, and

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.

Reliance Infratel Limited

Significant Accounting Policies to the Financial Statements

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, and

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 Investment

Also, Company 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: 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.

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 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.

Reliance Infratel Limited

Significant Accounting Policies to the Financial Statements

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.

1.18 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 judgement in applying the accounting policies. This note provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

The Company has based its assumptions and estimates on parameter 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 Company. Such changes are reflected in assumptions when they occur. The areas involving critical estimates or judgements pertaining to useful life of property, plant and equipment including intangible assets (Note 2.01 and 2.02), current tax expense and payable, recognition of Deferred Tax Liabilities (Note 2.14) and measurement of defined benefit obligation (Note 2.37). 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 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.

Reliance Infratel Limited

Significant Accounting Policies to the Financial Statements

- iii 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. 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.
- iv Fair value measurement and valuation process: The Company measures certain financial assets and liabilities at fair value for financial reporting purposes.
- v Trade receivables and Other financial assets: The Company follows a simplified approach for recognition of impairment loss allowance on Trade receivables (including lease receivables). The Company estimates irrecoverable amounts based on specific identification method and historical experience. Individual trade receivables are written off when management deems them not to be collectible.
- vi 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.
- vii 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.
- viii Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- ix Determination of net realisable value for Assets held for Sale and related liabilities.

Reliance Infratel Limited
Notes on Accounts to the Financial Statements

Note 2.01

Property, Plant and Equipment

Particulars	Freehold Land	Buildings	Vehicle
	₹ in Crore	₹	₹
Gross carrying value			
As at March 31, 2018	9	3,74,037	41,33,655
Additions	-	-	-
Deductions/ Adjustment	-	-	-
As at March 31, 2019	9	3,74,037	41,33,655
Additions	-	-	-
Deductions/ Adjustment	-	-	-
As at March 31, 2020	9	3,74,037	41,33,655
Accumulated Depreciation			
As at March 31, 2018	-	52,995	1,098
Depreciation for the year	-	-	-
As at March 31, 2019	-	52,995	1,098
Depreciation for the year	-	11,845	-
As at March 31, 2020	-	64,840	1,098
Net carrying value			
As at March 31, 2019	9	3,21,042	41,32,557
As at March 31, 2020	9	3,09,197	41,32,557

2.01.01

Reliance Communications Limited (RCOM), the Ultimate Holding Company had, during the earlier years, 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 (current outstanding ₹ 750 crore), and 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. The NCD's, alongwith 6.5% Senior Secured Notes (SCN's), Foreign Currency Loans and Rupee Term Loans of ₹ 25,424 crore availed by RCOM and Foreign Currency Loans of ₹ 1,341 crore and rupee loan of ₹ 611 crore availed by Reliance Telecom Limited (RTL), a fellow subsidiary were secured by a first pari passu charge on the whole of the movable plant and machinery of the Company including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work-in-progress (pertaining to movable fixed assets) both present and future including all the rights, title, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company, RCOM, RTL and Reliance Communications Infrastructure Limited (RCIL), the Holding Company in favour of the Security Trustee for the benefit of the NCD Holders and the Lenders of the said secured loans. Further, Rupee Term Loan of ₹ 2,359 crore availed by RCOM from Banks has also been secured by second pari passu charge on the said assets. Rupee loans availed by RCOM and RTL also includes ₹ 6,074 crore secured by current assets, movable assets including intangible, both present and future of the Borrower Group. Further non fund based outstanding of ₹ 1,361 crore availed by RCOM, ₹ 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.

2.01.02

Refer Note 2.16.01 and 2.18.01 for security in favour of the Lenders.

2.01.03

Above notes to be read with note 2.11 "Assets held for sale".

2.01.04

Vehicles are amortised upto salvage value hence no depreciation has been charged.

Reliance Infratel Limited
Notes on Accounts to the Financial Statements

Note 2.02

Intangible Assets

(₹ in Crore)

Particulars	Indefesible Right of Use (IRU)
Gross carrying value	
As at March 31, 2018	13
Additions	6
As at March 31, 2019	19
Additions	-
Deduction / Adjustment/ Rectification	6
As at March 31, 2020	13
Accumulated amortisation	
As at March 31, 2018	5
Amortisation for the year	1
As at March 31, 2019	6
Amortisation for the year	1
As at March 31, 2020	7
Net carrying value	
As at March 31, 2019	13
As at March 31, 2020	6
Remaining useful life	5 years

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

Note 2.03

Investments (Valued at cost unless stated otherwise)

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Investment in unquoted equity shares of fellow subsidiary		
500 (500) Equity Shares of Towercom Infrastructure Private Limited ₹ 10 each: ₹ 5000 (₹ 5,000)	-	-
Investment in unquoted equity shares of wholly owned subsidiary		
50,000 (50,000) Equity Shares of Reliance Bhutan Limited ₹ 10 each: ₹ 5,00,000 (₹ 5,00,000)	-	-
	-	-
Aggregate Book Value of Investments		
Unquoted ₹ 5,05,000 (Previous year ₹ 5,05,000)	-	-
Aggregate Book Value of Impairment	Nil	Nil

Note 2.04

Income Tax Assets (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Income Tax and Tax Deducted at Source [net of tax provision] (Refer Note 2.28)	205	123
	205	123

Note 2.05

Other Non Current Assets (Unsecured, Considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Advances	-	-
Deposits	73	73
	73	73

Reliance Infratel Limited
Notes on Accounts to the Financial Statements

Note 2.06

Trade Receivables (Refer Note 2.39)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered Good	405	314
Considered Doubtful	32	31
Less: Provision for Doubtful Debts	32	31
	-	-
	405	314

Note 2.07

Cash and Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with Banks		
In Current Accounts	107	100
	107	100

* includes balance of ₹ 0.05 crore in respect of 4 Bank accounts, which is subject to confirmation from Bank.

Note 2.08

Loans (Unsecured, Considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
Loans to Related Parties (Refer Note 2.28 & 2.39)	1,200	1,200
	1,200	1,200

Note 2.09

Other Financial Assets (Unsecured, Considered good)*

Particulars	As at March 31, 2020	As at March 31, 2019
Advances to Related Parties (Refer Note 2.39)	1,087	1,087
Security Deposits	216	220
	1,303	1,307

*(Refer Note 2.28)

Note 2.10

Other Current Assets*

Particulars	As at March 31, 2020	As at March 31, 2019
Advances to Related Parties (₹ 31,86,194) (Refer Note 2.39)	-	1
Other Advances	300	305
Prepaid Expenses	7	26
Balance with GST Authorities etc.	249	323
	556	655

*(Refer Note 2.28)

Reliance Infratel Limited**Notes on Accounts to the Financial Statements****Note 2.11****Assets Held for Sale**

During the year ended March 31,2018, as the Company had intended to sell Tower and OFC assets. Accordingly assets, liabilities, revenue and expenses was classified in line with Ind AS 105 “Non-current Assets Held for Sale and Discontinued Operations”. These assets have been classified as assets held for sale at the value ascertained as at March 31, 2018 and recorded at lower of carrying amount and fair value less selling cost. On finalisation and implementation of debt resolution process through Hon'ble NCLT, the Company will carry out a comprehensive impairment review of its tangible and intangible assets and assets held for sale. Details of Assets held for sale are as under:

(₹ in crore)

Particulars	Deletion during the period		Provision for Impairment		Asset Held for Sale	
	For the year ended March 31,	For the year ended March 31,	For the year ended March 31,	For the period ended March 31,	As at March 31,	As at March 31,
	2020	2019	2020	2019	2020	2019
Property, Plant and Equipment *	1	-	-	-	8,935	8,936
Capital Work in Progress	-	-	-	-	88	88
Total	1	-	-	-	9,023	9,024

2.11.01

Refer Note 2.01.01, 2.16.01 and 2.18.01 for security in favour of the Lenders.

2.11.02

*Property, Plant and Equipment includes Optic Fibre Cables (OFC) given on Operating Lease.

Gross Block ₹ 10,108 crore (Previous year ₹ 10,108 crore)

Accumulated Depreciation including Impairment ₹ 7,267 crore (Previous year ₹ 7,267 crore)

Net Block ₹ 2,841 crore (Previous year ₹ 2,841 crore)

Depreciation Charged during the year ₹ Nil (Previous year ₹ Nil)

2.11.03

Deletion represents Insurance claims made, during the year and received subsequently.

Reliance Infratel Limited
Notes on Accounts to the Financial Statements

(₹ in Crore)

	As at March 31, 2020	As at March 31, 2019
Note 2.12		
Equity Share Capital		
Authorised		
750 00 00 000 Equity Shares of ₹ 10 each (750,00,00,000)	7,500	7,500
50 00 00 000 Preference Shares of ₹ 10 each (50 00 00 000)	500	500
	<u>8,000</u>	<u>8,000</u>
Issued, Subscribed and fully Paid up		
2 79 31 41 868 Equity Shares of ₹ 10 each fully paid up (2,79,31,41,868)	2,793	2,793
	<u>2,793</u>	<u>2,793</u>

2.12.01 Equity Shares

a. Shares held by holding/ Ultimate holding Company and/ or their subsidiaries:

	No of Shares	No of Shares
Reliance Communications Infrastructure Limited.	222 64 15 796	222 64 15 796
Reliance Telecom Infrastructure (Cyprus) Holdings Limited	13 37 50 582	13 37 50 582
Reliance Globalcom BV, the Netherlands	30 00 04 130	30 00 04 130

b. Details of Shareholders holding more than 5% shares in the Company:

	No of Shares	%	No of Shares
Reliance Communications Infrastructure Limited	222 64 15 796	80	222 64 15 796
Reliance Globalcom BV, the Netherlands	30 00 04 130	11	30 00 04 130

c. Reconciliation of Shares outstanding at the begning and at the end of reporting period

	No of Shares	Amount	No of Shares
At the beginning of the year	279 31 41 868	2,793	279 31 41 868
Add/ (Less) : Changes during the year	-	-	-
Outstanding at the end of the year	<u>279 31 41 868</u>	<u>2,793</u>	<u>279 31 41 868</u>

d. Terms/ rights attached to the shares

The Company has only one class of equity shares having a par value of ₹ 10 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 shareholders.

Reliance Infratel Limited
Notes on Accounts to the Financial Statements

	(₹ in Crore)	
	As at March 31, 2020	As at March 31, 2019
Note 2.13		
Other Equity		
Capital Reserve (Refer Note 2.29)	1,793	1,793
Securities Premium Account		
As per last Balance Sheet	675	675
Add: Addition during the year	<u>-</u>	<u>-</u>
	675	675
General Reserve		
As per last Balance Sheet	536	536
Surplus in the Statement of Profit and Loss		
As per last Balance Sheet	(4,578)	(4,446)
Add: Profit / (Loss) during the year	<u>(66)</u>	<u>(132)</u>
	(4,644)	(4,578)
Other Comprehensive Income		
As per last Balance Sheet	2	1
Add: Profit / (Loss) during the year	<u>-</u>	<u>1</u>
Balance Carried forward	<u><u>(1,638)</u></u>	<u><u>(1,572)</u></u>

Nature and Purpose of Reserve

Capital Reserve

Capital Reserve represents excess of assets over liabilities taken over upon merger of Netizen Rajasthan Limited (NRL), a wholly owned subsidiary of the Company into the Company.

Securities Premium Account

Securities premium reserves represents the premium charged to the shareholders at the time of issuance of shares. The securities premium reserves is utilised based on the relevant requirements of the Companies' Act, 2013

General Reserve

Balance in the General Reserve created out of the retained earnings as per Board resolution.

Reliance Infratel Limited
Notes on Accounts to the Financial Statements
Note 2.14

Deferred Tax Liabilities

(₹ in Crore)

Particulars	As at March 31		For the year ended March 31,	
	2020	2019	2020	2019
(i) Deferred Tax Liabilities				
Related to temporary difference on depreciation of fixed assets	1,501	1,207	294	396
Related to temporary difference on other items	839	926	(87)	(76)
(ii) Deferred Tax Assets				
Related to other disallowances	153	109	44	-
Related to Unabsorbed depreciation	1,173	896	277	355
MAT Credit Entitlement	-	-	-	36
Net Deferred Tax Liabilities	1,014	1,128	(114)	-

The Company 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.

(a) Amounts recognised in profit and loss

	For the year ended 2019-20	For the year ended March 31, 2019
Current income tax	-	-
Short / (Excess) provision of tax for earlier years	-	-
Deferred income tax liability / (asset), net	(114)	-
Tax expense for the year	(114)	-

(b) Amounts recognised in other comprehensive income - ₹ Nil (Previous year ₹ Nil)

(c) Reconciliation of Tax Expenses

Profit/ (Loss) before Tax	(180)	(132)
Applicable Tax Rate	34.94%	34.94%
Computed Tax Expenses	(63)	(46)
Add: Items not considered for Tax Computation		
Disallowance of Expenses	(51)	1
Write Off/ Expenses not allowed for tax purpose	-	45
Income Tax Expenses charge/ (credit) to Statement of Profit and Loss	(114)	-

Reliance Infratel Limited
Notes on Accounts to the Financial Statements

(₹ in Crore)

Note 2.15

Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Retirement Benefits (Refer Note 2.30)	2	3
	<u>2</u>	<u>3</u>

Note 2.16

Borrowings

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Rupee Loans from Banks (Refer Note 2.16.01)	192	192
Unsecured		
From Banks		
Rupee Loans from Banks	3	3
From Others		
Preference Shares (Refer Note 2.16.02)	4,000	4,000
	<u>4,195</u>	<u>4,195</u>

2.16.01

Outstanding Rupee Loan of ₹ 192 crore is secured by second parri passu charge over movable Assets of the Borrower Group and guaranteed by Ultimate Holding Company.

Particulars	As at March 31, 2020	As at March 31, 2019
2.16.02 Preference Share Capital		
Issued, Subscribed and fully Paid up		
4,00,00,000 (4,00,00,000) 0.1% Redeemable, Non Cumulative, Non Convertible Preference Shares of Face value of ₹ 10 each	40	40
	<u>40</u>	<u>40</u>

a. **Shares held by Holding / Ultimate Holding Company and / or their Subsidiaries:**

Preference Shares	No. of Shares	No. of Shares
Reliance Communications Limited	4,00,00,000	4,00,00,000

b. **Details of Shareholders holding more than 5% shares in the Company:**

Preference Shares	No. of Shares	%	No. of Shares	%
Reliance Communications Limited	4,00,00,000	100	4,00,00,000	100

c. **Reconciliation of Shares outstanding at the beginning and at the end of reporting period**

Preference Shares	No. of Shares	₹ in crore	No. of Shares	₹ in crore
At the beginning of the year	4,00,00,000	40	4,00,00,000	40
Add / (Less) : Change during the year	-	-	-	-
Outstanding at the end of the year	4,00,00,000	40	4,00,00,000	40

Reliance Infratel Limited**Notes on Accounts to the Financial Statements****d. Terms /right attached to the shares****Preference Shares**

Yield on Redeemable Preference Shares (RPS) is revised to 0.1% per annum, RPS shall be redeemed at the end of 20 years from the date of allotment thereof at 0.1% yield per annum on face value of ₹10 each plus premium of ₹ 990 each paid at the time of application. However, if dividend has been paid in any year same will be reduced while calculating the yield at the time of redemption. At the option of the Preference Shareholders, the Preference Shares can be redeemed at 0.1% yield p.a. on face value plus premium paid at the time of application, any time after the date of allotment by giving not less than 3 months advance request to the Company. Such Preference Share shall carry a preferential right over the equity shares of the Company as regard to payment of dividend and repayment of capital in the event of winding up of the Company.

- e. During the year, since the Company and Ultimate Holding Company are undergoing CIRP, expenses in respect of Yield on Preference Shares (Previous year ₹ 4 crore) has not been recognised.

Note 2.17**Trade Payables (Refer Note 2.28)**

Particulars	(₹ in Crore)	
	As at March 31, 2020	As at March 31, 2019
Due to Micro and Small Enterprises (Refer Note 2.17.01)	22	29
Others	733	598
	755	627

2.17.01 Disclosure relating to Micro, Small and Medium Enterprises

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.

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Principal amount due to any supplier as at the year end	27	29
(ii) Interest due on the principal amount unpaid at the year end to any supplier	5	4
(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	137	62
(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	4
(vi) Amount of interest accrued and remaining unpaid at the end of each accounting year	6	8
(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	4	6

Reliance Infratel Limited
Notes on Accounts to the Financial Statements

Note 2.18

Other Financial Liabilities		(₹ in Crore)	
Particulars	As at March 31, 2020	As at March 31, 2019	
Current Maturities of Long Term Debts			
Secured			
Foreign Currency Loans from Banks (Refer Note 2.18.01)	1,623	1,623	
Rupee Loans from Banks	485	485	
From Financial Institutions	433	433	
Others			
Yield payable on Preference Shares	35	35	
Interest accrued and due on loans	31	31	
Book Overdraft	4	5	
Capital Creditors	7	7	
Other Liabilities			
-From Related Parties*	253	253	
-Others**	499	330	
	3,370	3,202	

* The amount was received from Reliance Realty Limited during financial year 2018-19. Pending finalisation of terms, interest has not been charged and the same has been shown as "Other Financial Liabilities".

** Includes provision for material and services received, advance from customers and stale cheques.

Note 2.18.1

Foreign Currency Loans ("Secured Loans") are secured, by first pari passu charge on the whole of the movable plant and machinery, including (without limitation) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work in progress (pertaining to movable fixed assets) both present and future including all the rights, titles, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company, Reliance Communications Limited, (RCOM), the Ultimate Holding Company, Reliance Telecom Limited (RTL), a fellow subsidiary and Reliance Communications Infrastructure Limited (RCIL), the Holding Company, in favour of the Security Trustee for the benefit of Lenders and also guaranteed by Ultimate Holding Company. Outstanding Rupee Loan of ₹ 918 crore is secured by second pari passu charge over movable plant and machinery and capital work in progress of the Borrower Group and also guaranteed by Ultimate Holding Company, out of which ₹ 485 crore has also been secured by Towers receivables, pledge of Equity Shares of Globalcom IDC Limited (GIDC) held by Reliance Webstores Limited (RWSL), a subsidiary of RCOM and guaranteed by a Director of Ultimate holding company. Further charge over Tower receivables is pending to be executed.

During the previous year, lenders have invoked guarantees provided by borrower group for outstanding rupee loan of ₹ 485 crore availed by the Company, ₹ 5,950 crore availed by RCOM and ₹ 611 crore availed by RTL.

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 Convener (for the benefit of the Lenders) as continuing security.

Foreign Currency Loans taken by the Company has been stated at exchange rate prevailing as at March 31, 2018

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

2.18.2 Delay/ Default in repayment of Borrowing (Current and Non Current) and Interest

The Company has delayed/ defaulted in the payment of dues to the banks and financial institutions. The lender wise details are as under:

Amount represents ₹ in crore and period represents maximum days

Name of Lender	Borrowings		Interest		Borrowings		Interest	
	As on		As on		As on		As on	
	March 31, 2020		March 31, 2020		March 31, 2019		March 31, 2019	
	Amount	Period	Amount	Period	Amount	Period	Amount	Period
State Bank of India	485	1,066	-	-	485	700	-	-
Standard Chartered Bank	192	1,089	-	-	192	723	-	-
Syndicate Bank	3	1,110	-	-	3	744	-	-
Mahimna Mercantile Credits Ltd.	433	91	-	-	-	-	-	-
Standard Chartered Bank, London (ECB)	407	1,031	7	1,031	407	665	7	665
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
Industrial and Commercial Bank of China	222	1,031	4	1,031	222	665	4	665
VTB Capital PLC	407	1,031	7	1,031	407	665	7	665
Reliance Capital Limited *	-	-	2	1,111	-	-	2	745
Total	2,736		31		2,303		31	

2.18.3

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 CIRP. The total loan amount has been disclosed in delay/ default during the current year. However, corresponding amounts of the previous year's delay/ defaults are based on original terms of facility and from the date of recall, where loans have been recalled.

2.18.4

Apart from above outstanding of Interest, the Company has not provided Interest Expenses of ₹ 875 crore upto March 31, 2020 (Previous year upto March 31, 2019 ₹ 560 crore) calculated based on basic rate of interest as per terms of loan as at March 31, 2020 and therefore it has not been disclosed.

2.18.5

* 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 by Ultimate Holding Company. Accordingly, during the previous, in order to allot the shares of Ultimate Holding Company, debt aggregating to ₹ 721 crore was transferred by the Company to Ultimate Holding Company.

Reliance Infratel Limited
Notes on Accounts to the Financial Statements

Note 2.19

Other Current Liabilities (Refer Note 2.28) (₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Income Received in Advance (Refer Note 2.19.01)	1,836	1,789
Security Deposit	262	269
Other Liabilities*	64	150
	<u>2,162</u>	<u>2,208</u>

2.19.01 Income received in Advance is net off unbilled revenue ₹ 917 crore. 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.

* Includes amounts payable to Government Authorities.

Note 2.20

Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits		
Provision for Asset Retirement Obligations (Refer Note 2.30)	233	233
Employee Benefits (Refer Note 2.30)	1	1
	<u>234</u>	<u>234</u>

Reliance Infratel Limited
Notes on Accounts to the Financial Statements

(₹ in Crore)

For the year ended For the year ended
March 31, 2020 March 31, 2019

Note 2.21

Revenue From Operations

Service Revenue	<u>1,322</u>	<u>1,332</u>
	<u>1,322</u>	<u>1,332</u>

Note 2.21.01

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. Revenue for the year has been disaggregated as under:

(a) Tower	1,156	1,353
(b) OFC	173	96
(c) Others	<u>14</u>	<u>1</u>
(d) Total Revenue including other Income	<u>1,343</u>	<u>1,450</u>

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 revenue 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. Invoicing in excess of earnings are classified as unearned revenue. Unearned revenue at March 31, 2020 was ₹ 1,836 crore (net off unbilled revenue of ₹ 917 crore pending reconciliation with customer on account of various business parameters). Any GST applicable on the said unbilled revenue shall be paid upon completion of reconciliation with customers and billing thereof.

Note 2.22

Other Income

Interest Income*	14	1
Miscellaneous Income**	<u>7</u>	<u>117</u>
	<u>21</u>	<u>118</u>

* Interest on Income Tax refunds

** includes write back of provision for liabilities no longer requirement ₹ 7 crore (Previous year ₹ 117 crore)

Reliance Infratel Limited
Notes on Accounts to the Financial Statements

(₹ in Crore)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Note 2.23		
Network Expenses		
Power and Utilities (Net off recovery from Customers)	412	366
Repairs and Maintenance - Plant and Machinery	344	374
Stores and Spares consumed	3	3
Rent	690	731
Rates and Taxes	8	35
Insurance	5	4
	<u>1,462</u>	<u>1,513</u>
Note 2.24		
Employee Benefits Expenses		
Salaries (Including Managerial Remuneration) (Refer note 2.37 and 2.39)	22	19
Contribution to Provident and Gratuity Fund (Refer note 2.37)	1	1
Employee welfare and other amenities	2	2
	<u>25</u>	<u>22</u>
Note 2.25		
Finance Costs		
Interest Expense		
Interest on Instruments	-	4
Other Finance Costs	-	4
	<u>-</u>	<u>8</u>

2.25.01 Non Provision of Interest and Foreign Exchange Variation

Considering various factors including admission of the Company to debt resolution process under the IBC with effect from May 15, 2018 and pursuant to the commencement of Corporate Insolvency Resolution Process (CIRP) of the Company under Insolvency and Bankruptcy Code, 2016 (IBC), there are various claims submitted by the operational creditors, the financial creditors, employees and other creditors. The Overall obligation 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 was under Strategic Debt Restructuring (SDR) and asset monetization and debt resolution plan was being worked out. The Company has not provided Interest of ₹ 315 crore calculated based on basic rate of interest as per terms of loan and foreign exchange variation (loss) to ₹162 crore for the year ended March 31, 2020. Had the Company provided Interest and foreign exchange variation, the Loss would have been higher by ₹ 477 crore for the year ended March 31, 2020. During the previous years, Interest of ₹ 560 crore and foreign exchange variation (loss) to ₹ 99 crore was not provided during the financial year ended March 31, 2018 and March 31, 2019.

Reliance Infratel Limited
Notes on Accounts to the Financial Statements

(₹ in Crore)

For the year ended	For the year ended
March 31, 2020	March 31, 2019

Note 2.26

General And Administration Expenses

Professional Fees	2	7
Provision for Doubtful Debts	1	-
CIRP Expenses	7	-
Hire Charges	11	13
Other Administration and Miscellaneous Expenses (Refer note 2.39)	14	18
Payment to Auditors (Refer note 2.36) ₹ 25,00,000 (₹ 25,00,000)	-	-
	<u>35</u>	<u>38</u>

Reliance Infratel Limited**Notes on Accounts to the Financial Statements****Note : 2.27****Previous Year**

Previous year figures have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees in crore, except as otherwise stated.

For the year ended March 31, 2020		Regrouped in for the year ended March 31, 2019	
Nature	New grouping	Old grouping	(₹ in crore)
Funds received	Other Financial Liabilities	Trade Payable	253
Payable towards Capital expenditure	Capex Creditors	Trade Payable	3
Outsource Manpower Expenses	General And Administration Expenses (Hire Charges)	Employee Benefits Expenses (Salaries)	13

Note : 2.28**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 there under ("Code"), the NCLT had admitted the application and ordered the commencement of corporate insolvency resolution process ("CIRP") of Reliance Infratel Limited ("Company" or "Corporate Debtor") vide its order dated May 15, 2018. The NCLT had appointed Mr. Manish Kaneria as the interim resolution professional for the Company 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 Company and allowed the management of the Company to function. In accordance with the order of the Hon'ble NCLAT, Mr. Manish Kaneria handed over the control and management of the Company back to the erstwhile management of the Company 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 order of the Hon'ble NCLAT, Mr. Manish Kaneria, wrote to the management of the Company on May 02, 2019 requesting the charge, operations and management of the Company to be handed over back to IRP. Therefore, Mr. Manish Kaneria had in his capacity as IRP taken control and custody of the management and operations of the Company from May 02, 2019. Subsequently, the committee of creditors of the Company pursuant to its meeting held on May 30, 2019 resolved, with requisite voting share, to replace the existing interim resolution professional, i.e. Mr. Manish Kaneria with Mr. Anish Niranjana Nanavaty as the resolution professional for the Company 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 Company ("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 Company to the RP as on June 28, 2019 who assumed the powers of the board of directors of the Company and the responsibility of conducting the CIRP of the Company.

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

On the basis of the Hon'ble NCLAT's order dated April 30, 2019, the CIRP in respect of the Company has been re-commenced and interim resolution professional has been appointed. Subsequently, appointment of Mr. Anish Niranjana Nanavaty as the Resolution Professional (RP) of the Company 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.

On completion of the CIRP, the Company will carry out a comprehensive review of all the assets and liabilities and accordingly provide for impairment of assets and write back of liabilities, if any. Consistent with the practice followed in earlier years, interest has not been charged on loans given to subsidiaries / fellow subsidiaries. Receivable and Payable balances are subject to confirmation from the respective parties. 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 inter alia with the objective of running it as going concern, the financial statements continue to be prepared on going concern basis. However, since the Company continues to incur loss, current liabilities exceed current assets and Company has defaulted in repayment of borrowings, payment of statutory dues, these events indicate that material uncertainty exists that may cast significant doubt on Company's ability to continue as a going concern.

Note : 2.29

Schemes of Arrangement and Amalgamation of earlier years

Pertaining to earlier years: The Company, during earlier years undertook various Schemes so as to align the interest of the shareholders. Accordingly, pursuant to 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 on Account, in accordance with the provisions of the said Schemes. Capital Reserve of ₹ 1,793 crore represents excess of assets over liabilities taken over upon merger of Netizen Rajasthan Limited (NRL), a wholly owned subsidiary of the Company into the Company.

Note 2.30

Movement of Provisions (Current/ Non current)

Particulars	(` in crore)			
	Current		Non Current	
	For the year ended March 31 2020	2019	For the year ended March 31 2020	2019
Provision for Retirement Benefit				
Balances at the beginning of the year	1	1	3	4
Additional provision	-	-	(1)	(1)
Balances at the close of the year	1	1	2	3
Asset Retirement Obligations				
Balances at the beginning of the year	233	233	-	-
Additional provision on account of Asset Retirement Obligation	-	-	-	-
Balances at the close of the year	233	233	-	-

The aforesaid provisions shall be utilised on settlement of the claims, if any, there against.

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

Note 2.31

Contingent Liabilities and Capital Commitment (as represented by the Management)

	As at March 31, 2020	(₹ in crore) As at March 31, 2019
Commitment for Capital		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for	1	16
Contingent Liabilities		
Disputed Liabilities in tower construction pending adjudication	105	105
Disputed Liability for Entry Tax, VAT / CST and Service Tax *	140	139
Disputed Liability for Direct Tax	289	1
Employee Related	1	-

* The Company has deposited ₹ 15 crore (Previous year ₹ 15 crore) , ₹ 49,20,482 (Previous year ₹ 49,20,482), ₹ 6 crore (Previous year ₹ 6 crore) and ₹ 141 crore (Previous year ₹ Nil) under protest with Entry Tax, VAT/CST,Service Tax and Income Tax authorities respectively against the demand, which are included in Other Current Assets (Note 2.10) and Income Tax Assets (Note 2.05).

Considering various factors including admission of the Company to debt resolution process under the Code with effect from May 15, 2018 and pursuant to the commencement of Corporate Insolvency Resolution Process (CIRP) of the Company 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.

Note 2.32

Lease

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 2.33

2.33.1 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, 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 rates and individual credit worthiness of the counterparty.

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

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 were as follows:

Particulars	(₹ in crore)	
	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.07)	107	100
Loans (Refer Note 2.08)	1,200	1,200
Trade receivables (Refer Note 2.06)	405	314
Other financial assets (Refer Note 2.09)	1,303	1,307
Total	3,015	2,921
Financial assets at fair value through Profit and Loss:	Nil	Nil
Financial assets at fair value through other Comprehensive Income:	Nil	Nil
Investments (Refer Note 2.03)	-	-
Financial liabilities at amortised cost:		
Trade payables (Refer note 2.17)	755	627
Other financial liabilities (Refer Note 2.18)	829	661
Borrowings (Refer Note 2.16 & 2.18)	6,736	6,736
Total	8,320	8,024
Financial liabilities at fair value through Profit and Loss:	Nil	Nil
Financial Liabilities at fair value through other Comprehensive Income:	Nil	Nil

2.33.2 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 financial assets includes trade receivables, deposits, cash and bank balances, other receivables etc. arises from its operation.

Corporate Insolvency Resolution Process ("CIRP") has been initiated in case of the Company 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. 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 cash flow and its associated risks are as under:

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

Market risk

The Company purchase its assets and spares in several currencies and consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its purchases from overseas suppliers and borrowings in various foreign currencies. Market risk is the risk that change in market price such as foreign exchange rates, interest rates will affect income or value of its holding financial assets/instruments. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against US dollar. Since the Company is under CIRP, 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 :

(₹ in crore)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Borrowings	(1,623)	(1,623)
Trade payables	(9)	(6)
Net assets / (liabilities)	(1,632)	(1,629)

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 CIRP, it is not required to meet interest obligation till the resolution plan is implemented.

Exposure to interest rate risk / Sensitivity Analysis

Not relevant till the time resolution plan is finalised.

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 customers. Credit risk has been continuously monitored and is low based on historical experience of collecting the receivables.

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

Liquidity risk

The Company is under CIRP. 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 CIRP, it is not required to meet any loan or interest obligation till the resolution plan is implemented.

Liquidity Periodic budget and rolling forecasts shall be determined during CIRP.

Note 2.34

Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital 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 and the Company under going CIRP and thereby operating as a going concern.

The Company monitors capital using gearing ratio, which is debt divided by total capital plus debt.

	As at March 31, 2020	(₹ in crore) As at March 31, 2019
(a) Equity	1,155	1,221
(b) Debt	6,736	6,736
(c) Equity and Debt (a+b)	7,891	7,957
(d) Capital Gearing Ratio	85%	85%

Note 2.35

Earnings per Share (EPS)

For the year ended
March 31, 2020

For the year
ended
March 31, 2019

Basic and Diluted EPS

(a) Profit / (Loss) attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic EPS)	(66)	(132)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	279 31 41 868	279 31 41 868
(c) Basic and Diluted Earnings per Share of ₹ 10 each (₹)	(0.24)	(0.47)

Note 2.36

Auditors' Remuneration (Excluding GST)

Statutory Audit: ₹ 25,00,000 (Previous year ₹ 25,00,000)

Tax Audit: ₹ Nil (Previous year ₹ 2,00,000)

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

Note 2.37

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 following table sets out the status of the Gratuity Plan as required under Accounting Standard ("AS") 15 (Revised) "Employee Benefits".

(Amount in ₹)

Particulars	Gratuity (Unfunded)	
	As at March 31, 2020	As at March 31, 2019
(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	1 76 40 495	2 27 55 479
Service Cost	17 42 905	15 56 443
Interest Cost	13 49 498	13 05 596
Liability Transferred to other Company	-	(27 23 908)
Actuarial (gain) / loss - Due to Experience	75 98 899	(6 39 733)
Actuarial (gain) / loss - Due to Change in Financial Assumptions	(62 26 621)	11 437
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(12 36 863)	2 98 157
Benefits Paid	(6 70 742)	(49 22 976)
Obligation at the end of the year	2 01 97 571	1 76 40 495
(ii) Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligation at the end of the year	2 01 97 571	1 76 40 495
Liability recognized in the Balance Sheet	2 01 97 571	1 76 40 495
(iii) Expense Recognised in Profit or loss		
Service Cost	17 42 905	15 56 443
Interest Cost	13 49 498	13 05 596
Total	30 92 403	28 62 039

Reliance Infratel Limited
Notes on Accounts to the Financial Statements

Particulars	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
(iv) Amount Recognised in Other Comprehensive Income		
Actuarial (gain) / loss - Due to Experience	75 98 899	(6 39 733)
Actuarial (gain) / loss - Due to Change in Financial Assumptions	(62 26 621)	11 437
Actuarial (Gains)/Losses on Obligations - Due to Change in	(12 36 863)	2 98 157
Total	1 35 415	(3 30 139)
(v) Assumptions		
Interest rate	5.04%	7.64%
Estimated return on plan assets	-	-
Salary growth rate	-	8.00%

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.

Particulars of the amounts for the year and Previous years	(Amount in ₹)				
	Gratuity As at March 31				
	2020	2019	2018	2017	2016
Present Value of benefit obligation	2 01 97 571	1 76 40 495	2 27 55 479	2 79 88 180	2 33 02 028
Fair value of plan assets	-	-	-	-	-
Excess of obligation over plan assets (plan assets over obligation)	2 01 97 571	1 76 40 495	2 27 55 479	2 79 88 180	2 33 02 028
(vii) Experience Adjustment	2020	2019	2018	2017	2016
On Plan Liabilities	75 98 899	(6 79 733)	(28 18 909)	8 79 199	-
On Plan Assets	-	-	-	-	-

Reliance Infratel Limited**Notes on Accounts to the Financial Statements****(viii) 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
		(Amount in ₹)
Delta Effect of +1% Change in Rate of Discounting	(3 23 746)	(10 86 109)
Delta Effect of -1% Change in Rate of Discounting	3 30 975	12 06 051
Delta Effect of +1% Change in Rate of Salary Increase	-	11 90 204
Delta Effect of -1% Change in Rate of Salary Increase	-	(10 92 271)
Delta Effect of +1% Change in Rate of Employee Turnover	(29)	(35 456)
Delta Effect of -1% Change in Rate of Employee Turnover	32	37 632
(ix) Maturity analysis of defined benefit plan (fund)		
1st Following Year	86 72 458	14 67 146
2nd Following Year	59 58 821	9 17 739
3rd Following Year	28 43 258	18 67 862
4th Following Year	13 03 801	13 87 117
5th Following Year	6 88 233	11 91 650
Sum of Year 6 and above	7 31 000	2 46 93 682

(x) Defined contribution plan

Provident Fund contribution of ₹ 1 core (Previous year ₹ 1 crore) is recognised as an expense and included in "Employee Benefit Expenses" (Refer Note 2.24) to Statement of Profit and Loss.

Note 2.38**Corporate Social Responsibility Expenditure (as per section 135 of the Companies Act, 2013 read with Schedule VII)**

(a) Gross amount required to be spent by the company during the year ₹ 11 crore (Previous year ₹ 14 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) Amount spent during the year on:				
(i) Construction / acquisition of any asset	-	-	-	-
(ii) On purposes other than (i) above	-	11	-	14

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

2.39 Related Party Disclosures

As per the Indian Accounting Standard (“Ind AS”) 24 of “Related Party Disclosures”, 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 arms’ length basis.

A. List of Related Party - where control exists

1 Reliance Communications Limited	Ultimate Holding Company
2 Reliance Communications Infrastructure Limited	Holding Company
3 Reliance Bhutan Limited	Wholly owned Subsidiary
4 Rakesh Gupta (till July 18, 2019)	Key Managerial Personnel
5 Shri Suresh Rangachar (from October 2, 2017 to December 31, 2018)	Key Managerial Personnel
6 Shri Gaurav Ranawat (w.e.f. July 20, 2019)	Key Managerial Personnel

B. List of other Related Parties where there have been transactions

1 Reliance Telecom Limited	} Fellow Subsidiary
2 Reliance Webstore Limited	
3 Reliance Globalcom BV, the Netherlands	
4 Reliance Telecom Infrastructure (Cyprus) Holdings Limited	
5 Reliance Communications Tamil Nadu Limited	
6 Globalcom IDC Limited (Formerly known as Reliance IDC Limited)	
7 Worldtel Tamil Nadu Private Limited	
8 Reliance Tech Services Limited	
9 Towercom Infrastructure Private Limited	
10 Reliance Realty Limited (Formerly known as Reliance Infocomm Infrastructure Limited)	
11 Independent TV Limited (Formerly known as Reliance BIG TV Limited)	

C. Enterprise over which Promoter of Ultimate Holding Company having control

- 1 Reliance Capital Limited
- 2 Reliance Infrastructure Limited
- 3 Reliance General Insurance Company Limited

D. Transactions with related parties during the year April 1, 2019 to March 31, 2020

Sr. No.	Nature of Transactions	Holding Company	Ultimate Holding Company	Subsidiaries	Fellow Subsidiaries	Enterprise having Common Control	Key Managerial Personnel	(` in Crore) Total
1 Allotment of Shares								
Equity Shares:								
	Balance as at April 1, 2019 #	2,226	-	-	434	-	-	2,660
		(2,226)	(-)	(-)	(434)	(-)	(-)	(2,660)
	Allotted during the Year	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Balance as at March 31, 2020 #	2,226	-	-	434	-	-	2,660
		(2,226)	(-)	(-)	(434)	(-)	(-)	(2,660)

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

Sr. No.	Nature of Transactions	Holding Company	Ultimate Holding Company	Subsidiaries	Fellow Subsidiaries	Enterprise having Common Control	Key Managerial Personnel	Total
Preference Shares:								
	Balance as at April 1, 2019	-	4,000	-	-	-	-	4,000
	(Including Premium)	(-)	(4,000)	(-)	(-)	(-)	(-)	(4,000)
	Allotted during the Year	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Balance as at March 31, 2020	-	4,000	-	-	-	-	4,000
	(Including Premium)	(-)	(4,000)	(-)	(-)	(-)	(-)	(4,000)
2 Loans Taken								
	Balance as at April 1, 2019	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(376)	(-)	(376)
	Taken/assigned during the Year	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	-
	Repaid/adjusted during the Year	-	-	-	-	-	-	-
	*	(-)	(-)	(-)	(-)	(376)	(-)	(376)
	Balance as at March 31, 2020	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	-
	* transferred to Ultimate Holding Company							
3 Investments								
Equity Shares:								
	Balance as at March 31, 2019							
	** ₹ 5,05,000 (Previous year			**				
	₹ 5,05,000	-	-	(-)	(-)	(-)	(-)	(-)
	Purchased during the year	-	-	(-)	(-)	(-)	(-)	(-)
	Sold During the Year	-	-	(-)	(-)	(-)	(-)	(-)
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Balance as at March 31, 2020							
	** ₹ 5,05,000 (Previous year			**				
	₹ 5,05,000	-	-	(-)	(-)	(-)	(-)	(-)
4 Service Revenue		-	250	-	-	-	-	250
		(-)	(218)	(-)	-	(-)	(-)	(218)
5 Finance Costs		-	-	-	-	-	-	-
		(-)	(4)	(-)	(-)	(-)	(-)	(4)
6 Expenses including Sharing of Expenses		-	20	-	1	-	-	21
		(-)	(4)	(-)	(-)	(-)	(-)	(4)
7 Recovery of Expenses		-	-	-	-	-	-	-
		(-)	(4)	(-)	(-)	(-)	(-)	(4)
8 Trade Payable		-	-	-	1	-	-	1
		(-)	(-)	(-)	(5)	(-)	-	(5)
9 Other Financial Liabilities		-	14	-	253	-	-	267
		(-)	-	(-)	(253)	(-)	(-)	(253)

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

Sr. No.	Nature of Transactions	Holding Company	Ultimate Holding Company	Subsidiaries	Fellow Subsidiaries	Enterprise having Common Control	Key Managerial Personnel	Total
10	Other Liabilities	-	-	-	-	-	-	-
		(-)	(120)	(-)	(-)	(-)	(-)	(120)
11	Redemption Premium Payable on Preference Share	-	35	-	-	-	-	35
		(-)	(35)	(-)	(-)	(-)	(-)	(35)
12	Loan Given							
	Balance as at April 1, 2019	-	-	-	1,200	-	-	1,200
		(-)	(-)	(-)	(1,200)	(-)	(-)	(1,200)
	Given/adjusted during the year	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Refund/assigned during the year	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Balance as at March 31, 2020	-	-	-	1,200	-	-	1,200
		(-)	(-)	(-)	(1,200)	(-)	(-)	(1,200)
13	Advance Given	1,087	-	-	***	-	-	1,087
		(1,087)	(-)	(-)	(1)	(-)	(-)	(1,088)
	*** ₹ 31,86,194							
14	Trade Receivables	-	69	-	167	-	-	236
		(-)	(250)	-	(164)	-	-	(414)
15	Corporate Guarantee on behalf of the Company	-	3,047	-	-	-	-	3,047
		(-)	(2,843)	(-)	(-)	(-)	(-)	(2,843)
16	Managerial Remuneration							
	Shri Suresh Rangachar	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(3)	(3)
	Shri Rakesh Gupta	-	-	-	-	-	0.08	0.08
		(-)	(-)	(-)	(-)	(-)	(0.06)	(0.06)
	Shri Gaurav Ranawat	-	-	-	-	-	0.03	0.03
		(-)	(-)	(-)	(-)	(-)	(-)	(-)

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	10 53 372	2 62 23 706
Contributions to defined contribution plans	45 451	37 520
Contributions to gratuity plans	20 104	15 039
Total	11 18 927	2 62 76 265

Some of the key management personnel of the Company are also covered under the Company's Gratuity Plan along with 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.

Note: Previous year figures are given in brackets.

Includes shares purchased by fellow subsidiary from outside.

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

2.40 Segment Information:

The Company has identified two reportable segments viz. Tower Division, OFC Division. Segments have been identified and reported taking into account nature of services provided, the differing risks and returns and the internal business reporting systems. 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 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 assets and liabilities in respective segments.

Primary Segment Information

(₹ in Crore)

Particulars	Tower Division	OFC Division	Unallocable	Total
Segment Revenue				
Revenue	1,156 1,353	173 96	14 1	1,343 1,450
Inter Segment Revenue	- -	- -	- -	- -
Net Revenue	1,156 1,353	173 96	14 1	1,343 1,450
Segment Result before interest & taxes	(172) (35)	(22) (90)	14 1	(180) (124)
Less: Finance Costs	- -	- -	- 8	- 8
Segment Result before taxes	(172) (35)	(22) (90)	14 (7)	(180) (132)
Less: Deferred Tax	- -	- -	(114) -	(114) -
Segment Result After Tax	(172) (35)	(22) (90)	128 (7)	(66) (132)
Other Information				
Segment Assets	7,035 6,972	2,995 2,998	2,857 2,843	12,887 12,813
Segment Liabilities	3,495 3,398	100 109	8,137 8,085	11,732 11,592
Capital Expenditure	- -	(6) 6	- -	(6) 6
Depreciation and Amortisation	- -	1 1	- -	1 1

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

Note: The figure for the current year are reflected in bold. Previous Year figures are given in italic.

a) As per Indian Accounting Standard (Ind AS) on operating segment (Ind AS - 108), notified by Companies (Accounting Standards) Rules, 2006 (as amended), the Company has reported the above.

b) The reportable Segments are further described below:

- The Tower Division include maintenances, provision of BTS Towers.
- The OFC Division include maintenances, provision of Optical Fibre Cable connectivity.

c) Revenue from Major Customer

i) Revenue under the segment 'Tower Division' includes ₹ 859 crore (Previous year ₹ 866 crore) from two customers having more than 10% of total revenue.

ii) Revenue under the segment 'OFC Division' includes ₹ 166 crore (Previous year ₹ 84 crore) from two customers having more than 10% of total revenue.

2.41 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

2.42 Impact of COVID 19

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 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.

2.43 Director's disqualification

During the year, two of the directors have resigned from the position of the Director, however their resignations have not been accepted by the Committee of Creditors (CoC) under the Code and the Company has not received declaration under section 164 (2) of the Companies Act, 2013.

Reliance Infratel Limited

Notes on Accounts to the Financial Statements

2.44 Authorisation of Financial Statements

Upon application by the CoC in terms of Section 22(3) of the Code, the Hon'ble 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. 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 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 statement 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.

After review, the Director and Chief Financial Officer (CFO) of the Corporate Debtor have approved the 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 director and CFO.

As per our Report of even date

For Pathak H.D. & Associates LLP

Chartered Accountants

Firm Regn No. 107783W/W100593

For Reliance Infratel Limited

Resolution Professional

Anish Niranjana Nanavaty

Parimal Kumar Jha

Partner

Membership No. 124262

Director

Mahesh Mungekar

Chief Financial Officer

Mangesh Chavan

Place : Mumbai

Date : July 31, 2020

Company Secretary and Manager

Gaurav Ranawat

Globalcom Mobile Commerce Limited (Formerly Reliance Mobile Commerce Limited)

Unaudited Balance Sheet as at March 31, 2020

(Amount in ₹)

	Notes		As at March 31, 2020	As at March 31, 2019	
ASSETS					
Non Current Assets					
			-	-	
Current Assets					
(a) Financial Assets					
Cash and Cash Equivalents	2.01	5 84 311	5 94 223		
(b) Other Current Assets	2.02	<u>35 00 000</u>	<u>35 00 000</u>	40 94 223	
TOTAL			<u>40 84 311</u>	<u>40 94 223</u>	
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share Capital	2.03	2 00 00 000	2 00 00 000		
(b) Other Equity	2.04	<u>(1 85 02 537)</u>	<u>14 97 463</u>	<u>(1 84 78 465)</u>	15 21 535
Liabilities					
Current Liabilities					
Financial Liabilities					
Other Financial Liabilities	2.05		<u>25 86 848</u>	<u>25 72 688</u>	
TOTAL			<u>40 84 311</u>	<u>40 94 223</u>	
Significant Accounting Policies	1				
Notes to the Financial Statements	2				

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For and on behalf of the Board

Rakesh Gupta

Director

DIN No :-00130829

Place : Mumbai

Dated : July 31, 2020

Globalcom Mobile Commerce Limited (Formerly Reliance Mobile Commerce Limit

Statement of Profit and Loss for the year ended March 31, 2020

	Notes	For the year ended March 31, 2020	(Amount in ₹) For the year ended March 31, 2019
I INCOME			
Other Income		-	-
Total Income (I)		<u>-</u>	<u>-</u>
II EXPENDITURE			
General Administration Expenses	2.06	<u>24 072</u>	<u>21 890</u>
Total Expenses (II)		<u>24 072</u>	<u>21 890</u>
III Profit/ (Loss) before Tax (I- II)		(24 072)	(21 890)
IV Tax expense:			
Current Tax		-	-
Short/ (Excess) provision of earlier years		-	-
V Profit/ (Loss) after Tax		<u>(24 072)</u>	<u>(21 890)</u>
VI Other Comprehensive Income		-	-
VII Total Comprehensive Income		<u>(24 072)</u>	<u>(21 890)</u>
VIII Earning per share of face value of ₹ 10 each for fully	2.08		
Basic (₹)		(0.01)	(0.01)
Diluted (₹)		(0.01)	(0.01)

Significant Accounting Policies 1

Notes to the Financial Statements 2

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For and on behalf of the Board

Rakesh Gupta

Director

DIN No :-00130829

Place : Mumbai

Dated : July 31, 2020

Globalcom Mobile Commerce Limited (Formerly Reliance Mobile Commerce Limited)

Statement of Change in Equity for the year ended March 31, 2020

A: Equity	(Amount in ₹)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	2 00 00 000	2 00 00 000
Change in equity share capital during the period	-	-
Balance at the end of the period	2 00 00 000	2 00 00 000

B: Other Equity

Surplus/ (Deficit) in Statement of Profit and Loss

Particular	Retained Earnings
Balance of Profit / (Loss) as at April 01, 2018	(1 84 56 575)
Add : Profit / (Loss) during the year	(21 890)
Balance Profit / (Loss) as at March 31, 2019	(1 84 78 465)
Add : Profit / (Loss) during the period	(24 072)
Balance Profit / (Loss) as at March 31, 2020	(1 85 02 537)

As per our Report of even date

For and on behalf of the Board

Rakesh Gupta
Director
DIN No :-00130829

Place : Mumbai
Dated : July 31, 2020

Globalcom Mobile Commerce Limited (Formerly Reliance Mobile Commerce Limited)

Statement of Cash Flow for the year ended March 31, 2020

	(Amount in ₹)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) before tax as per Statement of Profit and Loss	(24 072)	(21 890)
Operating Profit/(Loss) before Working Capital Changes	(24 072)	(21 890)
Adjusted for:		
Receivables and Other Advances	-	-
Other Current Liabilities	14 160	27 205
Cash (Used in) Operations	(9 912)	5 315
Tax Refund	-	-
Tax Paid	-	-
Net Cash (used in) / Generated from Operating Activities	(9 912)	5 315
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Generated from Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing Activities	-	-
Net Increase in Cash and Cash Equivalents	(9 912)	5 315
Opening Balance of Cash and Cash Equivalents	5 94 223	5 88 908
Closing Balance of Cash and Cash Equivalents	5 84 311	5 94 223

Note:

(1) Figures in brackets indicate cash outgo.

(2) Cash and cash equivalents includes cash on hand and bank balances including Fixed Deposits with Bank.

(3) Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard 7 "Statement of Cash Flow".

As per our Report of even date

For and on behalf of the Board

Rakesh Gupta

Director

DIN No :-00130829

Place : Mumbai

Dated : July 31, 2020

Globalcom Mobile Commerce Limited (Formerly Reliance Mobile Commerce Limited)

Notes on accounts to the Financial Statements as at March 31, 2020

Note:1 General Information and Significant Accounting Policies

1.01 General Information

Globalcom Mobile Commerce Limited (Formerly Reliance Mobile Commerce Limited) ("the Company"), is registered under Companies Act 1956, having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710 and wholly owned subsidiary of Reliance Communications Limited.

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, 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 of the Companies Act 2013 ("the Act"), read with Rule 3 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 in Schedule VI 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 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 "Income Tax" and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 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 require 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 provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

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.

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.

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 Company and that are believed to be reasonable under the circumstances.

Notes on accounts to the Financial Statements as at March 31, 2020

1.05 Functional Currency and Presentation Currency

These financial statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production 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 its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) 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.

ii) The Company determines whether revenue should be recognised 'over time' or 'at a point in time'.

iii) 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.

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, 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. 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. Contingent Assets are not recognised but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares 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 of the beginning of the period, unless issued at a later date.

1.11 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 Assets

Classification

- (i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.
- (ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis and available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

Notes on accounts to the Financial Statements as at March 31, 2020

(iii) 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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(iv) Financial Assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.

(v) Financial Assets measured at fair value through profit or loss (FVTPL):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.

(vi) Investment in Mutual Funds:

A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.

(vii) Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(viii) Impairment of Financial Assets

In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

(i) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.

(iii) Subsequent measurement

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 that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iv) Loans and Borrowings

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or 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 the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(v) 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.

(vi) Derivative Financial Instrument and Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Globalcom Mobile Commerce Limited (Formerly Reliance Mobile Commerce Limited)

Notes on accounts to the Financial Statements as at March 31, 2020

(Amount in ₹)

	As at March 31, 2020	As at March 31, 2019
2.01 Cash and Cash Equivalents		
Balance with Banks	5 84 311	5 94 223
	<u>5 84 311</u>	<u>5 94 223</u>
2.02 Other Current Assets		
Other Receivables	35 00 000	35 00 000
	<u>35 00 000</u>	<u>35 00 000</u>

2.02.1 Other receivable represents GST input credit which shall be utilized against GST liabilities arises in future.

2.03 Equity Share Capital

Authorised

20 00 000 (20 00 000) Equity Shares of ₹ 10 each	2 00 00 000	2 00 00 000
	<u>2 00 00 000</u>	<u>2 00 00 000</u>

Issued, Subscribed and Paid up

20 00 000 (20 00 000) Equity Shares of ₹ 10 each fully paid up	2 00 00 000	2 00 00 000
	<u>2 00 00 000</u>	<u>2 00 00 000</u>

Equity Shares

a) All the 20 00 000 shares are held by Reliance Communications Limited, the Holding Company & its nominees.

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
b) Equity Shares				
At the beginning of the year	20 00 000	2 00 00 000	20 00 000	2 00 00 000
Add/(Less): Changes during the year	-	-	-	-
	<u>20 00 000</u>	<u>2 00 00 000</u>	<u>20 00 000</u>	<u>2 00 00 000</u>

c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after the distribution of all the preferential amounts, in proportion to their shareholdings.

	As at March 31, 2020	As at March 31, 2019
2.04 Other Equity		
Surplus/(Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(1 84 78 465)	(1 84 56 575)
Add: Profit(Loss) during the year	(24 072)	(21 890)
	<u>(1 85 02 537)</u>	<u>(1 84 78 465)</u>
2.05 Other Financial Liabilities		
Provision for Expenses	69 740	55 580
Payable to Related Parties (Refer Note 2.12)	24 97 043	24 97 043
Other Payables	20 065	20 065
	<u>25 86 848</u>	<u>25 72 688</u>

Globalcom Mobile Commerce Limited (Formerly Reliance Mobile Commerce Limited)

Notes on accounts to the Financial Statements as at March 31, 2020

	(Amount in ₹)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
2.06 General administration Expenses		
General Expenses	-	-
Professional Fees	7 080	7 670
Payment to Auditors - Audit Fees	14 160	14 220
Bank charges	2 832	-
	24 072	21 890

2.07 The figures for the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in ₹, except as otherwise stated.

2.08 Earnings per Share (EPS)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Numerator - Profit after tax (₹)	(24 072)	(21 890)
Denominator - Weighted number of equity shares	20 00 000	20 00 000
Basic as well as diluted, earning per equity share (₹)	(0.01)	(0.01)

2.09 Deferred Tax Assets (net)

	(Amount in ₹)	
	As at March 31, 2020	As at March 31, 2019
(i) Deferred Tax Assets		
Related to Carried forward Loss	-	-
	-	-

Significant management judgement considered in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. The Company on a conservative basis has restricted deferred tax asset to Nil.

(a) Amounts recognised in profit and loss

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current income tax	-	-
Short Provision pertaining to earlier year	-	-
Tax expense for the year	-	-

(b) Amounts recognised in other comprehensive income - Rs. Nil

(c) Reconciliation of Tax Expenses

Profit/ (Loss) before Tax	(24 072)	(21 890)
Applicable Tax Rate	26.00%	26.000%
Computed Tax Expenses (I)	(6 259)	(5 691)
Add: Tax on Expenses disallowed under Income Tax Act	6 259	5 691
	-	-

2.10 Segment Reporting

There are no reportable Segments as per Ind AS-108 "Operating segment" issued by the Institute of Chartered Accountants of India.

Globalcom Mobile Commerce Limited (Formerly Reliance Mobile Commerce Limited)

Notes on accounts to the Financial Statements as at March 31, 2020

2.11 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

2.12 Related Parties :

As per Indian Accounting Standard ("Ind AS")-24 of "Related Party Disclosures", the disclosures, the disclosure of transactions with the related parties as defined therein are given below:

- | a) Name of the Related Party | Relationship |
|---|---------------------------|
| i Reliance Communications Limited | Holding Company |
| ii Reliance Communications Infrastructure Limited | Fellow Subsidiary Company |
- b) Transactions during the year with related parties :

(Amount in ₹)

Sr. No.	Nature of Transactions	Fellow Subsidiary Company	Total
1	Other Financial Liabilities	25 04 123 (25 04 123)	25 04 123 (25 04 123)

Note : 2.13

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 have been 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 approximate their carrying amounts largely due to the short term maturities of these instruments

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 the financial instruments by categories were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.01)	5 84 311	5 94 223
Financial assets at fair value through Profit and Loss/ other Comprehensive Income:	Nil	Nil
Investments	Nil	Nil
Financial liabilities at amortised cost:		
Borrowings		
Other Financial Liabilities	25 86 848	25 72 688
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	Nil	Nil

2 Financial Risk Management Objectives and Policies

The Company does not have any activity during the year and therefore no financial risks like market risk, credit risk and liquidity risk.

Globalcom Mobile Commerce Limited (Formerly Reliance Mobile Commerce Limited)

Notes on accounts to the Financial Statements as at March 31, 2020

Note : 2.14

Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholders value. The funding requirement is met through a mixture of equity, internal accruals and financial support extended by the other body corporate.

Note : 2.15

Covid - 19 Impact

There is no significant impact on the Company's financial results on account of the COVID 19 pandemic.

Note : 2.16

Authorisation of Financial Statements

The financial statements for the year ended March 31, 2020 are approved by the Board of Directors on July 31, 2020.

As per our Report of even date

For and on behalf of the Board

Rakesh Gupta

Director

DIN No :-00130829

Place : Mumbai

Dated : July 31, 2020

Independent Auditors' Report

To the Members of
Reliance BPO Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Reliance BPO Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as "the financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with 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 31st March, 2020, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) as 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 *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Going Concern

4. We draw attention to Note 2.14 in the financial statements regarding accumulated loss exceeding the Net Worth of the Company and the Company has prepared the financial statements on a going concern basis for the reasons stated therein.
Our opinion is not modified in this respect;

Management's Responsibility for the Financial Statements

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of financial position, financial performance, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. 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, management 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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

6. 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. 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 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, 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 ability of the Company 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 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

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 Information

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Director's report and shareholders information included in the annual 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 do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is material misstatement therein; we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

8. 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 Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
9. As required by Section 143 (3) of the Act, we report that:
- a) 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) 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;
 - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;
 - e) On the basis of the written representations received from the Directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a Director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
 - g) 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 explanations given to us, the Company has not paid any managerial remuneration to directors during the year.
 - h) 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) There were no pending litigations which would impact financial position of the Company.
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and protection fund by the Company during the year ended March 31, 2020.

For **Rajkumar Rathi & Co.**
Chartered Accountants
Regn.No.006342C

Saurabh Jain
Partner
Membership No.405013

Place: Mumbai
Date: July 30, 2020
UDIN: 20405013AAAAGH2659

ANNEXURE A TO THE AUDITORS' REPORT

Referred to in our Report of even date on the Accounts of **Reliance BPO Private Limited** for the year ended March 31, 2020

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) The fixed assets have been physically verified by the management at reasonable interval and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets.
c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) As explained to us, there is no inventory during the year hence clause 3(ii) of the Order is not applicable.
- iii) According to the information and explanations given, the Company has not granted any loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence clause 3(iii) of the Order is not applicable.
- iv) According to the information and explanations given to us, the Company has no loans and investments made hence clause 3(iv) of the Order is not applicable.
- v) According to information and explanations given to us, the Company has not accepted any deposits from the public.
- vi) According to the information and explanations given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.
- vii) (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, duty of customs, Goods and Service Tax, cess and other statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of provident fund, income tax, Goods and Service Tax, duty of customs, cess and other statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
(b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.
- viii) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of repayment of dues to them does not arise.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- 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) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- 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 and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, 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 of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Rajkumar Rathi & Co.**

Chartered Accountants
Regn.No.006342C

Saurabh Jain

Partner

Membership No.405013

Place: Mumbai

Date: July 30, 2020

ANNEXURE B TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Reliance BPO Private Limited** ("the Company") of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Reliance BPO Private Limited** as of 31st March, 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. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over 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 audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting 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 over financial reporting 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 over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 issued by ICAI.

For **Rajkumar Rathi & Co.**

Chartered Accountants

Regn.No.006342C

Saurabh Jain

Partner

Membership No.405013

Place: Mumbai

Date: July 30, 2020

Reliance BPO Private Limited

Balance Sheet as at March 31, 2020

	Notes	As at March 31, 2020	₹ in lakh As at March 31, 2019
ASSETS			
Non Current Assets			
(a) Property, Plant and Equipment	2.01	78.49	78.49
(b) Deferred Tax Assets	2.02	26.54	26.54
Current Assets			
(a) Financial Assets			
Cash and Cash Equivalents	2.03	0.02	0.28
Total Assets		105.05	105.31
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	2.04	1.00	1.00
(b) Other Equity	2.05	(894.53)	(809.46)
LIABILITIES			
Current Liabilities			
(a) Other Current Liabilities	2.06	998.58	913.77
Total Equity and Liabilities		105.05	105.31

Significant Accounting Policies 1

Notes to Financial Statements 2

Notes referred above form an integral part of the Financial Statements

As per our Report of even date

For Rajkumar Rathi & Co

Chartered Accountants

Firm Regn. No. 006342C

For and on behalf of the Board

Rakesh Gupta

Director

DIN: 00130829

Saurabh Jain

Partner

Membership No. 405013

Pallavi Mane

Director

DIN: 08270359

Place: Mumbai

Dated: July 30, 2020

Reliance BPO Private Limited

Statement of Profit and Loss for the year ended March 31, 2020

	Notes	For the year ended March 31, 2020	₹ in lakh For the year ended March 31, 2019
INCOME			
I Other Income		-	-
Total Income		<u>-</u>	<u>-</u>
II EXPENSES			
Other Expenses	2.07	85.07	52.28
Total Expenses		<u>85.07</u>	<u>52.28</u>
III Profit / (Loss) Before Tax (I-II)		<u>(85.07)</u>	<u>(52.28)</u>
IV Tax expense:			
- Current Tax		-	-
- Deferred Tax Charge/ (Credit) (net)	2.02	-	(2.20)
V Profit / (Loss) After Tax (III - IV)		<u>(85.07)</u>	<u>(50.08)</u>
VI Other Comprehensive Income		<u>-</u>	<u>-</u>
VII Total Comprehensive Income (V + VI)		<u>(85.07)</u>	<u>(50.08)</u>
VIII Earnings per Share of ₹ 10 each fully paid up			
- Basic (₹)		(850.70)	(500.80)
- Diluted (₹)		(850.70)	(500.80)

Significant Accounting Policies	1
Notes to Financial Statements	2

Notes referred above form an integral part of the Financial Statements.

As per our Report of even date

For Rajkumar Rathi & Co
Chartered Accountants
Firm Regn. No. 006342C

For and on behalf of the Board

Saurabh Jain
Partner
Membership No. 405013

Rakesh Gupta
Director
DIN: 00130829

Place: Mumbai
Dated: July 30, 2020

Pallavi Mane
Director
DIN: 08270359

Reliance BPO Private Limited

Statements of Change in Equity for the year ended March 31, 2020

(a) Equity share capital

₹ in lakh

	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	1.00	1.00
Change in equity share capital during the period	-	-
Balance at the end of the period	1.00	1.00

(b) Other Equity

₹ in lakh

Particulars	Reserves and Surplus		Total
	Securities Premium	Retained Earnings	
Balance as at April 1, 2018	1,00,848.52	(1,01,607.90)	(759.38)
Surplus/ (Deficit) of Statement of Profit and Loss	-	(50.08)	(50.08)
Other Comprehensive Income	-	-	-
Balance as at March 31, 2019	1,00,848.52	(1,01,657.98)	(809.46)
Surplus/ (Deficit) of Statement of Profit and Loss	-	(85.07)	(85.07)
Other Comprehensive Income	-	-	-
Balance as at March 31, 2020	1,00,848.52	(1,01,743.05)	(894.53)

As per our Report of even date

For Rajkumar Rathi & Co
Chartered Accountants
Firm Regn. No. 006342C

For and on behalf of the Board

Saurabh Jain
Partner
Membership No. 405013

Place: Mumbai
Dated: July 30, 2020

Rakesh Gupta
Director
DIN: 00130829

Pallavi Mane
Director
DIN: 08270359

Reliance BPO Private Limited

Statement of Cash Flow for the year ended March 31, 2020

	₹ in Lakh	
	For the year ended March 31, 2020	For the year ended March 31, 2019
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	(85.07)	(52.28)
Adjusted for:		
Impairment loss	-	-
Unrealised Exchange Loss/ (Gain)	<u>84.76</u>	<u>51.82</u>
	<u>84.76</u>	<u>51.82</u>
Operating Profit / (Loss) before Working Capital Changes	(0.31)	(0.46)
Adjusted for:		
Trade Payables and Other liabilities	<u>0.05</u>	<u>-</u>
	<u>0.05</u>	<u>-</u>
Net Cash from / (Used in) Operating Activities	(0.26)	(0.46)
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash from / (Used in) Investing Activities	<u>-</u>	<u>-</u>
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities	<u>-</u>	<u>-</u>
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(0.26)	(0.46)
Opening Balance of Cash and Cash Equivalents	<u>0.28</u>	<u>0.74</u>
Closing Balance of Cash and Cash Equivalents	<u>0.02</u>	<u>0.28</u>

Notes:

- (1) Figures in brackets indicate cash outgo.
- (2) Statement of Cash Flow has been prepared under the Indirect Method set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flow".

As per our Report of even date

For Rajkumar Rathi & Co

Chartered Accountants
Firm Regn. No. 006342C

For and on behalf of the Board

Rakesh Gupta
Director
DIN: 00130829

Saurabh Jain

Partner
Membership No. 405013

Pallavi Mane
Director
DIN: 08270359

Place: Mumbai
Dated: July 30, 2020

Reliance BPO Private Limited

Notes to the Financial Statements

Note:1

General Information and Significant Accounting Policies

1.01 General Information

Reliance BPO Private Limited ("RBPO" or "the Company"), a subsidiary of Reliance Communications Infrastructure Limited ("RCIL" or "the Holding Company") . The Company is registered under the Companies Act, 1956, having Registered Office at Manek Mahal, Flat No. 19-20, 6th Floor, 90- Veer Nariman Road, Church Gate Mumbai-400020.

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, 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 of the Companies Act, 2013 ("the Act") read with Rule 3 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 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 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 " Income Tax"and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 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 require 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 provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

Reliance BPO Private Limited

Notes to the Financial Statements

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.

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.

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 Company and that are believed to be reasonable under the circumstances.

1.05 Functional Currency and Presentation Currency

These financial statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production 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 its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) 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.

ii) The Company determines whether revenue should be recognised 'over time' or 'at a point in time'.

iii) 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.

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, 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. 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. Contingent Assets are not recognised but disclosed in the financial statements, when economic inflow is probable.

Reliance BPO Private Limited

Notes to the Financial Statements

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares 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 of the beginning of the period, unless issued at a later date.

1.11 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 Assets

Classification

- (i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.
- (ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.
- (iii) **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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.
- (iv) **Financial Assets measured at amortised cost:**
Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.
- (v) **Financial Assets measured at fair value through profit or loss (FVTPL):**
Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.
- (vi) **Investment in Mutual Funds:**
A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.
- (vii) **Derecognition of Financial Assets**
A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.
- (viii) **Impairment of Financial Assets**
In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

(i) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Reliance BPO Private Limited

Notes to the Financial Statements

(ii) **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.

(iii) **Subsequent measurement**

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 that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iv) **Loans and Borrowings**

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or 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 the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(v) **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.

(vi) **Derivative Financial Instrument and Hedge Accounting**

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Reliance BPO Private Limited

Notes to the Financial Statements

2.01 Property, Plant and Equipment

₹ in lakh

Particulars	Freehold Land	Capital Work in Progress
Gross carrying value		
As at April 1, 2018	78.49	-
Additions	-	-
Disposals	-	-
Impairment Loss		-
As at March 31, 2019	78.49	-
Additions	-	-
Disposals	-	-
As at March 31, 2020	78.49	-
Accumulated Depreciation		
As at April 1, 2018	-	-
Depreciation for the period	-	-
Disposals	-	-
As at March 31, 2019	-	-
Depreciation for the period	-	-
Disposals	-	-
As at March 31, 2020	-	-
Net Carrying value		
As at March 31, 2019	78.49	-
As at March 31, 2020	78.49	-

Reliance BPO Private Limited

Notes to the Financial Statements

2.02 Deferred Tax Assets

₹ in lakh

Particulars	As at March 31, 2020	As at March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Deferred Tax Assets				
Related to timing difference on Indexed Cost of PPE	26.54	26.54	-	2.20
	26.54	26.54	-	2.20
(ii) Deferred Tax Liabilities	-	-	-	-
Net Deferred Tax Assets	26.54	26.54	-	2.20

Significant management judgement is considered in determining 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 unused capital gain tax losses which according to the management will be used to setoff taxable profit arising in subsequent years from sale of asset of the Company. However, Deferred Tax Assets have not been recognised except timing difference on Indexed Cost of PPE. Year wise expiry of total Losses are as under:

Sr.	Year of Expiry	Amount of Loss (₹ in lakh)
i.	Financial Year 2023-24	0.45

(a) Amounts recognised in profit and loss

₹ in lakh

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current income tax	-	-
Deferred income tax liability / (asset), net	-	(2.20)
Tax expense for the year	-	(2.20)

(b) Amounts recognised in other comprehensive income

Nil

Nil

(c) Reconciliation of Tax Expenses

Profit/ (Loss) before Tax	(85.07)	(52.28)
Applicable Tax Rate	26.00%	26.00%
Computed Tax Expenses (I)	(22.12)	(13.59)
Expenses not allowed in Taxable Income	22.12	13.59
On account of timing difference on Indexed Cost of PPE	-	(2.20)
Subtotal (II)	22.12	11.39
Income Tax Expenses charge/ (credit) to Statement of Profit and Loss (I+II)	-	(2.20)

2.03 Cash and Cash Equivalents

₹ in lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with Banks		
-In Current accounts	0.02	0.28
	0.02	0.28

Reliance BPO Private Limited

Notes to the Financial Statements

2.04 Share Capital

Particulars	₹ in lakh	
	As at March 31, 2020	As at March 31, 2019
Authorised		
1,00,000 Equity Shares of ₹ 10 each (1,00,000)	10.00	10.00
1,05,00,000 Preference Shares of ₹ 10 each (1,05,00,000)	1,050.00	1,050.00
	1,060.00	1,060.00
Issued, Subscribed and Paid up		
10,000 Equity Shares of ₹ 10 each fully paid-Up (10,000)	1.00	1.00
	1.00	1.00

2.04.01 Share held by Holding Company

Details of Shareholders holding more than 5% shares in the Company

Equity Shares	As at March 31, 2020		As at March 31, 2019	
	No of Shares	%	No of Shares	%
Reliance Communications Infrastructure Limited, the Holding Company and its nominees	10,000	100%	10,000	100%
	10,000	100%	10,000	100%

2.04.02 Reconciliation of shares outstanding at the beginning and at the end of the year:

Equity Shares	As at March 31, 2020		As at March 31, 2019	
	Number	₹ in Lakh	Number	₹ in Lakh
At the beginning of the Year	10,000	1.00	10,000	1.00
Add/(Less): Changes during the Year	-	-	-	-
At the end of the Year	10,000	1.00	10,000	1.00

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after the distribution of all the preferential amounts, in proportion to their shareholding.

Reliance BPO Private Limited

Notes to the Financial Statements

2.05 Other Equity

₹ in lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Security Premium		
(i) Opening Balance	1,00,848.52	1,00,848.52
(ii) Additions during the year	-	-
	1,00,848.52	1,00,848.52
Surplus /(Deficit) in retained earnings		
(i) Opening Balance	(1,01,657.98)	(1,01,607.90)
(ii) Add: Profit /(Loss) for the year	(85.07)	(50.08)
(iii) Add: Other Comprehensive Income	-	-
	(1,01,743.05)	(1,01,657.98)
	(894.53)	(809.46)

2.06 Other Current Liabilities

₹ in lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Creditors for Capital goods	985.15	900.39
Advance from Related Party	12.47	12.47
Other Liabilities	0.96	0.91
	998.58	913.77

Reliance BPO Private Limited

Notes to the Financial Statements

2.07 Other Expenses

₹ in lakh

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Professional Fee	-	0.15
Loss on Foreign currency transactions and translation	84.76	51.82
Loss on Discarding /Impairment of assets	-	-
Payment to Auditors		
-Statutory Audit Fee	0.31	0.30
Bank Charges	-	0.01
	<u>85.07</u>	<u>52.28</u>

Reliance BPO Private Limited

Notes to the Financial Statements

2.08 Previous Year

The figures of the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees in Lakh except as otherwise stated.

2.09 (i) 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 and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments

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).

There is no fair valuation of financial instruments. The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

	₹ in lakh	
	As at March 31, 2020	As at March 31 ,2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.03)	0.02	0.28
Total	0.02	0.28
Financial liabilities at amortised cost:	Nil	Nil

(ii) Financial Risk Management Objectives and Policies

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

Risk	Exposure arising	Measurement	Management
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of committed credit lines facilities
Market risk – foreign exchange	Recognised financial liabilities	Sensitivity analysis	Unhedged

Liquidity risk

Liquidity risk is the financial risk that is encountered due to difficulty in meeting its obligations. Based on the assurance from other body corporates, the Company's management does not seems any Liquidity risk.

Market risk

The Company's liability towards Capex Creditors is payable in US Dollar hence exposed to foreign exchange risk to the extent, changes in market prices such as foreign exchange rates.

Reliance BPO Private Limited

Notes to the Financial Statements

Foreign Currency Risk from financial instruments as of :

		₹ in lakh	
		As at	As at
		March 31, 2020	March 31, 2019
Creditors for Capital goods	₹ in lakh	985.15	900.39
	USD in Million	1.30	1.30

Sensitivity Analysis

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments as mentioned below:

		₹ in lakh	
		For the year ended	For the year ended
		March 31, 2020	March 31, 2019
Impact of 2% increase in exchange rate of USD INR		19.70	18.01
If exchange rate is affected with decrease by 2%, profit shall also accordingly be affected.			

2.10 Related Parties

As per the Indian Accounting Standard ("Ind AS") 24 of "Related Party Disclosures", the disclosure of transactions with the related parties as defined therein are given below:

Name of the Related Party	Relationship
Reliance Communications Infrastructure Limited (RCIL)	Holding Company

Sr. Nature of Transactions

Holding Company RCIL

₹ in Lakh

- a) Other Current Liabilities
(Previous year ₹ 12.47 Lakh)

12.47

2.11 Earning per Share

		₹ in lakh	
		For the year ended	For the year ended
		March 31, 2020	March 31, 2019

- (a) Net Profit/(Loss) attributable to Equity Share Holders (₹ in Lakh)

(85.07)

(50.08)

- (b) Weighted Average Number of equity shares used as denominator for Calculating EPS

10,000

10,000

- (c) Basic and Diluted Earning per equity shares -(₹)
(Face value ₹10 each)

(850.70)

(500.80)

2.12 Segment Reporting

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS") 108 - 'Operating Segment'

Reliance BPO Private Limited

Notes to the Financial Statements

2.13 Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company.

The funding requirement is met through a mixture of equity, internal accruals and financial support extended by the other body corporate.

2.14 Going Concern

The Accounts have been prepared on a 'Going concern basis' as the Company has been able to meet its obligations in the ordinary course of business and considering the assurance of the financial support extended by the other body corporate.

2.15 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

2.16 Impact of Covid 19

There is no significant impact on the Company's financial results on account of the Covid 19 pandemic

2.17 Authorisation of Financial Statements

The financial statements for the year ended March 31, 2019 are approved by the Board of Directors on July 30, 2020

As per our Report of even date

For Rajkumar Rathi & Co
Chartered Accountants
Firm Regn. No. 006342C

Saurabh Jain
Partner
Membership No. 405013

Place: Mumbai
Dated: July 30, 2020

For and on behalf of the Board

Rakesh Gupta
Director
DIN: 00130829

Pallavi Mane
Director
DIN: 08270359

Independent Auditors' Report

To the Members of
Reliance Communications Tamil Nadu Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Reliance Communications Tamil Nadu Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as "the financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with 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 31st March, 2020, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) as 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 *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Going Concern

4. We draw attention to Note 2.15 in the financial statements regarding accumulated loss exceeding the Net Worth of the Company and the Company has prepared the financial statements on a going concern basis for the reasons stated therein.
Our opinion is not modified in this respect;

Emphasis of Matter

5. We draw attention to Note 2.09 in the financial statements regarding non provision for impairment of Investment in preference shares of Reliance Telecom Limited (RTL) pending implementation and completion of resolution process of RTL.
Our opinion is not modified in this respect

Management's Responsibility for the Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of financial position, financial performance, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. 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, management 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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

7. 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. 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 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, 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 ability of the Company 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 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

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 Information

8. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Director's report and shareholders information included in the annual 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 do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is material misstatement therein; we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

9. 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 Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143 (3) of the Act, we report that:
- a) 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) 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;
 - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;
 - e) On the basis of the written representations received from the Directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a Director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
 - g) 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 explanations given to us, the Company has not paid any managerial remuneration to directors during the year.
 - h) 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) There were no pending litigations which would impact financial position of the Company.
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and protection fund by the Company during the year ended March 31, 2020.

For **Rajkumar Rathi & Co.**
Chartered Accountants
Regn.No.006342C

Saurabh Jain
Partner
Membership No.405013

Place: Mumbai
Date: July 30, 2020
UDIN: 20405013AAAAGJ6766

ANNEXURE A TO THE AUDITORS' REPORT

Referred to in our Report of even date on the Accounts of **Reliance Communications Tamil Nadu Limited** for the year ended March 31, 2020.

- i) As informed to us, the Company has no fixed assets hence clause 3(i) of the Order is not applicable.
- ii) As explained to us, there is no inventory during the year hence clause 3(ii) of the Order is not applicable.
- iii) According to the information and explanations given, the Company has not granted any loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence clause 3(iii) of the Order is not applicable.
- iv) According to the information and explanations given to us, the Company has complied with section 185 and 186 of the Act, in respect of loans and investments made.
- v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- vi) According to the information and explanations given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.
- vii) (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, duty of customs, Goods and Service Tax, cess and other statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of provident fund, income tax, Goods and Service Tax, duty of customs, cess and other statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.
- viii) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of repayment of dues to them does not arise.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- 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) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- 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 and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, 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 of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Rajkumar Rathi & Co.**
Chartered Accountants
Regn.No.006342C

Saurabh Jain
Partner
Membership No.405013

Place: Mumbai
Date: July 30, 2020

ANNEXURE B TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Reliance Communications Tamil Nadu Limited** ("the Company") of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Reliance Communications Tamil Nadu Limited** as of 31st March, 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. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over 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 audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting 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 over financial reporting 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 over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 issued by ICAI.

For **Rajkumar Rathi & Co.**

Chartered Accountants

Regn.No.006342C

Saurabh Jain

Partner

Membership No.405013

Place: Mumbai

Date: July 30, 2020

Reliance Communications Tamil Nadu Limited
Balance Sheet as at March 31, 2020

(Amount in ₹)
As at
March 31, 2019

	Notes	As at March 31, 2020		As at March 31, 2019
ASSETS				
Non Current Assets				
Investments	2.01	260 00 00 000		260 00 00 000
Current Assets				
Financial Assets				
Cash and Cash Equivalent	2.02	3 89 471		3 96 905
TOTAL		260 03 89 471		260 03 96 905
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	2.03	5 00 000	5 00 000	
(b) Other Equity	2.04	<u>(1 68 83 305)</u>	<u>(1 68 55 381)</u>	(1 63 55 381)
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.05	261 67 24 026	261 67 17 696	
(b) Other Current Liabilities	2.06	<u>48 750</u>	<u>34 590</u>	261 67 52 286
TOTAL		260 03 89 471		260 03 96 905

Significant Accounting Policies 1
Notes on Accounts 2

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For Rajkumar Rathi & Co
Chartered Accountants
Firm Regn. No. 006342C

Saurabh Jain
Partner
Membership No. 405013

Place: Mumbai
Dated: July 30, 2020

For and on Behalf of the Board

Vinay Soni }
DIN-08567944 }
} }
} **Directors**
} }
Arvind Purohit }
DIN:08349713 }

Reliance Communications Tamil Nadu Limited
Statement of Profit and Loss for the year ended March 31, 2020

(Amount in ₹)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
I INCOME			
Other Income		-	-
Total Income		<u>-</u>	<u>-</u>
II EXPENSES			
Other Expenses	2.07	27 924	33 506
Total Expenses		<u>27 924</u>	<u>33 506</u>
III Profit/ (Loss) Before Tax (I - II)		<u>(27 924)</u>	<u>(33 506)</u>
IV Tax expense:			
- Current Tax		-	-
V Profit/ (Loss) After Tax		<u>(27 924)</u>	<u>(33 506)</u>

**Earning Per Share of face value ₹10 each
fully paid up**

Basic & Diluted (₹)	2.11	(0.56)	(0.67)
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Significant Accounting Policies	1
Notes on Accounts	2

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For Rajkumar Rathi & Co
Chartered Accountants
Firm Regn. No. 006342C

For and on Behalf of the Board

Saurabh Jain
Partner
Membership No. 405013

Vinay Soni }
DIN-08567944 }
} }
} **Directors**
} }
Arvind Purohit }
DIN:08349713 }

Place: Mumbai
Dated: July 30, 2020

Reliance Communications Tamil Nadu Limited

Statement of Change in Equity for the year ended March 31, 2020

(Amount in ₹)

(A) Equity (Refer Note - 2.03)

Balance at April 1, 2018	5 00 000
Change in equity share capital during the year	-
Balance at March 31, 2019	<u>5 00 000</u>
Change in equity share capital during the period	-
Balance at March 31, 2020	<u><u>5 00 000</u></u>

(B) Other Equity (Refer Note - 2.04)

**Attributable to Equity holder
Particulars**

Retained Earnings

Balance at April 1, 2018	(1 68 21 875)
Add : Profit/ (Loss) for the year	(33 506)
Balance as at March 31, 2019	<u>(1 68 55 381)</u>
Add : Profit/ (Loss) for the period	(27 924)
Balance at March 31, 2020	<u><u>(1 68 83 305)</u></u>

As per our Report of even date

For Rajkumar Rathi & Co
Chartered Accountants
Firm Regn. No. 006342C

For and on Behalf of the Board

Saurabh Jain
Partner
Membership No. 405013

Vinay Soni }
DIN-08567944 }
 }
 } **Directors**
 }
Arvind Purohit }
DIN:08349713 }

Place: Mumbai
Dated: July 30, 2020

Reliance Communications Tamil Nadu Limited

Statement of Cash Flow for the year ended March 31, 2020

(Amount in ₹)

	For the year ended March 31, 2020	For the year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax as per Statement of Profit and Loss	(27 924)	(33 506)
Operating Profit/(Loss) before Working Capital Changes	<u>(27 924)</u>	<u>(33 506)</u>
Working Capital Changes:		
Current assets	-	-
Current Liabilities	14 160	(11 070)
Cash Generated from Operations	<u>(13 764)</u>	<u>(44 576)</u>
Tax Refund	-	-
Tax Adjustment	-	-
Net Cash from / (used in) Operating Activities	<u>(13,764.00)</u>	<u>(44 576)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash from / (used in) Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from / (Repayment of) Short Term Borrowings (net)	<u>6,330.00</u>	<u>-</u>
Net Cash from / (used in) Financing Activities	<u>6,330.00</u>	<u>-</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	<u>(7,434.00)</u>	<u>(44 576)</u>
Opening Balance of Cash and Cash Equivalents	<u>3 96 905</u>	<u>4 41 481</u>
Closing Balance of Cash and Cash Equivalents	<u><u>3 89 471</u></u>	<u><u>3 96 905</u></u>

Note:

(1) Figures in brackets indicate cash outgo.

(2) Cash and cash equivalents includes cash on hand and bank balances including Fixed Deposits.

(3) Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flow".

As per our Report of even date

For Rajkumar Rathi & Co

Chartered Accountants
Firm Regn. No. 006342C

Saurabh Jain

Partner
Membership No. 405013

Place: Mumbai

Dated: July 30, 2020

For and on Behalf of the Board

Vinay Soni }

DIN-08567944 }

}

} **Directors**

}

Arvind Purohit }

DIN:08349713 }

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

1. General Information and Significant Accounting Policies

1.01 General Information

Reliance Communications Tamil Nadu Limited ("the Company"), is registered under the Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Webstore Limited (RWSL)

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, 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 of the Companies Act, 2013 ("the Act") read with Rule 3 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 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 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 "Income Tax" and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 Note on Covid - 19 Impact

There is no significant impact on the Company's financial results on account of the COVID 19 pandemic.

1.05 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 require 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 provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

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.

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.

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 Company and that are believed to be reasonable under the circumstances.

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

1.06 Functional Currency and Presentation Currency

These financial statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.07 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production 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 its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.08 Revenue Recognition and Receivables

i) 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.

ii) The Company determines whether revenue should be recognised 'over time' or 'at a point in time'.

iii) 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.

1.09 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.10 Provisions, 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. 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. Contingent Assets are not recognised but disclosed in the financial statements, when economic inflow is probable.

1.11 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares 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 of the beginning of the period, unless issued at a later date.

1.12 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 Assets

Classification

- (i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.
- (ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

(iii) 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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(iv) Financial Assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.

(v) Financial Assets measured at fair value through profit or loss (FVTPL):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.

(vi) Investment in Mutual Funds:

A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.

(vii) Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(viii) Impairment of Financial Assets

In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

(i) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.

(iii) Subsequent measurement

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 that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iv) Loans and Borrowings

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or 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 the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(v) 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.

(vi) Derivative Financial Instrument and Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

(Amount in ₹)

	As at March 31, 2020	As at March 31, 2019
2.01 Investments		
Trade Investments		
In Preference Shares		
Unquoted, fully Paid up, At Cost		
1 34 77 000 1% Redeemable Non Cumulative Non Convertible (1 34 77 000) Preference Shares of Reliance Telecom Limited of ₹ 10 each	260 00 00 000	260 00 00 000
	260 00 00 000	260 00 00 000
Aggregate Amount of Investments		
Unquoted	260 00 00 000	260 00 00 000
Quoted	-	-
	260 00 00 000	260 00 00 000
2.02 Cash and Cash Equivalent		
Balances with Banks in Current Account	3 89 471	3 96 905
	3 89 471	3 96 905

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

(Amount in ₹)

	As at March 31, 2020	As at March 31, 2019
2.03 Share Capital		
Authorised		
50 000 Equity Shares of ₹ 10 each (50 000)	5 00 000	5 00 000
	<u>5 00 000</u>	<u>5 00 000</u>
2.04 Other Equity		
Surplus/(Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(1 68 55 381)	(1 68 21 875)
Add: Profit/(Loss) for the year	<u>(27 924)</u>	<u>(33 506)</u>
Balance Carried Forward	(1 68 83 305)	(1 68 55 381)
	<u>(1 68 83 305)</u>	<u>(1 68 55 381)</u>

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

(Amount in ₹)

	As at March 31, 2020	As at March 31, 2019
2.05 Borrowings		
Unsecured		
Loan from Body Corporate (Refer Note 2.17) (Repayable on demand)	261 67 24 026	261 67 17 696
	<u>261 67 24 026</u>	<u>261 67 17 696</u>
2.06 Other Current Liabilities		
Audit Fees Payable	28 320	14 160
Others	20 430	20 430
	<u>48 750</u>	<u>34 590</u>

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

(Amount in ₹)

For the year ended
March 31, 2020

For the year ended
March 31, 2019

Note 2.07 Other Expenses

Bank Charges	354	1 416
Professional Fees	7 080	14 750
Filing Fees	6 000	-
Interest Expenses	240	-
Payment to Auditors		
- Audit Fees	14 160	13 710
Interest paid (Int on ST & TDS)	90	-
Miscellaneous Expenses	-	3 630
	27 924	33 506

Note 2.08 Previous Year

The figures for the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupee, except as otherwise stated.

Note 2.09

Reliance Telecom Limited (RTL), a fellow subsidiary, is undergoing Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016 effective from May 18, 2018. Pending the completion and implementation of the resolution plan of RTL, the Company has not provided for any impairment loss on account of investment amounting to Rs. 260 crore in 1% Redeemable, Non Cumulative, Non Convertible Preference Shares having face value of Rs. 10 each issued and redeemable at a Premium of Rs. 990 each of Reliance Telecom Limited (RTL). The impairment loss towards the said investment shall be recognised on completion and implementation of resolution plan of RTL.

Note 2.10

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 have been 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 approximate their carrying amounts largely due to the short term maturities of these instruments

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 the financial instruments by categories were as follows:

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.02)	3 89 471	3 96 905
Financial assets at Fair value through Statement of Profit and Loss:	Nil	Nil
Financial assets at fair value through Statement of Profit and Loss/ other Comprehensive Income:	Nil	Nil
Financial liabilities at amortised cost:		
Borrowings	261 67 24 026	261 67 17 696
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	Nil	Nil

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 to manage its operation and the financial assets include cash and bank balances, other receivables etc. arising from its operation.

Financial risk management

Market risk

The Company operates in India only. Market Risk is the risk that changes in market prices such as interest rates will affect income or value of its holding financial assets/ instruments.

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. 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.

Exposure to interest rate risk

The Company does not have Interest rate risk as there is no interest bearing liability

The Company does not have interest bearing financial instruments.

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss. However, as there is no financial instruments outstanding, hence sensitivity analysis not computed.

Derivative financial instruments

The Company does not hold derivative financial instruments

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The Company does not have exposure to the credit risk at the reporting date.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company does not have any contractual maturities of financial liabilities.

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

(Amount in ₹)

Note 2.11 Earnings per Share (EPS)	As at March 31, 2020	As at March 31, 2019
Numerator - Profit /(Loss) after tax (₹)	(27 924)	(33 506)
Denominator - Weighted number of equity shares	50 000	50 000
Basic as well as diluted, earning per equity share (₹)	(0.56)	(0.67)

Note 2.12 Segment Reporting

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS")108 - 'Operating Segment'

Note 2.13 Deferred Tax

The Company does not have any items on which deferred tax should be recognised.

Note 2.14 Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company.

The funding requirement is met through a mixture of equity, internal accruals and financial support extended by the other body corporate.

Note 2.15 Going Concern

The Accounts have been prepared on a 'Going concern basis' as the Company has been able to meet its obligations in the ordinary course of business and considering the assurance of the financial support extended by the other body corporate.

Note 2.16 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Reliance Communications Tamil Nadu Limited

Notes on Accounts to Financial Statements

Note 2.17 Related Parties

As per Indian Accounting Standard ("Ind AS")-24 of "Related Party Disclosures", the disclosure of transactions with the related parties as defined therein are given below:

A. List of related parties and relationships :

a) Ultimate Holding Company

1. Reliance Communications Limited (RCOM)

b) Holding Company

1. Reliance Webstore Limited (RWSL)

c) Fellow Subsidiary Companies

1. Reliance Communications Infrastructure Limited (RCIL)

2. Reliance Infratel Limited (RITL)

3. Reliance Telecom Limited (RTL)

4. Reliance Next Link Pvt Ltd (RNL)

B. Transactions during the year with Related Parties and closing balances.

(Figures relating to current year are reflected in Bold, relating to previous year are reflected in brackets)

Sr. Nature of Transactions	(Amount in ₹)			
	Ultimate Holding	Holding	Fellow Subsidiary	Total
A Equity Shares				
Balance as at April 1, 2019	-	5 00 000	-	5 00 000
	(-)	(5 00 000)	(-)	(5 00 000)
Shares issued during the year	-	-	-	-
	(-)	(-)	(-)	(-)
Shares transferred during the year	-	-	-	-
	(-)	(-)	(-)	(-)
Balance as at March 31, 2020	-	5 00 000	-	5 00 000
	(-)	(5 00 000)	(-)	(5 00 000)
B Borrowings - Current				
Balance as at April 1, 2019	55 757	-	261 66 61 939	261 67 17 696
	(55 757)	(-)	(261 66 61 939)	(261 67 17 696)
Unsecured Loan taken during the year	-	-	6 330	6 330
	(-)	(-)	(-)	(-)
Repayment/Adjustment of Loan	-	-	-	-
	(-)	(-)	(-)	(-)
Balance as at March 31, 2020	55 757	-	261 66 68 269	261 67 24 026
	(55 757)	(-)	(261 66 61 939)	(261 67 17 696)
C Non Current Investments	-	-	260 00 00 000	260 00 00 000
	(-)	(-)	(260 00 00 000)	(260 00 00 000)
D Other Current Liabilities	-	18 630	-	18 630
	(-)	(18 630)	(-)	(18 630)

Note 2.18 Authorisation of Financial Statements

The financial statements for the period ended March 31, 2020 are approved by the Board of Directors on July 30, 2020

As per our Report of even date

For Rajkumar Rathi & Co

Chartered Accountants

Firm Regn. No. 006342C

Swati Garg

Partner

Membership No. 405013

Place: Mumbai

Dated: July 30, 2020

For and on Behalf of the Board

Vinay Soni }
DIN-08567944 }

}
} **Directors**

Arvind Purohit }
DIN:08349713 }

Globalcom Realty Limited

Financial Statements

March 31, 2020

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Ref. No. _____

Date _____

Independent Auditor's Report

To the Members of Globalcom Realty Limited (*Formerly Reliance Infra Realty Limited*)

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of Globalcom Realty Limited (*Formerly Reliance Infra Realty Limited*) ("the Company") which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, (statement of changes in equity) and statement 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, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 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 our opinion.

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Emphasis of Matter

Effects of COVID-19

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. The COVID-19 outbreak was declared a global pandemic by the World Health Organization. The Indian government had announced countrywide lockdown from 24th March, 2020 which is continued at present. In this nation-wide lock-down period, though all the services across the nation were suspended, some essential services establishments could operate and were exempted from the lock-down.

The management has assessed the potential impact of the COVID-19 on the Company. Based on the current assessment, the management is of the view that impact of COVID-19 on the operations of the Company and the carrying value of its assets and liabilities is not likely to be material for and up to March 31, 2020 and there has been no material change in the controls or processes followed in the closing of the financial statements and hence the necessary effects have been captured in the financial statements for the year 2019-2020.

Since the situation is rapidly evolving, its effect on the operations of the Company may be different from that estimated as at the date of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions. Our opinion is not modified in respect of the matters described under paragraph above.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going

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concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

Auditor's Responsibility 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. 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 financial statements.

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 statement 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:

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.

- a. 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 [and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- b. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

DILIP J. DIWAN

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- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- g. 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:
- The Company does not have any pending litigations as at March 31, 2020
 - The Company did not have any long-term contracts including derivative contracts as at 31st March, 2020 for which there were any material foreseeable losses; and
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

For D.J. Diwan & Co
Chartered Accountants
Firm Regn.No. 102658W

Dilip J. Diwan
(Proprietor)

M. No. 016665

UDIN: 20016665AAAAA06174



Place: Mumbai

Date: 31st July, 2020

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Date _____

Globalcom Realty Limited

Annexure A to Independent Auditor's Report - 31st March 2020

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

1. The company does not have fixed assets as on 31st March 2020. Accordingly paragraphs 1(a), (b) and (c) of the orders are not applicable to the company.
2. The Company does not have inventories at the end of financial year. Accordingly paragraphs 2 of the orders are not applicable to the company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other covered in the register maintained under section 189 of the Act. Accordingly paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under Sub-Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, goods and services tax, income tax, cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of goods and services tax, income tax, and cess were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Date _____

Globalcom Realty Limited

Annexure A to Independent Auditor's Report - 31st March 2020

8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (Including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.
13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act, 2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

DILIP J. DIWAN

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Date _____

Globalcom Realty Limited

Annexure A to Independent Auditor's Report - 31st March 2020

For D.J. Diwan & Co
Chartered Accountants
Firm Regn.No. 102658W

Dilip J. Diwan
(Proprietor)
M. No. 016665
UDIN: 20016665AAAAAO6174



Place: Mumbai
Date: 31st July, 2020

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Date _____

Annexure B to Independent Auditor's Report - 31st March 2020 on the Financial Statements of Globalcom Realty Limited

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 over financial reporting of Globalcom Realty 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'. 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 over financial reporting 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 over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness

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Date _____

Annexure B to Independent Auditor's Report - 31st March 2020 on the Financial Statements of Globalcom Realty Limited

of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Ref. No. _____

Date _____

Annexure B to Independent Auditor's Report - 31st March 2020 on the Financial Statements of Globalcom Realty Limited

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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".

For D.J. Diwan & Co
Chartered Accountants
Firm Regn.No. 102658W

Dilip J. Diwan
(Proprietor)
M. No. 016665
UDIN: 20016665AAAAAO6174



Place: Mumbai
Date: 31st July, 2020

Globalcom Realty Limited**Balance Sheet as at March 31, 2020**

	Note	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
ASSETS			
Current Assets			
(a) Financial Assets			
(i) Cash and Cash Equivalents	2.01	4 09 142	4 16 576
Total Assets		<u><u>4 09 142</u></u>	<u><u>4 16 576</u></u>
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	2.02	5 00 000	5 00 000
(b) Other Equity	2.03	<u>(1 52 333)</u>	<u>(1 30 739)</u>
Liabilities			
Current Liabilities			
(a) Other Current Liabilities	2.04	61 475	47 315
Total Equity and Liabilities		<u><u>4 09 142</u></u>	<u><u>4 16 576</u></u>
Significant Accounting Policies	1		
Notes on Accounts	2		

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date
For **D.J. DIWAN & CO.**
Chartered Accountants
(Firm Registration No.102658W)

For and on behalf of the Board

Arvind Purohit	}	
DIN:08349713	}	
	}	Directors
	}	
	}	
Rakesh Gupta	}	
DIN: 00130829	}	

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No.016665

Place : Mumbai
Date : July 31, 2020

Globalcom Realty Limited**Statement of Profit and Loss for the year ended March 31, 2020**

	Note	For the year ended March 31, 2020	(Amount in ₹) For the year ended March 31, 2019
INCOME			
I Other Income		-	-
II Total Income		-	-
III EXPENSES			
General and Administration Expenses	2.05	21 594	30 326
IV Total Expenses		21 594	30 326
V Profit (Loss) Before Tax (II -IV)		(21 594)	(30 326)
VI Tax expense:			
- Current Tax		-	-
VII Profit After Tax		(21 594)	(30 326)
Earning per Share of face value of ₹ 10 each fully paid up			
Basic and Diluted (₹)	2.09	(0.43)	(0.61)
Significant Accounting Policies	1		
Notes on Accounts	2		

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For D.J. DIWAN & CO.

Chartered Accountants

(Firm Registration No.102658W)

For and on Behalf of the Board

Arvind Purohit

DIN:08349713

}

}

}

} **Directors**

}

DILIP JIVANDAS DIWAN

(Proprietor)

Membership No.016665

Rakesh Gupta

DIN: 00130829

}

}

Place : Mumbai

Date : July 31, 2020

Globalcom Realty Limited

Statement of Change in Equity for the year ended March 31, 2020

(Amount in ₹)

A Equity (Refer Note.2.02)

Balance at April 1, 2018	5,00,000
Change in equity share capital during the year	-
Balance at March 31, 2019	5,00,000
Change in equity share capital during the period	-
Balance at March 31, 2020	5,00,000

B Other Equity (Refer Note.2.03)

Particular	Retained Earnings
Balance as at April 01, 2018	(1 00 528)
Add : (Loss) for the year	(30 326)
Balance as at March 31, 2019	(1 30 854)
Add : (Loss) during the period	(21 594)
Balance at March 31, 2020	(1 52 448)

As per our Report of even date
For D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No.102658W)

For and on Behalf of the Board

Arvind Purohit	}
DIN:08349713	}
	} Directors
	}
	}
Rakesh Gupta	}
DIN: 00130829	}

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No.016665

Place : Mumbai
Date : July 31, 2020

Globalcom Realty Limited**Statement of Cash Flow for the year ended March 31, 2020**

(Amount in ₹)

	For the year ended March 31, 2020	For the year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	(21 594)	(30 326)
Adjusted for:		
Write back of Provision for Liabilities no longer required	<u>-</u>	<u>-</u>
Operating Profit/(Loss) before Working Capital Changes	(21 594)	(30 326)
Adjusted for:		
Receivables and other Advances	-	-
Trade Payable and Other Liabilities	<u>14 160</u>	<u>(9 840)</u>
Cash Used in Operations	<u>(7 434)</u>	<u>(40 166)</u>
Tax Paid	-	-
Net Cash from/(Used In) Operating Activities	<u>(7 434)</u>	<u>(40 166)</u>
B CASH FLOW FROM INVESTING ACTIVITIES	-	-
Net Cash from / (Used in) Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing Activities	<u>-</u>	<u>-</u>
Net Increase / Decrease in Cash and Cash Equivalents	(7,434.00)	(40 166)
Opening Balance of Cash and Cash Equivalents	4 16 576	4 56 742
Closing Balance of Cash and Cash Equivalents (Refer Note 2.01)	<u><u>4 09 142</u></u>	<u><u>4 16 576</u></u>

Note:

(1) Figures in brackets indicate cash outgo.

(2) Cash and cash equivalents includes cash on hand and bank balances including Fixed Deposits.

(3) Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standards 7 "Statement of Cash flow".

As per our Report of even date

For D.J. DIWAN & CO.

Chartered Accountants

(Firm Registration No.102658W)

For and on Behalf of the Board**Arvind Purohit**

DIN:08349713

}

}

} Directors

}

}

DILIP JIVANDAS DIWAN

(Proprietor)

Membership No.016665

Rakesh Gupta

DIN: 00130829

}

}

Place : Mumbai

Date : July 31, 2020

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Note: 1

General Information and Significant Accounting Policies

1.01 General Information

Globalcom Realty Limited ("the Company"), is registered under Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Communications Infrastructure Limited ("RCIL" or "the Holding Company").

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, 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 of the Companies Act, 2013 ("the Act") read with Rule 3 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 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 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 "Income Tax" and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 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 require 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 provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

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.

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2020

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.

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 Company and that are believed to be reasonable under the circumstances.

1.05 Functional Currency and Presentation Currency

These financials statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production 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 its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) 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.

ii) The Company determines whether revenue should be recognised 'over time' or 'at a point in time'.

iii) 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.

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, 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. 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. Contingent Assets are not recognised but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares 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 of the beginning of the period, unless issued at a later date.

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2020

1.11 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 Assets

Classification

- (i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.
- (ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.
- (iii) **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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.
- (iv) **Financial Assets measured at amortised cost:**
Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.
- (v) **Financial Assets measured at fair value through profit or loss (FVTPL):**
Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.
- (vi) **Investment in Mutual Funds:**
A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.
- (vii) **Derecognition of Financial Assets**
A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.
- (viii) **Impairment of Financial Assets**
In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

- (i) **Classification**
The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- (ii) **Initial recognition and measurement**
All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.
- (iii) **Subsequent measurement**
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 that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2020

(iv) Loans and Borrowings

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or 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 the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(v) 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.

(vi) Derivative Financial Instrument and Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2020

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Note 2.01 Cash And Cash Equivalents		
Balances with Banks- In current account	4 09 142	4 16 576
	4 09 142	4 16 576
Note 2.02 Equity Share Capital		
Authorised		
50 000 Equity Shares of ₹ 10 each (50 000)	5 00 000	5 00 000
	5 00 000	5 00 000
Issued, Subscribed and Paid up		
50 000 Equity Shares of ₹ 10 each fully paid up (50 000)	5 00 000	5 00 000
	5 00 000	5 00 000

a) Shares held by Holding Company

	No. of Shares	%	No. of Shares	%
Reliance Communication Infrastructure Ltd and its nominees	50 000	100%	50 000	100%

b) Details of Shareholders holding more than 5% shares in the Company

	No. of Shares	%	No. of Shares	%
Reliance Communication Infrastructure Ltd and its nominees	50 000	100%	50 000	100%

c) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	No of Shares	₹	No of Shares	₹
Equity Shares				
At the beginning of the year	50 000	5 00 000	50 000	5 00 000
Add/ (Less) : Changes during the period	-	-	-	-
At the end of the period	50 000	5 00 000	50 000	5 00 000

d) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 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 share will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the numbers of equity shares held by the shareholder.

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2020

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Note 2.03 Other Equity		
Balance carried from last balance sheet	(1 30 739)	(1 00 413)
Add : Profit / (Loss) during the year	(21 594)	(30 326)
Balance at the end of the year	(1 52 333)	(1 30 739)

Note 2.04 Other Current Liabilities

Audit Fees Payable	29 803	15 643
Other payable	31 672	31 672
	61 475	47 315

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Note 2.05 Other Expenses		
Audit Fees	14 160	14 160
Bank charges	354	1 416
Professional Fees	7 080	14 750
	21 594	30 326

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Note 2.06 Previous Year

The figures for the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees, except as otherwise stated.

Note : 2.07

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 have been 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 approximate their carrying amounts largely due to the short term maturities of these instruments

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 the financial instruments by categories were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.01)	4 09 142	4 16 576
Financial assets at fair value through Profit and Loss/ other Comprehensive Income:	Nil	Nil
Financial liabilities at amortised cost:	Nil	Nil
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	Nil	Nil

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 to manage its operation and the financial assets include cash and bank balances, other receivables etc. arising from its operation.

Financial risk management

Market risk

The Company operates in India only. Market Risk is the risk that changes in market prices such as interest rates will affect income or value of its holding financial assets/ instruments.

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. 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.

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Exposure to interest rate risk

The Company does not have Interest rate risk as there is no interest bearing liability
The Company does not have interest bearing financial instruments.

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss. However, as there is no financial instruments outstanding, hence sensitivity analysis not computed.

Derivative financial instruments

The Company does not hold derivative financial instruments

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The Company does not have exposure to the credit risk at the reporting date.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company doesnot have any contractual maturities of financial liabilities.

Note 2.08 Earning per share :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Numerator - Profit /(Loss) after tax (₹)	(21 594)	(30 326)
Denominator - Weighted number of equity shares	50 000	50 000
Basic as well as Diluted, earning per equity share (₹)	(0.43)	(0.61)
		-

Note 2.09 Segment Reporting

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS")108 - 'Operating Segment'

Note 2.10 Deferred Tax

The Company does not have any items on which deferred tax should be recognised.

Note 2.11 Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholders value. The funding requirement is met through a mixture of equity, internal accruals and borrowings which the Company monitors on regular basis.

Note 2.12 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Note 2.13 Related Parties:

As per Indian Accounting Standard ("Ind AS")-24 of "Related Party Disclosures", the disclosures", the disclosure of transactions with the related parties as defined therein are given below:

A. List of related parties and relationships :

a) Holding Company

1. Reliance Communications Infrastructure Limited

Globalcom Realty Limited

Notes on Accounts to Financial Statements as at March 31, 2020

B. Transactions during the year with Related Parties and closing balances.

(Figures relating to current year are reflected in Bold, relating to previous year are reflected in brackets)

Sr.	Nature of Transactions	(Amount in ₹) Holding Company
	Equity Shares	
	Balance as at April 1, 2019	5 00 000 (5 00 000)
	Shares issued during the year	- -
	Balance as at March 31, 2020	5 00 000 (5 00 000)

Note 2.14 Impact of Covid 19

There is no significant impact on the Company's financial results on account of the Covid 19 pandemic

Note 2.15 Authorisation of Financial Statements

The financial statements for the period ended March 31, 2020 are approved by the Board of Directors on July 31, 2020.

As per our Report of even date
For D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No.102658W)

For and on Behalf of the Board

Arvind Purohit	}
DIN:08349713	}
	}
	} Directors
	}
Rakesh Gupta	}
DIN: 00130829	}

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No.016665

Place : Mumbai
Date : July 31, 2020

Independent Auditors' Report

To the Members of
Internet Exchangenext.com Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Internet Exchangenext.com Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred as "the financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with 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 31st March, 2020, and its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) as 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 *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Management's Responsibility for the Financial Statements

4. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of financial position, financial performance, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. 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, management 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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

5. 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. 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 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, 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 ability of the Company 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 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

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 Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Director's report and shareholders information included in the annual 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 do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is material misstatement therein; we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

7. 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 Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
8. As required by Section 143 (3) of the Act, we report that:
 - a) 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) 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;
- c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”;
- g) 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 explanations given to us, the company has not paid any managerial remuneration to directors during the year.
- h) 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) There were no pending litigations which would impact financial position of the Company.
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and protection fund by the Company during the year ended March 31, 2020.

For **Rajkumar Rathi & Co.**
Chartered Accountants
Regn.No.006342C

Saurabh Jain
Partner
Membership No.405013

Place: Mumbai
Date: July 30, 2020
UDIN: 20405013AAAAGI5043

ANNEXURE A TO THE AUDITORS' REPORT

Referred in our Report of even date on Accounts of **Internet Exchangenext.com Limited** for the year ended March 31, 2020

- i) As informed to us, the Company has no fixed assets hence clause 3(i) of the Order is not applicable.
- ii) As explained to us, there is no inventory during the year hence clause 3(ii) of the Order is not applicable.
- iii) According to the information and explanations given, the Company has not granted any loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained pursuant to section 189 of the Act. Hence clause 3(iii) of the Order is not applicable.
- iv) According to the information and explanations given to us, the Company has no loans and investments made hence clause 3(iv) of the Order is not applicable.
- v) According to the information and explanations given to us, the Company has not accepted any deposits from public.
- vi) According to the information and explanations given to us, no cost records have been prescribed by the Central Government of India under section 148(1) of the Act.
- vii) (a) Based on our examination of the books and records, the Company has generally been regular in depositing with appropriate authority undisputed statutory dues including provident fund, income-tax, duty of customs, Goods and Service tax, Cess and other statutory dues, wherever applicable, during the year. Further no undisputed amounts payable in respect of provident fund, income tax, duty of customs, Goods and Service tax, Cess and other statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(b) As per the information and explanations given to us, there are no disputed statutory dues pending to be deposited with the respective authorities by the Company.
- viii) The Company has not raised any funds from financial institutions or banks or by issue of debentures during the year, hence, question of repayment of dues to them does not arise.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- 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) The Company has not paid any managerial remuneration. Hence paragraph 3(xi) of the Order is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- 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 and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, 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 of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Rajkumar Rathi & Co.**

Chartered Accountants
Regn.No.006342C

Saurabh Jain

Partner
Membership No.405013

Place: Mumbai

Date: July 30, 2020

ANNEXURE B TO THE AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Internet Exchangenext.com Limited** ("the Company") of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Internet Exchangenext.com Limited** as of 31st March, 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. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating 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 audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting 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 over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect 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 over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 issued by ICAI.

For **Rajkumar Rathi & Co.**

Chartered Accountants
Regn.No.006342C

Saurabh Jain

Partner
Membership No.405013
Place: Mumbai
Date: July 30, 2020

Internet Exchangenext.com Limited

Balance Sheet as at March 31, 2020

Amount (₹)

	Notes	As at March 31, 2020		As at March 31, 2019	
ASSETS					
Non Current Assets					
Property, Plant and Equipment	2.01	-		-	
Current Assets					
Financial Assets					
(i) Cash and Cash Equivalents	2.02	2 76 232		2 76 232	
(ii) Other Financial Assets	2.03	62 33 308	65 09 540	62 33 308	65 09 540
Total Assets			<u>65 09 540</u>		<u>65 09 540</u>
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share Capital	2.04	15 07 000		15 07 000	
(b) Other Equity	2.05	(9 50 350)	5 56 650	(9 36 190)	5 70 810
LIABILITIES					
Current Liabilities					
Other Current Liabilities	2.06		59 52 890		59 38 730
Total Equity and Liabilities			<u>65 09 540</u>		<u>65 09 540</u>
Significant Accounting Policies	1				
Notes on Accounts	2				

As per our Report of even date

For Rajkumar Rathi & Co

Chartered Accountants

Firm Regn. No. 006342C

For and on behalf of the Board

Saurabh Jain

Partner

Membership No. 405013

Place: Mumbai

Dated: July 30, 2020

Arvind Purohit

DIN-08349713

Gourav Singh Ranawat

DIN-08301161

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} **Directors**
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Statement of Profit and Loss for the year ended March 31, 2020

Amount (₹)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
I Other Income		-	-
Total Income		<u>-</u>	<u>-</u>
II EXPENSES			
Sales and General Administration Expenses	2.07	14 160	28 460
Total Expenses		<u>14 160</u>	<u>28 460</u>
III Profit/ (Loss) before Tax (I-II)		<u>(14 160)</u>	<u>(28 460)</u>
IV Tax expense:			
- Current Tax		-	-
V Profit/ (Loss) After Tax (III-IV)		<u>(14 160)</u>	<u>(28 460)</u>
Earnings per Share of ₹ 10 each fully paid up	2.10		
Basic and Diluted (₹)		(0.09)	(0.19)
Significant Accounting Policies	1		
Notes on Accounts	2		

The Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For Rajkumar Rathi & Co

Chartered Accountants

Firm Regn. No. 006342C

For and on behalf of the Board

Saurabh Jain

Partner

Membership No. 405013

Place: Mumbai

Dated: July 30, 2020

Arvind Purohit }

DIN-08349713 }

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} **Directors**

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Gourav Singh Ranawat }

DIN-08301161 }

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Internet Exchangenext.com Limited

Statement of Change in Equity for the year ended March 31, 2020

	Amount (₹)
(A) Equity (Refer Note - 2.04)	
Balance at April 1, 2018	15 07 000
Change in equity share capital during the year	-
Balance at March 31, 2019	<u>15 07 000</u>
Change in equity share capital during the period	-
Balance at March 31, 2020	<u><u>15 07 000</u></u>

(B) Other Equity (Refer Note - 2.05)

**Attributable to Equity holder
Particular**

Retained

Balance at April 1, 2018	(9 07 730)
Add : Profit / (Loss) for the year	(28 460)
Balance as at March 31, 2019	<u>(9 36 190)</u>
Add : Profit / (Loss) for the period	(14 160)
Balance at March 31, 2020	<u><u>(9 50 350)</u></u>

As per our Report of even date

For Rajkumar Rathi & Co

Chartered Accountants

Firm Regn. No. 006342C

For and on behalf of the Board

Saurabh Jain

Partner

Membership No. 405013

Place: Mumbai

Dated: July 30, 2020

Arvind Purohit

DIN-08349713

Gourav Singh Ranawat

DIN-08301161

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} **Directors**

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Internet Exchangenext.com Limited
Statement of Cash Flow for the year ended March 31, 2020

Amount (₹)

	For the year ended March 31, 2020	For the year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax as per Statement of Profit and Loss	(14 160)	(28 460)
Adjusted for:		
Write back of Provision for Liabilities no longer required	-	-
	<u>(14 160)</u>	<u>(28 460)</u>
Operating Profit/(Loss) before Working Capital Changes	<u>(14 160)</u>	<u>(28 460)</u>
Working Capital Changes:		
Current Assets	-	-
Current Liabilities	14 160	28 460
	<u>14 160</u>	<u>28 460</u>
Cash Generated from Operations		
Tax paid	-	-
Net Cash from/(Used In) Operating Activities	<u>-</u>	<u>-</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash from/(Used in) Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from/(Used in) Financing Activities	<u>-</u>	<u>-</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	<u>-</u>	<u>-</u>
Opening Balance of Cash and Cash Equivalents	<u>2 76 232</u>	<u>2 76 232</u>
Closing Balance of Cash and Cash Equivalents	<u><u>2 76 232</u></u>	<u><u>2 76 232</u></u>

Note:

- (1) Figures in brackets indicate cash outgo.
- (2) Cash and cash equivalents includes cash on hand and bank balances including Fixed Deposits.
- (3) Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standards (Ind AS) 7 "Statement of Cash flow".

As per our Report of even date

For Rajkumar Rathi & Co

Chartered Accountants

Firm Regn. No. 006342C

Saurabh Jain

Partner

Membership No. 405013

Place: Mumbai

Dated: July 30, 2020

For and on behalf of the Board

Arvind Purohit

DIN-08349713

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} **Directors**

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Gourav Singh Ranawat

DIN-08301161

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Notes on Accounts to Financial Statements

Note: 1

General Information and Significant Accounting Policies

1.01 General Information

Internet Exchangenext.com Limited ("the Company"), is registered under Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Communications Infrastructure Limited ("RCIL" or " the Holding Company").

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, 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 of the Companies Act, 2013 ("the Act") read with Rule 3 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 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 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 " Income Tax"and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2018, does not have any impact on Financial Statements of the Company.

1.04 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 require 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 provides an overview of the areas that involved a higher degree of judgement 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.

Notes on Accounts to Financial Statements

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

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.

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.

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 Company and that are believed to be reasonable under the circumstances.

1.05 Functional Currency and Presentation Currency

These financials statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production 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 its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

- i) 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.
- ii) The Company determines whether revenue should be recognised 'over time' or 'at a point in time'.
- iii) 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.

Notes on Accounts to Financial Statements

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, 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. 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. Contingent Assets are not recognised but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares 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 of the beginning of the period, unless issued at a later date.

1.11 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 Assets

Classification

- (i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.
- (ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

Notes on Accounts to Financial Statements

(iii) 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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(iv) Financial Assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.

(v) Financial Assets measured at fair value through profit or loss (FVTPL):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.

(vi) Investment in Mutual Funds:

A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.

(vii) Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(viii) Impairment of Financial Assets

In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

(i) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.

(iii) Subsequent measurement

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 that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iv) Loans and Borrowings

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or 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 the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Notes on Accounts to Financial Statements

(v) 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.

(vi) Derivative Financial Instrument and Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2.01. Property, Plant and Equipment

Particulars	Amount (₹)		
	Computer	Office Equipment	Total
Gross carrying value			
As at April 01, 2018	1 94 00 751	3 04 757	1 97 05 508
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2019	1 94 00 751	3 04 757	1 97 05 508
Additions	-	-	-
Disposals	-	-	-
As at March 31, 2020	1 94 00 751	3 04 757	1 97 05 508
Accumulated Depreciation			
As at April 01, 2018	1 94 00 751	3 04 757	1 97 05 508
Depreciation for the year	-	-	-
Disposals	-	-	-
As at March 31, 2019	1 94 00 751	3 04 757	1 97 05 508
Depreciation for the year	-	-	-
Disposals	-	-	-
As at March 31, 2020	1 94 00 751	3 04 757	1 97 05 508
Closing net carrying value as at March 31, 2020	-	-	-
Closing net carrying value as at March 31, 2019	-	-	-

Internet Exchangenext.com Limited
Notes on Accounts to the Financial Statements

2.02 Cash and Cash Equivalents

Particulars	Amount (₹)	
	As at March 31, 2020	As at March 31, 2019
Balance with Banks in Current Account	2 76 232	2 76 232
	2 76 232	2 76 232

2.03 Other Financial Assets

Particulars	Amount (₹)	
	As at March 31, 2020	As at March 31, 2019
Loans and Advances to body corporate	62 33 308	62 33 308
	62 33 308	62 33 308

Amount (₹)

Particulars	As at March 31, 2020	As at March 31, 2019
-------------	-------------------------	-------------------------

2.04 Equity Share Capital**Authorised**

10 00 000 Equity Shares of ₹ 10 each (10 00 000)	1 00 00 000	1 00 00 000
	1 00 00 000	1 00 00 000

Issued, Subscribed and Paid up

1 50 700 Equity Shares of ₹10 each fully paid up (1 50 700)	15 07 000	15 07 000
	15 07 000	15 07 000

2.04.1 Equity Share held by Holding Company

	No. of shares	No. of shares
Reliance Communication Infrastructure Limited the Holding Company and its nominees	1 50 700	1 50 700

2.04.2 Details of Shareholders Holding more than 5% shares in the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	No of Shares	%	No of Shares	%
Reliance Communications Infrastructure Limited	1 50 700	100%	1 50 700	100%
	1 50 700	100%	1 50 700	100%

2.04.3 Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2020	As at March 31, 2019
Equity Shares		
At the beginning of the year	1 50 700	1 50 700
Add / (Less) : Changes during the year	-	-
At the end of the year	1 50 700	1 50 700

2.04.4 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 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 share will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the numbers of equity shares held by the shareholder.

2.05 Other Equity

Amount (₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Surplus/(Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(9 36 190)	(9 07 730)
Add:Profit/ (Loss) for the year	(14 160) (9 50 350)	(28 460) (9 36 190)
	(9 50 350)	(9 36 190)

2.06 Other Current Liabilities

Amount (₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Expenses	98 959	84 799
Other Payables to Related Party (Refer Note 2.15)	58 53 931	58 53 931
	59 52 890	59 38 730

Notes on Accounts to the Financial Statements

2.07 General Administration Expenses

Particulars	Amount (₹)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Professional Fees	-	14 750
Payment to Auditors	14 160	13 710
	14 160	28 460

2.08 Previous Year

The figures for the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees, except as otherwise stated.

2.09.01 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 have been 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 approximate their carrying amounts largely due to the short term maturities of these instruments.

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 the financial instruments by categories were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.02)	2 76 232	2 76 232
Financial assets at fair value through Profit and Loss/ other Comprehensive Income:	Nil	Nil
Financial liabilities at amortised cost:	Nil	Nil
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	Nil	Nil

2.09.02 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 to manage its operation and the financial assets include cash and bank balances, other receivables etc. arising from its operation.

Notes on Accounts to the Financial Statements

Financial risk management

Market risk

The Company operates in India only. Market Risk is the risk that changes in market prices such as interest rates will affect income or value of its holding financial assets/ instruments.

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. 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.

Exposure to interest rate risk

The Company does not have Interest rate risk as there is no interest bearing liability.
The Company does not have interest bearing financial instruments.

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss. However, as there is no financial instruments outstanding, hence sensitivity analysis not computed.

Derivative financial instruments

The Company does not hold derivative financial instruments

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The Company does not have exposure to the credit risk at the reporting date.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company doesnot have any contractual maturities of financial liabilities.

2.10 Earnings per Share (EPS)	As at March 31, 2020	As at March 31, 2019
Numerator - Profit /(Loss) after tax (₹)	(14 160)	(28 460)
Denominator - Weighted number of equity shares	1 50 700	1 50 700
Basic and Diluted, earning per equity share (₹)	(0.09)	(0.19)

2.11 Segment Reporting

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS")108 - 'Operating Segment' .

2.12 Deferred Tax

The Company does not have any items on which deferred tax should be recognised.

2.13 Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholders value. The funding requirement is met through a mixture of equity, internal accruals and borrowings which the Company monitors on regular basis.

2.14 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

2.15 Related Parties

As per Indian Accounting Standard ("Ind AS")-24 of "Related Party Disclosures", the disclosures, the disclosure of transactions with the related parties as defined therein are given below:

Notes on Accounts to the Financial Statements

A. List of related parties and relationships :

a) Ultimate Holding Company

1. Reliance Communications Limited

b) Holding Company

1. Reliance Communications Infrastructure Limited

B. Transactions during the year with Related Parties and closing balances.

(Figures relating to current year are reflected in Bold, relating to previous year are reflected in brackets)

Amount (₹)

Nature of Transaction	Holding Company
a) Equity Shares	
Balance as at April 1, 2019	15 07 000 (15 07 000)
Taken during the year	- (-)
Repayment/Adjustment during the year	- (-)
Balance as at March 31, 2020	15 07 000 (15 07 000)
b) Other Payables	
Balance as at April 1, 2019	58 53 931 (58 53 931)
Taken during the year	- (-)
Repayment/Adjustment	- (-)
Balance as at March 31, 2020	58 53 931 (58 53 931)

2.16 Authorisation of Financial Statements

The financial statements for the year ended March 31, 2020 are approved by the Board of Directors on July 30, 2020

2.17 Impact of Covid -19

There is no significant impact on the Company's financial results on account of the Covid 19 pandemic.

As per our Report of even date

For Rajkumar Rathi & Co

Chartered Accountants

Firm Regn. No. 006342C

Saurabh Jain

Partner

Membership No. 405013

Place: Mumbai

Dated: July 30, 2020

For and on behalf of the Board

Arvind Purohit

DIN-08349713

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Directors

Gourav Singh Ranawat

DIN-08301161

Realsoft Cyber Systems Private Limited

Unaudited Financial Statements

March 31, 2020

Realsoft Cyber Systems Private Limited**Unaudited Balance Sheet as at March 31, 2020**

(Amount in ₹)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non Current Assets			
		-	-
Current Assets			
(a) Financial Assets			
Cash and Cash Equivalents	2.01	4 30 293	4 30 293
(b) Other Current Assets			
Other Receivable	2.02	39 813	39 813
Total Assets		4 70 106	4 70 106
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	2.03	1 00 000	1 00 000
(b) Other Equity	2.04	(92 50 849) (91 50 849)	(91 23 649) (90 23 649)
LIABILITIES			
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.05	92 06 153	89 83 239
(ii) Other Financial Liabilities	2.06	4 14 802	5 10 516
Total Equity and Liabilities		4 70 106	4 70 106
Significant Accounting Policies	1		
Notes on Accounts	2	-	

The Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For and on behalf of the Board

Rakesh Gupta

Director

DIN:00130829

Place : Mumbai

Dated : July 31, 2020

Realsoft Cyber Systems Private Limited

Statement of Profit and Loss for the year ended March 31, 2020

(Amount in ₹)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
I INCOME			
Other Income			
Interest on Income Tax Refund		-	-
Total Income		<u>-</u>	<u>-</u>
II EXPENSES			
General and Administration Expenses	2.07	<u>1 27 200</u>	<u>2 04 130</u>
Total Expenses		<u>1 27 200</u>	<u>2 04 130</u>
III Profit / (Loss) before Tax (I-II)		<u>(1 27 200)</u>	<u>(2 04 130)</u>
IV Tax expense:			
- Current Tax		-	-
V Profit / (Loss) after Tax (III - IV)		<u>(1 27 200)</u>	<u>(2 04 130)</u>
VI Other Comprehensive Income		-	-
VII Total Comprehensive Income		<u>(1 27 200)</u>	<u>(2 04 130)</u>
VIII Earnings per Share of ₹ 10 each fully paid up	2.13		
- Basic (₹)		(12.72)	(20.41)
- Diluted (₹)		(12.72)	(20.41)

Significant Accounting Policies

1

Notes to the Financial Statements

2

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For and on behalf of the Board

Rakesh Gupta

Director

DIN:00130829

Place : Mumbai

Dated : July 31, 2020

Realsoft Cyber Systems Private Limited

Statement of Change in Equity for the year ended March 31, 2020

(a) Equity share capital	(Amount in ₹)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	1 00 000	1 00 000
Change in equity share capital during the period	-	-
Balance at the end of the year	1 00 000	1 00 000

(b) Other Equity

Surplus/ (Deficit) in statement of Profit and Loss

Particular	Retained Earnings
Balance of Profit / (Loss) as at April 1,2018	(89 19 519)
Add : Profit / (Loss) for the year	<u>(2 04 130)</u>
Balance Profit / (Loss) as at March 31, 2019	(91 23 649)
Add : Profit / (Loss) for the period	(1 27 200)
Balance Profit/ (Loss) as at March 31, 2020	<u>(92 50 849)</u>

As per our Report of even date

For and on behalf of the Board

Rakesh Gupta

Director

DIN:00130829

Place : Mumbai

Dated : July 31, 2020

Realsoft Cyber Systems Private Limited**Statement of Cash Flow for the year ended March 31, 2020**

	For the period ended March 31, 2020	(Amount in ₹) For the year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax as per Statement of Profit and Loss	(1 27 200)	(2 04 130)
Operating Profit/(Loss) before Working Capital Changes	<u>(1 27 200)</u>	<u>(2 04 130)</u>
Adjusted for :		
Other Receivables	-	-
Trade Payables and other Liabilities	<u>(95 714)</u>	<u>2 04 130</u>
Cash (used in) / Generated from Operations	<u>(2 22 914)</u>	
Tax Refund	-	-
Tax paid	<u>-</u>	<u>-</u>
Net Cash Used in Operating Activities	<u>(2 22 914)</u>	<u>-</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Flow from Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds Current Borrowings (net)	<u>2,22,914.00</u>	<u>-</u>
Net Cash used in Financing Activities	<u>2,22,914.00</u>	<u>-</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents		
Opening Balance of Cash and Cash Equivalents	<u>4 30 293</u>	<u>4 30 293</u>
Closing Balance of Cash and Cash Equivalents	<u>4 30 293</u>	<u>4 30 293</u>

Note:

- i Cash and Cash Equivalent includes cash on hand, cheques on hand, bank balance including Fixed Deposits with Banks.
- ii Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard 7 "Statement of Cash Flow".

As per our Report of even date

For and on behalf of the Board

Rakesh Gupta

Director

DIN:00130829

Place : Mumbai

Dated : July 31, 2020

Realsoft Cyber Systems Private Limited

Notes on accounts to Financials Statements as at March 31, 2020

1. General Information and Significant Accounting Policies

1.01 General Information

Realsoft Cyber System Private Limited ("the Company"), is registered under Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Communications Infrastructure Limited.

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, 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 of the Companies Act, 2013 ("the Act") read with Rule 3 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 in Schedule VI 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 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 "Income Tax" and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 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 require 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 provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

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.

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.

Realsoft Cyber Systems Private Limited

Notes on accounts to Financials Statements as at March 31, 2020

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 Company and that are believed to be reasonable under the circumstances.

1.05 Functional Currency and Presentation Currency

These financials statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets up to the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) 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.

ii) The Company determines whether revenue should be recognised 'over time' or 'at a point in time'.

iii) 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.

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, 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. 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. Contingent Assets are not recognised but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares 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 of the beginning of the period, unless issued at a later date.

1.11 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 Assets

Classification

- (i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Realsoft Cyber Systems Private Limited

Notes on accounts to Financials Statements as at March 31, 2020

- (ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis and available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.
- (iii) **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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.
- (iv) **Financial Assets measured at amortised cost:**
Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.
- (v) **Financial Assets measured at fair value through profit or loss (FVTPL):**
Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.
- (vi) **Investment in Mutual Funds:**
A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.
- (vii) **Derecognition of Financial Assets**
A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.
- (viii) **Impairment of Financial Assets**
In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

- (i) **Classification**
The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- (ii) **Initial recognition and measurement**
All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.
- (iii) **Subsequent measurement**
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 that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
- (iv) **Loans and Borrowings**
Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or 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 the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Realsoft Cyber Systems Private Limited

Notes on accounts to Financials Statements as at March 31, 2020

(v) 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.

(vi) Derivative Financial Instrument and Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Realsoft Cyber Systems Private Limited

Notes on accounts to Financials Statements as at March 31, 2020

(Amount in ₹)

	As at March 31, 2020	As at March 31, 2019
2.01 Cash and Cash Equivalents		
Balances with Banks in Current Account	4 30 293	4 30 293
	<u>4 30 293</u>	<u>4 30 293</u>
2.02 Other Current Assets		
Other Receivables	39 813	39 813
	<u>39 813</u>	<u>39 813</u>
2.03 Share Capital		
Authorised		
50 00 000 (50 00 000) Equity Shares of ₹ 10 each	5 00 00 000	5 00 00 000
	<u>5 00 00 000</u>	<u>5 00 00 000</u>
Issued, Subscribed and Paid up		
10 000 (10 000) Equity Shares of ₹ 10 each fully paid up	1 00 000	1 00 000
	<u>1 00 000</u>	<u>1 00 000</u>

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	%	No. of Shares	%
a) Shares held by Holding Company				
Reliance Communication Infrastructure Limited	10 000	100	10 000	100
	<u>10 000</u>	<u>100</u>	<u>10 000</u>	<u>100</u>

b) Details of Share holders Holding more than 5% shares in the company				
	No. of Shares	%	No. of Shares	%
Reliance Communication Infrastructure Limited	10 000	100	10 000	100
	<u>10 000</u>	<u>100</u>	<u>10 000</u>	<u>100</u>

c) Equity Shares				
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
At the beginning of the year	10 000	1 00 000	10 000	1 00 000
Add/(Less): Changes during the year	-	-	-	-
	<u>10 000</u>	<u>1 00 000</u>	<u>10 000</u>	<u>1 00 000</u>

d) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 Per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after the distribution of all the preferential amounts, in proportion to their shareholdings.

Realsoft Cyber Systems Private Limited

Notes on accounts to Financials Statements as at March 31, 2020

2.04 Other Equity

(Amount in ₹)

Particulars	Reserves and Surplus	Total
	Retained Earnings	
Balance as at April 1, 2018	(89 19 519)	(89 19 519)
Add : Profit / (Loss) for the year	(2 04 130)	(2 04 130)
Balance as at March 31, 2019	(91 23 649)	(91 23 649)
Add : Profit / (Loss) for the period	(1 27 200)	(1 27 200)
Balance as at March 31, 2020	(92 50 849)	(92 50 849)

2.05 Borrowings

Particulars	As at 'March 31, 2020	As at March 31, 2019
Unsecured Loan repayable on demand		
Loan from Related Parties (Refer Note 2.09)	89 76 604	89 76 604
Others	2 29 549	6 635
	92 06 153	89 83 239

2.06 Other Financial Liabilities

Particulars	As at 'March 31, 2020	As at March 31, 2019
Provision for Expenses	3 14 002	2 90 402
Interest Payable	58 809	58 809
Other Payables	41 991	1 61 305
	4 14 802	5 10 516

Realsoft Cyber Systems Private Limited

Notes on accounts to Financials Statements as at March 31, 2020

2.07 General Administration Expenses

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
General and Administrative Expenses		
Bank Charges	-	-
Miscellaneous Expenses	-	1 62 830
Professional Charges	-	17 700
Payment to Auditors	23 600	23 600
Filing Fees	1 03 600	-
	<u>1 27 200</u>	<u>2 04 130</u>

Realsoft Cyber Systems Private Limited

Notes on accounts to Financials Statements as at March 31, 2020

Notes : 2.08

The figures for the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in ₹, except as otherwise stated.

Notes : 2.09

Related Parties :

As per Ind AS- 24, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below

a) Name of the Related Party	Relationship
i Reliance Communications Limited	Ultimate Holding Company
ii Reliance Communications Infrastructure Limited	Holding Company

(Amount in ₹)

b) Transaction with the related parties :-

Sr. No.	Nature of Transactions	Holding Company	Ultimate Holding Company	Total
A	Current Borrowings			
	Balance as at April 1, 2019	89 76 604 (89 76 604)	- (-)	89 76 604 (89 76 604)
	Taken during the period	- (-)	- (-)	- (-)
	Repaid during the period	- (-)	- (-)	- (-)
	Balance as at March 31, 2020	89 76 604 (89 76 604)	- (-)	89 76 604 (89 76 604)

Notes : 2.10

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 have been used to estimate the fair values:

Fair value of cash, borrowings and other financial Liabilities 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 rates 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 the financial instruments by categories were as follows:

Particulars	As at 'March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.01)	4 30 293	4 30 293
Financial assets at fair value through Profit and Loss/ other Comprehensive Income:	Nil	Nil
Investments	Nil	Nil
Financial liabilities at amortised cost:		
Borrowings (Refer Note 2.05)	92 06 153	89 83 239
Other Financial Liabilities (Refer Note 2.06)	4 14 802	5 10 516
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	Nil	Nil

2 Financial Risk Management Objectives and Policies

The Company does not have any activity during the year and therefore no financial risks like market risk, credit risk and liquidity risk exists.

Realsoft Cyber Systems Private Limited

Notes on accounts to Financials Statements as at March 31, 2020

Notes : 2.11

Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company. The funding requirement is met through a mixture of equity and borrowings which the Company monitors on regular basis.

Notes : 2.12

Deferred Tax Assets

Significant management judgement considered in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. The Company on a conservative basis has restricted deferred tax asset to Nil.

Assessment Year	Year of Expiry	Loss Amount in ₹
I) 2013 - 2014*	NA	30 086
II) 2014 - 2015*	NA	35 531
III) 2016 - 2017	2023-2024	2 89 464

*The above loss represents unabsorbed depreciation pertaining to 2013-2014 & 2014-2015 which has indefinite life as per applicable tax laws and on which deferred tax is not recognised.

(a) Amounts recognised in profit and loss

	For the year ended 'March 31, 2020	For the year ended March 31, 2019
Current income tax	-	-
Deferred income tax liability / (asset), net	-	-
Tax expense for the year	-	-

(b) Amounts recognised in other comprehensive income - Rs. Nil

(c) Reconciliation of Tax Expenses

Profit/ (Loss) before Tax	(1 27 200)	(2 04 130)
Applicable Tax Rate	26.00%	26.00%
Computed Tax Expenses (I)	(33 072)	(53 074)
Add: Tax on Expenses disallowed under Income Tax Act	33 072	53 074
Less: Setoff from brought forward losses from earlier years	-	-
Subtotal (II)	33 072	53 074
Income Tax Expenses charge/ (credit) to Statement of Profit and Loss	-	-

Notes : 2.13

Earning per share :

	Amount in ₹ For the year ended March 31, 2020	Amount in ₹ For the year ended March 31, 2019
Numerator - Profit /(Loss) after tax (₹)	(1 27 200)	(2 04 130)
Denominator - Weighted number of equity shares	10 000	10 000
Basic as well as diluted, earning per equity share (₹)	(12.72)	(20.41)

Notes : 2.14

Segment Reporting

There are no reportable Segments as per Ind As-108 "Operating segment" issued by the Institute of Chartered Accountants of India.

Notes : 2.15

Going Concern

The Accounts have been prepared on a 'Going concern basis' as the Company has been able to meet its obligations in the ordinary course of business and considering the assurance of the financial support extended by the other body corporate.

Notes : 2.16

There is no transaction during the year, hence bank balances reflected are same as previous year.

Realsoft Cyber Systems Private Limited

Notes on accounts to Financials Statements as at March 31, 2020

Notes : 2.17

Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Notes : 2.18

Covid - 19 Impact

There is no significant impact on the Company's financial results on account of the COVID 19 pandemic.

Notes : 2.19

Authorisation of Financial Statements

The financial statements for the year ended March 31, 2020 are approved by the Board of Directors on July 31, 2020

As per our Report of even date

For and on behalf of the Board

Rakesh Gupta

Director

DIN:00130829

Place : Mumbai

Dated : July 31, 2020

Reliance Infra Projects Limited

Financial Statements

March 31, 2020

DILIP J. DIWAN

CHARTERED ACCOUNTANT

B.Com, F.C.A.

190-A, Sham Sadan, 1st Floor, Room No. 12, Bhuleshwar Rd., Mumbai 400 004, INDIA

Tel.: +91 22 2242 0166 / +91 98212 88800 / dilipdiwan@gmail.com

Ref. No. _____

Date _____

Independent Auditor's Report

To the Members of Reliance Infra Project Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of Reliance Infra Project Limited ("*the Company*") which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, (statement of changes in equity) and statement 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, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 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 our opinion.

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Emphasis of Matter

Effects of COVID-19

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. The COVID-19 outbreak was declared a global pandemic by the World Health Organization. The Indian government had announced countrywide lockdown from 24th March, 2020 which is continued at present. In this nation-wide lock-down period, though all the services across the nation were suspended, some essential services establishments could operate and were exempted from the lock-down.

The management has assessed the potential impact of the COVID-19 on the Company. Based on the current assessment, the management is of the view that impact of COVID-19 on the operations of the Company and the carrying value of its assets and liabilities is not likely to be material for and up to March 31, 2020 and there has been no material change in the controls or processes followed in the closing of the financial statements and hence the necessary effects have been captured in the financial statements for the year 2019-2020.

Since the situation is rapidly evolving, its effect on the operations of the Company may be different from that estimated as at the date of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions.

Our opinion is not modified in respect of the matters described under paragraph above.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity)¹ 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going

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concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

Auditor's Responsibility 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. 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 financial statements.

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 statement 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:

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.

- a. 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 [and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- b. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Date _____

- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- g. 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:
- The Company does not have any pending litigations as at March 31, 2020
 - The Company did not have any long-term contracts including derivative contracts as at 31st March, 2020 for which there were any material foreseeable losses; and
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

For D.J. Diwan & Co
Chartered Accountants
Firm Regn.No. 102658W

Dilip J. Diwan
(Proprietor)
M. No. 016665
UDIN: 20016665AAAAAN4568



Place: Mumbai
Date: 31st July, 2020

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Ref. No. _____

Date _____

Reliance Infra Project Limited Annexure A to Independent Auditor's Report - 31st March 2020

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

1. The company does not have fixed assets as on 31st March 2020. Accordingly paragraphs 1(a), (b) and (c) of the orders are not applicable to the company.
2. The Company does not have inventories at the end of financial year. Accordingly paragraphs 2 of the orders are not applicable to the company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other covered in the register maintained under section 189 of the Act. Accordingly paragraphs 3(III) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under Sub-Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, goods and services tax, income tax, cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of goods and services tax, income tax, and cess were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Ref. No. _____

Date _____

Reliance Infra Project Limited Annexure A to Independent Auditor's Report - 31st March 2020

8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.
9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.
13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act, 2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Date _____

Reliance Infra Project Limited

Annexure A to Independent Auditor's Report - 31st March 2020

For D.J. Diwan & Co
Chartered Accountants
Firm Regn.No. 102658W

Dilip J. Diwan
(Proprietor)
M. No. 016665
UDIN: 20016665AAAAAN4568



Place: Mumbai
Date: 31st July, 2020

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Ref. No. _____

Date _____

Annexure B to Independent Auditor's Report - 31st March 2020 on the Financial Statements of Reliance Infra Project Limited

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 over financial reporting of **Reliance Infra Project 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'. 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 over financial reporting 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 over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness

DILIP J. DIWAN

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Ref. No. _____

Date _____

Annexure B to Independent Auditor's Report - 31st March 2020 on the Financial Statements of Reliance Infra Project Limited

of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

DILIP J. DIWAN

CHARTERED ACCOUNTANT

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Ref. No. _____

Date _____

Annexure B to Independent Auditor's Report - 31st March 2020 on the Financial Statements of Reliance Infra Project Limited

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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".

For D.J. Diwan & Co
Chartered Accountants
Firm Regn.No. 102658W



Dilip J. Diwan
(Proprietor)
M. No. 016665
UDIN: 20016665AAAAAN4568

Place: Mumbai
Date: 31st July, 2020

Reliance Infra Projects Limited
Balance Sheet as at March 31, 2020

	Note	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
ASSETS			
Current Assets			
(a) Financial Assets			
(i) Cash and Cash Equivalents	2.01	4 06 985	4 14 419
Total Assets		<u><u>4 06 985</u></u>	<u><u>4 14 419</u></u>
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	2.02	5 00 000	5 00 000
(b) Other Equity	2.03	<u>(1 54 490)</u>	<u>(1 32 896)</u>
Liabilities			
Current Liabilities			
(a) Other Current Liabilities	2.04	61 475	47 315
Total Equity and Liabilities		<u><u>4 06 985</u></u>	<u><u>4 14 419</u></u>
Significant Accounting Policies	1		
Notes on Accounts	2		

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date
For **D.J. DIWAN & CO.**
Chartered Accountants
(Firm Registration No.102658W)

For and on behalf of the Board

Vinay Soni	}
DIN-08567944	}
	}
	} Directors
	}
Arvind Purohit	}
DIN:08349713	}

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No.016665

Place : Mumbai
Date : July 31, 2020

Reliance Infra Projects Limited**Statement of Profit and Loss for the year ended March 31, 2020**

	Note	For the year ended March 31, 2020	(Amount in ₹) For the year ended March 31, 2019
INCOME			
I Other Income		-	
II Total Income		-	
III EXPENSES			
General and Administration Expenses	2.05	21 594	32 486
IV Total Expenses		21 594	32 486
V Profit (Loss) Before Tax (II -IV)		(21 594)	(32 486)
VI Tax expense:			
- Current Tax		-	-
VII Profit After Tax		(21 594)	(32 486)
Earning per Share of face value of ₹ 10 each fully paid up			
Basic and Diluted (₹)	2.09	(0.43)	(0.65)
Significant Accounting Policies	1		
Notes on Accounts	2		

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For D.J. DIWAN & CO.

Chartered Accountants

(Firm Registration No.102658W)

For and on Behalf of the Board

Vinay Soni

DIN-08567944

}

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}

} **Directors**

}

Arvind Purohit

DIN:08349713

}

}

Place : Mumbai

Date : July 31, 2020

DILIP JIVANDAS DIWAN

(Proprietor)

Membership No.016665

Reliance Infra Projects Limited

Statement of Change in Equity for the year ended March 31, 2020

(Amount in ₹)

A Equity (Refer Note.2.02)

Balance at April 1, 2018	5,00,000
Change in equity share capital during the year	-
Balance at March 31, 2019	5,00,000
Change in equity share capital during the period	-
Balance at March 31, 2020	5,00,000

B Other Equity (Refer Note.2.03)

Particular	Retained Earnings
Balance as at April 01, 2018	(1 00 410)
Add : (Loss) for the year	(32 486)
Balance as at March 31, 2019	(1 32 896)
Add : (Loss) during the period	(21 594)
Balance at March 31, 2020	(1 54 490)

As per our Report of even date
For D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No.102658W)

For and on Behalf of the Board

Vinay Soni	}
DIN-08567944	}
	} Directors
	}
	}
Arvind Purohit	}
DIN:08349713	}

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No.016665

Place : Mumbai
Date : July 31, 2020

Reliance Infra Projects Limited

Statement of Cash Flow for the year ended March 31, 2020

(Amount in ₹)

	For the year ended March 31, 2020	For the year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	(21 594)	(32 486)
Adjusted for:		
Write back of Provision for Liabilities no longer required	<u>-</u>	<u>-</u>
Operating Profit/(Loss) before Working Capital Changes	(21 594)	(32 486)
Adjusted for:		
Receivables and other Advances	-	-
Trade Payable and Other Liabilities	<u>14 160</u>	<u>(9 840)</u>
Cash Used in Operations	<u>(7 434)</u>	<u>(42 326)</u>
Tax Paid	-	-
Net Cash from/(Used In) Operating Activities	<u>(7 434)</u>	<u>(42 326)</u>
B CASH FLOW FROM INVESTING ACTIVITIES	-	-
Net Cash from / (Used in) Investing Activities	<u>-</u>	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing Activities	<u>-</u>	<u>-</u>
Net Increase / Decrease in Cash and Cash Equivalents	(7 434)	(42 326)
Opening Balance of Cash and Cash Equivalents	4 14 419	4 56 745
Closing Balance of Cash and Cash Equivalents (Refer Note 2.01)	<u><u>4 06 985</u></u>	<u><u>4 14 419</u></u>

Note:

- (1) Figures in brackets indicate cash outgo.
- (2) Cash and cash equivalents includes cash on hand and bank balances including Fixed Deposits.
- (3) Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standards 7 "Statement of Cash flow".

As per our Report of even date

For D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No.102658W)

For and on Behalf of the Board

Vinay Soni	}	
DIN-08567944	}	
	}	Directors
	}	
Arvind Purohit	}	
DIN:08349713	}	

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No.016665

Place : Mumbai
Date : July 31, 2020

Reliance Infra Projects Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Note: 1

General Information and Significant Accounting Policies

1.01 General Information

Reliance Infra Projects Limited ("the Company"), is registered under Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Communications Infrastructure Limited ("RCIL" or " the Holding Company").

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, 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 of the Companies Act, 2013 ("the Act") read with Rule 3 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 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 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 " Income Tax"and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 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 require 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 provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

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.

Reliance Infra Projects Limited

Notes on Accounts to Financial Statements as at March 31, 2020

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.

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 Company and that are believed to be reasonable under the circumstances.

1.05 Functional Currency and Presentation Currency

These financials statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production 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 its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) 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.

ii) The Company determines whether revenue should be recognised 'over time' or 'at a point in time'.

iii) 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.

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, 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. 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. Contingent Assets are not recognised but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares 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 of the beginning of the period, unless issued at a later date.

Reliance Infra Projects Limited

Notes on Accounts to Financial Statements as at March 31, 2020

1.11 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 Assets

Classification

- (i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.
- (ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.
- (iii) **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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.
- (iv) **Financial Assets measured at amortised cost:**
Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.
- (v) **Financial Assets measured at fair value through profit or loss (FVTPL):**
Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.
- (vi) **Investment in Mutual Funds:**
A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.
- (vii) **Derecognition of Financial Assets**
A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.
- (viii) **Impairment of Financial Assets**
In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

- (i) **Classification**
The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.
- (ii) **Initial recognition and measurement**
All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.
- (iii) **Subsequent measurement**
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 that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Reliance Infra Projects Limited

Notes on Accounts to Financial Statements as at March 31, 2020

(iv) Loans and Borrowings

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or 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 the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(v) 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.

(vi) Derivative Financial Instrument and Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Reliance Infra Projects Limited

Notes on Accounts to Financial Statements as at March 31, 2020

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Note 2.01 Cash And Cash Equivalents		
Balances with Banks- In current account	4 06 985	4 14 419
	4 06 985	4 14 419
Note 2.02 Equity Share Capital		
Authorised		
50 000 Equity Shares of ₹ 10 each (50 000)	5 00 000	5 00 000
	5 00 000	5 00 000
Issued, Subscribed and Paid up		
50 000 Equity Shares of ₹ 10 each fully paid up (50 000)	5 00 000	5 00 000
	5 00 000	5 00 000

a) Shares held by Holding Company

	No. of Shares	%	No. of Shares	%
Reliance Communications Infrastructure Ltd and its nominees (upto July 22, 2018)	-	-	50 000	100%
Reliance Realty Limited and its nominees (w.e.f. July 23, 2018)	50 000	100%	-	-

b) Details of Shareholders holding more than 5% shares in the Company

	No. of Shares	%	No. of Shares	%
Reliance Communications Infrastructure Ltd and its nominees (upto July 22, 2018)	-	-	50 000	100%
Reliance Realty Limited and its nominees (w.e.f. July 23, 2018)	50 000	100%	-	-

c) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	No of Shares	₹	No of Shares	₹
Equity Shares				
At the beginning of the year	50 000	5 00 000	50 000	5 00 000
Add/ (Less) : Changes during the year	-	-	-	-
At the end of the year	50 000	5 00 000	50 000	5 00 000

d) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 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 share will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the numbers of equity shares held by the shareholder.

Reliance Infra Projects Limited

Notes on Accounts to Financial Statements as at March 31, 2020

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Note 2.03 Other Equity		
Balance carried from last balance sheet	(1 32 896)	(1 00 410)
Add : Profit / (Loss) during the year	(21 594)	(32 486)
Balance at the end of the year	(1 54 490)	(1 32 896)

Note 2.04 Other Current Liabilities

Audit Fees Payable	29 803	15 643
Other payable	31 672	31 672
	61 475	47 315

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Note 2.05 Other Expenses		
Audit Fees	14 160	16 320
Bank charges	354	1 416
Professional Fees	7 080	14 750
Other Miscellaneous Expenses	-	-
	21 594	32 486

Reliance Infra Projects Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Note 2.06 Previous Year

The figures for the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees, except as otherwise stated.

Note : 2.07

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 have been 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 approximate their carrying amounts largely due to the short term maturities of these instruments

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 the financial instruments by categories were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.01)	4 06 985	4 14 419
Financial assets at fair value through Profit and Loss/ other Comprehensive Income:	Nil	Nil
Financial liabilities at amortised cost:	Nil	Nil
Financial liabilities at fair value through Statement of Profit and Loss/ other Comprehensive Income:	Nil	Nil

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 to manage its operation and the financial assets include cash and bank balances, other receivables etc. arising from its operation.

Financial risk management

Market risk

The Company operates in India only. Market Risk is the risk that changes in market prices such as interest rates will affect income or value of its holding financial assets/ instruments.

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. 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.

Reliance Infra Projects Limited

Notes on Accounts to Financial Statements as at March 31, 2020

Exposure to interest rate risk

The Company does not have Interest rate risk as there is no interest bearing liability
The Company does not have interest bearing financial instruments.

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss. However, as there is no financial instruments outstanding, hence sensitivity analysis not computed.

Derivative financial instruments

The Company does not hold derivative financial instruments

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The Company does not have exposure to the credit risk at the reporting date.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company doesnot have any contractual maturities of financial liabilities.

Note 2.08 Earning per share :

Particulars	For the year	For the year
	ended	ended
	March 31, 2020	March 31, 2019
Numerator - Profit /(Loss) after tax (₹)	(21 594)	(32 486)
Denominator - Weighted number of equity shares	50 000	50 000
Basic as well as Diluted, earning per equity share (₹)	(0.43)	(0.65)
		-

Note 2.09 Segment Reporting

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS")108 - 'Operating Segment'

Note 2.10 Deferred Tax

The Company does not have any items on which deferred tax should be recognised.

Note 2.11 Capital Management

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholders value. The funding requirement is met through a mixture of equity, internal accruals and borrowings which the Company monitors on regular basis.

Note 2.12 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Note 2.13 Related Parties:

As per Indian Accounting Standard ("Ind AS")-24 of "Related Party Disclosures", the disclosures", the disclosure of transactions with the related parties as defined therein are given below:

A. List of related parties and relationships :

a) Holding Company

1. Reliance Communications Infrastructure Limited (upto July 22, 2018)
2. Reliance Realty Limited (w.e.f. July 23, 2018)

Reliance Infra Projects Limited

Notes on Accounts to Financial Statements as at March 31, 2020

B. Transactions during the year with Related Parties and closing balances.

(Figures relating to current year are reflected in Bold, relating to previous year are reflected in brackets)

Sr. Nature of Transactions

Equity Shares

(Amount in ₹)

(i) Reliance Communications Infrastructure Limited (Holding Company upto July 22, 2018)

Balance as at April 1, 2019	-
	(5 00 000)
Transferred during the period	-
	(5 00 000)
Balance as at March 31, 2020	-
	(-)

(ii) Reliance Realty Limited (Holding Company w.e.f. July 23, 2018)

Balance as at April 1, 2019	5 00 000
	(-)
Acquired during the period	-
	(5 00 000)
Balance as at March 31, 2020	5 00 000
	(5 00 000)

Note 2.14 Impact of Covid 19

There is no significant impact on the Company's financial results on account of the Covid 19 pandemic

Note 2.15 Authorisation of Financial Statements

The financial statements for the year ended March 31, 2020 are approved by the Board of Directors on July 31, 2020.

As per our Report of even date
For D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No.102658W)

For and on Behalf of the Board

DILIP JIVANDAS DIWAN
(Proprietor)
Membership No.016665

Vinay Soni }
DIN-08567944 }
 }
 } **Directors**
 }
Arvind Purohit }
DIN:08349713 }

Place : Mumbai
Date : July 31, 2020

Towercom Infrastructure Private Limited
Unaudited Balance Sheet as at March 31, 2020

(₹ in thousands)

Particulars	Note No.	As at	
		March 31, 2020	March 31, 2019
ASSETS			
Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	2.01	1,204	1,204
(b) Other current assets	2.02	203	147
Total current assets		1,407	1,351
Total Assets		1,407	1,351
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	2.03	100	100
(b) Other equity	2.04	(222)	(254)
Total equity		(122)	(154)
Liabilities			
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	2.05	1,490	1,490
(ii) Trade payables	2.06	38	15
(b) Other current liabilities	2.07	-	-
Total current liabilities		1,529	1,505
Total Equity and Liabilities		1,407	1,351

Significant Accounting policies

1

Notes on Accounts

2

The Notes referred above form an integral part of the Financial Statement

In terms of our Report of even date

For and on behalf of the Board

Ramanan Laxminarain
Director
DIN - 06739382

Place : Mumbai

Dated July 31, 2020

Towercom Infrastructure Private Limited
Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Note No.	(₹ in thousands)	
		For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Income from Operation		-	-
Other Income			
Interest		56	56
		<u>56</u>	<u>56</u>
EXPENSES			
Other expenses	2.08	23	23
Total expenses		<u>23</u>	<u>23</u>
Profit/ (Loss) for the year		33	33
Other comprehensive Income /(Loss)		-	-
Total comprehensive loss		<u>32.64</u>	<u>33</u>
Earning per share			
Basic (₹)	2.11	3.26	3.26
Diluted (₹)		3.26	3.26

Significant Accounting policies

1

Notes on Accounts

2

The Notes referred above form an integral part of the Financial Statement

In terms of our Report of even date

For and on behalf of the Board

Ramanan Laxminarain

Director

DIN - 06739382

Place : Mumbai

Dated July 31, 2020

Towercom Infrastructure Private Limited
Statement of changes in equity for the year ended March 31, 2020

(a) Equity Share Capital

Particulars	Note No.	(₹ in thousands)	
		For the year ended March 31, 2020	For the year year March 31, 2019
Balance at the beginning of the period		100	100
Change in equity share capital during the period		-	-
Closing Balance		<u><u>100</u></u>	<u><u>100</u></u>

(b) Other Equity

Particulars	Note No.	Attributable to the Equity Holders	
		Reserves & Surplus	Retained Earnings
Balance at the beginning of the period		(255)	(287)
Deficit of Statement of Profit and Loss	2.04	33	33
Closing Balance		<u><u>(222)</u></u>	<u><u>(255)</u></u>

In terms of our Report of even date

For and on behalf of the Board

Ramanan Laxminarain
Director
DIN - 06739382

Place : Mumbai
Dated July 31, 2020

Towercom Infrastructure Private Limited
Statement of cash flows for the year ended March 31, 2020

	For the year ended March 31, 2020	(₹ in thousands) For the year ended March 31, 2019
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before tax as per Statement of Profit and Loss	33	33
Adjustments for:		
Increase in other current assets	(56)	(59)
Increase in trade payables	24	-
Increase in other current liabilities	-	(10)
	<u>(32)</u>	<u>(69)</u>
Net cash used in operations	<u>0</u>	<u>(36)</u>
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Net cash generated/ (Used in) Investing Activities	<u>-</u>	<u>-</u>
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of equity share capital	-	-
Proceed from Loan	-	10
Net cash generated from financing activities	<u>-</u>	<u>10</u>
Net increase in cash and cash equivalents [A+B+C]	0	(26)
Opening balance of cash and cash equivalents	<u>1,204</u>	<u>1,230</u>
Closing balance of cash and cash equivalents [Note 2.01]	<u>1,204</u>	<u>1,204</u>

Note:

The statement of cash flows is prepared using the "indirect method" set out in Ind AS 7 "Statement of cash flows".

In terms of our report attached

For and on behalf of the Board

Ramanan Laxminarain
Director
DIN - 06739382

Place : Mumbai
Dated July 31, 2020

Towercom Infrastructure Private Limited
Significant Accounting Policies to the Financial Statements

Note 1 General Information and Significant Accounting Policies

1.01 General Information

Towercom Infrastructure Private Limited ("the Company"), is a subsidiary of Reliance Communications Limited ("RCOM" or "the Holding Company"). The Company is registered under the Companies Act, 2013, having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The ultimate holding company is Reliance Innoventures Private limited. The Company is a private limited company and is domiciled in India. The Company is incorporated on November 17, 2016. The Company is setup to carry on the business of running telecommunication tower infrastructure.

1.02 Basis of preparation, measurement and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principals (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rule 2015, the Companies (Indian Accounting Standards) Amendment Rules 2016 and other 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).

(b) Standard issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs (the MCA), Government of India (GoI) notified Ind AS 115 'Revenue from Contracts with Customers'. The standard is applicable to the Company with effect from April 1, 2018.

Ind AS 115: Revenue from Contracts with Customers

Ind AS 115 proposes a change from the age-old transfer of 'Risk And Rewards' to a 'Control' model. Under Ind AS 115, revenue is recognised when control over goods or services is transferred to a customer, which under current GAAP is based on the transfer of risks and rewards. A customer obtains control when it 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 entities will have to determine whether revenue should be recognised 'over time' or 'at a point in time'. As a result, it will be required to determine whether control is transferred over time. If not, only then revenue will be recognised at a point in time, or else over time. Ind AS 115 focuses heavily on what the customer expects from a supplier under a contract. Companies will have to necessarily determine 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 will then be 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 interestingly 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. This may impact entities having significant advance or deferred collection arrangements e.g. real estate infrastructure, EPC, It Services etc.

Towercom Infrastructure Private Limited

Significant Accounting Policies to the Financial Statements

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Current vis-à-vis non-current classification

The assets and liabilities reported in the balance sheet are classified on a “current/non-current basis”, with separate reporting of assets held for sale and liabilities. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year. The deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Recent accounting pronouncements

Standards issued but not yet effective

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements.

1.03 Functional Currency and Presentation Currency

These financial statements are presented in Indian Rupees (“Rupees” or “₹”) which is functional currency of the Company.

1.04 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 judgement in applying the accounting policies.

Towercom Infrastructure Private Limited

Significant Accounting Policies to the Financial Statements

1.05 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.

1.06 Taxes on Income and Deferred Tax

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.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

1.07 Earning per Share

In determining Earning per Share, the Company considers the net profit after tax and includes the post tax effect of any exceptional item. Number of shares used in computing basic Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average shares considered for deriving Basic Earning per Share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares unless the results would be anti-dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.08 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.

Towercom Infrastructure Private Limited

Significant Accounting Policies to the Financial Statements

1.09 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 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.

(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:

Asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and 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.

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, and

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, and 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')

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.

Towercom Infrastructure Private Limited
Significant Accounting Policies to the Financial Statements

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 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.

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.

Notes to the financial statements as of and for the year ended March 31, 2020

	As at March 31, 2020	As at March 31, 2019
Note 2.01		
Cash and cash equivalents		
Fixed Deposit With Bank	1,175	1,175
Balance with bank in current account	29	29
	<u>1,204</u>	<u>1,204</u>

Note 2.02**Other current assets**

Interest Accrued	168	112
CENVAT credit of service tax	35	35
	<u>203</u>	<u>147</u>

Note 2.03**Equity Share capital****Authorised share capital**

50,000 Equity shares of ₹ 10 each	500	500
	<u>500</u>	<u>500</u>

Issued, subscribed and fully paid up

10,000 Equity shares of ₹ 10 each fully paid up	100	100
	<u>100</u>	<u>100</u>

2.03.01 Shares held by Holding Company and its subsidiary:

Equity shares	No. of shares	No. of shares
Reliance Communications Limited (Holding company)	9,500	9,500
Reliance Infratel Limited (Fellow subsidiary)	500	500

2.03.02 Details of shareholders holding more than 5% shares in the Company:

Equity shares	No. of shares	%	No. of shares	%
Reliance Communications Limited	9,500	95	9,500	95
Reliance Infratel Limited	500	5	500	5

2.03.03 Reconciliation of shares outstanding at the beginning and at the end of reporting period:

Equity shares	No. of Shares	No. of Shares
At the beginning of the year	10,000	10,000.00
Add / (Less) : Change during the year	-	-
Outstanding at the end of the year	<u>10,000</u>	<u>10,000</u>

2.03.04 Terms/ rights attached to the shares**Equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 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 after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Towercom Infrastructure Private Limited**Notes to the financial statements as of and for the year ended March 31, 2020**

(₹ in thousands)

	As at March 31, 2020	As at March 31, 2019
Note 2.04		
Other equity		
Deficit in retained earnings		
Opening balance	(254)	(287)
Add: Loss during the period	33	33
Closing balance	<u>(222)</u>	<u>(254)</u>

Note:

Retained earnings:

The balance in retained earnings represents the accumulated losses in the statement of profit and loss.

Note 2.05**Borrowings**

From Related Party	1,490	1,490
	<u>1,490</u>	<u>1,490</u>

Note 2.06**Trade payables**

Due to other than Micro and small companies	38	15
	<u>38</u>	<u>15</u>

Note 2.07**Other current liabilities**

Statutory due (i.e. tax deducted at source)	-	-
	<u>-</u>	<u>-</u>

Note 2.08**Other expenses**

Auditors' remuneration	15	15
Bank Guarantee fee	-	-
Professional Fee	8	8
Filing fees	-	-
Rates & Taxes ₹ 356 (Previous year ₹ 2)	0	0
Bank charges (₹ 154)	0	0
	<u>23</u>	<u>23</u>

Note : 2.09

Capital Risk management

The Company's objective when managing capital are to:

- safeguard their ability to continue as a going concern, so that it can optimise the return to
- maintain an optimal capital structure to reduce the cost of capital.

Capital of the Company for the purpose of capital management, include issued equity capital and reserve attributable to the equity holders of the Company.

Towercom Infrastructure Private Limited

Notes to the financial statements as of and for the year ended March 31, 2019

Note 2.10

Earnings per Share (EPS)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic and Diluted EPS		
(a) Loss attributable to equity shareholders (₹ in thousands) (used as numerator for calculating Basic EPS)	32.64	32.64
(b) Weighted average number of equity shares (used as denominator for calculating Basic EPS)	10,000	10,000
(c) Weighted average number of equity shares (used as denominator for calculating Diluted EPS)	10,000	10,000
(d) Basic Earnings per Share of ₹ 10 each (₹)	3.26	3.26
(e) Diluted Earnings per Share of ₹ 10 each (₹)	3.26	3.26
(f) Nominal value of an equity shares (₹)	10	10

Note 2.11

Auditors' Remuneration (excluding service tax)

(₹ in thousands)

For statutory audit	15	15
For other services	-	-
Out of Pocket Expenses current year Nil (Previous year ₹ 936)	-	-

Note 2.13

Related Party Disclosures

A. List of related parties where control exists

(i) Reliance Innoventures Private Limited	Ultimate Holding Company
(ii) Reliance Communications Limited	Holding Company
(iii) Shri Anil D. Ambani	Individual Promotor
(iv) Shri Ramanan Laxminarain - Director	} Key Managerial Persons
(v) Shri Gaurang Shah - Director	

B. List of othet related parties where there have been transactions

(i) Reliance Infratel Limited	Fellow Subsidiary
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C. Details of transactions and closing balances with related parties

(₹ in thousands)

Sr.No	Particulars	Holding Company	Fellow Subsidiary	Total
1	Allotment of Share			
	Equity Shares:			
	Balance as at April 1, 2019	95 (95)	5 (5)	100 (100)
	Allotted during the year	- (95)	- (5)	- (100)
	Balance as at March 31, 2020	95 (95)	5 (5)	100 (100)
2	Loans			
	Balance as at April 1, 2019	220 (220)	1,260 (1,260)	1,480 (1,480)
	Taken During the year	- -	10 (10)	10 (10)
	Repaid During the year	- (-)	- (-)	- (-)
	Balance as at March 31, 2020	220 (220)	1,270 (1,270)	1,490 (1,490)

Towercom Infrastructure Private Limited**Notes to the financial statements as of and for the year ended March 31, 2020****Note : 2.14****Micro and Small scale business entities**

Disclosure of payable to vendors as defined under "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act. There are no overdue principal amounts / interest payable amounts for delayed payment to such vendors at the balance sheet date.

Note : 2.15**Financial Instruments by category**

(₹ in thousands)

Particulars	As at March 31, 2020 Amortised Cost	As at March 31, 2019 Amortised Cost
Financial assets:		
Cash and cash equivalents	1,204	1,204
Total financial assets	<u>1,204</u>	<u>1,230</u>
Financial liabilities:		
Trade payables	38	15
Borrowings	1,490	1,490
Total financial liabilities	<u>1,529</u>	<u>1,505</u>

The fair values of current financial assets and financial liabilities are considered to be the same as their carrying amounts, due to their short term maturities.

Note : 2.16**Financial risk management**

The Company's current activities expose it to credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents	Credit Ratings	Diversification of bank

Note : 2.17**Rounding off of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to nearest thousand as per the requirement of Schedule III, unless otherwise stated.

Note : 2.18**Authorisation of financial statements**

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors on July 31, 2020

For and on behalf of the Board

Ramanan Laxminarain
Director
DIN - 06739382

Place : Mumbai
Dated July 31, 2020

Reliance Realty Limited

Annual Report

2019-20

Independent Auditor's Report

To the Members of Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited)

Report on the Audit of the financial statements

Qualified Opinion

We have audited the financial statements of **Reliance Realty Limited** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss, statement of changes in equity and statement 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 the 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. 2.37, regarding pending comprehensive review of carrying amount of all assets including investment in subsidiary & liabilities and non provision for impairment of carrying value of assets and write back of liabilities if any, due to pending completion of the corporate insolvency resolution process of Holding Company. 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 the 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 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 & Ind AS 36 on Impairment of Assets.

- B. Note no 2.43, regarding continuous losses incurred by the Company, current liabilities exceeding its current assets. Further, major Customer of the Company is their own group companies including its holding Company which are under Corporate Insolvency Resolution Process. 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 ongoing Corporate Insolvency Resolution Process of Holding Company, the outcome of which cannot be presently ascertained.
- C. Note No 2.10, regarding the Company has paid an amount of Rs. 320.54 Crore to related parties during previous financial year, for which terms are not yet finalised. Further, no interest has been charged by the company in respect of this payment. Pending finalisation of terms as on reporting date, we are unable to comment that whether any adjustment is required in the carrying amount of such receivable and consequential impact, if any, on the reported losses for the year ended March 2020.
- D. Note No. 2.36, regarding the Company has given Capital advance to a related party of Rs. 25.45 Crore during previous financial year. The Company has received the invoices but due to technical and financial evaluation pendency, these invoices are not accounted in the books of account. Pending technical and financial evaluation 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 (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 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

We draw attention to-

Note no. 2.35 of the financial statements , regarding advance received by the Company from STT Global Data Centre India Pvt Ltd (STT) in earlier year against agreement entered into by the Company to transfer leasehold right, title and interest of land admeasuring 34873 sq. mts forming part of the larger land located at DAKC (Larger Land) along with building thereupon and substation to be constructed on the land, for which necessary approval couldn't be obtained by the Company till the last extension for completion of condition precedent. STT invoked arbitration proceedings against Reliance Realty Limited in accordance with the terms of an Agreement.

- A. We draw attention to Note no. 2.41 of the statement, as regards to the managements 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 the above matter.

Information Other than the financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon adopted on the same date.

Our opinion on the financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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 Ind AS financial statements

The Company's Board of Directors/ 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 record, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are 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. 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 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 Ind AS 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 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 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 Matter

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. Thus, our personal attendance was impracticable under the circumstances. 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.

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 statement 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.

- (a) 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
- (b) The Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (c) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015. , except requirement of Ind AS 109 Financial Instruments and 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.
- (d) 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;
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (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) 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".

- (h) 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 explanations given to us, the remuneration provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- (i) 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 Note 2.29 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 were no amounts which is required to be transferred, to the Investor Education and Protection Fund .

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: 20124262AAAADH9464

Reliance Realty Limited

‘Annexure A’ to the Independent Auditor’s Report –March 31, 2020

With reference to the Annexure A referred to in the Independent Auditor’s Report to the Members of Reliance Realty 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) As explained to us, the fixed assets has been physically verified by the management during the year in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its asset.

(c) According to the information and explanation given to us and on the basis of verification of records of the Company, the title deeds of immovable properties, as disclosed in Note 2.02 to the Ind AS Financial Statements, are held in the name of the company.
- ii. As the company does not have any inventories, therefore the provision of clause 2(a) and 2(b) of the said order are not applicable to the company.
- iii. (a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the amounts granted by the company, during March 2019, to two fellow subsidiaries covered in the register maintained under section 189 of the Companies Act, 2013, (total amount granted Rs 320.54 Crore and balance outstanding as at balance sheet date Rs 320.54) for which terms are yet to be finalised, interest has not been charged and to that extent, it is prejudicial to the company’s interest.

(b) As the terms of said amount is not finalized schedule of repayment is not applicable. Hence there is no reporting under Clause 3(b) of the order.

(c) As the terms of said amount is not finalized, we are unable to comment that whether the amount is overdue.
- iv. 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 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 as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph (v) of the Order is not applicable to the Company.

- vi. As informed to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act. Accordingly paragraph (vi) of the Order is not applicable to the Company.
- 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, sales tax, value added tax (VAT), employees' state insurance, cess and other material statutory dues.

According to the information and explanations given to us, undisputed amounts payable in respect of professional tax, income tax 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 (Rs.)	Period to which the amount relates	Due Date	Date of Payment
The Maharashtra Value Added Tax Act, 2002	Works Contract Tax Payable	1,68,667	F.Y. 2016-17	Various Dates	Yet to be paid
Income Tax Act, 1961	Tax Deducted at source	1,53,050	Prior to March 19	Various Dates	Yet to be paid
Income Tax Act, 1961	Tax Collection at Source	43,204	Prior to April 2019	Various Dates	Yet to be paid
Income Tax Act, 1961	Interest on Tax Deduction at Source	25,69,234	Prior to March 2020	Various Dates	Yet to be paid
Profession Tax Act, 1987 (As Amended)	Professional Tax	2,11,592	Up to F.Y. 19-20	Various Dates	Yet to be paid

In respect of Goods & Service Tax (GST) payable, the Company is in the process of reconciliation (Refer note No. 2.37 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 Service Tax, Sales Tax, Goods & Service Tax, VAT, Entry Tax, Excise duty, income tax, wealth tax, Duty of Customs and Cess which have been deposited on account of any dispute.

- viii. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause (viii) of the order requiring comment on repayment of the dues to them is not applicable.
- ix. In our opinion, and according to information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause (ix) of the order is not applicable to the company.
- x. According to the information and explanations given to us, no significant fraud on or by the company by its officer or employees, that causes a material misstatement to the Ind AS financial statements, has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of records, the Company has paid/provided managerial remuneration in accordance with the requisite approval mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company, the provision of clause 3(xii) of the order is not applicable to the company.
- xiii. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of the Act, and the details have been disclosed in the Ind AS 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. Accordingly, paragraph (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us, the company has not entered into any non-cash transactions with the directors or persons connected with him as per section 192 of the Act. 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 clause (xvi) is not applicable.

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: 20124262AAAADH9464

Reliance Realty Limited

‘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 Realty Ltd (‘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’. 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.

Auditors’ 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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI, to the extent applicable to an audit of internal financial controls, both 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 statements, 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 judgement, 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 control 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 Ind AS financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 has been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at March 31, 2020

- i. Balances of receivables and payables and loans & advances are subject to confirmation. (Refer Note No. 2.37)
- ii. Statutory dues including Goods and Service Tax/Service Tax/ Value Added Tax / Tax Deducted at Source accounts are not reconciled and there are delays in filing of certain statutory returns with the respective authorities.

- iii. 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 financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to 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, 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 with reference to 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 Reporting 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 financial statements of the Company for the year ended March 31, 2020 and these material weaknesses has affected our opinion on financial statements of the Company for the year ended March 31, 2020 (our audit report dated July 31 2020), and we have expressed qualified opinion on these 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: 20124262AAAADH9464

Reliance Realty Limited
Balance Sheet as at March 31, 2020

	Notes	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
ASSETS			
Non Current Assets			
(a) Capital work-in-progress	2.01	3 88 983	5 50 000
(b) Investment Property	2.02	515 28 81 705	526 30 79 608
(c) Investment in Subsidiary and Associates	2.03	5 00 000	5 00 000
(d) Financial Assets			
(i) Other Financial Assets	2.04	-	-
(e) Other Non Current Assets	2.05	253 26 14 274	253 26 14 274
(f) Income Tax Assets	2.06	6 85 40 205	1 13 68 429
		775 49 25 167	780 81 12 311
Current Assets			
(a) Financial Assets			
(i) Trade Receivables	2.07	142 46 28 459	146 49 29 733
(ii) Cash and Cash Equivalents	2.08	89 67 633	37 40 607
(iii) Loans	2.09	1168 44 99 658	1168 44 99 658
(iv) Other Financial Assets	2.10	321 62 53 467	343 06 59 898
(b) Other Current Assets	2.11	2 88 21 060	12 62 30 675
		1636 31 70 277	1671 00 60 571
		2411 80 95 444	2451 81 72 882
Total Assets			
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	2.12	5 00 00 000	5 00 00 000
(b) Other Equity	2.13	(296 53 51 423)	(266 56 81 337)
		(291 53 51 423)	(261 56 81 337)
Liabilities			
Non Current Liabilities			
(a) Borrowings	2.14	468 22 36 190	462 36 48 997
(b) Provisions	2.15	9 97 955	53 93 380
(c) Deferred Tax Liabilities (net)	2.16	88 21 66 655	95 03 57 665
		556 54 00 800	557 94 00 042
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	2.17	2078 20 18 945	2080 25 28 464
(ii) Trade Payables	2.18		
Due to Micro and Small Enterprises		27 74 203	9 69 528
Others		10 61 44 635	11 65 30 021
(ii) Other Financial Liabilities	2.19	23 99 65 669	16 74 93 834
(b) Other Current Liabilities	2.20	33 65 05 714	46 62 75 479
(c) Provisions	2.21	6 36 901	6 56 851
		2146 80 46 067	2155 44 54 177
		2411 80 95 444	2451 81 72 882
Total Equities and Liabilities			

Significant Accounting Policies	1
Notes on Accounts	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**
Chartered Accountants
(Firm Registration No.107783W/W100593)

For and on behalf of the Board

Ramanan Laxminarayan
Director
DIN : 06739382

Parimal Kumar Jha
Partner
Membership No. 124262

Rakesh Gupta
Director
DIN: 0130829

Arvind Purohit
Company Secretary & Manager

Place : Mumbai.
Dated : 31/07/2020

Reliance Realty Limited

Statement of Profit and Loss for the period ended March 31, 2020

	Notes	For the period ended March 31, 2020	(Amount in ₹) For the year ended March 31, 2019
I INCOME			
(a) Revenue from Operation	2.22	78 89 36 652	59 06 21 851
(b) Other Income	2.23	1 13 84 833	3 61 33 827
(c) Total Income ((a)+(b))		80 03 21 485	62 67 55 678
II EXPENDITURE			
(a) Employee Benefit Expenses	2.24	2 68 73 907	5 69 92 191
(b) Finance Costs	2.25	47 74 37 947	1 64 45 646
(b) Depreciation Expenses	2.01 & 2.02	11 07 47 903	11 11 41 892
(c) Other Expenses	2.26	55 57 39 945	46 77 32 158
(d) Total Expenses ((a) to (c))		117 07 99 702	65 23 11 887
III Profit/ (Loss) before Tax (I(c) - II (d))		(37 04 78 217)	(2 55 56 209)
IV Tax expense:			
(a) - Current Tax		-	-
(b) - Deferred Tax Charge/ (Credit) (net)	2.16	(6 81 91 010)	5 85 21 647
(c) - Short / (Excess) provision of earlier year		-	-
(d) - Total Tax Expenses		(6 81 91 010)	5 85 21 647
V Profit/ (Loss) after Tax (III- IV)		(30 22 87 207)	(8 40 77 856)
VI Other Comprehensive Income			
Remeasurement of Gain/ (Loss) of the Defined employee benefit		26 17 121	(5 86 218)
VII Total Comprehensive Income for the period (V + VI)		(29 96 70 086)	(8 46 64 074)
VIII Earning per share of face value of ₹ 10 each fully paid up			
	2.31		
Basic (₹)		(60)	(17)
Diluted (₹)		(60)	(17)
Significant Accounting Policies	1		
Notes on Accounts	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
Chartered Accountants
(Firm Registration No.107783W/W100593)

Parimal Kumar Jha
Partner
Membership No. 124262

Place : Mumbai.
Dated : 31/07/2020

For and on behalf of the Board

Ramanan Laxminarayan
Director
DIN : 06739382

Rakesh Gupta
Director
DIN: 0130829

Arvind Purohit
Company Secretary & Manager

Reliance Realty Limited

Statement of Change in Equity for the year ended March 31, 2020

	(Amount in ₹)
	For the year ended March 31, 2020
	For the year ended March 31, 2019
A: Equity Share Capital	
Balance at the beginning of the year	5 00 00 000
Change in equity share capital during the period	-
Balance at the end of the year	<u>5 00 00 000</u>

B: Other Equity

(Attributable to Equity Share Holder)

Particular	Reserve and Surplus				Total
	General Reserve	Revaluation Reserve	Retained Earnings	Other Comprehensive Income	
Balance as at April 1, 2018	56 75 16 285	355 26 86 539	(670 22 47 866)	10,27,779.00	(258 10 17 263)
Add (Less) :					
Surplus / (Deficit) of Statement of Profit and Loss	-	-	1 30 43 331	-	1 30 43 331
Other Comprehensive Income	-	-	-	(5 86 218)	(5 86 218)
Depreciation on Revaluation	7 76 72 755	(7 76 72 755)	-	-	-
Balance as at March 31, 2019	<u>64 51 89 040</u>	<u>347 50 13 784</u>	<u>(668 92 04 535)</u>	<u>4 41 561</u>	<u>(256 85 60 150)</u>
Add (Less) :					
Surplus / (Deficit) of Statement of Profit and Loss	-	-	(30 22 87 207)	-	(30 22 87 207)
Other Comprehensive Income	-	-	-	26 17 121	26,17,121.00
Depreciation on Revaluation	7 78 85 555	(7 78 85 555)	-	-	-
Balance as at March 31, 2020	<u>72 30 74 595</u>	<u>339 71 28 229</u>	<u>(699 14 91 742)</u>	<u>30 58 682</u>	<u>(286 82 30 236)</u>

As per our Report of even date
For Pathak H.D. & Associates LLP
Chartered Accountants
(Firm Registration No.107783W/W100593)

For and on behalf of the Board

Ramanan Laxminarayan
Director
DIN : 06739382

Parimal Kumar Jha
Partner
Membership No. 124262

Rakesh Gupta
Director
DIN: 0130829

Arvind Purohit
Company Secretary & Manager

Place : Mumbai.
Dated : 31/07/2020

Reliance Realty Limited
Cash Flow Statement for the year ended March 31, 2020

	For the year ended March 31, 2020	(Amount in ₹) For the year ended March 31, 2019
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per statement of Profit and Loss	(37 04 78 217)	(2 55 56 209)
Adjusted for:		
Depreciation	11 07 47 903	11 11 41 892
Provision for Doubtful Debts	13 66 30 281	59 41 636
Remeasurement of net defined benefit liability/ asset	26 17 121	(5 86 218)
Finance Costs	47 74 37 947	1 64 45 646
Interest Income	(1 04 93 028)	(13 61 806)
Write back of Creditors no longer required	71 69 40 224	(1 51 90 061)
Operating Profit before Working Capital Changes	34 64 62 007	10 72 80 526
Adjusted for:		
Receivables and other Advances	21 58 83 296	(403 08 00 718)
Trade Payable & Other Liabilities	(54 86 78 740)	5 08 03 848
Cash Generated from Operations	1 36 66 563	(387 27 16 344)
Income Tax Refund	-	87 85 360
Income Tax Paid	(5 71 71 776)	(88 50 386)
Net Cash from Operating Activities	(4 35 05 213)	(387 27 81 370)
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	(3 88 983)	(7 04 77 000)
Loan Given to Body Corporate		66 72 46 731
Interest Received	1 15 56 967	2 22 142
Investment in Bank Deposits	(14 60 196)	-
Purchase of Investment	-	(5,00,000)
Net Cash Used in Investing Activities	97 07 788	59 64 91 873
C CASH FLOW FROM FINANCING ACTIVITIES		
Short Term Borrowings	(2 05 09 519)	(134 65 14 670)
Proceeds from Borrowings - Non Current	6 24 92 607	461 74 31 397
Interest Paid (net)	(29 58 636)	-
Net Cash from / (Used in) Financing Activities	3 90 24 452	327 09 16 727
Net Increase/ (Decrease) in Cash and Bank Balances	52 27 026	(53 72 770)
Opening Balance of Cash and Cash Equivalents	37 40 607	91 13 377
Effect of Exchange Gain/ (Loss) on Cash and Cash Equivalents		
Closing Balance of Cash and Cash Equivalents	89 67 633	37 40 607

Note:

- (1) Figures in brackets indicate cash outgo.
- (2) Cash and Cash Equivalents includes Fixed Deposits with Banks.
- (3) Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flow".

As per our Report of even date
For Pathak H.D. & Associates LLP
Chartered Accountants
(Firm Registration No.107783W/W100593)

For and on behalf of the Board

Ramanan Laxminarayan
Director
DIN : 06739382

Parimal Kumar Jha
Partner
Membership No. 124262

Rakesh Gupta
Director
DIN: 0130829

Arvind Purohit
Company Secretary & Manager

Place : Mumbai.
Dated : 31/07/2020

Reliance Realty Limited

Significant Accounting Policies to the Financial Statement

1 General Information and Significant Accounting Policy

1.01 General Information

Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited) ("the Company"), is registered under Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Communications Limited and engaged in providing infrastructure/ real estate related services.

1.02 Basis of Preparation of Financial Statements

- i) The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, in accordance with the generally accepted accounting principles (GAAP) in India and compliance with Indian Accounting Standard specified under Section 133 of the Companies Act, 2013 ("the Act") except matters specified in Note 2.43 & 2.37, read with Relevant Rule of the Companies (Indian Accounting Standard) Rules of 2015, 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 in Schedule III to the Companies Act, 2013. 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.

- ii) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

1.03 Functional Currency and Presentation Currency

These financial statements are presented in Indian Rupees which is presentation and functional currency of the company.

1.04 Investment Property & Property Plant and Equipment

- i) Investment Properties are, properties held for rental income and/ or capital appreciation, initially measured at cost including transaction cost and stated at cost net of Input credit / Modvat/ Cenvat, Value Added Tax less accumulated depreciation and amortisation based on Straight Line Method with effect from April 01, 2017 (till March 31,2017 Depreciation provided on written down value method), impairment loss, if any. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The Company depreciates investment property over 60 years or as per useful life prescribed as per Schedule II from the date of original purchase. Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on valuation performed by qualified and experienced Independent Valuer. Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

- ii) Property, Plant and Equipment are stated at cost net of Input credits/ Modvat/ Cenvat, Value Added Tax less accumulated depreciation, amortisation and impairment loss, if any. Subsequent Expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Company.

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.

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Reliance Realty Limited

Significant Accounting Policies to the Financial Statement

- iii) Depreciation is provided on Straight Line Method with effect from April 01, 2017 (till March 31, 2017 Depreciation provided on written down value method) Value based on useful life of the assets prescribed in Schedule II to the Companies Act, 2013. except for Interiors, forming part of building where the useful life of asset is estimated as 15 years. Premium on leasehold land is amortised over the remaining life of the lease.
- iv) Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.
- v) Depreciation methods, useful lives and residual values are reviewed periodically at each financial year.

1.05 Revenue Recognition

(i) The Company has applied Ind AS 115 "Revenue from Contracts with Customers" w.e.f. April 1, 2018, using the cumulative effect method and therefore comparative information has not been restated and continues to be reported under Ind AS 18. 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.

(ii) 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) 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.

1.06 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 benefit plans

Provident Fund

Contribution to the provident fund, which is a defined contribution plan, made to the Regional Provident Fund Commissioner is charged to the Profit and loss Statement on accrual basis. (Refer Note 2.33 (xi))

Gratuity Plan

Reliance Realty Limited

Significant Accounting Policies to the Financial Statement

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.

The obligation is measured at present value of the estimated future cash flows. The discount rates used for determining present value of obligation under defined benefit plan, are based on market yields of Government Securities as at the Balance Sheet date.

Remeasurements 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.

ii) 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. The 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.

Remeasurements gain and losses is recognised in the Statement of Profit and Loss in the period in which they arise.

1.07 Inventories

Items of inventories are measured at lower of cost (determined on weighted average basis) or net realisable value.

1.08 Taxes on Income and Deferred Tax

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that is probable that taxable profit will be available against which those 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 the deferred income tax assets and liabilities relate to 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. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets up to 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.

1.10 Impairment of Assets

Reliance Realty Limited

Significant Accounting Policies to the Financial Statement

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 asset's net selling price and value in use.

1.11 Provision, 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. 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. Contingent Assets are not recognised but disclosed in the financial statements, when economic inflow is probable.

1.12 Measurement of Fair value of financial instruments

The company's accounting policies and disclosures require the measurement of fair values for financial instruments.

The company has an established control framework with respect to the 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 the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the 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 the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.(Refer Note 2.30)

1.13 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 Assets

Classification

- i The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.
- ii In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

iii 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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

iv Subsequent measurement

Reliance Realty Limited

Significant Accounting Policies to the Financial Statement

Debt instruments: Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the 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) The 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 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. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or 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 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, and
- b) The asset's contractual cash flows 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 group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. 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 group 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 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 and 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 OCI. There is no recycling of the amounts from OCI 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 profit and loss.

Also, company has elected to apply the exemption available under Ind AS 101 to continue the carrying value for its investments in 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

Reliance Realty Limited

Significant Accounting Policies to the Financial Statement

A financial asset is primarily derecognised when:

- I) The 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 a '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 Company assesses on a forward looking basis the expected credit losses 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.

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. The 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

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 below:

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 relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings: After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or 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.

1.14 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 require 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.

Reliance Realty Limited

Significant Accounting Policies to the Financial Statement

This provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

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.

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.

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 Company and that are believed to be reasonable under the circumstances.

The areas involving critical estimates or judgements pertain to useful life of property, plant and equipment including Investment Properties (Note 2.01 and Note 2.02), current tax expense and payable, recognition of deferred tax assets for carried forward tax losses (Note 2.16), impairment of trade receivables and other financial assets (Note 2.07 & 2.10) and measurement of defined benefit obligation (Note 2.33).

Useful life of Property, Plant and Equipment including Investment Property: The 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.

Taxes : The Company provides for tax considering the applicable tax regulations and based on reasonable 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. MAT (Minimum Alternate Tax) is recognized as an asset only when and to the extent there is probable 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 to the effect that Company will be able to absorb such credit during the specified period.

Reliance Realty Limited

Significant Accounting Policies to the Financial Statement

Fair value measurement and valuation process: The Company measured at fair value certain financial assets and liabilities for financial reporting purposes.

The models used to determine fair values including estimates / judgements involved are validated and periodically reviewed by the management.

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 (including lease 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. Individual trade receivables are written off when management deems them not to be collectible.

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 the 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.

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).

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 Company and that are believed to be reasonable under the circumstances.

Reliance Realty Limited

Notes to the Financial Statements as at March 31, 2020

2.01 & 2.02 Investment Property

(Amount in ₹)									
Particulars	Leasehold Land	Buildings	Electrical Installations	Office Equipment	Furniture and Fixtures	Computer	Vehicles	Total	Capital Work in Progress
Gross carrying value									
As at April 1, 2018	2 72 82 127	1636 48 15 633	153 28 30 951	18 37 26 407	43 30 36 255	33 66 30 432	65 25 787	1888 48 47 592	-
Additions	-	-	-	-	-	-	-	-	5 50 000
Deductions	-	-	-	-	-	-	-	-	-
As at April 01, 2019	2 72 82 127	1636 48 15 633	153 28 30 951	18 37 26 407	43 30 36 255	33 66 30 432	65 25 787	1888 53 97 592	5 50 000
Additions	-	-	-	5 50 000	-	-	-	5 50 000	3 88 983
Deductions	-	-	-	-	-	-	-	-	(5,50,000)
As at March 31, 2020	2 72 82 127	1636 48 15 633	153 28 30 951	18 42 76 407	43 30 36 255	33 66 30 432	65 25 787	1888 59 47 592	3 88 983
Accumulated Depreciation									
As at April 1, 2018	62 97 544	1112 97 22 291	144 35 18 274	17 87 36 253	40 97 87 178	33 64 11 195	61 53 357	1351 06 26 092	-
Depreciation for the year	3 27 472	10 72 01 766	26 62 999	18 795	8 84 691	-	46 169	11 11 41 892	-
As at April 01, 2019	66 25 016	1123 69 24 057	144 61 81 273	17 87 55 048	41 06 71 869	33 64 11 195	61 99 526	1362 17 67 984	-
Depreciation for the year	3 27 472	10 74 95 411	22 13 999	13 330	6 97 690	-	0	11 07 34 572	-
As at March 31, 2020	69 52 488	1134 44 19 468	144 83 95 272	17 87 68 378	41 13 69 559	33 64 11 195	61 99 526	1373 25 02 556	-
Net Carrying Value									
As at April 01, 2019	2 06 57 111	512 78 91 576	8 66 49 678	49 71 359	2 23 64 386	2 19 237	3 26 261	526 30 79 608	5 50 000
As at March 31, 2020	2 03 29 639	502 03 96 165	8 44 35 679	55 08 029	2 16 66 696	2 19 237	3 26 261	515 28 81 705	3 88 983

2.01.01

Gross Block of Electrical installations includes ₹ 2 65 59 000 (previous year ₹ 2 65 59 000) towards Metering equipment's which are under custody and control of Maharashtra State Electricity Board.

Information regarding income and expenditure of Investment property

	For the year ended 31, 2020	March	For the year ended March 31, 2019
Rental income derived from investment properties	78 89 36 652		59 06 21 851
Direct operating expenses (including repairs and maintenance) generating rental income	26 79 66 001		31 89 63 393
Direct operating expenses (including repairs and maintenance) that did not generate rental income	6 11 75 249		4 21 45 316

The fair value of investment property is Rs 6284 crore considering realization value based on valuation report obtained in F.Y.2016-17 and in the previous year the fair value was Rs 12164 crore considering development basis valuation.

Reliance Realty Limited**Notes to the Financial Statements as at March 31, 2020**

	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
2.03 Investments in Subsidiaries and Associates (valued at cost unless stated otherwise)		
In Equity Shares of Wholly Owned Subsidiary Companies*		
Unquoted, fully paid up		
50 000 Reliance Infra Projects Limited of ₹ 10 each (50 000)	5 00 000	5 00 000
In Equity Shares of Companies*		
Unquoted, fully paid up		
1 80 19 900 Reliance Telecom Limited of ₹ 10 each	17 48 83 400	17 48 83 400
(1 80 19 900) Less: Provision for Impairment (Refer Note 2.42)	<u>(17 48 83 400)</u>	<u>(17 48 83 400)</u>
	<u>-</u>	<u>-</u>
	<u>5 00 000</u>	<u>5 00 000</u>
2.04 Other Financial Assets		
Bank Deposit with Maturity for more than 12 months	-	-
	<u>-</u>	<u>-</u>
2.05 Other Non Current Assets		
Capital Advances (Refer Note 2.36 & 2.42)	25 45 27 000	25 45 27 000
Electricity and other deposits (Refer Note 2.29)	227 80 87 274	227 80 87 274
	<u>253 26 14 274</u>	<u>253 26 14 274</u>
2.06 Income Tax Assets		
Advance taxes and Tax deducted at source (Net) (Refer Note 2.37)	6 85 40 205	1 13 68 429
	<u>6 85 40 205</u>	<u>1 13 68 429</u>

Reliance Realty Limited

Notes to the Financial Statements as at March 31, 2020

	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
2.07 Trade Receivables (Unsecured) (Unsecured, Considered goods / unless stated otherwise)		
Considered Good	142 46 28 459	146 49 29 733
Considered Doubtful	36 73 07 673	25 21 84 468
	<u>179 19 36 132</u>	<u>171 71 14 201</u>
Less: Provision for doubtful debts	36 73 07 673	25 21 84 468
	<u>142 46 28 459</u>	<u>146 49 29 733</u>
 2.08 Cash and Cash Equivalents		
Balances with Banks	72 14 689	20 82 023
Bank Deposit with less than 3 months maturity	17 52 944	16 58 584
	<u>89 67 633</u>	<u>37 40 607</u>

Reliance Realty Limited

Notes to the Financial Statements as at March 31, 2020

	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
2.09 Loans		
(Unsecured, Considered goods / unless stated otherwise)		
Considered Good*	1168 44 99 658	1168 44 99 658
Considered Doubtful	<u>520 88 30 140</u>	<u>520 88 30 140</u>
	1689 33 29 798	1689 33 29 798
Less: Provision for doubtful debts (Refer Note 2.37 & 2.42)	<u>520 88 30 140</u>	<u>520 88 30 140</u>
	<u>1168 44 99 658</u>	<u>1168 44 99 658</u>
2.10 Other Financial Assets		
(Unsecured, Considered good - unless stated otherwise)		
Unbilled Revenue	-	21 89 32 648
Bank Deposit with Maturity for Less than 12 months	57 28 348	42 68 152
Excess payment towards Gratuity	41 29 960	-
Other Receivable * (Refer Note 2.37 & 2.42)	320 54 90 737	320 54 90 737
Interest accrued on Fixed Deposit	9 04 422	19 68 361
	<u>321 62 53 467</u>	<u>343 06 59 898</u>
<p>* The Company has paid to two fellow subsidiaries during previous year for which terms were yet to be finalised, accordingly no interest is charged on these receivables.</p>		
2.11 Other Current Assets		
(Unsecured, Considered good -unless stated otherwise)		
Advance to vendor and Others	2 88 02 336	1 44 33 032
Considered Doubtful	<u>1 07 53 538</u>	-
	3 95 55 874	1 44 33 032
Less: Provision for doubtful debts	<u>1 07 53 538</u>	-
	<u>2 88 02 336</u>	<u>1 44 33 032</u>
Others		
Prepaid expenses	-	18 36 895
Advance to Employees	18 724	13 563
Balance with Govt. Authorities (Refer note 2.37)	-	10 99 47 185
	<u>2 88 21 060</u>	<u>12 62 30 675</u>

Reliance Realty Limited
Notes to the Financial Statements as at March 31, 2020

	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
2.12 Share Capital		
Authorised		
50 00 000 Equity Shares of ₹ 10 each (50 00 000)	5 00 00 000	5 00 00 000
50 00 000 7.5% Redeemable Non Cumulative Non Convertible Preference Shares of ₹ 10 each (50 00 000)	5 00 00 000	5 00 00 000
	<u>10 00 00 000</u>	<u>10 00 00 000</u>
Equity Shares Capital		
Issued, Subscribed and Paid up		
50 00 000 Equity Shares of ₹ 10 each fully paid up (50 00 000)	5 00 00 000	5 00 00 000
	<u>5 00 00 000</u>	<u>5 00 00 000</u>
2.12.1 Share held by Holding Company		
Reliance Communications Limited, and its Nominee	No. of shares 50 00 000 100%	No. of shares 50 00 000 100%
2.12.2 Details of Share Holders Holding more than 5% Shares in the company		
Reliance Communications Limited, and its Nominee	50 00 000	50 00 000
2.12.3 Type of Equity Share		
The Company has only one class of Equity Share having at par value of ₹10 per share. Each holder of Equity share is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all the preferential amounts, in proportion to their shareholdings.(Refer Note 2.38)		
2.12.4 Reconciliation of shares outstanding at the beginning and at the end of the reporting year		
Equity Shares		
At the beginning of the year	No. of shares 50 00 000	No. of shares 50 00 000
Add / (Less) : Changes during the year	-	-
At the end of the year	<u>50 00 000</u>	<u>50 00 000</u>

Reliance Realty Limited

Notes to the Financial Statements as at March 31, 2020

	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
2.13 Other Equity		
Reserves and Surplus		
General Reserve		
Opening Balance	64 51 89 040	56 75 16 285
Add : Transferred from Revaluation Reserve (To the extent depreciation on revaluation)	<u>7 78 85 555</u>	<u>7 76 72 755</u>
	72 30 74 595	64 51 89 040
Revaluation Reserve		
Opening Balance	347 50 13 784	355 26 86 539
Less: Transferred to statement of Profit and Loss on account of Depreciation on revaluation surplus (Refer note 2.13.01)	<u>7 78 85 555</u>	<u>7 76 72 755</u>
	339 71 28 229	347 50 13 784
Surplus / (Deficit) in the statement of Profit and Loss		
Opening Balance	(678 63 25 722)	(670 22 47 866)
Add : Profit (Loss) for the year	<u>(30 22 87 207)</u>	<u>(8 40 77 856)</u>
	(708 86 12 929)	(678 63 25 722)
Other Comprehensive Income		
Opening Balance	4 41 561	10 27 779
Add : Additions during the year (net of taxes)	<u>26 17 121</u>	<u>(5 86 218)</u>
	30 58 682	4 41 561
Balance Carried forward	<u>(296 53 51 423)</u>	<u>(266 56 81 337)</u>

2.13.01 In earlier year, the Company has revalued Buildings situated at Dhirubhai Ambani Knowledge City, Navi Mumbai as at 1st April 2006 by an amount of ` 1007.92 crore and an equivalent amount has been credited to Revaluation Reserve. Consequent to the revaluation, there is an additional charge of depreciation of ` 7 78 85 555 (Previous year ` 7 76 72 753) for the year and an equivalent amount has been withdrawn from Revaluation Reserve and credited to the General Reserve.

2.14 Borrowings

Loan from Body Corporate (Unsecured) (Refer Note 2.39)	468 22 36 190	462 36 48 997
	<u>468 22 36 190</u>	<u>462 36 48 997</u>

2.15 Provision

Long Term Provision

Provision for Employee Benefit	9 97 955	53 93 380
	<u>9 97 955</u>	<u>53 93 380</u>

Reliance Realty Limited

Notes to the Financial Statements as at March 31, 2020

2.16 Deferred Tax Liabilities (Net)

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Deferred Tax Liabilities				
Related to timing difference on depreciation on fixed assets	131 61 91 374	129 90 28 377	1 71 62 997	75 82 589
(ii) Deferred Tax Assets				
Related to carried forward loss	18 75 55 167	8 99 21 103	9,76,34,064	(10,34,70,864)
MAT Credit Entitlement	6 54 52 918	6 54 52 918	-	14,92,397
Related to other disallowances	18 10 16 633	19 32 96 691	(1,22,80,057)	10,39,40,126
Net Deferred Tax Liabilities (I-II)	88 21 66 655	95 03 57 665	(6 81 91 010)	56 20 930
		101 58 10 584	(6,81,91,010)	56 20 930
Deferred Tax Charge/ (Credit)			(6 81 91 010)	56 20 930

The company 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.

(a) Amounts recognised in profit and loss

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current income tax	-	-
Short /(Excess) Provision for the earlier years	-	-
Deferred income tax liability / (asset), net including on	(6 81 91 010)	5 85 21 647
Tax expense for the year	(6 81 91 010)	5 85 21 647

2.16 (c) Reconciliation of Tax Expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/ (Loss) before Tax	(37 04 78 217)	(2 55 56 209)
Applicable Tax Rate	31.200%	34.944%
Computed Tax Expenses (I)	(11 55 89 204)	(89 30 362)
Add: Items not considered for Tax Computation		
MAT Credit Entitlement	-	(14 92 397)
For Tax Rate Difference	1 38 70 704	29 96 569
On Carry forwarded losses	9 76 34 064	
On Expenses not allowed/ (allowed) for computing taxable profit	-6 41 06 574	6 59 47 837
Short /(Excess) provision for the of earlier years	-	-
Sub total (II)	4 73 98 194	6 74 52 009
Income Tax Expenses charge/ (credit) to Statement	(6 81 91 010)	5 85 21 648

The Company's consolidated weighted average tax rates for the years ended March 31, 2020 and 2019 were (18.41)% and 229%, respectively. The effective tax rate for the year ended March 31, 2020 was lower primarily as a result of the facts mentioned above.

Reliance Realty Limited

Notes to the Financial Statements as at March 31, 2020

	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
2.17 Borrowings-Current		
Unsecured		
Loan from Holding Company (Refer Note 2.37 & 2.41)	78 20 18 945	80 25 28 464
50,00,000 7.5% Non Cumulative Non Convertible Preference (50,00,000) Shares of ₹ 10 each (Refer Note 2.16.01)	2000 00 00 000	2000 00 00 000
	2078 20 18 945	2080 25 28 464

2.17.01 Preference Shares

(a) Details of Shareholders holding more than 5% Preference Shares

Reliance Bhutan Limited,	50 00 000	50 00 000
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(b) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	No. of shares	No. of shares
At the beginning of the year	50 00 000	50 00 000
Add / (Less) : Changes during the year	-	-
At the end of the year	50 00 000	50 00 000

Preference Share are redeemable at any time after the date of allotment (i.e. December 31,2016) and before expire of 20 years from the date of allotment, at 7.5% yield per annum less dividend paid ,if any, at the time of redemption on issue price (Face value plus premium paid at the time of application) by giving 15 days advance notice to the Preference Shareholders, or on expire of 20 years from the date of allotment at the price of ₹ 4,000 per share (including ₹ 3,990 premium per share), in case above option is not exercised.

2.18 Trade Payable

Due to Micro and Small Enterprises	7 28 333	9 69 528
Due to Related Parties (Refer Note 2.42)	20 45 870	20 16 858
Others	10 61 44 635	11 45 13 164
	10 89 18 838	11 74 99 550

2.18.01 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under the Micro, Small & 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.

a. Principal amount due to any supplier as at the year end	30 17 392	90 55 081
b. Interest due on the principal amount unpaid at the year end to any supplier	1 05 060	1 35 528
c. 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	-	-
d. Payment made to the enterprises beyond appointed date under section 16 of MSMED	4 95 11 200	2 33 83 756
e. 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	6 23 273	7 30 447
f. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	7 28 333	9 69 528
g. The 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	1 73 549	67 521

	As at	(Amount in ₹)
	March 31, 2020	As at March 31, 2019
2.19 Other Financial Liabilities		
Current Maturity of Long Term Debt (Refer Note 2.39)	1 24 88 895	85 83 481
Provision for Expenses	16 55 60 557	14 12 08 897
Other Liabilities (Refer Note 2.37)	6 19 16 217	1 77 01 456
	<u>23 99 65 669</u>	<u>16 74 93 834</u>
2.20 Other Current Liabilities		
Other Statutory Dues (Refer Note 2.37)	2 99 39 417	16 37 53 850
Deposit received from vendors	42 81 528	42 81 528
Other Liabilities*	30 22 84 769	29 82 40 101
	<u>33 65 05 714</u>	<u>46 62 75 479</u>
* Includes advance received from customers and other payable (Refer Note 2.35)		
2.210 Provisions		
Provision for Employee Benefit	6 36 901	6 56 851
	<u>6 36 901</u>	<u>6 56 851</u>

Reliance Realty Limited**Notes to the Financial Statements as at March 31, 2020**

	For the period ended March 31, 2020	(Amount in ₹) For the year ended March 31, 2019
2.22 Revenue From Operations		
Service Revenue	78 89 36 652	59 06 21 851
	<u>78 89 36 652</u>	<u>59 06 21 851</u>
2.23 Other Income		
Interest Income	1 04 93 028	2 09 43 766
Miscellaneous Income	8 91 805	1 51 90 061
	<u>1 13 84 833</u>	<u>3 61 33 827</u>
2.24 Employee Benefit Expenses		
Salaries (Including Managerial Remuneration) (Refer Note 2.42)	2 30 92 194	4 73 96 711
Contribution to Provident, Gratuity and Superannuation Fund & Others	13 08 615	55 00 842
Employee Welfare and Other Amenities	24 73 098	40 94 638
	<u>2 68 73 907</u>	<u>5 69 92 191</u>

Reliance Realty Limited**Notes to the Financial Statements as at March 31, 2020**

(Amount in ₹)

	For the period ended March 31, 2020	For the year ended March 31, 2019
2.25 Finance Costs		
Interest and Other Charges (Net)	47 74 37 947	1 64 45 646
	<u>47 74 37 947</u>	<u>1 64 45 646</u>
2.26 Other Expenses		
Insurance	1 38 48 119	58 49 872
Rent, Rates & Taxes	4 73 27 130	3 62 95 444
Electricity Expenses	17 71 04 272	21 21 89 954
Repairs and Maintenance	6 63 21 859	8 13 24 372
Provision for Doubtful Debts and Receivables	13 66 30 281	59 41 636
Professional Fees	67 98 600	1 48 88 985
Water Charges	1 54 47 374	1 49 67 186
Postage and Courier	1 99 291	6 58 205
Horticulture Expenses	1 03 51 013	95 78 937
Guest House Expenses	1 26 77 170	1 39 35 203
Catering/Lunch/Canteen Expenses	15 11 687	19 34 927
Hire Charges-Contracted Services	94 78 892	99 51 843
Security Expenses	3 00 02 974	1 55 15 986
Other Miscellaneous Expenses	1 71 08 051	1 88 56 958
Other General and Administrative Expenses	1 05 83 231	2 54 92 650
Payment to Auditors		
Audit Fees	2 50 000	2 50 000
Tax Audit Fees	1 00 000	1 00 000
	<u>3 50 000</u>	<u>3 50 000</u>
	<u>55 57 39 945</u>	<u>46 77 32 158</u>

Reliance Realty Limited**Notes to the Financial Statements as at March 31, 2020****Note : 2.27****Previous Year**

The figures for the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees, except as otherwise stated.

For the year Ended March 31,2020		Regrouped in the year ended March 31.22019	
Nature	New Grouping	Old Grouping	Amount in Rs
Assets -Non Current Assets	Investment Property	Property Plant & Equipments	11 45 30 921

Note 2.28**Segment Reporting**

The Company is mainly engaged in the business of providing business centre facilities and other income is incidental in nature, hence in the opinion of the management there are no other reportable segments as per Ind As - 108 "Operating Segments".

Note 2.29**Contingent Liabilities and Capital Commitment (as represented by the Management)**

i) 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 company has paid ₹ 200 crore under protest. The matter is pending before the Bombay High Court and no provision is required.

ii) During the previous year, the Company has issued, on behalf of Holding Company Reliance Communications Limited, a Corporate Guarantee of ₹ 1,400.00 crore in favor of Department of Telecommunications.

Note 2.30**2.30.1 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, trade and other short term receivables, trade payables, other current liabilities, short term borrowings 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 rates 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:

Particulars	(Amount in ₹)	
	As at March 31, 2020	As at April 01, 2019
Financial assets at amortized cost:		
Cash and cash equivalents (Refer Note 2.08)	89 67 633	37 40 607
Loans (Refer Note 2.09)	1168 44 99 658	1168 44 99 658
Trade receivables (Refer Note 2.07)	142 46 28 459	146 49 29 733
Other financial assets (Refer Note 2.04 & 2.10)	321 62 53 467	343 06 59 898
Total	1633 43 49 217	1658 38 29 896
Financial assets at fair value through Profit	Nil	Nil
Financial assets at fair value through other Comprehensive	Nil	Nil
Financial liabilities at amortized cost:		
Trade payables (Refer note 2.18)	10 89 18 838	11 74 99 549
Other financial liabilities (Refer Note 2.19)	23 99 65 669	16 74 93 834
Borrowings (Refer Note 2.14 & 2.17)	2546 42 55 135	2542 61 77 461
Total	2581 31 39 642	2571 11 70 844
Financial liabilities at fair value through Profit and Loss:	Nil	Nil
Financial Liabilities at fair value through other Comprehensive Income:	Nil	Nil

Reliance Realty Limited

Notes to the Financial Statements as at March 31, 2020

2.30.2 Financial Risk Management Objectives and Policies

The Company's activities 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 financial assets includes trade receivables, cash and bank balances, other receivables etc. arises from its operation.

Financial risk management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at	Ageing analysis	Diversification of bank deposits, Letters of Credit
Liquidity Risk	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of borrowing facilities
Market risk-foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee	Sensitivity analysis	Unhedged
Market risk - interest rate	Long -term borrowing at variable rates	Sensitivity analysis	Not applicable
Market risk -price risk	Unquoted investment in equity shares of subsidiaries and associates- not exposed to price risk fluctuations	-	-

Market risk

The Company operates in domestic market only and all business transactions are carried out through domestic currencies and therefore the Company is not exposed to foreign exchange risk. Market Risk is the risk that changes in market prices such as foreign exchange rates, interest rates. So Market Risk is not exist in the Company.

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.

Exposure to Interest Rate Risk

Interest rate risk of the Company arises from borrowings. The Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at fixed rate. Interest rate profile of interest-bearing financial instruments of the Company is as follows.

The Company's interest-bearing financial instruments are reported as below

	(Amount in ₹)	
	As at March 31, 2020	As at March 31, 2019
Fixed Rate Instruments		
Financial Assets	74 81 292	78 95 097
Financial Liabilities	2468 22 36 190	2462 36 48 997
Variable Rate Instruments		
Financial Assets	-	-
Financial Liabilities	-	-

Reliance Realty Limited

Notes to the Financial Statements as at March 31, 2020

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 are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company 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 model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Ageing of Trade Receivable

(Amount in ₹)

Particulars	As at March 31,2020		As at March 31,2019	
	Gross Amount	Provision for Doubtful Debts	Gross Amount	Provision for Doubtful Debts
Days				
0-90	79 15 26 664	-	69 75 36 777	
91-181	5 92 837	-	20 45 865	
181-365	2 05 48 637	-	3 31 33 835	
Above 365	97 92 67 994	36 73 07 673	98 43 97 724	25 21 84 468
Total	179 19 36 132	36 73 07 673	171 71 14 201	25 21 84 468
		-		-
Movement of Provision for Doubtful	For the year ended March 31,2020		For the year ended March 31,2019	
Opening Balance	25 21 84 468		24 62 42 832	
Add: Provision during the year	11 51 23 205		59 41 636	
Less: Write off during the year		-		-
Closing Balance	36 73 07 673		25 21 84 468	

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Working capital of the company is negative but that The company believes that the will be sufficient by obtaining further borrowing to meet its current requirements. Accordingly, no liquidity risk is perceived. The Company closely monitors its liquidity position and maintains adequate source of funding.

The table below provides details regarding the contractual maturities, within one year, of significant financial liabilities are as under:

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings	78 20 18 945	80 25 28 464
Trade payables	10 89 18 838	11 74 99 549
Other financial liabilities	23 99 65 669	16 74 93 834

Note 2.31

Earnings per Share (EPS)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic and Diluted EPS		
(a) Profit attributable to Equity Shareholders (₹) (used as numerator for calculating Basic EPS)	(30 22 87 207)	(8 46 64 074)
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	50 00 000	50 00 000
(c) Profit attributable to Equity Shareholders (₹) (used as numerator for calculating Diluted EPS)	(30 22 87 207)	(8 46 64 074)
(d) Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	50 00 000	50 00 000
(e) Basic Earnings per Share of ₹ 5 each (₹)	(60)	(17)
(f) Diluted Earnings per Share of ₹ 5 each (₹)	(60)	(17)

Reliance Realty Limited

Notes to the Financial Statements as at March 31, 2020

Note 2.32

Corporate Social Responsibility (CSR) Expenses

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 2.33

Employee Benefits

Gratuity: In accordance with the applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) for all its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on respective employees 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-a-vis settlements. The management is responsible for the overall governance of the plan. The management have outsourced the investment management of the fund to insurance company which in turn manage 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 of a final salary defined benefit in nature 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 exposed the Company at 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 Indian Accounting Standard ("Ind AS") 19 "Employee Benefits".

Particulars	(Amount in ₹)	
	As at March 31, 2020	As at March 31, 2019
(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at beginning of the year	49 92 770	18 10 130
Service cost	2 49 937	1 48 927
Interest cost	3 81 448	1 38 475
Liability Transferred In / Acquisitions	(26 86 240)	34 13 864
Actuarial (gain)/ loss -Due to change in Demographic Assumptions	-	3 78 261
Actuarial (gain)/ loss - Due to Change In Financial Assumptions	-	3 428
Actuarial (gain)/ loss - Due to Experience	-	1 28 560
Benefits paid	(11 25 158)	(10 28 875)
Obligation at year end	18 12 757	49 92 770

Defined benefit obligation liability as at the balance sheet is wholly funded by the Company

Reliance Realty Limited
Notes to the Financial Statements as at March 31, 2020

Particulars	(Amount in ₹)	
	As at March 31, 2020	As at March 31, 2019
(ii) Change in plan assets		
Plan assets at beginning of the year, at fair value	66 30 429	71 85 576
Expected return on plan assets	4 37 446	(75 969)
Interest Income Expected Contributions by the Employee	-	5 49 697
Benefits Paid from the Fund	(11 25 158)	(10 28 875)
Plan assets at year end, at fair value	59 42 717	66 30 429
(iii) Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end	59 42 717	66 30 429
Present value of the defined benefit	(18 12 757)	(18 12 757)
Asset recognized in the Balance Sheet	41 29 960	48 17 672
(iv) Expenses Recognized in Profit or Loss		
Service Cost	2 49 937	2 49 937
Interest Cost	(1 25 117)	(1 68 249)
Total	1 24 820	81 688
(v) Amount Recognized in Other Comprehensive Income		
Actuarial (gain)/ loss recognized in Other Comprehensive income		
Expected return on plan assets	(4 37 446)	75 969
Total	(4 37 446)	75 969
(vi) Experience adjustment		
On Plan Liabilities (Gain)/Loss	-	-
On Plan Assets Gain / (Loss)	-	-
(vii) Investment details of plan assets		
100% of the plan assets are invested in balanced Fund Instruments		
(viii) Actual return on plan assets	4 37 446	4 73 728
(ix) Assumptions		
Interest rate	5.04%	7.64%
Estimated return on plan assets	5.04%	7.64%

Reliance Realty Limited**Notes to the Financial Statements as at March 31, 2020****(x) Particulars of the amounts for the year and previous years**

	Gratuity				
	for the year ended March 31,				
	2020	2019	2018	2017	2016
Present Value of benefit obligation	18 12 757	49 92 770	18 10 130	46 58 235	40 88 032
Fair value of plan assets	59 42 717	66 30 429	71 85 576	87 11 880	85 44 996
Excess of (obligation over plan assets) / plan assets over obligation	(41 29 960)	(16 37 659)	(53 75 446)	(40 53 645)	(44 56 964)

*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.

(ix) 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.

	(Amount in ₹)	
	As at	As at
	March 31,2020	March 31,2019
Discount rate (+1% movement)	(28 572)	(3 24 857)
Discount rate (-1% movement)	29 144	3 62 140

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.

(x) Maturity analysis of defined benefit plan (fund)

	As at	As at
	March 31,2020	March 31,2019
1st following year	7 84 333	4 25 876
2st following year	5 19 408	2 53 043
3st following year	2 57 316	2 62 077
4st following year	1 54 712	2 90 991
5st following year	49 016	3 02 129
6st following year	26 706	37 84 448
Sum of 6 years and above	21 266	39 19 442

(xi) Provident Fund :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 31.05.2020. from 01.06.2019 the PF deducted of employee is deposited with RPFC as per order received from the PF Commissioner Dated 11.06.2019 PF deducted from the month of June 2019, 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)

For the year ended March 31,2020, the Company has contributed Rs 2 29 760 towards PF Trust and Rs 4 40 752 towards Provident Fund to RPFC.

The assumption made for the above are discount rate of 5.04%, average remaining tenure of Investment Portfolio is 8 years and guaranteed rate of return is 8.65%

Note 2.34

The Company in the capacity of agent recovers only the actual amount towards electricity consumed by customer and therefore, as legally advised electricity expenses are shown net of said reimbursements of ₹ 71 96 14 798 from Globalcom IDC Limited.

Note 2.35

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 Rs 26.99 crore from STT which is reflected as Advance Received from Customer under Other Liabilities in the financial statements.

Reliance Realty Limited

Notes to the Financial Statements as at March 31, 2020

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 Rs.26.99 crore with the Court OR pass attachment order on assets of the Company so as to satisfy the claim of Rs.26.99 crore. The next date in the matter will be listed in due course.

Note 2.36

During the previous year, the Company had entered into a Development agreement with Reliance Globalcom Limited (RGL) for completion of Internet Data Centre 5 (IDC 5) building and paid Rs 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 certification of work completion

Note 2.37

On completion of the corporate insolvency resolution process of the Holding Company, the Company will carry out a comprehensive review of all the assets and liabilities and accordingly provide for impairment of assets and write back of liabilities, if any. Consistent with the practice followed in earlier years, interest has not been charged/provided on loans given/availed to/from holding company and fellow subsidiaries company. Receivable and Payable balances are subject to confirmation from the respective parties. Further, the Company is in the process of reconciling Goods & Service Tax (GST) and Tax Deducted at source.

Note 2.38

During the previous year ended March 31, 2019, the Holding Company was in the process of finalising and implementing its asset monetization and debt resolution plan, comprising the Holding 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 of the Holding Company, the control of RRL has now been transferred from ADA Group to the Holding Company. During the year, pursuant to amendment of the Articles of Association in the Extra Ordinary General Meeting of the Company, held on December 10, 2019, the control of the Company was conferred on the Holding Company, with effect from December 10, 2019

Note 2.39

During the Previous year, the Company 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 Rs 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 2.40

During the previous year, the Company had extended loans to Fellow subsidiaries amounting to Rs1168.45 crore for which terms are not decided, accordingly no interest is charged to them

Note 2.41

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

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, the Company is leasing its premises to the Holding Company and fellow subsidiaries providing 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 without any interruptions and honour commitments during lockdown and as such there has been no significant impact on the operations of the Company on account of COVID-19.

Reliance Realty Limited**Notes to the Financial Statements as at March 31, 2020****Note 2.42 Related Parties**

As per Indian Accounting Standard 24, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties are given below :

i) List of related parties and their relationships :

1	Reliance Communications Limited	Holding Company 100% Subsidiary (w.e.f. 23 July 2018)	
2	Reliance Infra Projects Limited		
3	Reliance Webstore Limited		
4	Reliance Communications Infrastructure Limited		
5	Reliance Infratel Limited		
6	Independent TV Limited		
7	Reliance Tech Services Limited		
8	Reliance Telecom Limited		
9	Globalcom IDC Limited		
10	Reliance Globalcom Limited		
11	Reliance Bhutan Limited		
12	Reliance Capital Limited	Name of the Fellow Subsidiary Companies with whom transactions have taken place	
13	Reliance General Insurance Company Limited		
14	Reliance Home Finance Limited		
15	Reliance Commodities Limited		
16	Reliance Wealth Management Limited		
17	Reliance Financial Limited		
18	Reliance Money Solutions Private Limited		
19	Reliance Securities Limited		
20	Reliance Infrastructure Limited		
21	Reliance Power Limited		
22	Sasan Power Limited		
23	Vidarbha Industries Power Limited		Enterprise over which promoter of holding control
24	Rosa Power Supply Company Limited		
25	Reliance Nippon Life Insurance Limited		
26	Global Cloud Exchange		
27	Reliance Nippon Life Assets Management Limited		
28	Reliance Commercial Finance Limited		
29	Reliance Health Insurance Limited		
30	Reliance Life Insurance Limited		
31	Reliance Defence Limited		
32	Unlimit IOT Private Limited		
33	Reliance Capital Asset Management Company Limited	Key Managerial Personnel	
34	Reliance Transport & Travels Limited		
35	Jaywant Prabhu	Employee Benefit Trust	
36	Arvind Purohit		
37	Chemical and Fibers of India Limited Providend Fund		

Note : Related party transaction is as identified by the company and relied upon by the Auditors.

Reliance Realty Limited
Notes to the Financial Statements as at March 31, 2020
ii) Transaction with the related parties :-

During the Financial Year 2019 - 2020

(Amount in ₹)

Sr. No.	Nature of Transactions	Holding Company	Subsidiary	Fellow Subsidiaries	Enterprise over which promoter of holding Company having control	Key Managerial Personnel / Employee Bebenefit Trust	Total
A Allotment of Shares							
Equity Shares							
	Balance as at April 1, 2019	5 00 00 000 (5 00 00 000)	- (-)	- (-)	- (-)	- (-)	5 00 00 000 (5 00 00 000)
	Allotted during the year	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	Balance as at March 31, 2020	5 00 00 000 (5 00 00 000)	- (-)	- (-)	- (-)	- (-)	5 00 00 000 (5 00 00 000)
Preference Share (Including Share Premium)							
	Balance as at April 1, 2019	- (-)	- (-)	2000 00 00 000 (2000 00 00 000)	- (-)	- (-)	2000 00 00 000 (2000 00 00 000)
	Allotted during the year	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	Balance as at March 31, 2020	- (-)	- (-)	2000 00 00 000 (2000 00 00 000)	- (-)	- (-)	2000 00 00 000 (2000 00 00 000)
B Borrowings (Unsecured Loans) *							
	Balance as at April 1, 2019	80 25 28 464 216 49 72 350	- (-)	- (-)	- (-)	- (-)	80 25 28 464 (-)
	Unsecured Loan taken during year	33 84 305 6 18 39 997	- (-)	- (-)	- (-)	- (-)	33 84 305 6 18 39 997
	Repayment/Adjustment of Loan	2 38 93 824 142 42 83 883	- (-)	- (-)	- (-)	- (-)	2 38 93 824 142 42 83 883
	Balance as at March 31, 2020	78 20 18 945 80 25 28 464	- (-)	- (-)	- (-)	- (-)	78 20 18 945 80 25 28 464
C Investments							
	Balance as at April 1, 2019	- (-)	- (-)	5 00 000 (-)	- (-)	- (-)	5 00 000 (-)
	Purchased during the year	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	Provision for Impairment	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	Balance as at March 31, 2020	- (-)	- (-)	5 00 000 (-)	- (-)	- (-)	5 00 000 (-)
D Trade Receivables*							
		- (-)	- (-)	140 31 85 203 (143 43 03 522)	11 24 470 (2 23 98 750)	- (-)	140 43 09 673 (145 67 02 272)
E Trade Payables *							
		- (-)	- (-)	- (-)	20 45 870 (20 16 857)	- (-)	20 45 870 (20 16 857)
F Loan to related party							
		- (-)	- (-)	1168 44 99 658 (1168 44 99 658)	- (-)	- (-)	1168 44 99 658 (1168 44 99 658)
G Other Receivable							
		- (-)	- (-)	320 54 90 737 (320 54 90 737)	- (-)	- (-)	320 54 90 737 (320 54 90 737)

Reliance Realty Limited
Notes to the Financial Statements as at March 31, 2020

Sr. No.	Nature of Transactions	Holding Company	Subsidiary	Fellow Subsidiaries	Enterprise over which promoter of holding Company having control	Key Managerial Personnel / Employee Bebenefit Trust	(Amount in ₹)
							Total
H	Advance From Customers	- (-)	- (-)	53 62 435 (-)	16 12 036 (19 55 098)	- (-)	69 74 471 (19 55 098)
I	Advance to Others	- (-)	- (-)	- (-)	2 51 32 380 (1 32 380)	- (-)	2 51 32 380 (1 32 380)
J	Capital Advance	- (-)	- (-)	25 45 27 000 (25 45 27 000)	- (-)	- (-)	25 45 27 000 (25 45 27 000)
K	Other Financial Assets - Unbilled Revenue	- (3 66 38 400)	- (-)	- (18 09 45 297)	- (10 09 800)	- (-)	- (21 85 93 497)
L	Other Expenses	1 54 96 507 (56 89 699)	- (-)	- (-)	- (1 60 172)	- (-)	1 54 96 507 (58 49 871)
M	Revenue from Operation						
	Facility usage charges/ Rent	6 64 99 723 (4 55 41 300)	- (-)	23 58 66 533 (50 95 71 681)	9 63 958 (75 04 303)	- (-)	30 33 30 214 (56 26 17 284)
N	Managerial Remuneration**	- (-)	- (-)	- (-)	- (-)	28 07 849 (15 74 422)	28 07 849 (15 74 422)
O	Employee benefit expenses	- (-)	- (-)	- (-)	- (-)	3 42 688 (15 49 394)	3 42 688 (15 49 394)

* Includes non cash transactions

** Reimbursable to Holding Company

Note : Figures in bold represents current year figures.

Note 2.43 Going Concern

The Company incurred a net loss of ₹ 30 22 87 207 for the year ended 2019-20 and, as of that date, the Company's current liabilities exceeded its Current assets by ₹ 510 48 75 790. The Company is wholly owned subsidiary company of Reliance Communication Limited. Reliance Communication Limited is under resolution process under the Insolvency and Bankruptcy Code 2016 (IBC). As a consequence, management and operation of the Holding Company are under the control and custody of Resolution Professional (RP) appointed vide Hon'ble NCLT order dated May 18, 2019. On finalisation and implementation of resolution process of Holding Company, the Company will carry out a comprehensive impairment review of its Tangible Assets and other Financial/ Non Financial Assets which are pending for confirmation. These factors, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, however, the Company does not have any intention to suspend the operational activities. The company does not have any external borrowing from Banks/ Financial Institutions and current liabilities consists of mainly borrowings from the holding and fellow subsidiary companies. The company is in process of exploring the opportunity for renting out the property. In view of the management's expectation of the successful renting of the property in near future, the financial statements have been prepared on a going concern basis.

Note 2.44 Capital Management

Capital of the Company, for the purpose of capital management, includes issued equity capital and all other equity reserves attributable to equity shareholders of the Company. The primary objective of the Company's capital management is to maximise shareholders value.

The funding requirement is met through a mixture of equity, internal accruals and short term borrowings.

The Company monitors capital using gearing ratio, which is debt divided by total capital plus debt.

	(Amount in ₹)	
	As at March 31,2020	As at March 31,2019
(a) Equity	(291 53 51 423)	(261 56 81 337)
(b) Debt	2547 67 44 030	2543 47 60 942
(c) Equity and Debt (a + b)	2256 13 92 607	2281 90 79 605
(d) Capital Gearing Ratio (b / c)	113%	111%

Decreasing capital gearing ratio reflects reduction in equity on account of net losses incurred and increase in borrowings during the year.

Reliance Realty Limited

Notes to the Financial Statements as at March 31, 2020

Note 2.45 Post Reporting Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Note 2.46 Authorisation of Financial Statement

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors on July 31, 2020.

As per our Report of even date

For Pathak H.D. & Associates LLP

Chartered Accountants

(Firm Registration No.107783W/W100593)

For and on behalf of the Board

Ramanan Laxminarayan

Director

DIN : 06739382

Parimal Kumar Jha

Partner

Membership No. 124262

Rakesh Gupta

Director

DIN: 0130829

Arvind Purohit

Company Secretary & Manager

Place : Mumbai.

Dated : 31/07/2020

Worldtel Tamilnadu Private Limited

Financial Statements

March 31, 2020

Independent Auditor's Report

To the Members of Worldtel Tamilnadu Private Limited

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **Worldtel Tamilnadu Private Limited** ("*the Company*") which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, (statement of changes in equity) and statement 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, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 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 our opinion.

Emphasis of Matter

Effects of COVID-19

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. The COVID-19 outbreak was declared a global pandemic by the World Health

Organization. The Indian government had announced countrywide lockdown from 24th March, 2020 which is continued at present. In this nation-wide lock-down period, though all the services across the nation were suspended, some essential services establishments could operate and were exempted from the lock-down.

The management has assessed the potential impact of the COVID-19 on the Company. Based on the current assessment, the management is of the view that impact of COVID-19 on the operations of the Company and the carrying value of its assets and liabilities is not likely to be material for and up to March 31, 2020 and there has been no material change in the controls or processes followed in the closing of the financial statements and hence the necessary effects have been captured in the financial statements for the year 2019-2020.

Since the situation is rapidly evolving, its effect on the operations of the Company may be different from that estimated as at the date of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions. Our opinion is not modified in respect of the matters described under paragraph above.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity)ⁱ 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

Auditor's Responsibility 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. 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 financial statements.

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 statement 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:

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.

- a. 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 [and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- b. The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
- g. 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 does not have any pending litigations as at March 31, 2020

- ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2020 for which there were any material foreseeable losses; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

For Priti V Mehta & Co
Chartered Accountants
Firm Regn.No. 129568W

Priti V.Mehta
(Proprietor)
M. No. 130514
UDIN: 20130514AAAACE6701

Place: Mumbai
Date: 31st July,2020

Worldtel Tamilnadu Private Limited

Annexure A to Independent Auditor's Report - 31st March 2020

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

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management during the year and no material discrepancies were notice on such verification.
2. The Company does not have inventories at the end of financial year. Accordingly paragraphs 2 of the orders are not applicable to the company.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other covered in the register maintained under section 189 of the Act. Accordingly paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the company has not given loans, investments, guarantees, and any security under provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.
5. In our opinion, and information and explanations given to us, the Company has not accepted deposits as per directives issued by the Reserve Bank of India under the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
6. The Central Government has not prescribed maintenance of cost records under Sub-Section (1) of section 148 of the Companies Act, 2013. Accordingly the clause 3(vi) is not applicable.
7. According to the information and explanation given to us and on the basis of our examination of the records of the company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, goods and services tax, income tax, cess, and other material statutory dues applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of goods and services tax, income tax, and cess were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
8. The company has not raised loans from Financial Institutions or Banks or Government or debenture holders. Hence clause 3(viii) of the order requiring comment on repayment of the dues to them is not applicable.

Worldtel Tamilnadu Private Limited

Annexure A to Independent Auditor's Report - 31st March 2020

9. In our opinion and according to the information and explanations given to us, the company has not raised money by way of Initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provision of Clause 3(ix) of the order is not applicable to the company.
10. According to the information and explanations given to us, no significant fraud on or by the company by its officers or employees, that causes a material misstatement to the financial statements, has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has not paid or provided managerial remuneration during the year. Accordingly, the provision of Clause 3(xi) of the order is not applicable to the company.
12. As the company is not the Nidhi company, the provision of Clause 3(xii) of the order is not applicable to the company.
13. According to the information and explanations given to us, the company has made all the transactions with the related parties in compliance with sections 177 & 188 of Companies Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
14. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year as per section 42 of the Companies Act, 2013. Accordingly, the provision of Clause 3(xiv) of the order is not applicable to the company.
15. According to the information and explanations given to us, the company has not entered into any non cash transactions with the directors or persons connected with them as per section 192 of Companies Act, 2013.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the clause 3(xvi) is not applicable.

For Priti V Mehta & Co
Chartered Accountants
Firm Regn.No. 129568W

Priti V.Mehta
(Proprietor)
M. No. 130514
UDIN: 20130514AAAACE6701

Place: Mumbai
Date: 31st July,2020

Annexure B to Independent Auditor’s Report - 31st March 2020 on the Financial Statements of Worldtel Tamilnadu Private Limited

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 over financial reporting of Worldtel Tamilnadu Private 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’. 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 Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 over financial reporting 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 over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over 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 judgement, 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 audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

Annexure B to Independent Auditor's Report - 31st March 2020 on the Financial Statements of Worldtel Tamilnadu Private Limited

A company's internal financial control over financial reporting 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 over financial reporting 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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".

For Priti V Mehta & Co
Chartered Accountants
Firm Regn.No. 129568W

Priti V.Mehta
(Proprietor)
M. No. 130514
UDIN: 20130514AAAACE6701

Place: Mumbai

Date: 31st July, 2020

Worldtel Tamilnadu Private Limited**Balance Sheet as at March 31, 2020**

(Amount in ₹)

	Notes	As at March 31, 2020		As at March 31, 2019	
ASSETS					
Non Current Assets					
(a) Property, Plant and Equipment	2.01		82 685		82 685
Current Assets					
(a) Financial Assets					
(i) Cash and Cash Equivalents	2.02	4 87 668		4 87 668	
(b) Other Current Assets	2.03	-	4 87 668	-	4 87 668
Total Assets			<u><u>5 70 353</u></u>		<u><u>5 70 353</u></u>
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share Capital	2.04	1 00 000		1 00 000	
(b) Other Equity	2.05	<u>(101 28 23 290)</u>	(101 27 23 290)	<u>(101 28 09 130)</u>	(101 27 09 130)
LIABILITIES					
Non-Current Liabilities					
Current Liabilities					
Financial Liabilities					
Other Current Liabilities	2.06		101 32 93 643		101 32 79 483
Total Equity and Liabilities			<u><u>5 70 353</u></u>		<u><u>5 70 353</u></u>
Significant Accounting Policies	1				
Notes on Accounts	2				

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

For and on behalf of the Board**Arvind Purohit**

DIN:08349713

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} **Directors**

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Priti V Mehta

Proprietor

Membership No. 130514

Place : Mumbai

Dated : July 31, 2020

Vinay Soni

DIN: 08567944

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Worldtel Tamilnadu Private Limited**Statement of Profit and Loss for the year ended March 31, 2020**

	Notes	For the year ended March 31, 2020	(Amount in ₹) For the year ended March 31, 2019
INCOME			
I Other Income	-	-	-
Total Income		<u>-</u>	<u>-</u>
II EXPENDITURE			
General Administration Expenses	2.07	14 160	34 810
Total Expenses		<u>14 160</u>	<u>34 810</u>
III Profit (Loss) before Tax (I - II)		(14 160)	(34 810)
IV Tax Expense:			
- Current Tax		-	-
- Short provision of earlier years		-	-
V Profit (Loss) After Tax (III - IV)		(14 160)	(34 810)
VI Other Comprehensive Income		-	-
VII Total Comprehensive Income		<u>(14 160)</u>	<u>(34 810)</u>
VIII Earnings per Share of ₹ 10 each fully paid up	2.12		
- Basic (₹)		(1)	(3)
- Diluted (₹)		(1)	(3)
Earning per Share			

Significant Accounting Policies**1****Notes on Accounts****2**

The Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

Priti V Mehta

Proprietor

Membership No. 130514

Place : Mumbai

Dated : July 31, 2020

For and on behalf of the Board**Arvind Purohit** }

DIN:08349713 }

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} **Directors**

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Vinay Soni }

DIN: 08567944 }

Worldtel Tamilnadu Private Limited

Statement of Change in Equity for the year ended March 31, 2020

(Amount in ₹)

A Equity Share Capital	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	1 00 000	1 00 000
Change during the year	-	-
Balance at the end of the year	1 00 000	1 00 000

B Other Equity

Surplus/ (Deficit) in statement of Profit and Loss

Particular	Retained Earnings
Balance of Profit/ (Loss) as at April 1,2018	(101 27 74 320)
Add : Profit \ (Loss) for the year	(34 810)
Balance Profit/ (Loss) as at March 31, 2019	(101 28 09 130)
Add : Profit \ (Loss) for the period	(14 160)
Balance Profit/ (Loss) as at March 31, 2020	(101 28 23 290)

As per our Report of even date

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

Priti V Mehta

Proprietor

Membership No. 130514

Place : Mumbai

Dated : July 31, 2020

For and on behalf of the Board

Arvind Purohit }

DIN:08349713 }

Arvind Purohit }

DIN:08349713 }

Arvind Purohit }

DIN:08349713 }

Vinay Soni }

DIN: 08567944 }

} **Directors**

Worldtel Tamilnadu Private Limited
Statement of Cash Flow for the year ended March 31, 2020

(Amount in ₹)
For the year ended
March 31, 2018

A CASH FLOW FROM OPERATING ACTIVITIES

**For the year ended
March 31, 2020**

Net Profit/(Loss) before tax as per Statement of Profit and Loss

(14 160)

(34 810)

Adjusted for :

Provision for Doubtful Receivables

-

-

Operating Profit/(Loss) before Working Capital Changes

(14 160)

(34 810)

Adjusted for :

Receivables and other Advances

-

-

Other Liabilities

14 160

14 160

34 810

34 810

Cash generated from Operations

Tax Refund

-

-

Tax Paid

-

-

Net Cash Used in Operating Activities

Net Increase/ (Decrease) in Cash and Cash Equivalents

-

Opening Balance of Cash and Cash Equivalents

4 87 668

4 87 668

Closing Balance of Cash and Cash Equivalents

4 87 668

4 87 668

Note:

i Figures in brackets indicate cash outgo.

ii Cash and Cash Equivalent includes cash on hand, cheques on hand, bank balance including Fixed Deposits with

iii Cash Flow Statement has been prepared under the Indirect Method set out in Indian Accounting Standard 7 "Statement of Cash Flow".

As per our Report of even date

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

Priti V Mehta

Proprietor

Membership No. 130514

Place : Mumbai

Dated : July 31, 2020

For and on behalf of the Board

Arvind Purohit

DIN:08349713

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} Directors

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Vinay Soni

DIN: 08567944

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Worldtel Tamilnadu Private Limited

Notes on accounts to Financial Statements as at March 31, 2020

1. General Information and Significant Accounting Policies

1.01 General Information

Worldtel Tamilnadu Private Limited ("the Company"), is registered under Companies Act 1956 and having Registered Office at H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710. The Company is wholly owned subsidiary of Reliance Communications Infrastructure Limited.

1.02 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention except for certain financial instruments measured at fair value, 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 of the Companies Act, 2013 ("the Act") read with Rule 3 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 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 Recent Accounting Developments

Standards issued but not yet effective:

Recent pronouncements relating to Ind AS 116 "Leases", Ind AS 12 "Income Tax" and Ind AS 19 "Employee Benefits" issued by the Ministry of Corporate Affairs (the MCA), Government of India (GoI), applicable with effect from April 1, 2019, does not have any impact on Financial Statements of the Company.

1.04 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 require 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 provides an overview of the areas that involved a higher degree of judgement 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.

Critical estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialise.

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.

Notes on accounts to Financial Statements as at March 31, 2020

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.

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 Company and that are believed to be reasonable under the circumstances.

1.05 Functional Currency and Presentation Currency

These financials statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company.

1.06 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets up to the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as expense in the year in which they are incurred.

1.07 Revenue Recognition and Receivables

i) 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.

ii) The Company determines whether revenue should be recognised 'over time' or 'at a point in time'.

iii) 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.

1.08 Taxation

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable / recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of temporary difference between the carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in computation of taxable income. Deferred Tax Liabilities are generally accounted for all taxable temporary differences. The deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. MAT credit is recognised as an asset only if it is probable that the Company will pay normal income tax during the specified period.

1.09 Provisions, 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. 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. Contingent Assets are not recognised but disclosed in the financial statements, when economic inflow is probable.

1.10 Earning per Share

In determining Earning per Share, the Company considers the net profit or loss after tax and includes the post tax effect of any extraordinary/ exceptional item. Number of shares used in computing Basic Earning per Share is the weighted average number of shares 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 of the beginning of the period, unless issued at a later date.

Notes on accounts to Financial Statements as at March 31, 2020

1.11 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 Assets

Classification

- (i) The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.
- (ii) In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risk existing at each reporting date. The method used to determine fair value include discounted cash flow analysis, available quoted market price. All method of assessing fair value result in general approximation of value, and such value may never actually be realized. For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.
- (iii) **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 profit or loss, transaction costs that are attributable to the acquisition of the financial asset.
- (iv) **Financial Assets measured at amortised cost:**
Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the profit or loss.
- (v) **Financial Assets measured at fair value through profit or loss (FVTPL):**
Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in the Statement of Profit and Loss.
- (vi) **Investment in Mutual Funds:**
A Mutual fund is measured at amortised cost or at FVTPL with all changes recognised in the Statement of Profit and Loss.
- (vii) **Derecognition of Financial Assets**
A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.
- (viii) **Impairment of Financial Assets**
In accordance with Ind - AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are Investment in Mutual fund.

Financial Liabilities

(i) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

(ii) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables.

Notes on accounts to Financial Statements as at March 31, 2020

(iii) Subsequent measurement

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 that are not designated as hedging instruments in hedge relationships as defined by Ind - AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

(iv) Loans and Borrowings

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or 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 the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

(v) 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.

(vi) Derivative Financial Instrument and Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Worldtel Tamilnadu Private Limited

Notes on accounts to Financial Statements as at March 31, 2020

2.01 Property, Plant and Equipment

(Amount in ₹)

Particulars	Computer	Office Equipment	Furniture and Fixtures	Total
Gross carrying value				
As at April 01, 2018	8 43 200	5 67 972	11 02 464	25 13 636
Additions / Adjustment	-	-	-	-
As at March 31, 2019	8 43 200	5 67 972	11 02 464	25 13 636
Additions / Adjustment	-	-	-	-
As at March 31, 2020	8 43 200	5 67 972	11 02 464	25 13 636
Accumulated Depreciation				
As at April 01, 2018	8 43 200	5 40 410	10 47 341	24 30 951
Depreciation for the year	-	-	-	-
As at March 31, 2019	8 43 200	5 40 410	10 47 341	24 30 951
Depreciation for the year	-	-	-	-
As at March 31, 2020	8 43 200	5 40 410	10 47 341	24 30 951
Net carrying value				
As at March 31, 2019	-	27 562	55 123	82 685
As at March 31, 2020	-	27 562	55 123	82 685

Worldtel Tamilnadu Private Limited

Notes on accounts to Financial Statements as at March 31, 2020

(Amount in ₹)

As at
March 31, 2020 **As at**
March 31, 2019

2.02 Cash and Cash Equivalents

Balance with Banks

4 87 668

4 87 668

4 87 668

4 87 668

2.03 Other Current Assets (Unsecured)

Advances and Receivables

Other Receivable

Considered Good

-

-

Considered Doubtful

-

-

Less: Provision for doubtful debts

-

-

-

-

Worldtel Tamilnadu Private Limited
Notes on accounts to Financial Statements as at March 31, 2020
2.04 Equity Share Capital

	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
Authorised		
2 50 00 000 (2 50 00 000) Equity Shares of ₹ 10 each	25 00 00 000	25 00 00 000
2 50 00 000 (2 50 00 000) Unclassified Share of ₹ 10 each	25 00 00 000	25 00 00 000
	<u>50 00 00 000</u>	<u>50 00 00 000</u>
Issued, Subscribed and Paid up		
10 000 (10 000) Equity Shares of ₹ 10 each fully paid up	1 00 000	1 00 000
	<u>1 00 000</u>	<u>1 00 000</u>

	As at March 31, 2020		As at March 31, 2019	
a) Shares held by Holding Company	No. of Shares	%	No. of Shares	%
Reliance Communication Infrastructure Limited	10 000	100	10 000	100
	<u>10 000</u>	<u>100</u>	<u>10 000</u>	<u>100</u>

	As at March 31, 2020		As at March 31, 2019	
b) Details of Share holders Holding more than 5% shares in the company	No. of Shares	Percentage	No. of Shares	Percentage
Reliance Communication Infrastructure Limited	10 000	100%	10 000	100%
	<u>10 000</u>	<u>100%</u>	<u>10 000</u>	<u>100%</u>

C) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 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 share 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.

	As at March 31, 2020	(Amount in ₹) As at March 31, 2019
2.05 Other Equity		
Surplus / (Deficit) in the Statement of Profit and Loss		
Opening Balance	(101 28 09 130)	(101 27 74 320)
Add: Profit/(Loss) for the year	(14 160)	(34 810)
Balance as at March 31, 2020	<u>(101 28 23 290)</u>	<u>(101 28 09 130)</u>

2.06 Other Current Liabilities

Provision for Expenses	1 19 855	1 05 695
Other Payables (Related Party Refer Note 2.12)	100 13 94 910	100 13 94 910
Other Payables	1 17 78 878	1 17 78 878
	<u>101 32 93 643</u>	<u>101 32 79 483</u>

Worldtel Tamilnadu Private Limited**Notes on accounts to Financial Statements as at March 31, 2020**

Other Income		(Amount in ₹)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	
Interest Income	-	-	
	-	-	

2.07 General Administration Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other General and Administrative Expenses	-	14 750
Payment to Auditors	14 160	20 060
	14 160	34 810

Note 2.08**Previous Year**

The figures for the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupee, except as otherwise stated.

Note : 2.09**Deferred Tax Asset**

Significant management judgement considered in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

The Company also has unused capital gain tax losses and Timing difference on depreciation of fixed assets, which according to the management will be used to setoff taxable profit arising in subsequent years. However, the Company on a conservative basis has restricted Deferred Tax Assets to Nil. The details are as under:

Particulars	(Amount in ₹)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Timing difference on depreciation of fixed assets	52 868	52 868
Capital gain Losses	9 129	9 129
	61 997	61 997

Note : 2.10**Going Concern**

The Accounts have been prepared on a 'Going concern basis' as the Company has been able to meet its obligations in the ordinary course of business and considering the assurance of the financial support extended by the other body corporate.

Note : 2.11**Impact of Covid 19**

There is no significant impact on the Company's financial results on account of the Covid 19 pandemic

Note : 2.12**Related Parties**

As per Ind AS- 24, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below:

a) Name of the Related Party	Relationship
i) Reliance Communications Limited	Ultimate Holding Company
ii) Reliance Communications Infrastructure Limited	Holding Company

Transaction with the related parties :-

Nature of Transactions	(Amount in ₹)	
	Holding Company	Total
Other Payable	100 13 94 910 (100 13 94 910)	100 13 94 910 (100 13 94 910)

Worldtel Tamilnadu Private Limited

Notes on accounts to Financial Statements as at March 31, 2020

Note : 2.13

Earning per share	For the year ended March 31, 2020	For the year ended March 31, 2019
Numerator - Profit /(Loss) after tax (₹)	(14 160)	(34 810)
Denominator - Weighted number of equity shares	10 000	10 000
Basic as well as diluted, earning per equity share of ₹10 each fully paid up (₹)	(1)	(3)

Note : 2.14

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 have been 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 approximate their carrying amounts largely due to the short term maturities of these instruments

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 the financial instruments by categories were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost:		
Cash and cash equivalents (Refer Note 2.02)	4 87 668	4 87 668
Financial assets at fair value through Profit and Loss/ other Comprehensive Income:	Nil	Nil
Financial liabilities at amortised cost:	Nil	Nil
Financial liabilities at fair value through Statement of Profit and Loss/ other	Nil	Nil

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 to manage its operation and the financial assets include cash and bank balances, other receivables etc. arising from its operation.

Financial risk management

Market risk

The Company operates in India only. Market Risk is the risk that changes in market prices such as interest rates will affect income or value of its holding financial assets/ instruments.

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. 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.

Exposure to interest rate risk

The Company does not have Interest rate risk as there is no interest bearing liability

The Company does not have interest bearing financial instruments.

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss. However, as there is no financial instruments outstanding, hence sensitivity analysis not computed.

Derivative financial instruments

The Company does not hold derivative financial instruments

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The Company does not have exposure to the credit risk at the reporting date.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company does not have any contractual maturities of financial liabilities.

Note : 2.15**Segment Reporting**

The Company is not having any reportable segment as per Indian Accounting Standard ("Ind AS")108 -

Note : 2.16**Capital Management**

Capital of the Company, for the purpose of capital management, include issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholders value. The funding requirement is met through a mixture of equity, internal accruals and borrowings which the Company monitors on regular basis.

Note : 2.17**Post Reporting Events**

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Note : 2.18**Authorisation of Financial Statements**

The financial statements for the year ended March 31, 2020 are approved by the Board of Directors on July 31, 2020.

As per our Report of even date

For Priti V Mehta & Co

Chartered Accountants

Firm Registration No 129568W

Priti V Mehta

Proprietor

Membership No. 130514

Place : Mumbai

Dated : July 31, 2020

For and on behalf of the Board

Arvind Purohit }

DIN:08349713 }

}

} **Directors**

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Vinay Soni }

DIN: 08567944 }