



**Reliance Communications Limited**  
DhirubhaiAmbani Knowledge City  
Navi Mumbai - 400 710, India

Tel : +91 022 3038 6286  
Fax: +91 022 3037 6622  
www.rcom.co.in

September 06, 2019

**BSE Limited**

PhirozeJeejeebhoy Towers  
Dalal Street, Fort,  
Mumbai 400 001

**BSE Scrip Code: 532712**

**National Stock Exchange of India Ltd.**

Exchange Plaza, C/1, Block G  
Bandra - Kurla Complex, Bandra (East)  
Mumbai 400 051

**NSE Scrip Symbol: RCOM**

Dear Sir(s),

**Sub: Notice of 15<sup>th</sup> Annual General Meeting and Annual Report 2018-19**

This is to inform that the 15<sup>th</sup> Annual General Meeting of the members of Reliance Communications Limited ("**Company**") shall be held on Monday, September 30, 2019 at 4:00 p.m. at Rama & Sundri Watumull Auditorium, Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai – 400020 ("the AGM").

The Annual Report for the financial year 2018-19, including the Notice convening the AGM, as approved by the Interim Resolution Professional of the Company in the meeting dated May 27<sup>th</sup>, 2019 is attached herewith for your records.

The Company will provide to its members the facility to cast their vote(s) on all resolutions set out in the Notice by electronic means ("**e-voting**") and through ballot at the venue of AGM. The e-voting communication giving instructions for e-voting, being sent along with the Annual Report is also enclosed.

Thanking you.

Yours faithfully,

For **Reliance Communications Limited**

**Rakesh Gupta**  
**Company Secretary**

Encl: As above

*(Reliance Communications Limited is under Corporate Insolvency Resolution Process pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016. Vide order dated June 21, 2019, the Hon'ble NCLT has replaced the interim resolution professional of the Company and with effect from June 28, 2019, its affairs, business and assets are being managed by, and the powers of the board of directors are vested in, the Resolution Professional, Mr. Anish Nanavaty, appointed by Hon'ble National Company Law Tribunal, Mumbai Bench, Mumbai, vide order dated 21<sup>st</sup> June, 2019, which was published on 28<sup>th</sup> June, 2019)*

**Registered Office:**

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

**RELIANCE**

Communications

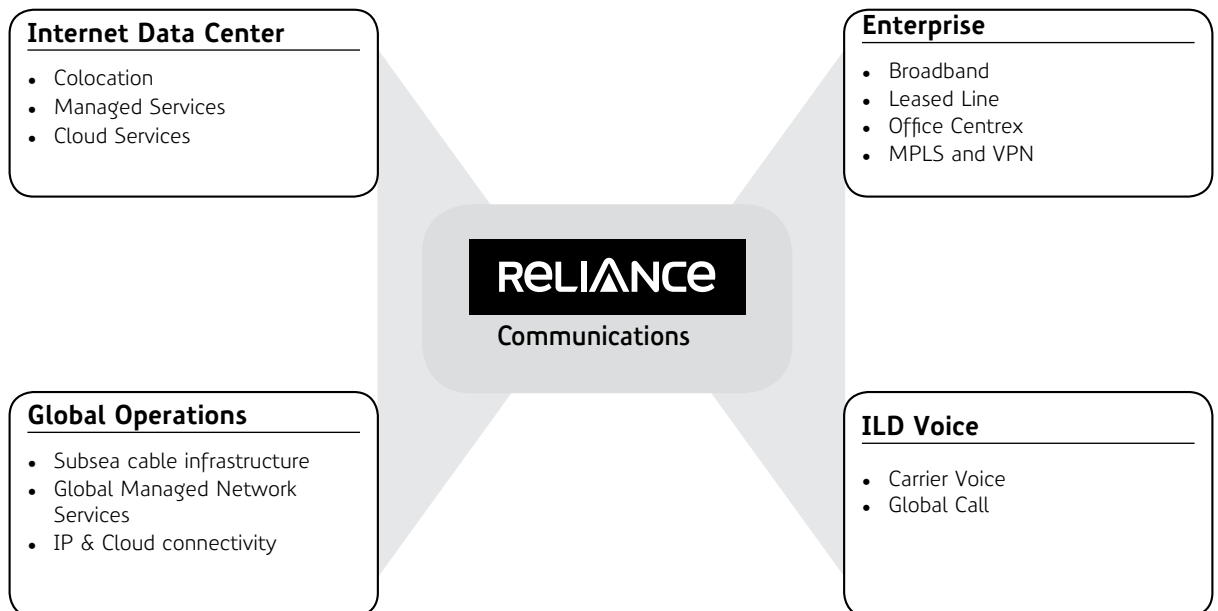
**Annual Report  
2018-19**

# Profile

Reliance Communications Limited is a constituent of Reliance Group, one of the leading business houses in India.

Reliance Communications has established a pan-India, next generation, network that is capable of supporting best-of-class services spanning the entire communications value chain. Reliance Communications owns and operates the world's largest next generation IP enabled connectivity infrastructure, comprising over 280,000 kilometers of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region.

## Business Mix



| Board of Directors   | Contents  | Page No. |
|--|---|----------|
| Shri Anil Dhirubhai Ambani – Chairman                        | Notice of Annual General Meeting .....  | 4        |
| Prof. J. Ramachandran  |   |          |
| Shri Deepak Shourie  | Directors' Report .....   | 7        |
| Shri A. K. Purwar  |   |          |
| Shri R. N. Bhardwaj  | Management Discussion and Analysis .....  | 19       |
| Smt. Manjari Kacker  |   |          |
| Smt. Ryna Karani   | Corporate Governance Report .....   | 23       |
| Smt. Chhaya Virani   |   |          |
| Shri Suresh Rangachar  | Investor Information .....  | 39       |
| Shri Punit Garg  |   |          |
| Shri Manikantan V. – Director and<br>Chief Financial Officer | Certificate on Corporate Governance by<br>practicing Company Secretary .....  | 45       |
| <b>Company Secretary and Compliance Officer</b>              |   |          |
| Shri Prakash Shenoy  | Independent Auditors' Report on<br>Standalone Financial Statements .....  | 46       |
| <b>Auditors</b>  |   |          |
| M/s. Pathak H. D. & Associates                               | Balance Sheet .....   | 56       |
|  | Statement of Profit and Loss .....  | 57       |
| <b>Registered Office</b>                                     |   |          |
| H Block, 1 <sup>st</sup> Floor                               | Statement of Changes in Equity .....  | 58       |
| Dhirubhai Ambani Knowledge City                              | Cash Flow Statement .....   | 59       |
| Navi Mumbai 400 710  | Notes to the Financial Statements .....   | 61       |
| CIN: L45309MH2004PLC147531                                   | Independent Auditors' Report on<br>Consolidated Financial Statements .....  | 106      |
| Tel.: +91 22 3038 6286                                       | Consolidated Balance Sheet .....  | 112      |
| Fax: +91 22 3037 6622  | Consolidated Statement of<br>Profit and Loss .....  | 113      |
| E-mail: rcom.investors@relianceada.com                       | Consolidated Statement of Changes in Equity .....   | 114      |
| Website: www.rcom.co.in                                      | Consolidated Cash Flow Statement .....  | 115      |
| <b>Registrar and Transfer Agent</b>                          |   |          |
| Karvy Fintech Private Limited                                | Notes to the Consolidated Financial Statements .....  | 116      |
| Karvy Selenium Tower – B, Plot No. 31 & 32                   | Statement containing salient features of the<br>financial statements of subsidiaries/<br>associate companies / joint ventures ..... | 172      |
| Survey No. 116/22, 115/24, 115/25                            | Attendance Slip and Proxy Form .....  | 183      |
| Financial District, Nanakramguda                             |   |          |
| Hyderabad 500 032  |   |          |
| Website: www.karvyfintech.com                                |   |          |
| <b>Investor Helpdesk</b>                                     |   |          |
| Toll free no (India) : 1800 4250 999                         |   |          |
| Tel. : +91 40 6716 1500                                      |   |          |
| Fax : +91 40 6716 1791                                       |   |          |
| E-mail : rcom@karvy.com                                      |   |          |

**15<sup>th</sup> Annual General Meeting on Monday, September 30, 2019 at 4.00 P.M.  
at Rama & Sundri Watumull Auditorium, Vidyasagar, Principal K. M. Kundnani Chowk,  
124, Dinshaw Wachha Road, Churchgate, Mumbai – 400020**

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

# Reliance Communications Limited

## Notice

### Notice

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the Members of **Reliance Communications Limited** a company under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code, 2016 will be held on Monday, September 30, 2019 at 4.00 p.m. at Rama & Sundri Watumull Auditorium, Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai – 400020 to transact the following business:

### Background:

Pursuant to the Order dated 15<sup>th</sup> May 2018 of the Hon'ble National Company Law Tribunal – Mumbai Bench, at Mumbai ("NCLT Order"), Corporate Insolvency Resolution Process ("CIR Process") has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, ("Code") and related rules and regulations issued thereunder with effect from 15<sup>th</sup> May 2018 (Corporate Insolvency Resolution Process Commencement Date). Shri Pardeep Kumar Sethi was appointed as Interim Resolution Professional in terms of the NCLT Order. Subsequently, pursuant to the Order dated 30<sup>th</sup> May 2018 Hon'ble National Company Law Appellate Tribunal ("NCLAT Order") stayed NCLT Order referred above. However, Hon'ble NCLAT vide its Order dated 30<sup>th</sup> April, 2019 vacated the stay on NCLT Order and referred the matter back to NCLT, Mumbai Bench.

NCLT, Mumbai bench vide its Order dated 7<sup>th</sup> May, 2019 revived Corporate Insolvency Resolution Process against the Company w.e.f. 30<sup>th</sup> April 2019. The powers of Board of Directors of the Company stand suspended effective from the CIR Process commencement date and such powers along with the management of affairs of the Company are vested with the Interim Resolution professional ("IRP"). In view hereof, Annual General Meeting is being called and convened by the Order of IRP.

### Ordinary Business:

- To consider and adopt:
  - the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon, and
  - the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of the Auditors thereon.
- To appoint a Director in place of Shri Punit Garg (DIN: 00004407), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.  
(His re-appointment on the Board is being part of compliance with section 152(6) of the Companies Act, 2013. However, the Board shall continue to remain suspended during the continuance of CIR Process. The tenure of directors will be subject to Resolution Plan as may be approved by Adjudicating Authority).

### Special Business:

- Ratification of remuneration payable to Cost Auditor for the financial year ending March 31, 2020.**

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

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

**RESOLVED FURTHER THAT** Chief Financial Officer and / or Company Secretary of the Company be and are hereby authorised to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution as per direction of the Resolution Professional."

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

**Prakash Shenoy**  
Company Secretary

### Registered Office:

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

May 27, 2019

### Notes:

- Statement pursuant to Section 102(1) of the Companies Act, 2013 ('the Act'), relating to the special business to be transacted at the Annual General Meeting (the "Meeting") is annexed hereto.
- A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of herself / himself and the proxy need not be a member of the Company. The instrument appointing the Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before commencement of the Meeting.**
- A person can act as proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. However, a member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder. The holder of proxy shall be required to prove his identity at the time of attending the Meeting.

## Notice

4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company, a certified true copy of their board resolution authorising their representative(s) together with their specimen signature(s) to attend and vote on their behalf at the Meeting.
5. Attendance Slip, Proxy form and the Route Map of the Venue of the Meeting are annexed hereto.
6. Members / Proxies are requested to bring their duly filled attendance slip annexed herewith along with their copy of the annual report to the Meeting.
7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
8. Members who hold share(s) in electronic form are requested to write their DP ID and Client ID numbers and those who hold share(s) in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
9. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting.
10. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
11. Non-Resident Indian members are requested to inform Karvy Fintech Private Limited (Karvy), the Company's Registrar and Transfer Agent immediately on:
  - a. the change in the residential status on return to India for permanent settlement; and
  - b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank with pincode number, if not furnished earlier.
12. Re-appointment of Director.  
At the ensuing Annual General Meeting, Mr. Punit Garg Director of the Company retires by rotation under the provisions of the Act and being eligible, offers himself for re-appointment. The details pertaining to Mr. Punit Garg pursuant to the requirements of Regulation 36(3) of the Listing Regulations are furnished in the Corporate Governance Report forming part of this Annual Report.
13. Members are advised to refer the section titled "Investor Information" provided in this Annual Report.
14. **SEBI has decided that securities of listed companies can be transferred only in dematerialized form with effect from April 01, 2019. In view of the above and to avail various benefits of dematerialization, members are advised to dematerialize shares held by them in physical form.**
15. Members are requested to fill in and submit online Feedback Form provided in the 'Investor Relations' section on the Company's website [www.rcom.co.in](http://www.rcom.co.in) to aid the Company in its constant endeavour to enhance the standards of service to investors.
16. The Statement containing the salient features of the balance sheet, the statement of profit and loss and auditors' report on the Abridged Financial Statement, is sent to the members, along with the Abridged Consolidated Financial Statement. Any member interested in obtaining a copy of full Annual Report of the Company, may write to the Company or Registrar and Transfer Agent of the Company.
17. Members holding shares in physical mode:
  - a. are required to submit their Permanent Account Number (PAN) and bank account details to the Company / Karvy, if not registered with the Company as mandated by SEBI.
  - b. are advised to register the nomination in respect of their shareholding in the Company. Nomination Form (SH-13) is put on the Company's website and can be accessed at link <http://www.rcom.co.in/Rcom/about-us/investor-relations/shareholders.html>.
  - c. are requested to register / update their e-mail address with the Company / Karvy for receiving all communications from the Company electronically.
18. Members holding shares in electronic mode:
  - a. are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts.
  - b. are advised to contact their respective DPs for registering the nomination.
  - c. are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.
19. With a view to address the difficulties in transfer of shares, faced by non-residents and foreign nationals, the Securities and Exchange Board of India vide its circular no. SEBI/HO/ MIRSD/DOS3/CIR/P/2019/30 dated February 11, 2019, has decided to grant relaxations to non-residents from the requirement to furnish PAN and permit them to transfer equity shares held by them in listed entities to their immediate relatives subject to the following conditions:
  - a. The relaxation shall only be available for transfers executed after January 1, 2016.
  - b. The relaxation shall only be available to non-commercial transactions, i.e. transfer by way of gift among immediate relatives.
  - c. The non-resident shall provide copy of an alternate valid document to ascertain identity as well as the non-resident status.
20. Members who hold shares in physical form, in multiple folios, in identical names or joint holding in the same order of names and having similar addresses are requested to

## Notice

send the share certificates to the Registrar and Transfer Agent for consolidation into a single folio.

Members who have not registered their E-mail addresses so far are requested to register their E-mail address so that they can receive the Annual Report and other communications from the Company electronically.

21. The physical copy of Annual Report 2018-19, the Notice of the AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent to those shareholders whose e-mail addresses are not registered with the Company and by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless a member has requested for a physical copy of the documents. All the above documents are also available on the website of the Company i.e. [www.rcom.co.in](http://www.rcom.co.in)
22. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rules made thereunder and Regulation 44 of the Listing Regulations, the Company is offering e-voting facility to all Members of the Company through Notice dated 27 May, 2019 (remote e-voting). A person, whose name is recorded in the register of members or in the register of beneficial owner (in case of electronic shareholding) maintained by the depositories as on the cut-off date i.e. Monday, September 23, 2019 only shall be entitled to avail the facility of remote e-voting/ voting. Karvy Fintech Private Limited, our Registrar and Transfer

Agent will be facilitating remote e-voting to enable the Members to cast their votes electronically. The Members can cast their vote online from 10:00 A.M. on September 26, 2019 to 5:00 P.M. on September 29, 2019.

The Members shall refer to the detailed procedure on remote e-voting given in the e-voting instruction slip. The facility for voting shall also be available at the Meeting.

The members who have cast their votes by remote e-voting prior to the Meeting may also attend the Meeting, but shall not be entitled to cast their votes again at the Meeting. The IRP have appointed Shri Anil Lohia, Partner or in his absence Shri Rinkit Kiran Uchat, Partner, M/s. Dayal and Lohia, Chartered Accountants as the Scrutiniser to scrutinise the voting process in a fair and transparent manner.

The Scrutiniser will submit his report to the IRP/RP or any other person authorised by him after completion of the scrutiny and the results of voting will be announced after the Meeting. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting. The result of the voting will be submitted to the Stock Exchanges, where the shares of the Company are listed and posted on the website of the Company at [www.rcom.co.in](http://www.rcom.co.in) and also on the website of Karvy Fintech Private Limited.

## Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated May 27, 2019

### Item No. 3

#### Ratification of remuneration payable to Cost Auditor for the financial year ending March 31, 2020.

The Interim Resolution Professional has approved the appointment and remuneration of M/s. V. J. Talati & Co., Cost Accountants (Firm Registration No.00213), as the Cost Auditor to audit the cost accounting records of the Company for the financial year ending March 31, 2020, at a remuneration of ₹ 2.50 lakh (Rupees two lakh and fifty thousand only) excluding tax and out of pocket expenses, if any. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor needs to be ratified by the members of the Company.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution, except to the extent of their shareholding in the Company.

The appointment of cost auditor is subject to term and conditions of resolution plan to be approved by the Adjudicating Authority.

The Ordinary Resolution set out at Item No. 3 of the accompanying Notice is for approval of the members.

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

**Prakash Shenoy**  
Company Secretary

#### Registered Office:

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

May 27, 2019

## Directors' Report

Dear Shareowners,

Your Directors present the 15<sup>th</sup> Annual Report and the audited financial statement for the financial year ended March 31, 2019.

Pursuant to the Order dated 15<sup>th</sup> May 2018 of the Hon'ble National Company Law Tribunal – Mumbai Bench, at Mumbai ("NCLT Order"), Corporate Insolvency Resolution Process ("CIR Process") has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, ("Code") and related rules and regulations issued thereunder with effect from 15<sup>th</sup> May, 2018. (Corporate Insolvency Resolution Process Commencement Date). Mr. Pardeep Kumar Sethi was appointed as Interim Resolution Professional ("IRP") in terms of the NCLT Order. Subsequently pursuant to the Order dated 30<sup>th</sup> May 2018, of the Hon'ble National Company Law Appellate Tribunal ("NCLAT Order"), stayed NCLT Order referred above. Hon'ble NCLAT vide its Order dated 30<sup>th</sup> April, 2019 vacated the stay on NCLT Order and referred the matter back to NCLT, Mumbai Bench.

As per Order passed on 7<sup>th</sup> May 2019, CIR Process was revived against the Company w.e.f. 30<sup>th</sup> April, 2019. The powers of Board of Directors of the Company stand suspended effective from the CIR Process commencement date and such powers along with the management of affairs of the Company are vested with the IRP.

### Financial results

The financial results of the Company for the year ended March 31, 2019 is summarised below:

| Particulars  | Financial Year ended<br>March 31, 2019 |                   | * Financial Year ended<br>March 31, 2018 |                   |
|--|--|-------------------|--|-------------------|
|  | ₹ in crore                             | US\$ in million** | ₹ in crore                               | US\$ in million** |
| Total income   | 1,465                                  | 212               | 2,231                                    | 342               |
| Gross profit /(Loss) before depreciation, Amortisation and exceptional items | (30)                                   | (4)               | 264                                      | 41                |
| Less:  |  |                   |  |                   |
| Depreciation and amortization  | 277                                    | 40                | 200                                      | 31                |
| Profit/ (Loss) before Exceptional items and Tax                              | (307)                                  | (44)              | 64                                       | 10                |
| Exceptional items:   |  |                   |  |                   |
| Profit on Fair Value of Investments  | 8,964                                  | 1,296             | -  | -                 |
| Profit/ (Loss) before Tax  | 8,657                                  | 1,252             | 64                                       | 10                |
| Current tax / Excess provision for Tax of earlier years                      | -                                      | -                 | 1  | 0.15              |
| Deferred Tax charge/ (credit)  | 3,558                                  | 515               | -  | -                 |
| Profit / (Loss) after tax  | 5,099                                  | 737               | 63                                       | 10                |
| Profit / (Loss) after tax from Discontinued Operations                       | (2,252)                                | (325)             | (9,933)                                  | (1,524)           |
| Other Comprehensive Income   |  |                   |  |                   |
| Re-measurement Gain/ (Loss) of defined benefit plans (Net of tax)            | -                                      | -                 | 3  | (0.46)            |
| Total Comprehensive Income   | 2,847                                  | 412               | (9,867)                                  | (1,514)           |
| Add : Balance brought forward from previous year                             | (17,030)                               | (2,463)           | (7,163)                                  | (1,099)           |
| Profit available for appropriation   | -                                      | -                 | -  | -                 |
| Balance carried to Balance Sheet   | (14,183)                               | (2,051)           | (17,030)                                 | (2,613)           |

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

\*\* Exchange Rate ₹ 69.155 = US\$ 1 as on March 31, 2019 (₹ 65.175 = US\$ 1 as on March 31, 2018).

### Financial Performance

During the year under review, your Company has earned from Continuing Operations income of ₹ 1,465 crore against ₹ 2,231 crore in the previous year. The Company has incurred an operational loss of ₹ 2,559 crore (including loss from discontinuation of wireless business of ₹ 2252 crore) and including fair valuation of investment net of deferred tax charge, there is a profit of ₹ 2,847 crore for the year as compared to loss of ₹ 9,867 crore in the previous year. The performance and financial position of the subsidiary companies and associate companies are included in the consolidated financial statement of the Company and presented in the Management Discussion and Analysis Report forming part of this Annual Report.

### Dividend

In view of ongoing CIR Process, vide order dated 7<sup>th</sup> May 2019 of Hon'able NCLT, Mumbai Bench, the matter was not considered.

The Company's Dividend distribution Policy is annexed to this Report as Annexure A.

### Business Operations

The Company together with its subsidiary Global Cloud Xchange Limited (GCX), is a leading global communications services provider with businesses including a vast global subsea network; a global on-net Cloud ecosystem; extensive India and global enterprise business; Internet Data Center Business (IDC) and India National Long Distance Business (NLD).



# Reliance Communications Limited

## Directors' Report

The Company specializes in Enterprise telecommunications service provider and is at the forefront of enabling digital revolution across India and globally, with focus on the Emerging Markets of Asia Pacific and the Middle East. The Company continues to build on its global platform designed to power the future digital ecosystem. Based on one of the most extensive subsea and terrestrial fiber optic networks in the world and a global services platform, the Company is putting together the very fabric that will deliver the next generation of applications and services to Enterprises, Carriers, OTTs and government entities.

### Scheme of Arrangement

The Board had approved the Scheme of Arrangement for demerger of Wireless Undertaking of Reliance Telecom Limited, a wholly owned subsidiary company, into the Company on June 24, 2016. The Hon'ble High Court of Judicature at Bombay had sanctioned the said Scheme on October 27, 2016. The Company has applied to the Department of Telecommunications (DoT) for its approval to the Scheme, which is condition precedent before giving effect to the Scheme. The Scheme would be made effective upon receiving the approval of the DoT. Reliance Telecom Limited is also under CIR Process.

### Debt Restructuring Plan and Asset Monetisation

The Board of Directors reviewed the progress of the Company's debt resolution plans since the invocation of SDR on 2<sup>nd</sup> June 2017 at its meeting held on 1<sup>st</sup> February 2019. The Board noted that, despite the passage of over 18 months, lenders have received zero proceeds from the proposed asset monetization plans, and the overall debt resolution process is yet to make any headway. This unfortunate outcome is attributable to lack of 100% approvals and consensus, as mandated by RBI's 12<sup>th</sup> February 2018 circular, pendency of numerous legal issues at High Courts, TDSAT and Supreme Court impeding progress at various stages. Accordingly, the Board decided that the Company will seek fast track resolution through NCLT, Mumbai. The Board believes this course of action will be in the best interests of all stakeholders, ensuring comprehensive debt resolution in a final, transparent and time bound manner within the prescribed 270 days. As per NCLT Order passed on 7<sup>th</sup> May 2019, CIR Process was revived against the Company w.e.f. 30<sup>th</sup> April, 2019.

### Management Discussion and Analysis

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

### Non Convertible Debentures

During the year under review, the Company has not issued any Non-Convertible Debentures ('NCD'). NCD issued during the earlier years matured for final redemption during the year under review, but remains unpaid.

### Deposits

The Company has never accepted any deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 ("the Act") and the Companies (Acceptance of Deposits) Rules, 2014.

### Particulars of Investments

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

### Subsidiary and Associate Companies

The performance and financial position of the major subsidiary companies are presented in Management Discussion and Analysis Report forming part of this Annual Report. Also, a report on the performance and financial position of each of the subsidiary companies and associate companies as per the Act is provided in the consolidated financial statement. The Policy for determining material subsidiary companies can be accessed on the Company's website at the link <http://www.rcom.co.in/Rcom/about-us/investor-relations/corporate-governance.html>.

### Consolidated Financial Statement

The Audited Consolidated Financial Statement for the financial year ended March 31, 2019, incorporating the results of the operations of all subsidiary companies and associate companies, have been prepared in accordance with Indian Accounting Standard (Ind AS) - 110 on 'Consolidated Financial Statement' read with Ind AS-28 on 'Investments in Associates and Joint Ventures', notified under the Act, read with the Accounting Standards Rules as applicable and same is in compliance with the Companies Act, 2013.

### Directors

During the year under review, there is no change in the Board of Directors of the Company.

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

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Act and Listing Regulations.

The details of programme for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates and related matters are placed on the website of the Company at the link <http://www.rcom.co.in/Rcom/about-us/investor-relations/corporate-governance.html>.

### Key Managerial Personnel

Shri Punit Garg ceased to be Executive Director of the Company w.e.f. 5<sup>th</sup> April, 2019, however he will be continuing as a Non Executive Director of the Company. Shri Manikantan V, is Director and Chief Financial Officer (CFO) of the Company and Shri Prakash Shenoy is Company Secretary of the Company. Except as mentioned above, there was no change in the Key Managerial Personnel of the Company.

### Evaluation of Directors, Board and Committees

The Nomination and Remuneration Committee (NRC) of the Company has devised a policy for performance evaluation of the individual directors, Board and its Committees, which includes criteria for performance evaluation.

Pursuant to the provisions of the Act and Regulation 17(10) of the Listing Regulations, the Board has carried out an annual

## Directors' Report

performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Committees of the Board. The Board performance was evaluated based on inputs received from all the Directors after considering criteria such as Board composition and structure, effectiveness of Board / Committee processes, and information provided to the Board, etc. A separate meeting of the Independent Directors was also held during the financial year for the evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairman.

The Nomination and Remuneration Committee has also reviewed the performance of the individual Directors based on their knowledge, level of preparation and effective participation in meetings, understanding of their roles as directors, etc.

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

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

### Directors' Responsibility Statement

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

- i In preparation of the annual accounts for the financial year ended March 31, 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- ii The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;
- iii The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv The Directors had prepared the annual accounts for the financial year ended March 31, 2019 on a 'going concern' basis;
- v The Directors had laid down internal financial controls to be followed by the Company and such financial controls are adequate and are operating effectively, and
- vi The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Contracts and Arrangements with Related Parties

All contracts/ arrangements/ transactions entered into by the Company during the financial year under review with related parties were on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors,

Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

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

All Related Party Transactions were placed before the Audit Committee for approval. Omnibus approval of the Audit Committee was obtained for the transactions which were of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were reviewed and statements giving details of all related party transactions were placed before the Audit Committee on a quarterly basis. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link <http://www.rcom.co.in/Rcom/about-us/investor-relations/corporate-governance.html>. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

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

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

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

### Meetings of the Board

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, Five Board Meetings were held, details of which are given in the Corporate Governance Report forming part of this report.

### Audit Committee

The Audit Committee of the Board consists of Independent Directors namely Smt. Manjari Kacker, Chairperson, R. N. Bhardwaj, Shri A. K. Purwar, Prof. J. Ramachandran, Shri Deepak Shourie, Smt. Ryna Karani, Smt. Chhaya Virani and Non Independent Directors, Shri Punit Garg, Shri Manikantan V, as members. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

On April 1, 2019, Shri A.K. Purwar, resigned from being a member of the Audit Committee of the Company.

### Auditors and Auditors' Report

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

# Reliance Communications Limited

## Directors' Report

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

"Considering various factors including admission of the Company to debt resolution process under the IBC with effect from May 15, 2018 and pursuant to the commencement of Corporate Insolvency Resolution (CIR) Process 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 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 CIR Process. 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 ₹3,907 crore (₹ 4,389 crore in case of consolidated ) calculated based on basic rate of interest as per terms of loan and foreign exchange variation of ₹ 803 crore (₹ 984 crore in case of consolidated )loss for year ended March 31, 2019, as the impact is not ascertainable. Had the Company provided Interest and foreign exchange variance, the Loss would have been higher by ₹ 4,710 crore for the year ended March 31, 2019 (₹ 5,373 crore in case of consolidated).

Also 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, Assets held for Sale, investments and other assets including credits relating to Goods and Service Tax and Tax Deducted at source, which the Company is in the process of reconciling and the impact is not ascertainable.

The observations and comments given by the Auditors in their report read together with notes on financial statements are self explanatory particularly Note No. 2.32 and 2.49 ( standalone financials) and Note No. 2.53 and 2.36 (consolidated financials) and hence the same to be treated as explanation provided under Section 134 of the Act.

The audited financial statement are drawn up both on standalone and consolidated basis for the financial year ended March 31, 2019, in accordance with the requirements of the Ind-AS Rules.

As per the provisions of Clause (ca) of Sub-section (3) of Section 134 of the Companies Act, 2013, the auditors of the Company have not reported any fraud under sub-section (12) of Section 143 of the Companies Act, 2013.

### Cost Auditors

Pursuant to the provisions of the Act and the Companies (Cost Records and Audit) Rules, 2014, the Interim Resolution Professional have appointed M/s. V. J. Talati & Co., Cost Accountants, as the Cost Auditors to conduct cost audit for the telecommunications businesses of the Company for the financial year ending March 31, 2020, subject to approval of members at ensuing Annual General Meeting.

### Secretarial Standards

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

## Secretarial Audit & Secretarial Compliance Report

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

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

### Annual Return

As required under Section 134(3)(a) of the Act, the Annual Return for the financial year 2017-18 and 2018-19 is put up on the Company's website and can be accessed at <https://www.rcom.co.in/investor-relations-Annual Return>.

## Particulars of Employees and related disclosures

### (a) Employees Stock Option Scheme

During the year under review, the Company has not granted any Options to the employees of the Company. Employees Stock Option Scheme (ESOS) was approved and implemented by the Company and Options were granted to the employees under "ESOS Plan 2008" and "ESOS Plan 2009" in accordance with earlier guidelines applicable to ESOS.

During the year under review, ESOS Plan 2009 has completed ten years tenure and all its outstanding Options were lapsed. All the outstanding Options of ESOS Plan 2008 were lapsed during the financial year ending 31<sup>st</sup> March, 2018.

The ESOS Compensation Committee of the Board, which was monitoring the Employees Stock Option Scheme, has been dissolved during the year under review. The functions of the ESOS Compensation Committee of the Board would be looked after by the Nomination and Remuneration Committee. The ESOS Scheme and Plan were in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI ESOS Regulations).

### (b) Other Particulars

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

## Directors' Report

However, having regard to the provisions of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting. Any member interested in obtaining the same may write to the Company Secretary. Upon receipt of such request the information shall be furnished.

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

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

### Corporate Governance

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

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

### Ombudspersons & Whistle Blower (Vigil Mechanism)

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

### Risk Management

The Company has constituted a Risk Management Committee in the Board of Directors meeting held on 14<sup>th</sup> November, 2014 consisting of majority of directors and senior managerial personnel of the Company; however this mandatory provisions of Listing Regulations are not applicable to the Company. The Board of Directors of the Company has dissolved the Risk Management Committee in its meeting held on 3<sup>rd</sup> November, 2018. Audit Committee will look after the functions of the Risk Management Committee. The risk framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business segments.

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

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

year no such complaints were received.

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

### Corporate Social Responsibility

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

The CSR Committee consists of Smt. Manjari Kacker as Chairperson, Shri R. N. Bhardwaj, Prof. J. Ramachandran, Shri Deepak Shourie, Shri A. K. Purwar, Shri Punit Garg, Shri Manikantan V., Smt. Ryna Karani and Smt. Chhaya Virani, Directors as members of the Committee.

On April 1, 2019, Shri A.K. Purwar, resigned from being a member of the Corporate Social Responsibility Committee of the Company.

The annual report on CSR activities is annexed as Annexure E.

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

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

### Internal Financial Controls and their adequacy

The Company has in place adequate internal financial controls across the organisation. The same is subject to review periodically by the internal audit cell and by the audit committee for its effectiveness.

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

### Acknowledgement

Your Directors express their sincere appreciation for the cooperation and assistance received from shareholders, debenture holders, bankers, financial institutions, regulatory bodies, debenture trustee and other business constituents during the year under review. The Directors express their sincere thanks to the lenders of the Company for continuous support during the year. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff and look forward to their continued support in future.

### By the Order of the Interim Resolution Professional

Manikantan V  
Director and Chief Financial Officer

Suresh Rangachar  
Director

Place: Mumbai  
May 27, 2019

### Dividend Distribution Policy

#### 1. Introduction

The Board of Directors (the "Board") of Reliance Communications Limited (the "Company") at its meeting held on May 27, 2017, has adopted this Dividend Distribution Policy (the "Policy") in accordance with the Companies Act, 2013 (the "Act") and Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

This policy was reviewed by the Board at its meeting held on July 18, 2018.

#### 2. Objective

The Objective of this Policy is to establish the parameters to be considered by the Board of Directors of the Company before declaring or recommending dividend.

#### 3. Circumstances under which the shareholders may or may not expect dividend

The shareholders of the Company may not expect dividend in the below mentioned circumstances:

- a) In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- b) In the event of higher working capital requirement for business operations or otherwise.
- c) In the event of inadequacy of cashflow available for distribution.
- d) In the event of inadequacy or absence of profits.
- e) In the event of any regulation or contractual restriction.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, after analysing the prospective opportunities and threats or in the event of challenging circumstances such as regulatory and financial environment.

#### 4. Parameters to be considered before recommending dividend

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted under the Companies Act, 2013. The Board may also declare interim dividends as may be permitted under the Companies Act, 2013. The Company has had a consistent dividend policy that balances the objective of appropriately rewarding shareholders through dividends and to support the future growth of the Company.

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Dividend pay-out decision of any company depends upon certain external and internal factors:

#### 4.1 External Factors

State of Economy: In case of uncertain or recessionary economic and business conditions, Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks.

#### 4.2 Internal Factors

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which, inter alia will include:

- Income / Profits earned during the year;
- Present & future capital requirements of the existing businesses;
- Brand/ Business Acquisitions;
- Expansion/ Modernization of existing businesses;
- Additional investments in subsidiaries/ Joint Ventures/ associates of the Company;
- Fresh investments into external businesses;
- Repayment of Loans

Any other factor as deemed fit by the Board.

#### 5. Utilisation of retained earnings

The Company shall endeavour to utilise the retained earnings in following manner:

- For expansion and growth of business;
- Additional investments in existing businesses;
- Declaration of Dividend;
- General Corporate purpose; and
- Any other specific purpose as may be approved by the Board.

#### 6. Parameters that shall be adopted with regard to various classes of shares

The Company has issued only one class of shares viz. Equity shares. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of share.

#### 7. Review

This Policy will be reviewed periodically by the Board.

#### 8. Limitation and amendment

In the event of any conflict between the Act or the Listing Regulations and the provisions of the policy, the Listing Regulations shall prevail over this policy. Any subsequent amendment / modification in the Listing Regulations, in this regard, shall automatically apply to this policy.

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

#### 1. Introduction

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

#### 2. Objectives

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

#### 3. Scope

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

#### 4. Definitions

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

#### 5. Policy

##### 5.1 Appointment of Directors/ Key Managerial / Senior Management personnel

The Nomination and Remuneration Committee, inter alia, considers qualifications, positive attributes, areas of expertise and number of Directorships and Memberships held in various committees of other companies by such persons for selection. The Board considers the recommendation of the Committee and takes appropriate decisions. The Company also considers the requirement of skills and effectiveness of persons contributing to the Company's business and policy decisions.

##### 5.2 Remuneration to Directors/ Key Managerial Personnel

- 5.2.1 The remuneration of the Directors/ Managing Director/ Whole time Directors and Managers etc. will be governed as per provisions contained in the Companies Act, 2013 and rules made therein from time to time.
- 5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as approved by the Board of Directors from time to time. The Non-Executive Directors shall also be entitled to profit related Commission, if approved by the Board, in addition to the sitting fees.
- 5.2.3 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Directors/ Key Managerial Personnel/ Senior Management Personnel of the Company within the overall limits, if any, approved by the shareholders.

## Directors' Report

5.2.4 The remuneration structure shall include the following components:

- (i) Basic Pay
- (ii) Perquisites and Allowances
- (iii) Stock Options, if any.
- (iv) Commission (Applicable in case of Executive Directors/ Directors)
- (v) Retiral Benefits
- (vi) Performance Linked Incentives

5.2.5 The Annual Plan, Objectives, financial results of the Company shall be reviewed by the Nomination and Remuneration Committee and performance incentives, increment, revision in remuneration etc. will be proposed based on the achievements.

### 5.3 Remuneration to other employees

Employees shall be assigned grades/bands according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade/bands and shall be based on various factors such as job profile, skill sets, seniority, experience, performance and prevailing remuneration levels for equivalent jobs.

## 6. Retention Features as part of Compensation Package

Based on the organizational need for retaining performing employees and those in critical roles, certain retention features may be rolled out as part of the overall compensation package. These may take form of Retention Bonuses (RBs); Special Monetary Programs (SMPs), Long-term Incentives (LTIs), Employee Stock Options etc.

## 7. Modification and Amendment

The policy is subject to modification, amendment and alterations by the management at any time without assigning any reasons.

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

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

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

Based on the verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has followed proper Board processes and have required compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Reliance Communications Limited** for the financial year ended on March 31, 2019 according to the provisions of the:

- i Companies Act, 2013 ('the Act') and the Rules made thereunder;
- ii Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during audit period);
  - d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period);
  - h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during audit period); and
  - i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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



# Reliance Communications Limited

---

## Directors' Report

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

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

**We further report that**, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There are following changes in the composition of the Board of Directors during the period under review.

| DIN      | FULL NAME            | DESIGNATION/CHANGE IN DESIGNATION | DATE OF APPOINTMENT |
|----------|----------------------|-----------------------------------|---------------------|
| 06945359 | Manjari Ashok Kacker | Director                          | 18/09/2018          |

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

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

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

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

**Proprietor  
FCS 6988/ CP 6529**

Date : 21<sup>st</sup> May, 2019  
Place : Mumbai

**I. Conservation of Energy:**

The steps taken or impact on conservation of energy

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

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

The capital investment on energy conservation equipments

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

i. The efforts made towards technology absorption

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

ii. The benefits derived like product improvement, cost reduction, product development or import substitution

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

a. The details of technology imported

b. The year of import

c. Whether technology been fully absorbed ?

d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.

iv. The expenditure incurred on Research and development

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

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

a. Total Foreign Exchange earnings

: ₹ 185.50 crore

b. Total Foreign Exchange outgo

: ₹ 216.69 crore

### Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19.

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

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

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

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

|                          |                        |               |
|--------------------------|------------------------|---------------|
| 1. Smt. Manjari Kacker   | - Independent Director | - Chairperson |
| 2. Shri R. N. Bhardwaj   | - Independent Director | - Member      |
| 3. Prof. J. Ramachandran | - Independent Director | - Member      |
| 4. Shri Deepak Shourie   | - Independent Director | - Member      |
| 5. Shri A. K. Purwar*    | - Independent Director | - Member      |
| 6. Shri Punit Garg**     | - Executive Director*  | - Member      |
| 7. Shri Manikantan V.    | - Director and CFO     | - Member      |
| 8. Smt. Ryna Karani      | - Independent Director | - Member      |
| 9. Smt. Chhaya Virani    | - Independent Director | - Member      |

\*On April 1, 2019, Shri A.K. Purwar, resigned from being a member of the Corporate Social Responsibility Committee of the Company.

\*\*Shri Punit Garg ceased to be Executive Director of the Company w.e.f. 5 April, 2019, however he will be continuing as a Non Executive Director & Member of CSR Committee of the Company.

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

Average net loss of ₹ 8,817 crore.

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

The Company and its subsidiary companies continue to do CSR activities. Details of which are given elsewhere in this report.

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

- Total amount spent for the financial year :- NA
- Amount unspent, if any :- NA
- Manner in which the amount spent during the financial year is detailed below:

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

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

Not applicable.

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

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

By the Order of the Interim Resolution Professional

**Manikantan V**  
Director & CFO

**Manjari Kacker**  
Chairperson, CSR Committee

Date: May 27, 2019

## Management Discussion and Analysis

## Forward-looking statements

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

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

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

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

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

*The Company is in CIR Process hence outlook, opportunity and threats, developments, risk and concerns and ratios has not been provided separately as required under Listing Regulations.*

## Indian Telecom Industry

India continues to be the second largest telecommunications market in the world, with around 1.2 billion subscribers. FY 2018-19 saw the consolidation of the Indian mobile telecommunications market into three private players, besides the two PSUs. India has transformed from multi-player hyper competitive market to an Oligopoly and possibly moving towards a duopoly. The industry players balance sheet is stretched with unsustainable debt, continued hyper price competition and upcoming demands for high capex on account of 5G and fiber expansion.

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

RCOM's global subsea cable infrastructure and data center play makes it a very strong incumbent in this rapidly evolving digital ecosystem.

## Industry statistics

- Total number of telephone subscribers (Wireless and Wireline) in India remained stagnant to 1183.51 million at the end of Mar-2019, against 1,180 million at the end of Mar 2018.
- Wireless subscribers accounted for 98% of the overall telecom subscriber base.
- Wireless tele-density remained flat at 90.11% in Mar-2019, akin to that at the end of Mar 2018.
- Private sector players continued to maintain the bulk of the market share and accounted for 89.74% of wireless connections as on Mar-2019.
- The Internet subscriber base showed growth and at the end of Mar-2019, the total as at 544 million, against 445 million in Mar 2018. Wireless Internet continued to remain the preferred medium of access and accounted for nearly 95% of the subscriber base.

## Company Overview

## Business Areas

Reliance Communications Limited (RCOM), together with its subsidiary Global Cloud Xchange Limited (GCX), is a leading global communications services provider with businesses including a vast global subsea network; a global on-net Cloud ecosystem; extensive India and global enterprise business; India Data Center Business (IDC) and India National Long Distance (NLD) business.

RCOM and GCX currently serve nearly 40,000 Indian and global corporations, including over 200 global, regional and domestic carriers. RCOM conducts a substantial portion of its business through subsidiary companies, including, GCX, Globalcom IDC Limited and Reliance Infratel Limited (RITL).

## India Operations

## India Enterprise services

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

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

## Reliance Infratel Limited (Telecom Infrastructure Business)

RITL, a subsidiary of RCOM, is in the business of building, owning and operating telecommunication towers, optic fiber cable assets

# Reliance Communications Limited

## Management Discussion and Analysis

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

### Global Operations

#### Overview

Our global business comprises a complete portfolio of Wholesale and Enterprise Data Communications services offered through our global subsidiary Global Cloud Xchange (GCX), and Wholesale Voice and International calling services for retail customers.

The business is powered by our expansive global subsea network spanning more than 68,000 route km, with 46 landing stations in 27 countries. We connect major hubs in the fast-growing Emerging Markets of the Middle East and Asia (including India, Taiwan, Korea, Hong Kong, the UAE, Bahrain and Kuwait), which are driving data traffic growth to mature economies in Western Europe and North America, creating what we call the 'Emerging Markets Corridor'.

Our offerings include Infrastructure and Connectivity Solutions (dedicated end-to-end global connectivity solutions for enterprises, OTTs and network operators) and Managed Solutions. With connections to all key business markets worldwide spanning Asia, North America, Europe and the Middle East, our Managed Network Services platform connects more than 27,000 sites across 160 countries. Our global IP and Multi-Protocol Label Switching (MPLS) network has 836 direct inter-connections to 342 third-party networks. We are equipped to support businesses through the deployment of Next-Generation Enterprise solutions across our Cloud Delivery Networks.

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

#### Business Strategy

##### a. Network Infrastructure Enhancement

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

- **Data Center Centric Networks-** We will build low-cost, distributed, focused compute and diverse compute centers at strategic locations across key markets, with initial deployment in India.
- **High-Speed Trunking between Data Centers -** We will build scalable 100 Gig+ super-highways between every CBD based on the Forward

Operating Center concept. In addition, we will establish ownership economics with glass-through capabilities across land and sea.

- **Commoditized Low-Cost Last Mile Access-**We will further deploy SD WAN, Branch Connect and low-cost UBRs and open FOCs to allow access to multiple last-mile providers. We will access carrier interconnect centers in every major market seamlessly.
- **EAGLE Network Construction -** As part of the Company's "Cloud & Fiber" Initiative, plans are underway for the construction of our new EAGLE network, delivering express subsea cable routes from India into the world's fastest growing economies. EAGLE East will deliver express route from Mumbai to Singapore and EAGLE West be the first India-Europe express subsea cable system. Target RFS IH 2022.

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

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

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

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

#### Strategic Corporate Partnerships

##### i. GCX, Primetel Strengthen Partnership with 100Gbps Upgrade to Subsea Cable System Hawk at Cyprus Hub

GCX partnered with Cyprus' leading telecommunications provider PrimeTel for a 100Gbps upgrade to GCX's HAWK subsea cable system branch into Cyprus. This network upgrade will offer robust connectivity solutions and drive new business opportunities across the strategic Europe-Cyprus-Middle East-Asia route.

##### ii. GCX & BMC UK Facilitate Broadcast of Global Events

GCX teamed up with Broadcast Media Communications (BMC UK) for the delivery of end-to-end connectivity solutions for two major events: the Royal Wedding of Prince Harry and Meghan Markle at Windsor, and FIFA World Cup 2018 in Russia. These connectivity solutions carried the feed to television studios, enabling the live telecast of these events.

##### iii. GCX Interconnects with PacketFabric to Extend and Strengthen Each Other's Footprint

In October 2018, GCX announced that it had interconnected with PacketFabric to provide 100G trans-Atlantic service from New York to London, via the FA-1 North submarine cable system. This deal with GCX will enable PacketFabric—which offers scalable, real-time

## Management Discussion and Analysis

connectivity services between any two or more points on its fabric—to expedite its expansion plans in Europe. GCX's FA-1 North submarine cable system connects the United States, the UK and France.

### d. Awards and Recognitions

- i. **Tier III Certification:** Our IDC-4 Data Center in Navi Mumbai received Tier III certification from Uptime Institute, after an extensive 'Risk and Capacity Assessment' for IT service delivery locations across hybrid infrastructures worldwide. The certification is a strong endorsement of RCOM's capabilities for optimized, dependable and secure service delivery in the data center domain.
- ii. **Frost & Sullivan Awards 2018:** RCOM was honoured with Frost & Sullivan's 'India ICT Award 2018' for its pioneering SIP Trunking service in the 'New Products and Services' category.
- iii. **Global Carrier Awards 2018:** GCX took the honours as the 'Best Asian Wholesale Carrier' at the prestigious Global Carrier Awards helmed by Capacity Media for the second year in a row.
- iv. **'ET Now' HR Talent Management Leadership Awards 2019:** RCOM and GCX won the 'Most Effective Recruitment Campaign' award at the 'ET Now HR Talent Management Leadership Awards 2019', organized by the World HRD Congress.

### Financial Performance - Overview

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

#### Revenues and operating expenses

On a consolidated basis, in the continuing operations, the Company earned total revenues of ₹ 4,194 crore (US \$606 million). The net loss after tax recorded by the Company was ₹ 867 crore (US \$125 million). Total operating expenditure stood at ₹ 3,634 crore (US \$ 525 million).

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

The Company earned EBITDA of ₹ 560 crore (US \$ 81 million). The EBITDA margin for the year was 13.35 per cent.

#### Depreciation and amortization

The Depreciation and Amortization charges were ₹ 820 crore (US \$ 119 million).

#### Loss before / after tax

The Loss before exceptional item was ₹ 450 crore (US \$ 65 million). Exceptional Item gain ₹ 2,008 crore (US \$ 290 million), Tax was to the tune of ₹ 2,425 crore (US \$ 351 million). The Loss after tax was ₹ 867 crore (US \$ 125 million).

#### Balance Sheet

As on March 31, 2019, the Company had total assets of ₹ 67,558 crore (US \$ 9,769 million). Stakeholders' equity was negative (-) ₹ 4,180 crore (US \$ 604 million), while net debt (i.e. net of excluding cash and cash equivalents) was ₹ 46,659 crore (US \$ 6,747 million), giving a net debt to equity ratio of (11.16) times.

## Segment-wise Review

### 1. India Operations

#### Overview

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

#### Revenues and Profit

The revenues for the financial year ended March 31, 2019 were ₹ 1,808 crore (US \$ 261 million). The EBITDA during the same period was (loss) (-) ₹ 32 crore (US \$ 5 million), while the EBIT (Earnings before Interest and Tax) was (loss) (-) ₹ 255 crore (US \$37 million).

### 2. Global Operations

#### Overview

The Global Business Unit offers the most comprehensive portfolio of Enterprise, IT infrastructure and International long-distance voice, video and data network services on an integrated and highly-scalable platform across the globe. Our business segments comprise Carrier, Enterprise and Consumer Business units. We provide carrier voice, carrier bandwidth, enterprise data and consumer voice services.

#### Revenues and Profit

The Revenues for the financial year ended March 31, 2019 in this segment were ₹ 2,821 crore (US \$408 million). While the EBITDA was ₹ 592 crore (US \$86 million), the EBIT was loss (-) ₹ 5 crore (US \$1 million).

#### Strategic Business Units

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

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

#### Revenues and Operating Expenses

RCIL earned total revenues of ₹ 444 crore (US \$ 64 million) during the year, compared to ₹ 250 crore (US \$ 38 million) for the previous year. RCIL incurred total operating expenses of ₹ 262 crore (US \$ 38 million), compared to ₹ 285 crore (US \$ 44 million) in the previous year.

#### Net Profit / (Loss)

The net loss after tax recorded by RCIL was ₹ 2,093 crore (US \$ 303 million), compared to loss of ₹ 1,542 crore (US \$237 million) in the previous year.

#### Balance Sheet

As on March 31, 2019, RCIL had total assets (net) of ₹ 3,988 crore (US \$577 million) and shareholders' fund negative amounting to ₹ 2,270 crore (US \$328 million).

## Management Discussion and Analysis

### 2. Reliance Telecom Limited (RTL)

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

#### Revenues and Operating Expenses

RTL earned total revenues of ₹ 23 crore (US \$3 million) during the year, compared to ₹ 680 crore (US \$104 million) in the previous year. RTL incurred total operating expenses of ₹ 80 crore (US \$12 million), compared to ₹ 901 crore (US \$138 million) in the previous year.

#### Net Profit / (Loss)

The net loss after tax recorded by RTL was ₹ 334 crore (US \$48 million), compared to net loss of ₹ 4,461 crore (US \$684 million) in the previous year.

#### Balance Sheet

As on March 31, 2019, RTL had total assets of ₹ 3,858 crore (US \$558 million) and shareholders' fund negative amounting to ₹ 6,780 crore (US \$980 million).

### 3. Reliance Infratel Limited (RITL)

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

#### Revenues and Operating Expenses

RITL earned total revenues of ₹ 1,450 crore (US \$210 million) during the year, compared to ₹ 3,170 crore (US \$486 million) in the previous year. The Company incurred total operating expenses of ₹ 1,574 crore (US \$228 million), compared to ₹ 2,528 crore (US \$388 million) in the previous year.

#### Net Profit / (Loss)

The net loss after tax recorded by RITL was ₹ 132 crore (US \$19 million), compared to loss of ₹ 714 crore (US \$110 million) in the previous year.

#### Balance Sheet

As on March 31, 2019, RITL had total assets of ₹ 12,819 crore (US \$1,854 million). Shareholders' fund was ₹ 1,221 crore (US \$177 million).

### 4. Global Cloud Xchange (GCX)

Revenues and Operating Expenses

GCX earned total revenues of ₹ 2,585 crore (US \$ 374 million) during the year. The Company incurred total operating expenses of ₹ 2,748 crore (US \$ 397 million).

#### Net Profit / (Loss)

The net loss after tax recorded by GCX was ₹ 934 crore (US \$ 135 million).

### Balance Sheet

As on March 31, 2019, GCX had total assets of ₹ 8,037 crore (US \$ 1,162 million) Shareholders' fund was ₹ 505 crore (US \$ 73 million).

### Adequacy of Internal Control and Systems

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

### Risk Management Framework

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

### Corporate Governance

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

### Human Resource and Employees Relations

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

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

### Corporate Social Responsibility

At Reliance, CSR is inculcated well within the culture of the Company and continuous efforts were taken to strengthen its social initiatives each year to make the programs more sustainable and support the community at large. The Company promoted programs which focus on education and healthcare initiatives. The Company also encouraged active employee volunteering wherein enthusiastic volunteers contributed their time in sustaining the CSR interventions like Blood Donating Campaign, Employee volunteering in social platforms.

## Corporate Governance Report

### Background:

Pursuant to the order dated 15<sup>th</sup> May 2018, of the Hon'ble National Company Law Tribunal - Mumbai Bench, at Mumbai ("NCLT Order"), Corporate Insolvency Resolution Process ("CIRP") has been initiated for the Company in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, ("Code") and related rules and regulations issued thereunder. Mr. Pardeep Kumar Sethi, Reg. No. IBBI/IPA-001/IP-P00711/2017-2018/11265, was appointed as Interim Resolution Professional in terms of the NCLT Order.

Subsequently pursuant to the Order dated 30<sup>th</sup> May 2018, Hon'ble National Company Law Appellate Tribunal ("NCLAT Order"), stayed NCLT Order referred above.

Hon'ble NCLAT vide its Order dated 30<sup>th</sup> April, 2019 vacated the stay on NCLT Order and referred the matter back to NCLT, Mumbai Bench. As per Order passed on 7<sup>th</sup> May 2019, CIR Process was revived against the Company. The powers of Board of Directors of the Company stand suspended effective from the CIR Process commencement date and such powers along with the management of affairs of the Company are vested with the Interim Resolution professional.

### Corporate governance philosophy

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

### Governance Practices and Policies

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

#### A. Values and commitments

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

#### B. Code of ethics

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

#### C. Business policies

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

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

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

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

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

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

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

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

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

It is affirmed that no personnel has been denied access to the Audit Committee.

#### H. Environment Policy

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

#### I. Risk management

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

#### J. Boardroom practices

##### a. Chairman

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

##### b. Board charter

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

##### c. Board committees

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) the Board constituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Executive Committee of Directors, Business Restructuring Committee and SDR Committee of Directors.



### **d. Selection of independent directors**

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

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

### **e. Tenure of independent directors**

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

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

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

### **g. Familiarisation of board members**

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

Periodic updates and training programs for Board members are also conducted on relevant statutory changes and landmark judicial pronouncements encompassing important laws.

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

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

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

### **i. Subsidiaries**

All the subsidiaries of the Company are managed by their respective boards. Their boards have the rights and obligations to manage their companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies.

### **j. Commitment of directors**

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

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

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

### **L. Independent Statutory Auditors**

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

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

The Global Depository Receipts (GDRs) issued by the Company are listed on the Luxembourg Stock Exchange (LSE) and 6.5 percent Senior Secured Notes due in 2020 are listed on the Singapore Stock Exchange (SGX). The Company has reviewed the code on corporate governance of LSE and

## Corporate Governance Report

SGX and the Company's corporate governance practices conform to these codes and rules from time to time.

### N. Compliance with the Listing Regulations

The Company is fully compliant with the mandatory requirements of Listing Regulations except as otherwise specified in this report.

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

#### I. Board of Directors

Prior to commencement of CIR Process (during the period of stay granted by NCLAT i.e 30<sup>th</sup> May 2018 to 31<sup>st</sup> March 2019) the Board Composition was as follows:

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

As on March 31, 2019, the Board consisted of eleven Directors. The composition and category of directors on the Board of the Company were as under:

| Category   | Name of directors                  | DIN      |
|--|------------------------------------|----------|
| Chairman, Promoter, Non-Executive and Non-Independent Director | Shri Anil D. Ambani                | 00004878 |
| Independent Directors  | Prof. J. Ramachandran <sup>¥</sup> | 00004593 |
|  | Shri Deepak Shourie <sup>¥</sup>   | 00101610 |
|  | Shri A. K. Purwar <sup>¥</sup>     | 00026383 |
|  | Shri R. N. Bhardwaj <sup>¥</sup>   | 01571764 |
|  | Smt. Ryna Karani                   | 00116930 |
|  | Smt. Chhaya Virani                 | 06953556 |
| Non-Executive Non-Independent Director                         | Smt. Manjari Kacker <sup>#</sup>   | 06945359 |
|  | Shri Suresh Rangachar              | 00020887 |
| Executive Director* and CFO                                    | Shri Punit Garg                    | 00004407 |
|  | Shri Manikantan V.                 | 03338690 |

<sup>¥</sup> The tenure of the Director will get completed on September 15, 2019.

<sup>#</sup> appointed as Independent Director w.e.f. September 18, 2018

\* Shri Punit Garg resigned as an Executive Director w.e.f. April 5, 2019, however he continues to be a Non-Executive Director on the Board of the Company.

#### Notes:

- None of the directors are related to any other director.
- None of the directors has any business relationship with the Company.
- None of the directors has received any loans and advances from the Company during the financial year.

All the Independent Directors of the Company furnish a declaration at the time of their appointment and also annually that they meet the criteria of independence as provided under law. The Board reviews the same and is of the opinion, that the Independent Directors fulfill the conditions specified in the Act and the Listing Regulations and are independent of the management.

#### 2. Conduct of Board proceedings

The day to day business is conducted by the executives and the business heads of the Company under the direction of the Board led by the Chairman. The Board holds minimum four meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

The Board performs the following specific functions in addition to overseeing the business and the management:

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

#### 3. Board meetings

The Board held 5 meetings during financial year 2018-19 on May 30, 2018, July 18, 2018, November 03, 2018, January 23, 2019 and February 01, 2019. The maximum time gap between any two meetings was 107 days and the minimum gap was 8 days. The meetings are normally held at Mumbai.

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

# Reliance Communications Limited

## Corporate Governance Report

### 4. Attendance of directors

Attendance of directors at the Board meetings held during financial year 2018-19 and the last Annual General Meeting held on September 18, 2018 and the details of directorships (calculated as per provisions of Section 165 of the Act), Committee Chairmanships and memberships held by the directors as on March 31, 2019 were as under:

| Name of the Director  | Number of Board meetings attended out of Five meetings held | Attendance at the last AGM held on September 18, 2018 | Number of directorship (including RCOM) | Committee(s) membership (including RCOM) |              |
|-----------------------|---|---|---|--|--------------|
|                       |   |   |   | Membership                               | Chairmanship |
| Shri Anil D. Ambani   | 4   | Present   | 12                                      | 0  | 0            |
| Prof. J. Ramachandran | 1   | Present   | 5                                       | 5  | 1            |
| Shri Deepak Shourie   | 3   | Present   | 1                                       | 2  | 0            |
| Shri A. K. Purwar     | 4   | Present   | 9                                       | 3  | 0            |
| Shri R. N. Bhardwaj   | 5   | Present   | 10                                      | 6  | 1            |
| Smt. Manjari Kacker*  | 5   | Absent  | 6                                       | 2  | 1            |
| Shri Punit Garg       | 5   | Present   | 1                                       | 2  | 0            |
| Shri Manikantan V.    | 5   | Present   | 2                                       | 2  | 0            |
| Smt. Chhaya Virani    | 4   | Present   | 5                                       | 6  | 1            |
| Smt. Ryna Karani      | 5   | Present   | 8                                       | 5  | 1            |
| Shri Suresh Rangachar | 5   | Present   | 2                                       | 1  | 0            |

\* appointed as Independent director w.e.f. September 18, 2018.

#### Notes:

- None of the directors hold directorships in more than 20 companies of which directorship in public companies does not exceed 10 in line with the provisions of Section 165 of the Act.
  - No Director holds directorship in more than 8 listed entities.
  - None of the directors hold membership of more than 10 committees of board, nor, is a Chairman of more than 5 committees of across board of all listed entities.
  - None of the independent director holds the position of the Independent Director in more than seven listed companies as required under the Listing Regulations.
  - None of the Director has been appointed as Alternate Director for Independent Director.
  - The information provided above pertains to the following committees in accordance with the provisions of Regulation 26(1) (b) of Listing Regulations: (i) Audit Committee, and (ii) Stakeholders Relationship Committee.
  - The Committee membership and chairmanship above excludes membership and chairmanship in private companies, foreign companies and Section 8 companies.
  - Membership of Committees includes chairmanship, if any.
- The Company's Independent Directors meet at least once in every financial year without the attendance of Non Independent Directors and Management Personnel. One separate meeting of Independent Directors was held during the financial year.

### 5. Directorships in other listed entities:

The details of directorships held by the directors of the Company in other listed entities as on March 31, 2019 are as follows:

| Name of Director      | Other directorships in listed entities |  |
|-----------------------|--|--|
|                       | Name of Listed entities                | Category   |
| Shri Anil D Ambani    | Reliance Infrastructure Limited        | Promoter, Non Executive and Non Independent Director |
|                       | Reliance Power Limited                 | Promoter, Non Executive and Non Independent Director |
|                       | Reliance Capital Limited               | Promoter, Non Executive and Non Independent Director |
| Prof. J. Ramachandran | Redington (India) Limited              | Non Executive and Independent Director               |
|                       | Sasken Technologies Limited            | Non Executive and Independent Director               |
| Shri Deepak Shourie   | -                                      | -  |
| Shri A. K. Purwar     | Alkem Laboratories Limited             | Non Executive and Independent Director               |
|                       | Jindal Steel and Power Limited         | Non Executive and Independent Director               |
|                       | IIFL Holdings Limited                  | Non Executive and Independent Director               |
|                       | Balaji Telefilms Limited               | Non Executive and Independent Director               |

## Corporate Governance Report

|                       |  |  |
|-----------------------|--|--|
| Shri R. N. Bhardwaj   | Jaiprakash Associates Limited<br>Jaiprakash Power Ventures Limited | Non Executive and Independent Director<br>Non Executive and Independent Director |
|                       | Arihant Superstructures Limited                                    | Non Executive and Independent Director   |
|                       | SBI Life Insurance Company Limited                                 | Non Executive and Independent Director   |
| Smt. Manjari Kacker   | Dhanvarsha Finvest Limited   | Non Executive and Independent Director –<br>Additional director                  |
| Shri Punit Garg       | -  | -  |
| Shri Manikantan V.    | -  | -  |
| Smt. Chhaya Virani    | Reliance Capital Limited   | Non Executive and Independent Director   |
| Smt. Ryna Karani      | Reliance Infrastructure Limited                                    | Non Executive and Independent Director   |
|                       | INEOS Styrolution India Limited                                    | Non Executive and Independent Director   |
|                       | Prime Urban Development India Limited                              | Non Executive and Independent Director   |
| Shri Suresh Rangachar | -  | -  |

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

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

The following skills / expertise / competencies have been identified for the effective functioning of the Company and the current Board of Directors of the Company possesses all the below identified skills and competencies:

- Leadership / Operational experience
- Strategic Planning
- Sector / Industry Knowledge & Experience, Research & Development and Innovation
- Technology
- Financial, Regulatory / Legal & Risk Management
- Corporate Governance

### 7. Details of Directors

The abbreviated resumes of all the Directors are furnished hereunder:

**Shri Anil D. Ambani**, 60 years, B.Sc. Hons. and MBA from the Wharton School of the University of Pennsylvania, is the Chairman of our Company, Reliance Capital Limited, Reliance Infrastructure Limited and Reliance Power Limited.

As on March 31, 2019, Shri Anil D. Ambani held 18,59,171 equity shares of the Company.

**Prof. J. Ramachandran**, 62 years, is a Professor of Corporate Strategy and Policy at the Indian Institute of Management, Bengaluru. He is a Chartered Accountant and Cost Accountant and is a fellow of the Indian Institute of Management, Ahmedabad. His teaching cases have been recognised with the Best Case Awards from the European Foundation for Management Development, The Association of Management Development Institutions in South Asia, The Central and East European Management Development Association, and The Association of Indian Management Schools; and the Tata Steel IIMB award. Professor Ramachandran is the first Bain Fellow in India.

He is also a Director of Reliance Infratel Limited, Sasken Technologies Limited and Redington (India) Limited.

Prof. Ramachandran is a member of Stakeholders Relationship Committee, Audit Committee, CSR Committee and Chairman of Nomination and Remuneration Committee of the Company. He is a Chairman of the Stakeholders Relationship Committee and Nomination and Remuneration Committee of Sasken Technologies Limited. He is also a member of Audit Committee of Reliance Infratel Limited, Sasken Technologies Limited and Redington (India) Limited. He is a member of Nomination and Remuneration Committee of Reliance Infratel Limited and Redington (India) Limited. He is also member of CSR Committee of Reliance Infratel Limited.

He does not hold any share in the Company as on March 31, 2019.

**Shri Deepak Shourie**, 70 years, holds a bachelor's degree in Economics and has more than four decades of experience in general management with an emphasis on media, consumer goods and corporate affairs. He was an Executive Vice President and Managing Director of Discovery Communications of India and director in South Asia for BBC Worldwide Media Private Limited.

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

He does not hold any share in the Company as on March 31, 2019.

**Shri A. K. Purwar**, 73 years, was the former Chairman of the State Bank of India ("SBI") and also the former Managing Director of the State Bank of Patiala. He holds a master's degree in Commerce and a diploma in Business Administration. Shri Purwar has served on the Board of Governors of the Indian Institute of Management, Lucknow, XLRI Jamshedpur and as a member of the Advisory Board for the Institute of Indian Economic Studies, Waseda University, Tokyo, Japan.

Shri Purwar is also a Director in Jindal Steel and Power Limited, IIFL Holdings Limited, ONGC Tripura Power Company Limited, Alkem Laboratories Limited and Balaji Telefilms Limited.

As on 31<sup>st</sup> March, 2019 he was a Member of Stakeholders Relationship Committee, Audit Committee, Nomination and Remuneration Committee, CSR Committee of the

## Corporate Governance Report

Company. He is also a Chairman of Audit Committee in ONGC Tripura Company Limited and member in Jindal Steel and Power Limited. He is Chairman of Nomination and Remuneration Committee in Alkem Laboratories Limited and member in Jindal Steel and Power Limited, IIFL Holdings Limited. He is also a member of Risk Management Committee in IIFL Holdings Limited.

He does not hold any share in the Company as on March 31, 2019.

**Shri R. N. Bhardwaj**, 74 years, holds a master's degree in Economics from the Delhi School of Economics and a diploma in Industrial Relations and Personnel Management from the Punjabi University, Patiala. He has over 40 years of experience in various sectors such as economics, finance, investment and portfolio management. He was the Managing Director and Chairman of Life Insurance Corporation of India. Shri R. N. Bhardwaj has also served as a member of the Securities Appellate Tribunal.

Shri Bhardwaj is also a Director in Jaiprakash Associates Limited, Jaiprakash Power Ventures Limited, Milestone Capital Advisors Limited, Arihant Superstructure Limited and SBI Life Insurance Company Limited.

Shri Bhardwaj is a member of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and CSR Committee of the Company. He is a Chairman of the CSR Committee and Stakeholders Relationship Committee of SBI Life Insurance Company Limited and member of Audit Committee of Jaiprakash Powers Ventures Limited, Milestone Capital Advisors Limited and SBI Life Insurance Company Limited as well member of Risk Management Committee and Nomination and Remuneration Committee of SBI Life Insurance Company Limited. He is also a member of Nomination and Remuneration Committee and Stakeholders Relationship Committee of Arihant Superstructures Limited.

He does not hold any share in the Company as on March 31, 2019.

**Smt. Manjari Kacker**, 66 years, holds a master's degree in Chemistry and a diploma in Business Administration. She has more than 40 years of experience in taxation, finance, administration and vigilance. She was in the Indian Revenue Service batch of 1974. She held various assignments during her tenure in the tax department and was also a member of the Central Board of Direct Taxes. She has also served as the Functional Director (Vigilance and Security) in Air India and has also represented India in international conferences.

Smt. Manjari Kacker is also a Director in Dhanvarsha Finvest Limited and Hindustan Gum and Chemicals Limited.

Smt. Manjari Kacker is Chairperson of CSR Committee and Audit Committee as well as member of Stakeholders Relationship Committee and Nomination and Remuneration Committee of the Company. She is also chairperson of Nomination and Remuneration Committee and member of Audit Committee of Dhanvarsha Finvest Limited. She is also Chairperson of Risk Management Committee of Dhanvarsha Finvest Limited.

She does not hold any share in the Company as on March 31, 2019.

**Shri Punit Garg**, 54 years, holds B.E. is part of the Company's leadership team since last 18 years. He has held several positions in the Company, including CEO of Indian and Global Enterprise Business, Corporate Strategy and Regulatory Affairs of the Company. Shri Garg has rich experience of over 33 years in telecom and IT sectors. He was President, Telecom Business of the Company and elevated to the Board as Executive Director of the Company.

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

He is holding one equity share of the Company as on March 31, 2019.

**Shri Manikantan V.**, 53 years, Chartered Accountant, has been with the Company since last 23 years and has held several senior positions in the Company. He was the Chief Financial Officer (CFO) of the Company and elevated to the Board as Director and CFO of the Company.

Shri Manikantan is a Director in Globalcom Mobile Commerce Limited.

Shri Manikantan a member of the Audit Committee, Stakeholders Relationship Committee and CSR Committee of the Company.

He does not hold any share in the Company as on March 31, 2019.

**Smt. Chhaya Virani**, aged 64 years, holds bachelors' degree in Arts and Legislative Laws and is lawyer by profession and partner in M/s. ALMT, Legal Advocates and Solicitors. Smt. Chhaya Virani is specialised in property matters and her major area of practice is related to conveyance and property transaction.

Smt. Virani is also a Director in Reliance Capital Limited, Reliance Infratel Limited, Reliance General Insurance Company Limited and Reliance Capital Pension Fund Limited.

Smt Virani is a member of the Audit Committee, Nomination and Remuneration Committee and CSR Committee and chairperson of Stakeholders Relationship Committee of the Company. She is also a member of Audit Committee of Reliance Capital Limited, Reliance Infratel Limited, Reliance General Insurance Company Limited and Reliance Capital Pension Fund Limited and member of Stakeholders Relationship Committee of Reliance Capital Limited. She is also a member of Risk Management Committee of Reliance Capital Limited and Reliance Capital Pension Fund Limited. She is also a member of Nomination and Remuneration Committee of Reliance Infratel Limited and Reliance Capital Pension Fund Limited. She is also a member of CSR Committee of Reliance Infratel Limited. She is also chairperson of the Stakeholders Relationship Committee of Reliance General Insurance Company Limited.

She does not hold any share in the Company as on March 31, 2019.

## Corporate Governance Report

**Smt. Ryna Karani** aged 51 years, holds BA, LLB degree and lawyer by profession. She has been practicing as a lawyer since 1994 and enrolled as Advocate with the Bar Council of Maharashtra and Goa. Her practice includes advising on mergers and acquisitions, joint ventures, private equity and investment funds on a full range of corporate transactions.

Smt. Karani is also a Director in Ineos Styrolution India Limited, Prime Urban Development India Limited, Reliance Infrastructure Limited, BSES Yamuna Power Limited and BSES Rajdhani Power Limited.

Smt. Karani is a member of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and CSR Committee of the Company. She is Chairperson of CSR Committee in Reliance Infrastructure Limited and Audit Committee of BSES Yamuna Power Limited. She is also a member of Audit Committee of Reliance Infrastructure Limited, BSES Rajdhani Power Limited and Ineos Styrolution India Limited. She is also a member of Risk Management Committee, ESOP Compensation Committee of Reliance Infrastructure Limited and member of Nomination and Remuneration Committee and Chairperson of Stakeholders Relationship Committee of INEOS Styrolution India Limited.

She does not hold any share in the Company as on March 31, 2019.

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

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

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

He does not hold any share in the Company as on March 31, 2019.

### 8. Insurance coverage

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

### II. Audit Committee

The Company has an Audit Committee. The composition and terms of reference of Audit Committee are in compliance with the provisions of Section 177 of the Companies Act, 2013, Listing Regulations and other applicable laws. The Audit Committee presently comprises of Smt Manjari Kacker, Chairperson, Shri R. N. Bhardwaj, Prof. J. Ramachandran, Shri A. K. Purwar, Shri Deepak Shourie, Smt. Ryna Karani, Smt. Chhaya Virani all Independent Directors and Shri Punit Garg and Shri Manikantan V Directors as members. All the members of the Committee possess financial / accounting expertise / exposure.

On April 1, 2019, Shri A.K. Purwar, resigned from being a member of the Audit Committee of the Company.

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

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Modified opinion(s) in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Subject to and conditional upon the approval of the Board of Directors, Approval of Related Party Transactions (RPTs) or subsequent modifications thereto. Such approval can be in the form of omnibus approval of RPT subject to conditions not inconsistent with the conditions specified in

- Regulation 23(2) and Regulation 23(3) of the Listing Regulations. Such approval shall not be required for transactions with a wholly owned subsidiary whose accounts are consolidated with the Company;
9. Subject to review by the Board of Directors, Review on quarterly basis, of RPTs entered into by the Company pursuant to each omnibus approval given pursuant to (8) above;
  10. Scrutiny of inter-corporate loans and investments;
  11. Valuation of undertakings or assets of the company, wherever it is necessary;
  12. Review the Company's established system and processes of internal financial controls and risk management systems;
  13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  15. Discussion with internal auditors of any significant findings and follow up there on;
  16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  19. To review the functioning of the Whistle Blower mechanism;
  20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  21. Review of utilization made by the subsidiary company out of loans and / or advances / investment made by the holding company. The threshold will be applied in cases where the aggregate amount exceeds ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower & will include existing loans / advances / investments existing as on the date of coming into force of this provision.
  22. To review and publish quarterly consolidated financial statements with a condition that at least eighty percent of consolidated revenue, assets and profits should have been audited or reviewed.
  23. To disclose in the last quarter of the financial year, any material adjustments made which relate to earlier period will have to be disclosed. Further, Cash flow statements to be made and disclosed as part of its standalone and consolidated financial results every six months.
  24. To Review of compliances as per the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, at least once in a financial year and shall also verify that the systems for internal control are adequate and are operating effectively.
  25. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and Explanation (i): The term 'related party transactions' shall have the same meaning as provided in Regulation 23 of the Listing Regulations.
- The Audit Committee is also authorised to:
1. Investigate any activity within its terms of reference;
  2. Seek any information from any employee;
  3. Obtain outside legal or other professional advice;
  4. Secure attendance of outsiders with relevant expertise, if it considers necessary;
  5. Call for comments from the auditors about internal controls systems and the scope of audit, including the observations of the auditors;
  6. Review financial statements before submission to the Board; and
  7. Discuss any related issues with the internal and statutory auditors and the management of the Company.
- The Audit Committee shall mandatorily review the following information:
1. management discussion and analysis of financial condition and results of operations;
  2. statement of significant related party transactions (as defined by the audit committee), submitted by management;
  3. management letters / letters of internal control weaknesses issued by the statutory auditors;
  4. internal audit reports relating to internal control weaknesses; and
  5. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
  6. statement of deviations:
    - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the listing regulations.
    - ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the listing regulations.
- During the year under review, the Committee was re-constituted by the Board of Directors of the Company on 3<sup>rd</sup> November, 2018.

Corporate Governance Report

**Attendance at the meetings of the Audit Committee held during 2018-19.**

The Audit Committee held its meetings on May 30, 2018, July 18, 2018, November 03, 2018 and January 23, 2019. The maximum time gap between any two meetings was 107 days and the minimum gap was 48 days, respectively.

Attendance at the meeting of the Audit Committee held during financial year 2018-19, is as follows:

| Name of the Members   | Number of Meetings     |          |
|-----------------------|------------------------|----------|
|                       | held during the tenure | attended |
| Smt Manjari Kacker    | 4                      | 4        |
| Shri A. K. Purwar     | 4                      | 4        |
| Shri Deepak Shourie   | 4                      | 3        |
| Shri R. N. Bhardwaj   | 4                      | 4        |
| Prof. J. Ramachandran | 4                      | 1        |
| Shri Punit Garg       | 4                      | 4        |
| Shri Manikantan V     | 4                      | 4        |
| Smt. Ryna Karani      | 4                      | 4        |
| Smt. Chhaya Virani    | 4                      | 3        |

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

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

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

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

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

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

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control systems of the Company. The Committee also reviewed the financial policies of the Company and expressed its satisfaction with the same. The Committee, after review expressed its satisfaction on the independence of both the internal and the statutory auditors.

The Company has appointed Cost Auditors pursuant to Section 148 of the Companies Act, 2013. Further the

Cost Auditors attends the audit committee meeting wherein cost audit reports are placed and discussed.

**III. Nomination and Remuneration Committee**

The Company has a Nomination and Remuneration Committee. The composition and terms of reference of Nomination and Remuneration Committee are in compliance with the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations. The Committee comprises of seven directors, viz; Prof. J. Ramachandran, Chairman, Shri R N Bhardwaj, Shri Deepak Shourie, Smt. Manjari Kacker, Shri A. K. Purwar, Smt. Ryna Karani and Smt. Chhaya Virani as members.

On April 1, 2019, Shri A.K. Purwar, resigned from being a member of the Nomination and Remuneration Committee of the Company.

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

The terms of reference, inter alia comprises the following:

- i. To follow process for selection and appointment of new directors and succession plans.
- ii. Recommend to the Board from time to time, a compensation structure for directors and the senior management personnel.
- iii. Identifying persons who are qualified to be appointed as directors and who may be appointed in Senior Management in accordance with the criteria laid down and to recommend their appointment and/or removal to the Board.
- iv. Formulation the criteria for evaluation of performance of Independent Directors, the Board and the committees thereof.
- v. to assess whether to extend or continue the term of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors;
- vi. To carry out evaluation of every director's performance.
- vii. Devising a policy on board diversity.
- viii. Performing functions relating to all share based employees benefits
- ix. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees.
- x. Recommending to the Board, all remunerations, in whatever form, payable to senior Management of the Company.

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



# Reliance Communications Limited

## Corporate Governance Report

One meeting of the Nomination and Remuneration Committee was held on 18<sup>th</sup> July, 2018 during the financial year 2018-19.

| Name of the Members   | Number of Meeting      |          |
|-----------------------|------------------------|----------|
|                       | held during the tenure | attended |
| Prof. J. Ramachandran | 1                      | 0        |
| Shri R N Bhardwaj     | 1                      | 1        |
| Shri Deepak Shourie   | 1                      | 1        |
| Shri A. K. Purwar     | 1                      | 1        |
| Smt. Manjari Kacker   | 1                      | 1        |
| Smt Ryna Karani       | 1                      | 1        |
| Smt Chhaya Virani     | 1                      | 1        |

### Criteria for making payments to non executive directors

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

### Details of sitting fees paid to the Directors during the Financial Year ended March 31, 2019.

| Name of the Directors | Designation            | Sitting Fee paid (₹ in Lakhs) |
|-----------------------|------------------------|-------------------------------|
| Shri Anil D. Ambani   | Non Executive Chairman | 1.60                          |
| Prof. J. Ramachandran | Independent Director   | 1.20                          |
| Shri Deepak Shourie   | Independent Director   | 4.00                          |
| Shri A. K. Purwar     | Independent Director   | 4.80                          |
| Shri R. N. Bhardwaj   | Independent Director   | 5.20                          |
| Smt. Manjari Kacker   | Independent Director   | 5.20                          |
| Smt. Chhaya Virani    | Independent Director   | 4.40                          |
| Smt. Ryna Karani      | Independent Director   | 5.20                          |

### Notes:

- There were no other pecuniary relationships or transactions of non executive directors vis-à-vis the Company.
- The Company has so far not issued any stock options to its non-executive directors.
- Pursuant to the limits approved by the Board, eligible non executive directors were paid sitting fees of ₹ 40,000 (excluding service tax) for attending each meeting of the Board and its committees.
- No remuneration by way of Commission to the non executive directors is proposed for the financial year 2018-19.

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

(₹ in Lakhs)

| Sr No        | Particulars   | Shri Punit Garg Executive Director* | Shri Manikantan V. Director and CFO |
|--------------|---|-------------------------------------|-------------------------------------|
| 1.           | Remuneration  | 211.60                              | 163.04                              |
| 2.           | Perquisite  | 3.54                                | NIL                                 |
| 3.           | Contribution To PF / Superannuation Fund                | 9.59                                | 7.31                                |
| 2.           | Allowances, Bonuses, Commission and any other component | 3.84                                | 2.93                                |
| <b>Total</b> |   | <b>228.58</b>                       | <b>173.29</b>                       |

\* Shri Punit Garg resigned as an Executive Director w.e.f. April 5, 2019, however he continues to be a Non-Executive Director on the Board of the Company.

### IV. Stakeholders Relationship Committee

In terms of Section 178 of the Act and Listing Regulations, the Company has a Stakeholders Relationship Committee ('SRC'). The composition and terms of reference of SRC are in compliance with the applicable provisions of the Act, Listing Regulations and other applicable laws.

The Committee has nine members consisting of Smt Chhaya Virani, Chairperson and Prof. J. Ramachandran, Shri A K Purwar, Shri Deepak Shourie, Shri R. N. Bhardwaj, Smt. Manjari Kacker, Shri Punit Garg, Shri Manikantan V. and Smt. Ryna Karani as members.

On April 1, 2019, Shri A.K. Purwar, resigned from being a member of the Stakeholders Relationship Committee of the Company.

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

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

## Corporate Governance Report

During the year under review, the Committee was re-constituted by the Board of Directors of the Company on 3<sup>rd</sup> November, 2018.

During the year, the Stakeholders Relationship Committee held its 3 meetings on July 18, 2018, November 03, 2018 and January 23, 2019. The maximum time gap between any two meetings was 107 days and the minimum gap was 80 days.

### Attendance at the meetings of Stakeholders Relationship Committee held during 2018-19 is as under:

| Name of the Members   | Number of Meetings     |          |
|-----------------------|------------------------|----------|
|                       | held during the tenure | attended |
| Smt Chhaya Virani     | 3                      | 3        |
| Shri Deepak Shourie   | 3                      | 3        |
| Shri A K Purwar       | 3                      | 3        |
| Prof. J. Ramachandran | 3                      | 1        |
| Shri R. N. Bhardwaj   | 3                      | 3        |
| Smt. Manjari Kacker   | 3                      | 3        |
| Shri Punit Garg       | 3                      | 3        |
| Shri Manikantan V.    | 3                      | 3        |
| Smt. Ryna Karani      | 3                      | 3        |

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

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

### V. Compliance Officer

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

### VI. Employees Stock Option Scheme (ESOS) Compensation Committee

The Board had constituted the Employee Stock Option Scheme Compensation Committee ("ESOS Compensation Committee"). The Committee comprised of Shri Deepak Shourie, as Chairman and Smt. Manjari Kacker, Prof J. Ramachandran, Shri A. K. Purwar, Shri R. N. Bhardwaj, Shri Punit Garg, Shri Manikantan V., Smt. Ryna Karani and Smt. Chhaya Virani as members.

The Board of Directors at their meeting held on November 3, 2018 noted that the ESOS Plan 2008 has expired on completion of 10 years and ESOS Plan 2009 will be expiring in January, 2019 and no. of options exercised by any of the employees.

In view of the above, the Board dissolved the ESOS Compensation Committee and functions of said Committee were given to the Nomination and Remuneration Committee.

No meeting of ESOS Compensation Committee was held during the financial year.

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

In terms of Section 135 of the Act, the Company has a Corporate Social Responsibility (CSR) Committee. The composition and terms of reference of Corporate Social Responsibility (CSR) Committee are in compliance with the provisions of Section 135 of the Companies Act, 2013 and other applicable laws. The CSR Committee comprises of Smt. Manjari Kacker as Chairperson and Prof. J. Ramachandran, Shri Deepak Shourie, Shri A. K. Purwar and Shri R. N. Bhardwaj, Shri Punit Garg, Shri Manikantan V., Smt. Ryna Karani and Smt. Chhaya Virani as members.

The CSR Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company.

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

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

The Company Secretary acts as the Secretary to CSR Committee.

### VIII. Risk Management Committee

The Board of Directors had constituted a Risk Management Committee (RMC) on 14<sup>th</sup> November, 2014, which has not met after March 26, 2016 since the internal audit function of the Company includes risks and mitigation function also, which was presented to the Audit Committee at every meeting hence the Company has not convened separate meeting of the Risk Management Committee. The Company has also discontinued wireless business in January, 2018 which has mitigated major risks faced by the wireless business.

In view of above, the Board dissolved the Risk Management Committee at their meeting held on November 3, 2018. The Audit Committee will be looking after the functions of the Risk Management Committee and Management will present risk and mitigation of the current businesses of the Company at Audit Committee Meetings. As and when require in future, said Committee will be constituted.

The minutes of the meetings of all the Committee(s) of the Board of Directors are placed before the Board.

# Reliance Communications Limited

## Corporate Governance Report

### IX. General Body Meetings

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

| Financial Year and type of meeting   | Date and Time                      | Whether Special Resolution passed or not  |
|--------------------------------------|------------------------------------|---|
| 2017-18                              | September 18, 2018<br>At 9.30 a.m. | Yes<br>1. Revision of Borrowing Limits of the Company<br>2. Appointment of Shri Punit Garg as an Executive Director<br>3. Appointment of Shri Manikanthan V. as a Director and Chief Financial Officer<br>4. Alterations to the Article of Associations of the Company<br>5. Private Placement of Non-Convertible Debentures and / or other Debt Securities |
| 2016-17<br>AGM                       | September 26, 2017 at 4.00 p.m.    | Yes<br>1. Private Placement of Non-Convertible Debentures and / or other Debt Securities<br>2. Adoption of new Articles of Association of the Company.<br>3. Approval for issue and allotment of equity shares to the lenders by way of conversion of loans in terms of Strategic Debt Restructuring Scheme.  |
| 2016-17<br>Tribunal Convened Meeting | April 24, 2017 at 9.30 a.m.        | To approve composite scheme of arrangements between the Company, Aircel Limited and others.   |
| 2015-16<br>AGM                       | September 27, 2016<br>12.00 noon   | Yes<br>1. Private Placement of Non-Convertible Debentures.  |
| 2015-16<br>CCM                       | March 8, 2016 11.00 a.m.           | Yes<br>1. To approve Scheme of Arrangement between Sistema Shyam TeleServices Limited and the Company.  |

The Annual General Meetings (AGM) were held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020. Tribunal convened meeting and Court Convened Meeting (CCM) were held at Reliance Energy Management Institute, Jogeshwari-Vikhroli Link Road, Opp. Seepz North Gate No.3, Aarey Colony, Aarey Colony Road, Mumbai 400 065.

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

### X. Postal Ballot

The Company had not conducted any business through Postal Ballot during the financial year 2018-19.

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

### XI. Details of utilisation

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

### XII. Means of Communication

**a. Quarterly Results:** Quarterly Results are published in Financial Express, English newspaper circulating in substantially the whole of India and in Navshakti, (Marathi) vernacular newspaper and are also posted on the Company's website www.rcom.co.in.

**b. Media Releases and Presentations:** Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on Company's website.

**c. Website:** The Company's website www.rcom.co.in contains a separate dedicated section 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and Annual Report of the Company, information on dividend declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company as called for in terms of Listing Regulations is provided on Company's website and the same is updated regularly.

**d. Annual Report:** The Annual Report containing, inter alia, Notice of Annual General Meeting, Audited Financial Statement, Consolidated Financial Statement, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report and Corporate Governance Report forms part of the Annual Report and are displayed on the Company's website.

The Companies Act, 2013 read with the Rules made thereunder and the Listing Regulations facilitate the service of documents to members through electronic means. The Company e-mails the soft copies of the Annual Report to all those members whose e-mail IDs are available with its Registrar and Transfer Agent.

**e. NSE Electronic Application Processing System (NEAPS):** The NEAPS is web based system designed by NSE for corporate. The Shareholding Pattern, Corporate Governance Report, Corporate announcement, Media Release, Results etc. are also filed electronically on NEAPS.

## Corporate Governance Report

- f. BSE Corporate Compliance and Listing Centre ("the Listing Centre"):** The Listing Centre is web based application designed by BSE for corporate's. The Shareholding Pattern, Corporate Governance Report, Corporate Announcement, Media Release, Results etc. are filed electronically on the Listing Centre.
- g. Unique Investor Helpdesk:** Exclusively for investor servicing, the Company has set up a unique investor helpdesk with multiple access modes as under:
- |                       |                    |
|-----------------------|--------------------|
| Toll free no. (India) | : 1800 4250 999    |
| Telephone no.         | : +91 40 6716 1500 |
| Fax no.               | : +91 40 6716 1791 |
| E-mail                | : rcom@karvy.com   |
- h. Designated E-mail-id:** The Company has also designated the E-mail-id rcom.investors@relianceada.com exclusively for investor servicing.
- i. SEBI Complaints Redress System (SCORES):** The investors' complaints are also being processed through the centralized web base complaints redressal system. The salient features of SCORES are availability of centralised data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the actions taken and current status of the complaints.

### XIII. Management Discussion and Analysis

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

### XIV. Subsidiaries

All the subsidiaries of the Company are managed by their respective boards, except RITL and RTL which are under CIR Process. Their boards have the rights and obligations to manage their companies in the best interest of their stakeholders.

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

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

### XV. Disclosures

**A.** There has been no non-compliance by the Company on any matter related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory Authority except a settlement with Securities Exchange Board of India (SEBI) which was settled vide SEBI order SO/EFD-2/SD/247 /NOV /2018 dated November 09, 2018 with regards to certain Non Compliance of Listing Regulations on Non Convertible Debentures.

#### B. Related party transactions

During the financial year 2018-19, no transactions of material nature had been entered into by the Company that may have a potential conflict with interest of the Company. The details of related party transactions are disclosed in Notes to Accounts. The policy on dealing with related party transactions is placed on the Company's website at [www.rcom.co.in](http://www.rcom.co.in)

#### C. Accounting treatment

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

#### D. Code of conduct

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

"It is hereby declared that the Company has obtained from all the members of the Board and senior management personnel of the Company affirmation that they have complied with the Code of Conduct for directors and senior management for the year 2018-19".

**Chief Executive Officer**

#### E. CEO and CFO certification

CEO and CFO of the Company have given certification on financial reporting and internal controls to the Board as required under Regulation 17(8) of the Listing Regulations.

## Corporate Governance Report

### F. Review of Directors' Responsibility Statement

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2019 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

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

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

### H. Confirmation by the Board of Directors' acceptance of Committees recommendations

The Board of Directors confirmed that during the financial year, it has accepted all recommendations of any committees which are mandatory required.

### I. Payment to Statutory Auditors

The details of fees paid to M/s. Pathak H.D. & Associates, Chartered Accountants, Statutory Auditors by the Company and its subsidiaries during the year ended March 31, 2019 are as follows:

| Particulars | Amount<br>(₹ In Crore) |
|-------------|------------------------|
| Audit Fees  | ₹ 4 Crore              |

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

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

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

### XVI. Policy on prohibition of insider trading

The Company has formulated the "Reliance Communications Limited - Code of Practices and Procedures and Code of Conduct to Regulate, Monitor and Report trading in securities and fair disclosure of Unpublished Price Sensitive Information" (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, from time to time. The Board has appointed Company Secretary as the Compliance Officer under the Code responsible for complying with the

procedures, monitoring adherence to the rules for the preservation of price sensitive information, preclearance of trade, monitoring of trades and implementation of the Code under the overall supervision of the Board. The Company's Code, inter-alia, prohibits purchase and/or sale of securities of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods. The Company's Code is available on the website of the Company.

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

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

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

| Particulars   | No. of Shareholders | No. of Shares |
|---|---------------------|---------------|
| a. Aggregate number of shareholders and the outstanding shares lying in suspense account as on April 1, 2018  | 3,578               | 5,29,307      |
| b. Number of shareholders who approached issuer for transfer of shares from suspense account during the year  | 48                  | 12304         |
| c. Less: Number of shareholders to whom shares were transferred from suspense account during the year.        | 48                  | 12304         |
| d. Number of shares transferred to IEPF   | 598                 | 49555         |
| e. Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2019 | 2932                | 4,67,448      |

The voting rights on the shares outstanding in the suspense account as on March 31, 2019 shall remain frozen till the rightful owner of such shares claims the shares.

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

Corporate Governance Report

**XVIII. Compliance with discretionary requirements**

- 1. The Board**  
Our Chairman is a non-executive Chairman and is entitled to maintain Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.
- 2. Modified Opinion(s) in Audit Report**  
The Statutory Auditors of the Company have issued modified opinion in their audit report for the financial year ended March 31, 2019 due to non provision of interest on borrowings, recoverability of assets, foreign exchange variation and defaults on repayment of borrowings, payment of regulatory & statutory dues for the financial year ended March 31, 2019. Detailed information on modified opinion has been given in their report.
- 3. Separate posts of Chairman and CEO**  
The Company has appointed Shri Punit Garg, Executive Director as CEO and he served as Executive Director of the Company till April 5, 2019. Thus, the Company maintains separate posts of Chairman and CEO.
- 4. Reporting of Internal Auditor**  
The internal auditor directly report to the Audit Committee of the Company.

**XIX. General shareholder information**

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

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

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

**Review of governance practices**

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

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

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

| Sr. No. | Particulars                           | Regulations | Compliance Status | Compliance Observed  |
|---------|---------------------------------------|-------------|-------------------|--|
| 1.      | Board of Directors                    | 17          | Yes               | <ul style="list-style-type: none"> <li>● Composition &amp; Meetings</li> <li>● Review of compliance reports &amp; compliance certificate</li> <li>● Plans for orderly succession for appointments</li> <li>● Code of Conduct</li> <li>● Fees / compensation to Non-Executive Directors</li> <li>● Minimum information to be placed before the Board</li> <li>● Risk assessment and management</li> <li>● Performance evaluation</li> </ul> |
| 2.      | Maximum number of Directorship        | 17A*        | Yes               | <ul style="list-style-type: none"> <li>● Directorship in listed entities</li> </ul>  |
| 3.      | Audit Committee                       | 18          | Yes               | <ul style="list-style-type: none"> <li>● Composition &amp; Meetings</li> <li>● Power of the Committee</li> <li>● Role of the Committee and review of information by the Committee</li> </ul>   |
| 4.      | Nomination and Remuneration Committee | 19          | Yes               | <ul style="list-style-type: none"> <li>● Composition</li> <li>● Role of the Committee</li> </ul>   |
| 5.      | Stakeholders Relationship Committee   | 20          | Yes               | <ul style="list-style-type: none"> <li>● Composition</li> <li>● Role of the Committee</li> </ul>   |
| 6.      | Risk Management Committee             | 21          | Not Applicable    | Not Applicable   |
| 7.      | Vigil Mechanism                       | 22          | Yes               | <ul style="list-style-type: none"> <li>● Review of Vigil Mechanism for Directors and employees</li> <li>● Direct access to Chairperson of Audit Committee</li> </ul>   |

# Reliance Communications Limited

## Corporate Governance Report

| Sr. No. | Particulars  | Regulations      | Compliance Status | Compliance Observed  |
|---------|--|------------------|-------------------|--|
| 8.      | Related Party Transactions   | 23               | Yes               | <ul style="list-style-type: none"> <li>Policy of Materiality of Related Party Transactions and dealing with Related Party Transactions</li> <li>Approval including omnibus approval of Audit Committee</li> <li>Review of Related Party Transactions</li> <li>No material Related Party Transactions</li> </ul>  |
| 9.      | Subsidiaries of the Company  | 24               | Yes               | <ul style="list-style-type: none"> <li>Appointment of Company's Independent Director on the Board of material subsidiary –N.A.</li> <li>Review of financial statements of subsidiary by the Audit Committee</li> <li>Minutes of the Board of Directors of the subsidiaries are placed at the meeting of the Board of Directors</li> <li>Significant transactions and arrangements of subsidiary are placed at the meeting of the Board of Directors</li> </ul>   |
| 10.     | Secretarial Compliance Report  | 24A              | Yes               | <ul style="list-style-type: none"> <li>Secretarial Compliance Report</li> </ul>  |
| 11.     | Obligations with respect to Independent Directors  | 25               | Yes               | <ul style="list-style-type: none"> <li>Maximum directorships and tenure</li> <li>Meetings of Independent Directors</li> <li>Appointment of Independent Directors</li> <li>Familiarisation of Independent Directors</li> <li>No alternate Director for Independent Directors</li> <li>Cessation and Appointment of Independent Directors</li> <li>Declaration by Independent Directors</li> <li>Directors and Officers Insurance</li> </ul>   |
| 12.     | Obligations with respect to employees including Senior Management, Key Managerial Personnel, Directors and Promoters | 26               | Yes               | <ul style="list-style-type: none"> <li>Memberships / Chairmanships in Committees</li> <li>Affirmation on compliance of Code of Conduct by Directors and Senior Management</li> <li>Disclosure of shareholding by Non-Executive Directors</li> <li>Disclosures by Senior Management about potential conflicts of interest</li> <li>No agreement with regard to compensation or profit sharing in connection with dealings in securities of the Company by Key Managerial Personnel, Director and Promoter</li> </ul>                                |
| 13.     | Other Corporate Governance requirements  | 27               | Yes               | <ul style="list-style-type: none"> <li>Compliance with discretionary requirements</li> <li>Filing of quarterly compliance report on Corporate Governance</li> </ul>  |
| 14.     | Website  | 46(2) (b) to (i) | Yes               | <ul style="list-style-type: none"> <li>Terms and conditions for appointment of Independent Directors</li> <li>Composition of various Committees of the Board of Directors</li> <li>Code of Conduct of Board of Directors and Senior Management Personnel</li> <li>Details of establishment of Vigil Mechanism / Whistle-blower policy</li> <li>Policy on dealing with Related Party Transactions</li> <li>Policy for determining material subsidiaries</li> <li>Details of familiarization programmes imparted to Independent Directors</li> </ul> |

(\*As the Company is under CIR Process under IBC Code, 2016, Regulation 17, 18, 19, 20 and 21 of the Listing Regulations are not applicable to the Company.)

## Investor Information

### Important points

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

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

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

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

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

### Hold Securities in Consolidated form

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

### Intimate mobile number

Shareholders are requested to intimate their mobile number and changes therein, if any, to Karvy, if shares are held in physical form or to their DP if the holding is in electronic form, to receive communications on corporate actions and other information of the Company.

### Register for SMS alert Facility

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

### Submit Nomination Form and avoid transmission hassle

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

with their Depository Participants in case of shares are held in dematerialised form.

Form may be downloaded from the Company's website, [www.rcom.co.in](http://www.rcom.co.in) under the section 'Investor Relations'. However, if shares are held in dematerialised form, nomination has to be registered with the concerned Depository Participants directly, as per the form prescribed by the Depository Participants.

### Deal only with SEBI Registered Intermediaries

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

### Corporate Benefits in Electronic Form

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

### Register e-mail address

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

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

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

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

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

### Annual General Meeting

The 15<sup>th</sup> Annual General Meeting (AGM) will be held on Monday 30<sup>th</sup>, September, 2019 at 4.00 P.M. at Rama & Sundri Watumull Auditorium, Vidyasaagar, Principal K. M. Kundnani Chowk, 124, Dinchaw Wachha Road, Churchgate, Mumbai 400 020.

### E-voting

The Members can cast their vote online from 10.00 A.M (IST) on September 26, 2019 to 5.00 P.M. (IST) on September 29, 2019.



# Reliance Communications Limited

## Investor Information

### Financial year of the Company

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

### Website

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

### Dedicated e-mail id for investors

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

### Registrar and Transfer Agent (RTA)

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

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

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

| Financial year ended | Dividend per share (₹) | Date of declaration | Due for transfer on | Amount lying in the unpaid dividend account (₹) |
|----------------------|------------------------|---------------------|---------------------|---|
| 31-03-2012           | 0.25                   | 04-09-2012          | 03-10-2019          | 71,84,478                                       |
| 31-03-2013           | 0.25                   | 27-08-2013          | 26-09-2020          | 71,75,290                                       |

The Company shall transfer to IEPF within the stipulated period (a) the unpaid or unclaimed dividend for the financial year 2011-12; (b) the shares on which dividend has not been claimed or encashed for a period of last seven consecutive years or more.

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

Members are requested to note that no claims shall lie against the Company in respect of their shares or the amounts so transferred to IEPF and no payment shall be made in respect of any such claim. Any shareholder whose equity shares and unclaimed dividends has been transferred to the Fund, may claim the equity shares or apply for claiming the dividend transferred to IEPF by making an application in Form IEPF 5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) along with the applicable fee.

### Dividend announcements

In view of ongoing CIR Process, vide order dated 7<sup>th</sup> May 2019 of Hon'able NCLT, Mumbai Bench, the Directors of the Company do not recommend any dividend for the financial year 2018-19.

### Unclaimed dividends / shares

The provisions of Sections 124 and 125 on unclaimed dividend and Investor Education and Protection Fund (IEPF) under the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) have come into force with effect from September 7, 2016.

The Company has transferred the dividend for the years 2006-07 to 2010-11 remaining unclaimed for a period of seven years from the date of declaration to IEPF.

During the year under review, the Company has transferred unclaimed dividend of ₹ 1,22,44,876 to the Investor Education and Protection Fund pursuant to the provisions of the Companies Act, 2013.

The Company has transferred to the IEPF Authority 20,78,334 equity shares of ₹ 5 each on November 26, 2018, in respect of which dividend had remained unpaid or unclaimed for a period of seven consecutive years or more as on due date of transfer, i.e. October 26, 2018.

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

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 18, 2018 (date of last Annual General Meeting) and the details of such shareholders and shares due for transfer on the website of the Company ([www.rcom.co.in](http://www.rcom.co.in)), as also on the website of the Ministry of Corporate Affairs.

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

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

### Share transfer system

With a view to address the difficulties in transfer of shares, faced by non-residents and foreign nationals, the Securities and Exchange Board of India vide its circular no. SEBI/HO/MIRSD/DOS3/CIR/P/2019/30 dated February 11, 2019, has decided

## Investor Information

to grant relaxations to non-residents from the requirement to furnish PAN and permit them to transfer equity shares held by them in listed entities to their immediate relatives subject to the following conditions:

- a. The relaxation shall only be available for transfers executed after January 01, 2016.
- b. The relaxation shall only be available to non-commercial transactions, i.e. transfer by way of gift among immediate relatives.
- c. The non-resident shall provide copy of an alternate valid document to ascertain identity as well as the non-resident status.

## Shareholding Pattern

| Category of Shareholders   | As on 31.03.2019  |              | As on 31.03.2018 |        |
|--|-------------------|--------------|------------------|--------|
|  | Number of Shares  | %            | Number of Shares | %      |
| (A) Shareholding of Promoter and Promoter Group                                      |                   |              |                  |        |
| (i) Indian   | <b>607778354</b>  | <b>21.98</b> | 1464696844       | 52.96  |
| (ii) Foreign   | <b>0</b>          | <b>0</b>     | 0                | 0      |
| <b>Total shareholding of Promoter and Promoter Group</b>                             | <b>607778354</b>  | <b>21.98</b> | 1464696844       | 52.96  |
| (B) Public Shareholding  |                   |              |                  |        |
| (i) Institutions   | <b>514512416</b>  | <b>18.60</b> | 418653389        | 15.14  |
| (ii) Non-Institutions  | <b>1619110927</b> | <b>58.55</b> | 854687067        | 30.91  |
| <b>Total Public Shareholding</b>   | <b>2133623343</b> | <b>77.15</b> | 1273340456       | 46.05  |
| (C) Shares held by Custodians and against which Depository Receipts have been issued | <b>2852353</b>    | <b>0.10</b>  | 6216750          | 0.22   |
| (D) ESOS Trust*  | <b>21279000</b>   | <b>0.77</b>  | 21279000         | 0.77   |
| <b>GRAND TOTAL (A)+(B)+(C)+(D)</b>   | <b>2765533050</b> | <b>100</b>   | 2765533050       | 100.00 |

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

## Distribution of shareholding

| Number of Shares | Number of Shareholders as on 31.03.2019 |               | Total equity Shares as on 31.03.2019 |               | Number of Shareholders as on 31.03.2018 |        | Total equity Shares as on 31.03.2018 |        |
|------------------|---|---------------|--------------------------------------|---------------|---|--------|--------------------------------------|--------|
|                  | Number                                  | %             | Number                               | %             | Number                                  | %      | Number                               | %      |
| Up to 500        | <b>1128548</b>                          | <b>85.00</b>  | <b>109661846</b>                     | <b>3.97</b>   | 1183745                                 | 90.12  | 109439341                            | 3.96   |
| 501 to 5000      | <b>167865</b>                           | <b>12.64</b>  | <b>267978381</b>                     | <b>9.69</b>   | 117868                                  | 8.97   | 167030258                            | 6.04   |
| 5001 to 100000   | <b>30272</b>                            | <b>2.28</b>   | <b>503826186</b>                     | <b>18.22</b>  | 11489                                   | 0.87   | 165872094                            | 6.00   |
| Above 100000     | <b>1101</b>                             | <b>0.08</b>   | <b>1884066637</b>                    | <b>68.12</b>  | 416                                     | 0.03   | 2323191357                           | 84.01  |
| <b>Total</b>     | <b>1327786</b>                          | <b>100.00</b> | <b>2765533050</b>                    | <b>100.00</b> | 1313518                                 | 100.00 | 2765533050                           | 100.00 |

## Dematerialisation of Shares and Liquidity

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

## Status of dematerialisation of shares

As on March 31, 2019, 99.18 per cent of the Company's equity shares are held in dematerialised form.

## Investors' Grievances Attended

| Received from         | Received during |         | Redressed during |         | Pending as on |           |
|-----------------------|-----------------|---------|------------------|---------|---------------|-----------|
|                       | 2018-19         | 2017-18 | 2018-19          | 2017-18 | 31.3.2019     | 31.3.2018 |
| SEBI                  | <b>56</b>       | 19      | <b>56</b>        | 19      | <b>Nil</b>    | Nil       |
| Stock Exchanges       | <b>16</b>       | 8       | <b>16</b>        | 8       | <b>Nil</b>    | Nil       |
| NSDL / CDSL           | <b>5</b>        | 1       | <b>5</b>         | 1       | <b>Nil</b>    | Nil       |
| Direct from investors | <b>5</b>        | 3       | <b>5</b>         | 3       | <b>Nil</b>    | Nil       |
| <b>Total</b>          | <b>82</b>       | 31      | <b>82</b>        | 31      | <b>Nil</b>    | Nil       |

# Reliance Communications Limited

## Investor Information

### Analysis of Grievances

| Nature of Grievances              | 2018-19   |               | 2017-18 |        |
|-----------------------------------|-----------|---------------|---------|--------|
|                                   | Numbers   | %             | Numbers | %      |
| Non-receipt of Annual Report      | 11        | 13.41         | 18      | 58.06  |
| Non-receipt of dividend           | 15        | 18.29         | 10      | 32.26  |
| Non receipt of Share Certificates | 0         | 0.00          | 0       | 0.00   |
| Others                            | 56        | 68.30         | 3       | 9.68   |
| <b>Total</b>                      | <b>82</b> | <b>100.00</b> | 31      | 100.00 |

There was no complaint pending as on March 31, 2019.

#### Notes:

- The shareholder base was 13,27,786 as of March 31, 2019 and 13,13,518 as of March 31, 2018.
- Investors' queries / grievances are normally attended within a period of three working days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned. There was no complaint pending as on March 31, 2019.

#### Legal proceedings

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

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

The Company does not have any material exposure to the commodity price risks. The Company has revenues in foreign currency which acts as a 'natural hedge' to a certain extent.

#### Equity History

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

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

#### Credit Rating

| Rating Agency | Type of Instrument                                      | Rating as on April 1, 2018 | Rating as on March 31, 2019 |
|---------------|---|----------------------------|-----------------------------|
| ICRA Limited  | Non-Convertible Debentures, Long term Instruments (NCD) | ICRA D                     | ICRA D                      |
| CARE Ratings  | Non-Convertible Debentures, Long term Instruments (NCD) | CARE D                     | CARE D                      |

## Investor Information

### Stock price and volume

| 2018-19         | BSE Limited |       |              | National Stock Exchange of India Limited |       |                |
|-----------------|-------------|-------|--------------|--|-------|----------------|
|                 | High ₹      | Low ₹ | Volume Nos.  | High ₹                                   | Low ₹ | Volume Nos.    |
| April, 2018     | 25.2        | 14.65 | 15,61,50,256 | 25.20                                    | 14.65 | 1,57,90,68,148 |
| May, 2018       | 20.85       | 9.95  | 44,25,03,635 | 21.30                                    | 9.85  | 4,34,40,67,414 |
| June, 2018      | 18.9        | 13    | 19,97,25,547 | 18.45                                    | 13.00 | 2,06,26,23,182 |
| July, 2018      | 15.14       | 11.84 | 15,26,09,702 | 15.60                                    | 11.80 | 1,15,65,35,490 |
| August, 2018    | 21.65       | 14.29 | 31,22,88,192 | 21.70                                    | 14.45 | 2,94,51,85,662 |
| September, 2018 | 18.9        | 11.2  | 14,85,92,619 | 18.90                                    | 11.20 | 1,56,24,71,186 |
| October, 2018   | 12.54       | 9.55  | 20,05,79,120 | 12.55                                    | 9.60  | 1,27,67,60,908 |
| November, 2018  | 15.2        | 12.44 | 15,99,45,203 | 15.25                                    | 12.45 | 1,12,82,22,580 |
| December, 2018  | 18.6        | 13.66 | 30,63,83,501 | 18.65                                    | 13.65 | 2,39,87,61,280 |
| January, 2019   | 14.58       | 10.9  | 22,06,26,671 | 14.60                                    | 10.90 | 1,37,52,85,467 |
| February, 2019  | 12.11       | 4.85  | 32,29,46,943 | 12.10                                    | 4.85  | 2,91,04,55,561 |
| March, 2019     | 6.78        | 3.96  | 16,91,84,846 | 6.75                                     | 3.95  | 90,39,77,351   |

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

### Stock Exchange listings

The Company's equity shares are actively traded on BSE and NSE, the Indian Stock Exchanges.

#### BSE Limited

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001  
Website : [www.bseindia.com](http://www.bseindia.com)

#### National Stock Exchange of India Limited

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

### Stock Codes and ISIN details :

|                                      | Code             | ISIN                         |
|--------------------------------------|------------------|------------------------------|
| BSE (Equity shares)                  | 532712           | INE330H01018                 |
| NSE (Equity shares)                  | RCOM             | INE330H01018                 |
| Non convertible<br>Debentures (BSE ) | 946049<br>947795 | INE330H07015<br>INE330H07064 |
| Non convertible<br>Debentures (NSE ) | RCOM19<br>RCOM19 | INE330H07015<br>INE330H07064 |

### Global Depository Receipts (GDRs)

#### Luxembourg Stock Exchange

Societe De La Bourse, De Luxembourg,  
35A Boulevard Joseph II, Luxembourg  
Website : [www.bourse.lu](http://www.bourse.lu)

Depository bank for GDR holders

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

### Security codes of RCOM GDRs

|             | Master Rule 144A<br>GDRs | Master Regulations<br>GDRs |
|-------------|--------------------------|----------------------------|
| CUSIP       | 75945T106                | 75945T205                  |
| ISIN        | US75945T1060             | US75945T2050               |
| Common Code | 025317530                | 025317645                  |

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

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

Outstanding GDRs as on March 31, 2019 represent 28,52,353 equity shares constituting 0.10 per cent of the paid-up equity share capital of the Company. Each GDR represent one underlying equity share in the Company.

### Debt Securities

- The following Debt Securities of the Company are listed on the Wholesale Debt Market (WDM) Segment of BSE and NSE.
  - 11.20 per cent Secured Redeemable Non-Convertible Debentures (ISIN INE330H07015)
  - 11.25 per cent Secured Redeemable Non-Convertible Debentures, Series - 1 (ISIN INE330H07064)

## Investor Information

### c. Debenture Trustee

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

(NCD matured for final redemption during the year under review, but remains unpaid.)

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

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

### Senior Secured Notes Trustee

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

### Payment of Listing Fees

An annual listing fee for the year 2019-20 has been paid by the Company to the stock exchanges.

### Payment of depository fees

The Annual custody / issuer fee as due for the year 2019-20 will be paid to NSDL & CDSL in due course.

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

|            | RCOM   | Sensex BSE | Nifty NSE |
|------------|--------|------------|-----------|
| FY 2018-19 | -80.92 | 17.30      | 14.93     |
| 2 years    | -89.16 | 30.56      | 26.71     |
| 3 years    | -91.70 | 52.60      | 50.21     |

### Key financial reporting dates for the financial year 2019-20

|   |                                  |
|---|----------------------------------|
| Unaudited results for the first quarter ended June 30, 2019                     | : On or before August 14, 2019   |
| Unaudited results for the second quarter and half year ended September 30, 2019 | : On or before November 14, 2019 |
| Unaudited results for the third quarter ended December 31, 2019                 | : On or before February 14, 2020 |
| Audited results for the financial year 2019-20                                  | : On or before May 30, 2020      |

### Depository services

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

### Communication to members

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

### Reconciliation of Share Capital audit

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

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

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

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

Karvy Computershare Private Limited (KCPL), the erstwhile Registrar and Transfer Agent of the Company has transferred its operations to Karvy Fintech Private Limited (KFPL), with effect from November 17, 2018, pursuant to a composite Scheme of Arrangement and Amalgamation inter-alia between KCPL and KFPL.

### Shareholders / Investors can also send the above correspondence to the Compliance Officer of the Company at the following address

The Company Secretary  
Reliance Communications Limited  
H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City  
Navi Mumbai 400 710.  
Telephone no. : +91 22 3038 6286  
Fax : +91 22 3037 6622  
E-mail : [rcom.investors@relianceada.com](mailto:rcom.investors@relianceada.com)

### Plant Locations

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

## Certificate on Corporate Governance by Practising Company Secretary

To  
The Members of  
**Reliance Communications Limited**

We have examined the compliance of the conditions of Corporate Governance by Reliance Communication Limited ('the Company') for the year ended on March 31, 2019, as stipulated under regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2019.

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

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

Date : 16/05/2019  
Place : Thane

**Proprietor  
FCS 6988/CP 6529**

## No disqualification certificate from Company Secretary in Practice

To,  
The Members of  
**Reliance Communications Limited,**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Reliance Communications Limited having CIN L45309MH2004PLC147531 and having registered office at H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other Statutory Authority.

| Sr. No. | Name of Director      | DIN      | Date of appointment in Company | Date of Cessation |
|---------|-----------------------|----------|--------------------------------|-------------------|
| 1.      | Shri Anil D. Ambani   | 00004878 | 07/02/2006                     | -                 |
| 2.      | Prof. J. Ramachandran | 00004593 | 07/02/2006                     | -                 |
| 3.      | Shri Arun K. Purwar   | 00026383 | 17/07/2007                     | -                 |
| 4.      | Shri Raj N. Bhardwaj  | 01571764 | 29/08/2013                     | -                 |
| 5.      | Shri Deepak Shourie   | 00101610 | 30/04/2006                     | -                 |
| 6.      | Smt. Manjari Kacker   | 06945359 | 16/09/2014                     | -                 |
| 7.      | Shri Punit Garg       | 00004407 | 02/10/2017                     | -                 |
| 8.      | Shri Manikantan V.    | 03338690 | 02/10/2017                     | -                 |
| 9.      | Smt. Ryna Karani      | 00116930 | 11/11/2017                     | -                 |
| 10.     | Smt. Chhaya Virani    | 06953556 | 11/11/2017                     | -                 |
| 11.     | Shri Suresh Ranqachar | 00020887 | 11/11/2017                     | -                 |

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

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

Date : 16<sup>th</sup> May, 2019  
Place : Thane

**Proprietor  
FCS 6988/ CP 6529**

# Reliance Communications Limited

## Independent Auditor's Report on Financial Statements

### To The Members of Reliance Communications Limited

Report on the Audit of the Standalone Financial Statements

#### Qualified Opinion

We have audited the Standalone Financial Statements of Reliance Communications Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statements of Profit and Loss, Statements of Changes in Equity and Statements of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone 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, 2019 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 –

- A. Note no. – 2.15 and 2.32 of the Financial Statements regarding, "Assets Held for Sale (AHS)" including Spectrum acquired on Deferred Payment Basis, being carried at the value determined in Financial Year 2017-18, pursuant to the Definitive Binding Agreement (DBA) dated December 28, 2017 & August 11, 2018 for monetization of assets of the Company and two of its subsidiaries namely Reliance Infratel Ltd (RITL) & Reliance Telecom Ltd. (RTL) with Reliance Jio Infocomm Ltd. As the said agreement has been terminated on mutual consent on March 18, 2019 and the Company and RTL have defaulted in payment of spectrum instalments due to Department of Telecom (DOT), the ultimate realisability of AHS is presently not ascertainable. Non determination of fair value 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 Financial Statements.
- B. Note no. – 2.49 of the Financial Statements regarding commencement of Corporate Insolvency Resolution Process (CIRP) and various claims submitted by Operational/ Financial/ Other creditors and employees and pending reconciliation and determination of final obligation during Corporate Insolvency Resolution (CIR) Process, the Company has not provided interest on borrowings amounting to ₹ 3,907 crore for the current Financial Year (FY) & ₹ 3,055 crore for the previous FY as per the terms of the borrowings. Also the Company has not provided foreign exchange losses amounting to ₹ 803 crore for the current FY, resulting in under statement 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, 2019 & March 31, 2018 would have been ₹ 1,863 crore & ₹ 12,925 crore respectively and total equity of the Company would have been ₹ 4,621 crore and ₹ 6,261 crore respectively. Non provision of Bank interest is not in compliance with Ind AS 23 "Borrowing Costs" and non recognition of foreign exchange losses is not in compliance with Ind AS 21 "The Effects of Changes in Foreign Exchange Rates".

- C. Note no. 2.15 and 2.32 of the Financial Statements, regarding the pending impairment review by the Company of its tangible & intangible assets including capital work in progress, investments and other financial and non financial assets as at March 31, 2019, hence no provision in the books of account has been made by the Company. In the absence of assessment of impairment/provisions 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. – 2.32 of the Financial Statements regarding termination of definitive binding agreement for monetization of assets of the Company and two of its subsidiaries namely RTL & RITL and National Company Law Appellate Tribunal (NCLAT) order dated April 30, 2019 vacating its order dated May 30, 2018 regarding staying National Company Law Tribunal (NCLT) order dated May 15, 2018 admitting the Company under IBC, 2016. The Company has accumulated losses, also the Company's current liabilities exceeded its current assets, its wireless operations has been suspended and there is considerable decline in the level of wire line operations. Further, the Company has defaulted in repayment of its borrowings, instalment dues related to Spectrum and payment of statutory dues.

These events 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.

#### Key Audit Matters

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

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone 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 standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Financial Statements.

## Independent Auditor's Report on Financial Statements

### 1. Revenue Recognition

The accuracy and completeness of revenue amounts recorded is an inherent industry risk. The revenue is categorised broadly into service and wholesale revenue. Service revenue mainly consists of income from fixed line, broadband, rentals and installations. Wholesale revenue comprises revenue from interconnection, external administration, capacity sales and from resellers. We considered revenue recognition as a key audit matter as the amount involved is material to the Financial Statements and due to the complexity of the systems and processes used to record revenue. The accounting policy and relevant disclosures relating to revenue are set out in notes 1.15 and 2.26 respectively, to the Financial Statements.

Our audit procedures included, amongst others, the following:

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

### 2. Valuation and disclosure of accrual estimates for legal claims, litigations, regulatory matters and contingencies and deposits against the same legal matters.

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

This area is significant to our audit, since the accounting and disclosure for (contingent) legal liabilities is complex and judgmental (due to the difficulty in predicting the outcome of the matter and estimating the potential impact if the outcome is unfavourable), and the amounts involved are, or can be, material to the Financial Statements as a whole. Further reference is made to note 2.37, Contingent liabilities.

Our audit procedures included, amongst others, testing the effectiveness of the Company's internal controls around the identification and evaluation of claims, 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 as well as with the Company's Financial staff in respect of ongoing investigations or claims, proceedings and investigations, inspected relevant correspondence, inspected the minutes of the meetings of the Audit Committee and requested a confirmation from the group's in-house responsible officials. Also the Company has obtained legal opinions in past against these disputes. For claims settled during the year, we vouched the payments, as appropriate, and read the related orders to verify whether the settlements were 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 2.37 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 2.37, Contingent liabilities are reasonable.

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

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in Board's Report including Annexures to Board's Report, but does not include the standalone Financial Statements and our auditor's report thereon.

Our opinion on the standalone Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

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

The Hon'ble National Company Law Tribunal, Mumbai bench ("NCLT") admitted an insolvency and bankruptcy petition filed by an operational creditor against Reliance Communications Limited ("the Company") vide its order dated May 17, 2018 and appointed Mr. Pardeep Kumar Sethi to act as Interim Resolution Professional ("IRP") with direction to initiate appropriate action contemplated with extant provisions of the Insolvency and Bankruptcy Code, 2016 and other related rules. However, the National Company Law Appellate Tribunal ("NCLAT") by an order dated May 30, 2018 stayed the order passed by NCLT. Subsequently, by order dated April 30, 2019 the NCLAT allowed stay on Corporate Insolvency Resolution ("CIR") process to be vacated and directed the NCLT to pass necessary orders on May 7, 2019. On the basis of the orders of the NCLAT Mr. Pardeep Kumar Sethi in his capacity as IRP has taken control and custody of the management and operations of the Company from May 02, 2019.



# Reliance Communications Limited

## Independent Auditor's Report on 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 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 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 Management/IRP 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. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal Financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future 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 standalone 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.

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.

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:

## Independent Auditor's Report on Financial Statements

- (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 standalone Financial Statements comply with the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, except requirement of Ind AS 105 on Non Current Assets Held for Sale and Discontinued Operations, Ind AS 23 on Borrowing Cost and Ind AS 21 on Effects of Changes in foreign exchanges, Ind AS 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 matters 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 Standalone Ind AS Financial Statements of the Company;
- (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors and based on legal opinion obtained by the Company with regard to non payment of debenture holder's due (Refer Note No. 2.52), none of the directors is disqualified as on 31<sup>st</sup> March, 2019 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 Financial Statements – Refer Note No. 2.37 to the Financial Statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**Parimal Kumar Jha**  
Partner  
Membership No:124262  
May 27, 2019  
Mumbai

# Reliance Communications Limited

## 'Annexure A' to the Independent Auditor's Report – 31 March 2019

With reference to the Annexure A referred to in the Independent Auditors' Report to the Members of Reliance Communications Limited ('the Company') on the standalone Ind AS Financial Statements for the year ended 31 March 2019, 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, the Company has physically verified certain fixed assets during the year 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 standalone Ind AS 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 | Building |
|--|---------------|----------|
| No of cases                                      | 18            | 4        |
| Gross block as at 31 March 2019<br>(₹ in crores) | 3             | 4        |
| Net block as at 31 March 2019<br>(₹ in crores)   | 3             | 3        |

- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.
- 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 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, service tax, goods and services 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 2019 for a period of more than six months from the date they became payable are as under:

| Name of Statute                       | Nature of Dues             | Amount<br>(₹ In Crore) | Period to<br>which the<br>amount relates | Due Date      | Date of<br>Payment |
|---------------------------------------|----------------------------|------------------------|--|---------------|--------------------|
| Maharashtra Value Added Tax Act, 2002 | Value Added Tax Payable    | 0.36                   | FY 2017-18                               | Various Dates | Unpaid             |
| Delhi Value Added Tax Act, 2004       | Value Added Tax Payable    | 0.04                   | FY 2017-18                               | Various Dates | Unpaid             |
| Karnataka Value Added Tax Act, 2003   | Value Added Tax Payable    | 0.05                   | FY 2017-18                               | Various Dates | Unpaid             |
| Orissa Value Added Tax Act, 2004      | Value Added Tax Payable    | 0.00                   | FY 2017-18                               | Various Dates | Unpaid             |
| Gujarat Value Added Tax Act, 2003     | Value Added Tax Payable    | 0.41                   | FY 2017-18                               | Various Dates | Unpaid             |
| Maharashtra Value Added Tax Act, 2002 | Works Contract Tax Payable | 0.01                   | FY 2017-18                               | Various Dates | Unpaid             |
| Rajasthan Value Added Tax Act, 2003   | Works Contract Tax Payable | 0.03                   | FY 2017-18                               | Various Dates | Unpaid             |
| Income Tax Act, 1961                  | Tax Deducted at source     | 59.79                  | FY 2017-18 & FY 2018-19                  | Various Dates | Unpaid             |

'Annexure A' to the Independent Auditor's Report - 31 March 2019

- (b) According to the information and explanations given to us, there are no dues of cess which have not been deposited on account of any dispute. The dues of income tax, duty of customs, service tax, sales tax, value added tax and entry tax as disclosed below have not been deposited by the Company on account of disputes:

| Name of Statue                    | Nature of Dues    | Amount*<br>(Rs. In Crore) | Period                       | Forum  |
|-----------------------------------|-------------------|---------------------------|------------------------------|--|
| Central Sales Tax, Bihar          | Central Sales Tax | 0.04                      | 2005-06                      | Appellate Tribunal                             |
|                                   |                   | 0.43                      | 2011-12                      | Asst. Commissioner of Commercial Taxes         |
| Central Sales Tax, Chattisgarh    | Central Sales Tax | 0.00                      | 2011-12                      | Dy. Commissioner (Appeals)                     |
| Central Sales Tax, Madhya Pradesh | Central Sales Tax | 0.03                      | 2011-12 to 2013-14           | Dy. Commissioner (Appeals)                     |
| Central Sales Tax, Maharashtra    | Central Sales Tax | 0.27                      | 2011-12                      | Dy. Commissioner of Sales Tax                  |
| Central Sales Tax, Orissa         | Central Sales Tax | 0.35                      | 2013-14                      | Dy. Commissioner of Sales Tax                  |
|                                   |                   | 0.00                      | 2009-10                      | Addl. Commisioner (Appeals)                    |
| Central Sales Tax, Uttar Pradesh  | Central Sales Tax | 0.02                      | Oct '06 to March '09         | Sales Tax Appellate Tribunal                   |
|                                   |                   | 0.07                      | 2006-07                      | High Court                                     |
|                                   |                   | 0.08                      | 2010-11                      | Additional Commissioner (Appeals)              |
|                                   |                   | 0.50                      | 2013-14                      | Dy. Commissioner of Commercial Taxes           |
| Central Sales Tax, Uttarakhand    | Central Sales Tax | 1.25                      | 2014-15                      | Dy. Commissioner of Commercial Taxes           |
|                                   |                   | 0.12                      | 2009-10 to 2010-11           | Dy. Commissioner of Commercial Taxes           |
| Central Sales Tax, West Bengal    | Central Sales Tax | 0.14                      | 2012-13                      | Jt. Commisioner of Commercial Taxes (Appeals)  |
|                                   |                   | 0.34                      | 2007-08                      | Tax Revision Board                             |
| Central Sales Tax, Punjab         | Central Sales Tax | 0.36                      | 2014-15                      | Jt. Commisioner Commercial Taxes               |
|                                   |                   | 0.01                      | 2015-16                      | Jt. Commissioner                               |
| Entry Tax, Bihar                  | Entry Tax         | 0.05                      | 2010-11                      | Dy. Excise and Taxation Commissioner (Appeals) |
| Entry Tax, Chattisgarh            | Entry Tax         | 0.38                      | 2007-08 to 2008-09           | Commercial Tax Tribunal                        |
|                                   |                   | 0.25                      | 2011-12                      | Asst. Commissioner of Commercial Taxes         |
| Entry Tax, Himachal Pradesh       | Entry Tax         | 0.63                      | 2006-07 to 2007-08           | Dy. Commissioner (Appeals)                     |
|                                   |                   | 0.25                      | 2010-11 to 2011-12           | Dy. Commissioner (Appeals)                     |
| Entry Tax, Madhya Pradesh         | Entry Tax         | 1.01                      | 2011-11 to 2013-14           | High Court                                     |
| Entry Tax, Orissa                 | Entry Tax         | 0.48                      | 2002-03 to 2003-04           | Asst. Commissioner of Commercial Taxes         |
|                                   |                   | 1.58                      | 2005-06 to 2008-09 & 2010-11 | MP Taxation Board                              |
|                                   |                   | 0.21                      | 2011-12                      | Dy. Commissioner (Appeals)                     |
| Entry Tax, Uttar Pradesh          | Entry Tax         | 0.08                      | 2009-10                      | Addl. Commisioner (Appeals)                    |
|                                   |                   | 0.05                      | Oct 06-March 09              | Sales Tax Appellate Tribunal                   |
| Entry Tax, Uttar Pradesh          | Entry Tax         | 0.13                      | 2003-04                      | Commercial Tax Tribunal                        |
|                                   |                   | 0.02                      | 2013-14                      | Dy. Commissioner of Commercial Taxes           |
|                                   |                   | 0.02                      | 2014-15                      | Dy. Commissioner of Commercial Taxes           |

# Reliance Communications Limited

## 'Annexure A' to the Independent Auditor's Report – 31 March 2019

| Name of Statue                     | Nature of Dues    | Amount*<br>(Rs. In Crore) | Period                      | Forum  |
|------------------------------------|-------------------|---------------------------|-----------------------------|--|
| Entry Tax, West Bengal             | Entry Tax         | 0.17                      | 2014-15                     | Jt. Commissioner Commercial Taxes              |
|                                    |                   | 0.18                      | 2015-16                     | Commercial Tax officer                         |
|                                    |                   | 1.70                      | 2013-14 to 2014-15          | Appellate Authority                            |
| Entry Tax, Rajasthan               | Entry Tax         | 14.73                     | 2005-06, 2007-08 to 2012-13 | Supreme Court                                  |
|                                    |                   | 9.69                      | 2008-09 to 2011-12          | High Court                                     |
| Entry Tax, Jammu & Kashmir         | Entry Tax         | 9.69                      | 2008-09 to 2011-12          | High Court                                     |
| Entry Tax, Punjab                  | Entry Tax         | 0.01                      | Oct 2012 to Dec 2012        | High Court                                     |
| VAT, Bihar                         | VAT               | 0.24                      | 2005-06                     | Commercial Tax Tribunal                        |
|                                    |                   | 8.33                      | 2011-12                     | High Court                                     |
| VAT, Haryana                       | VAT               | 1.15                      | 2011-12                     | Commercial Tax Tribunal                        |
| VAT, Kerala                        | VAT               | 0.01                      | 2006-07                     | Deputy Commisioner (Appeals)                   |
|                                    |                   | 2.79                      | 2010-11                     | High Court                                     |
|                                    |                   | 0.02                      | 2011-12                     | Deputy Commisioner (Appeals)                   |
|                                    |                   | 0.32                      | 2012-13                     | High Court                                     |
|                                    |                   | 2.80                      | 2013-14                     | High Court                                     |
|                                    |                   | 2.15                      | 2014-15                     | High Court                                     |
| VAT, Punjab                        | VAT               | 0.05                      | 2010-11                     | Deputy Commisioner (Appeals)                   |
| VAT, Uttarakhand                   | VAT               | 0.78                      | 2009-10 to 2010-11          | Dy. Commisioner of Commercial Taxes            |
|                                    |                   | 0.03                      | 2007-08                     | Jt. Commissioner (Appeals)                     |
|                                    |                   | 0.41                      | 2012-13                     | Jt. Commissioner of Commercial Taxes (Appeals) |
| VAT, West Bengal                   | VAT               | 4.17                      | 2005-06, 2007-08 to 2008-09 | Tax Revision Board                             |
|                                    |                   | 0.03                      | 2012-13                     | Jt. Commissioner of Commercial Taxes (Appeals) |
|                                    |                   | 0.02                      | 2014-15                     | Jt. Commissioner Commercial Taxes              |
|                                    |                   | 0.13                      | 2015-16                     | Jt. Commissioner Commercial Taxes              |
|                                    |                   | 0.24                      | 2003-04                     | Jt. Commissioner UP Trade Tax Tribunal         |
| VAT/Sales Tax, Uttar Pradesh       | VAT/Sales Tax     | 0.93                      | 2004-05                     | High Court                                     |
|                                    |                   | 0.52                      | 2005-06, Jan 08 to March 08 | Dy. Commissioner of Commercial Taxes           |
|                                    |                   | 0.20                      | 2010-11                     | Addl. Commisioner (Appeals)                    |
|                                    |                   | 2.38                      | 2013-14                     | Dy. Commissioner of Commercial Taxes           |
|                                    |                   | 1.83                      | 2014-15                     | Dy. Commissioner of Commercial Taxes           |
|                                    |                   | 0.02                      | 2011-12                     | Dy. Commisooner (Appeals)                      |
| VAT, Chattisgarh Finance Act, 1994 | VAT CENVAT Credit | 2.42                      | 01.4.2004 to 31.3.2015      | Commisioner, CGST & Central Excise             |
|                                    |                   | 3.21                      | 01.4.2010 to 31.03.2014     | Commisioner, CGST & Central Excise             |
|                                    |                   | 1.32                      | 2014-15                     | CESTAT   |
| Income Tax Act, 1961               | Income Tax        | 215.50                    | 2009-10                     | Income Tax Appellate Tribunal                  |
| Income Tax Act, 1961               | Income Tax        | 82.60                     | 2010-11                     | Income Tax Appellate Tribunal                  |
| Income Tax Act, 1961               | Income Tax        | 1.34                      | 2011-12                     | Joint Commissioner of Income Tax               |

\*Net of amounts paid under protest.

'Annexure A' to the Independent Auditor's Report - 31 March 2019

- viii. (a) The Company has defaulted in repayment of following dues to the financial institution, banks and debentures, which were paid on or before the Balance Sheet date

| Sr.      | Name of Lender            | During the year ended<br>March 31, 2019 |                          |
|----------|---------------------------|---|--------------------------|
|          |                           | Amount<br>(₹ in crore)                  | Period<br>(Maximum days) |
| <b>I</b> | <b>Loan from Banks</b>    |   |                          |
|          | Oriental Bank of Commerce | 9                                       | 99                       |
|          | Punjab National Bank      | 114                                     | 89                       |
|          | State Bank of India       | 159                                     | 329                      |
|          | Syndicate Bank            | 173                                     | 89                       |
|          | Yes Bank                  | 281                                     | 89                       |
|          | Vijaya Bank               | 84                                      | 87                       |
|          | <b>Total</b>              | <b>820</b>                              | <b>2</b>                 |

- (b) The Company has defaulted in repayment of following dues to the financial institution, banks and debenture holders during the year, which were not paid as at Balance Sheet date.

| Sr.         | Name of Lender                                     | Borrowings             |                          | Interest               |                          |
|-------------|--|------------------------|--------------------------|------------------------|--------------------------|
|             |  | Amount<br>(₹ in crore) | Period<br>(Maximum days) | Amount<br>(₹ in crore) | Period<br>(Maximum days) |
| <b>I</b>    | <b>Loan from Banks</b>                             |                        |                          |                        |                          |
|             | Bank of America                                    | 359                    | 476                      | -                      | -                        |
|             | Bank of Baroda                                     | 1022                   | 754                      | 11                     | 731                      |
|             | Bank of India                                      | 308                    | 731                      | 9                      | 731                      |
|             | Bank of Maharashtra                                | 473                    | 683                      | -                      | -                        |
|             | Canara Bank  | 267                    | 640                      | -                      | -                        |
|             | Central Bank of India                              | 123                    | 731                      | 3                      | 731                      |
|             | Corporation Bank                                   | 470                    | 753                      | 8                      | 731                      |
|             | Dena Bank  | 250                    | 418                      | -                      | -                        |
|             | Deutsche Bank                                      | 130                    | 476                      | 1                      | 649                      |
|             | China Development Bank                             | 4457                   | 763                      | 128                    | 763                      |
|             | Industrial and Commercial Bank of China            | 1194                   | 763                      | 33                     | 763                      |
|             | Export Import Bank of China                        | 1779                   | 763                      | 47                     | 763                      |
|             | IDBI Bank  | 361                    | 735                      | 9                      | 731                      |
|             | Indian Overseas Bank                               | 57                     | 731                      | 1                      | 731                      |
|             | Oriental Bank of Commerce                          | 90                     | 731                      | 2                      | 731                      |
|             | Punjab National Bank                               | 618                    | 732                      | -                      | -                        |
|             | Standard Chartered Bank                            | 1072                   | 720                      | -                      | -                        |
|             | State Bank of India                                | 1507                   | 731                      | 21                     | 731                      |
|             | Syndicate Bank                                     | 705                    | 754                      | 5                      | 731                      |
|             | UCO Bank   | 326                    | 731                      | 9                      | 731                      |
|             | Union Bank of India                                | 610                    | 731                      | 3                      | 731                      |
|             | United Bank of India                               | 424                    | 731                      | 2                      | 731                      |
|             | Vijaya Bank  | 16                     | 320                      | -                      | -                        |
| <b>II.</b>  | <b>Debenture</b>                                   |                        |                          |                        |                          |
|             | Life Insurance Corporation of India                | 3750                   | 418                      | -                      | -                        |
| <b>III.</b> | <b>Other Loans</b>                                 |                        |                          |                        |                          |
|             | Assets Care and Reconstruction Enterprises Limited | 492                    | 742                      | -                      | -                        |
|             | Industrial Finance Corporation of India Limited    | 200                    | 747                      | 4                      | 747                      |

# Reliance Communications Limited

## 'Annexure A' to the Independent Auditor's Report - 31 March 2019

| Sr.        | Name of Lender                                      | Borrowings             |                             | Interest               |                             |     |
|------------|---|------------------------|-----------------------------|------------------------|-----------------------------|-----|
|            |   | Amount<br>(₹ in crore) | Period<br>(Maximum<br>days) | Amount<br>(₹ in crore) | Period<br>(Maximum<br>days) |     |
|            | India Infrastructure Corporation Limited            | Finance                | 9                           | 548                    | 4                           | 762 |
|            | Reliance Capital Limited                            |                        | -                           | -                      | 3                           | 731 |
|            | Reliance Communications Enterprises Private Limited |                        | -                           | -                      | 54                          | 731 |
|            | Reliance Cleangen Limited                           |                        | -                           | -                      | 14                          | 731 |
| <b>IV.</b> | <b>Total</b>  |                        | <b>21069</b>                |                        | <b>371</b>                  |     |

Apart from above outstanding on interest, the Company has not provided interest expenses of ₹ 3,907 crore and ₹ 3,055 crore for the year ended March 31, 2019 and March 31, 2018 respectively and therefore it has not been disclosed above.

- (c) Installment amounting to ₹ 281 crore payable to Department of Telecommunications on 25<sup>th</sup> March, 2019 for spectrum acquired on deferred payment basis, has not been paid. (Refer Note 2.02)
- ix. During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). The Company during the year has not taken term loans from banks and financial institutions hence question of utilisation of term loans does not arise.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. In our opinion and according to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by 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 standalone 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.
- 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**  
Chartered Accountants  
Firm's Registration No:107783W

**Parimal Kumar Jha**  
Partner  
Membership No:124262  
May 27, 2019  
Mumbai

'Annexure B' to the Independent Auditor's Report – 31 March 2019

**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 Communications Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls 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 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 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 standalone 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 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.

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2019:

- i. Balances of trade receivable, trade payables other liabilities, certain bank balances and loan & advances are subject to confirmation. (Refer Note No. 2.32).
- 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. Company needs to strengthen 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.

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 financial statements will not be prevented or detected on a timely basis.

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, 2019, 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, 2019 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, 2019 [our audit report dated May 27, 2019, which expressed a qualified opinion on those Ind AS financial statements of the Company].

For **Pathak H.D. & Associates**

Chartered Accountants

Firm's Registration No:107783W

**Parimal Kumar Jha**

Partner

Membership No:124262

May 27, 2019

Mumbai



# Reliance Communications Limited

## Balance Sheet as at March 31, 2019

|  | Notes | As at          |                | (₹ in crore)            |
|--|-------|----------------|----------------|-------------------------|
|  |       | March 31, 2019 | March 31, 2018 | As at<br>March 31, 2018 |
| <b>ASSETS</b>  |       |                |                |                         |
| <b>Non Current Assets</b>                                |       |                |                |                         |
| (a) Property, Plant and Equipment                        | 2.01  | 1,645          |                | 2,126                   |
| (b) Capital Work in Progress                             | 2.01  | 98             |                | 160                     |
| (c) Intangible Assets                                    | 2.02  | 24             |                | 104                     |
| (d) Investment in subsidiaries and Associates            | 2.03  | 22,524         |                | 13,559                  |
| (e) Financial Assets                                     |       |                |                |                         |
| (i) Other Financial Assets                               | 2.04  | 2              |                | 11                      |
| (f) Income Tax Assets (net)                              |       | 181            |                | 197                     |
| (g) Deferred Tax Assets (net)                            | 2.05  | -              |                | 3,558                   |
| (h) Other Non Current Assets                             | 2.06  | 932            | 25,406         | 956                     |
|  |       |                |                | 20,671                  |
| <b>Current Assets</b>                                    |       |                |                |                         |
| (a) Inventories  | 2.07  | 61             |                | 64                      |
| (b) Financial Assets                                     |       |                |                |                         |
| (i) Investments  | 2.08  | 4,218          |                | 4,225                   |
| (ii) Trade Receivable                                    | 2.09  | 1,527          |                | 1,672                   |
| (iii) Cash and Cash Equivalents                          | 2.10  | 185            |                | 147                     |
| (iv) Bank balances other than (iii) above                | 2.11  | 40             |                | 54                      |
| (v) Loans  | 2.12  | 6,528          |                | 3,640                   |
| (vi) Other Financial Assets                              | 2.13  | 311            |                | 126                     |
| (c) Other Current Assets                                 | 2.14  | 4,075          |                | 4,162                   |
| (d) Assets held for Sale                                 | 2.15  | 19,731         | 36,676         | 21,188                  |
|  |       |                |                | 35,278                  |
| <b>TOTAL ASSETS</b>                                      |       |                | <b>62,082</b>  | <b>55,949</b>           |
| <b>EQUITY AND LIABILITIES</b>                            |       |                |                |                         |
| <b>Equity</b>  |       |                |                |                         |
| (a) Equity Share Capital                                 | 2.16  | 1,383          |                | 1,383                   |
| (b) Other Equity   | 2.17  | 11,003         | 12,386         | 7,933                   |
|  |       |                |                | 9,316                   |
| <b>Liabilities</b>                                       |       |                |                |                         |
| <b>Non Current Liabilities</b>                           |       |                |                |                         |
| (a) Financial Liabilities                                |       |                |                |                         |
| (i) Borrowings   | 2.18  | -              |                | 9,359                   |
| (b) Other Non Current Liabilities                        | 2.19  | 83             |                | 83                      |
| (c) Provisions   | 2.20  | 22             | 105            | 18                      |
|  |       |                |                | 9,460                   |
| <b>Current Liabilities</b>                               |       |                |                |                         |
| (a) Financial Liabilities                                |       |                |                |                         |
| (i) Borrowings   | 2.21  | 28,335         |                | 18,595                  |
| (ii) Trade Payables                                      |       |                |                |                         |
| Micro and Small Enterprises                              | 2.22  | 30             |                | 32                      |
| Others   | 2.22  | 2,700          |                | 3,078                   |
| (iii) Other Financial Liabilities                        | 2.23  | 12,830         |                | 9,257                   |
| (b) Other Current Liabilities                            | 2.24  | 446            |                | 850                     |
| (c) Provisions   | 2.25  | 1,217          |                | 1,219                   |
| (d) Liabilities directly related to Assets held for Sale | 2.15  | 4,033          | 49,591         | 4,142                   |
|  |       |                |                | 37,173                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                      |       |                | <b>62,082</b>  | <b>55,949</b>           |

### 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**  
Chartered Accountants  
Firm Reg. No.: 107783W

For **Reliance Communications Limited**

Interim Resolution Professional

**Pardeep Kumar Sethi**

Director

**Suresh Rangachar**

Director & Chief Financial Officer

**Manikantan V.**

Company Secretary

**Prakash Shenoy**

**Parimal Kumar Jha**

Partner

Membership No: 124262

Mumbai

May 27, 2019

## Statement of Profit and Loss for the year ended March 31, 2019

|   | Notes        | For the year ended<br>March 31, 2019 | (₹ in crore)<br>For the year ended<br>March 31, 2018 |
|---|--------------|--------------------------------------|--|
| <b>1 INCOME</b>   |              |                                      |  |
| (a) Revenue from Operations   | 2.26         | 1,379                                | 2,231  |
| (b) Other Income  | 2.27         | 86                                   | -  |
| (c) <b>Total Income [(a)+(b)]</b>   |              | <u>1,465</u>                         | <u>2,231</u>   |
| <b>2 EXPENSES</b>   |              |                                      |  |
| (a) Access Charges, License Fees and Network Expenses   | 2.28         | 901                                  | 1,631  |
| (b) Employee Benefits Expenses  | 2.29         | 105                                  | 28   |
| (c) Finance Costs   |              | -                                    | -  |
| (d) Depreciation, Amortisation and provision for Impairment   | 2.01 &<br>02 | 277                                  | 200  |
| (e) Sales and General Administration Expenses   | 2.30         | 489                                  | 308  |
| (f) <b>Total Expenses [(a) to (e)]</b>  |              | <u>1,772</u>                         | <u>2,167</u>   |
| <b>3 Profit/(Loss) before Exceptional items and Tax [1(c) - 2(f)]</b>   |              | <u>(307)</u>                         | <u>64</u>  |
| <b>4 Exceptional Items</b>  | 2.40.1       |                                      |  |
| Profit on Fair value of Investment  |              | 8,964                                | -  |
| Provision for diminution in the value of Investment   |              | -                                    | 3,000  |
| Amount withdrawn from General Reserve II  |              | -                                    | (2,785)  |
| Amount withdrawn from General Reserve III   |              | -                                    | (215)  |
| <b>5 Profit/ (Loss) before Tax (3 + 4)</b>  |              | <u>8,657</u>                         | <u>64</u>  |
| <b>6 Tax Expenses</b>   |              |                                      |  |
| (a) - Current Tax   |              | -                                    | -  |
| (b) - Tax for Earlier Year  |              | -                                    | 1  |
| (c) - Deferred Tax charge/ (credit)   | 2.05         | 3,558                                | -  |
| (d) <b>- Tax Expenses [ (a) to (c) ]</b>  |              | <u>3,558</u>                         | <u>1</u>   |
| <b>7 Profit/ (Loss) after Tax (5 - 6)</b>   |              | <u>5,099</u>                         | <u>63</u>  |
| <b>8 Profit/ (Loss) before Exceptional Items and Tax from Discontinued Operations</b>   | 2.48         | (485)                                | (2,978)  |
| <b>9 Exceptional Items</b>  |              |                                      |  |
| Provision for/ write off of impairment of Assets held for Sale / diminution in the value of Investment                                  | 2.40.2       | 1,767                                | 9,903  |
| Amount withdrawn from General Reserve III   |              | -                                    | (1,661)  |
| Amount withdrawn from Reserve for Business Restructuring  |              | -                                    | (1,287)  |
| Depreciation on fair valuation  |              | -                                    | 280  |
| Equivalent amount withdrawn from General Reserve III  |              | -                                    | (280)  |
| Depreciation on account of change in exchange rate  |              | -                                    | 221  |
| Equivalent amount withdrawn from General Reserve III  |              | -                                    | (221)  |
| Foreign Currency Exchange Fluctuation Loss (net)  |              | -                                    | 227  |
| Equivalent amount withdrawn from General Reserve III  |              | -                                    | (227)  |
| <b>10 Profit/ (Loss) before Tax from Discontinued Operations (8 - 9)</b>  |              | <u>(2,252)</u>                       | <u>(9,933)</u>                                       |
| <b>11 Tax expenses / (credit) of Discontinued Operations</b>  |              | -                                    | -  |
| <b>12 Profit/ (Loss) after Tax from Discontinued Operations (10-11)</b>   |              | <u>(2,252)</u>                       | <u>(9,933)</u>                                       |
| <b>13 Other Comprehensive Income / (Loss)</b>   |              |                                      |  |
| Item that will not be reclassified to Profit or loss Remeasurement of Gain / (Loss) of defined benefit plans (net of tax) (₹ 30,38,561) |              | -                                    | 3  |
| <b>14 Total Comprehensive Income/ (Loss) (7+12+13)</b>  |              | <u>2,847</u>                         | <u>(9,867)</u>                                       |
| <b>15 Earnings per Share of face value of ₹ 5 each fully paid up (Basic and Diluted) (before Exceptional items)</b>                     | 2.39         |                                      |  |
| Continuing Operations   |              | (6.48)                               | 0.24   |
| Discontinued Operations   |              | (1.77)                               | (11.53)  |
| Continuing Operations and Discontinued Operations   |              | (8.25)                               | (11.29)  |
| <b>(after Exceptional items)</b>  |              |                                      |  |
| Continuing Operations   |              | 18.58                                | 0.24   |
| Discontinued Operations   |              | (8.21)                               | (38.46)  |
| Continuing Operations and Discontinued Operations   |              | 10.37                                | (38.22)  |
| <b>Significant Accounting Policies</b>  | 1            |                                      |  |
| <b>Notes on Accounts</b>  | 2            |                                      |  |
| Notes referred to above form an integral part of the financial statements.  |              |                                      |  |

As per our report of even date  
For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

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

Mumbai  
May 27, 2019

For **Reliance Communications Limited**

Interim Resolution Professional  
Director

Director & Chief Financial Officer  
Company Secretary

**Pardeep Kumar Sethi**  
**Suresh Rangachar**  
**Manikantan V.**  
**Prakash Shenoy**

# Reliance Communications Limited

## Statement of Changes in Equity for the year ended March 31, 2019

| (₹ in crore)  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| <b>(a) Equity share capital</b> (Refer Note 2.16)   | <b>1,383</b>                         | <b>1,244</b>                         |
| <b>Balance at the beginning of the year</b>   | <b>-</b>                             | <b>139</b>                           |
| Change in equity share capital during the year - under Scheme of Demerger (Refer Note 2.34.2) |                                      |                                      |
| <b>Balance at the end of the year</b>   | <b>1,383</b>                         | <b>1,383</b>                         |

| Particulars  | Attributable to the equity holders |                            |   |                      | Total      |                 |              |            |          |               |
|--|------------------------------------|----------------------------|---|----------------------|------------|-----------------|--------------|------------|----------|---------------|
|  | Capital Reserve                    | Securities Premium Reserve | General Reserve *<br>Business Restructuring Reserve | Reserves and Surplus |            |                 |              |            |          |               |
| <b>Balance as at April 01, 2017</b>                | -                                  | 13,894                     | 15,086  | 1,287                | 590        | (7,161)         | (391)        | (463)      | (2)      | 22,840        |
| Surplus/ (Deficit) of Statement of Profit and Loss |                                    |                            |   |                      |            | (9,870)         |              |            |          | (9,870)       |
| Other Comprehensive Income                         |                                    |                            |   |                      |            |                 |              |            | 3        | 3             |
| Transfer to Statement of Profit and Loss           |                                    |                            | (5,389)   | (1,287)              |            |                 |              |            |          | (6,676)       |
| Movement in FCMITDA                                |                                    |                            |   |                      |            |                 |              | 239        |          | 239           |
| Under Scheme of demerger (Refer Note 2.34.2)       | 1,397                              |                            |   |                      |            |                 |              |            |          | 1,397         |
| <b>Balance as at April 01, 2018</b>                | 1,397                              | 13,894                     | 9,697   | -                    | 590        | (17,031)        | (391)        | (224)      | 1        | 7,933         |
| Surplus/ (Deficit) of Statement of Profit and Loss |                                    |                            |   |                      |            | 2,847           |              |            |          | 2,847         |
| Movement in FCMITDA                                |                                    |                            |   |                      |            |                 |              | 223        |          | 223           |
| <b>Balance as at March 31, 2019</b>                | <b>1,397</b>                       | <b>13,894</b>              | <b>9,697</b>  | <b>-</b>             | <b>590</b> | <b>(14,184)</b> | <b>(391)</b> | <b>(1)</b> | <b>1</b> | <b>11,003</b> |

\* General Reserve includes General Reserve -I,II and III

\*\* FCMITDA: Foreign Currency Monetary Items Translation Difference Account

As per our report of even date  
For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

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

Mumbai  
May 27, 2019

For **Reliance Communications Limited**

Interim Resolution Professional

Director

Director & Chief Financial Officer

Company Secretary

**Pardeep Kumar Sethi**

**Suresh Rangachar**

**Manikantan V.**

**Prakash Shenoy**

Statement of Cash Flow for the year ended March 31, 2019

|   | For the year ended<br>March 31, 2019 | (₹ in Crore)<br>For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>  |                                      |  |
| <b>Profit / (Loss) from Continuing operations</b>   | <b>8,657</b>                         | 64   |
| <b>Profit / (Loss) from Discontinuing operations</b>  | <b>(2,252)</b>                       | (9,933)  |
| Adjusted for:   |                                      |  |
| Provision for Doubtful Debts and Advances   | <b>243</b>                           | 125  |
| Write back of old Liabilities   | <b>(86)</b>                          | (84)   |
| Depreciation and Amortisation Expenses  | <b>277</b>                           | 1,255  |
| Profit on fair value of Investment  | <b>(8,964)</b>                       | -  |
| Impairment of Assets  | <b>1,767</b>                         | 6,955  |
| Effect of change in Foreign Exchange Rate (net)   | <b>(1)</b>                           | 103  |
| (Profit) / Loss on Sale of Property, Plant and Equipments and Capital Work in Progress (net)  | <b>(473)</b>                         | 162  |
| Finance Costs (net)   | <b>831</b>                           | 715  |
| Interest Income   | <b>(37)</b>                          | (147)  |
|   | <b>(6,443)</b>                       | 9,084  |
| <b>Operating Profit before Working Capital changes</b>  | <b>(38)</b>                          | (785)  |
| Adjusted for:   |                                      |  |
| Receivables and other Advances  | <b>541</b>                           | 984  |
| Inventories   | <b>3</b>                             | 44   |
| Trade Payables and Other Liabilities  | <b>(251)</b>                         | (1,827)  |
| <b>Cash Generated from Operations</b>   | <b>255</b>                           | (1,584)  |
| Income Tax Refund   | <b>106</b>                           | 60   |
| Income Tax Paid   | <b>(90)</b>                          | (30)   |
| <b>Net Cash from / (used in) Operating Activities</b>   | <b>270</b>                           | (1,554)  |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>  |                                      |  |
| Additions of Property, Plant and Equipments, Intangible Assets and Capital Work in Progress/ Intangible Assets under Developments (including realised loss capitalised) | <b>(78)</b>                          | (172)  |
| Proceeds from Sale of Property, Plant and Equipments  | <b>562</b>                           | 15   |
| Refund of Loans given to Subsidiaries   | <b>120</b>                           | 6,284  |
| Loans given to Subsidiaries   | <b>(541)</b>                         | (2,652)  |
| Investment in Bank deposits (having original maturity for more than 3 months)   | <b>23</b>                            | 174  |
| Interest Income   | <b>9</b>                             | 325  |
| <b>Net Cash from / (used in) Investing Activities</b>   | <b>95</b>                            | 3,974  |

# Reliance Communications Limited

## Statement of Cash Flow for the year ended March 31, 2019

|  | For the year ended<br>March 31, 2019 | (₹ in Crore)<br>For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--|
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>   |                                      |  |
| Realised Foreign Exchange variation  | (14)                                 | (72)   |
| Net Proceeds from/ (Repayment ) of Borrowings – Current                                      | 249                                  | (1,041)  |
| Proceeds from Borrowings – Non Current   | -                                    | 1,968  |
| Repayment of Borrowings – Non Current  | -                                    | (2,455)  |
| Finance Costs  | <u>(562)</u>                         | <u>(928)</u>   |
| <b>Net Cash generated from/ (used in) Financing Activities</b>                               | <b>(327)</b>                         | <b>(2,528)</b>                                       |
| <b>Net Increase/ (decrease) in Cash and Cash Equivalents</b>                                 | <b>38</b>                            | <b>(108)</b>   |
| <b>Opening Balance of Cash and Cash Equivalents</b>  | <b>147</b>                           | <b>255</b>   |
| Effect of Exchange Gain on Cash and Cash Equivalents (Gain ₹ 1,012) (Previous year ₹ 19,646) | <u>-</u>                             | <u>-</u>   |
| <b>Closing Balance of Cash and Cash Equivalents</b>  | <b><u>185</u></b>                    | <b><u>147</u></b>                                    |

|   | April 1, 2018 | Cashflow<br>net | Transferred<br>from<br>subsidiary | Transaction<br>Cost | March 31,<br>2019 |
|---|---------------|-----------------|-----------------------------------|---------------------|-------------------|
| Borrowings (Refer Note 2.18, 2.21 & 2.23) | 35,876        | 249             | 3,788                             | 24                  | 39,937            |

|  | April 1,<br>2017 | Cashflow<br>net | Foreign<br>Exchange<br>Movement | Taken<br>over under<br>Scheme | Transaction<br>Cost | March 31,<br>2018 |
|--|------------------|-----------------|---------------------------------|-------------------------------|---------------------|-------------------|
|  | 36,593           | (1,632)         | 67                              | 678                           | 170                 | 35,876            |

### Notes

- Figures in brackets indicate cash outgo.
- Cash and cash equivalent includes cash and cheques on hand, remittances-in-transit and bank balances including Fixed Deposits with Banks.
- Statement of Cash Flow has been prepared under the Indirect Method as set out in the Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows"
- Break up of Cash and Cash Equivalent

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| (i) Cash and cash equivalent                         | 185                     | 147                     |
| (ii) Less : Bank overdraft                           | <u>-</u>                | <u>-</u>                |
| (iii) Cash and cash equivalent (net) as per Ind AS 7 | <b><u>185</u></b>       | <b><u>147</u></b>       |

As per our report of even date  
For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

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

Mumbai  
May 27, 2019

For **Reliance Communications Limited**

Interim Resolution Professional

Director

Director & Chief Financial Officer

Company Secretary

**Pardeep Kumar Sethi**

**Suresh Rangachar**

**Manikantan V.**

**Prakash Shenoy**

**Significant Accounting Policies to Financial Statement**

**Note 1 General Information and Significant Accounting Policies**

**1.01 General Information**

Reliance Communications Limited ("RCOM" or "the Company") is registered under the Companies Act, 1956 having Registered Office at H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710 and its securities are listed on the BSE Limited and the National Stock Exchange of India Limited.

RCOM has established a pan-India, next generation, digital network that is capable of supporting best-of-class services spanning the entire communications value chain. RCOM owns and operate the world's largest next generation IP enabled connectivity infrastructure, comprising of fibre optic cable systems in India and globally. The Company, during the previous year, had discontinued Wireless business.

Corporate Insolvency Resolution Process ("CIR Process") has been initiated in case of the Company and two of its subsidiaries under the Provisions of the Insolvency and Bankruptcy Code, 2016 (the Code). Pursuant to the order, the management of affairs of the Company and powers of board of directors of the Company stands vested with the 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/ fair valuation under a Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) specified under Section 133 the Companies Act, 2013 ("the Act") except matters specified in Note 2.32 and 2.49, read with relevant rules of the Companies (Indian Accounting Standards) Rules 2015, the Companies (Indian Accounting Standards) Amendment Rules 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (ICAI). All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out under Ind AS and in Schedule III to the Act. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities."

**1.03 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 lessees.

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.

## Significant Accounting Policies to Financial Statements

### 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:

- 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 significant impact on account of this amendment.

### 1.04 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.

### 1.05 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 requires the use of accounting estimates which, by definition, will seldom equal the actual results. The management also needs to exercise judgment in applying the accounting policies. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

#### Critical estimates and judgments

The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The areas involving critical estimates or judgments pertaining to useful life of property, plant and equipment including intangible asset (Note 2.01 and Note 2.02), current tax expense and tax payable, recognition of deferred tax assets for carried forward tax losses (Note 2.05), fair value of unlisted securities (Note 2.08), impairment of trade receivables and other financial assets (Note 2.09), assets held for sale (Note 2.15), liabilities held for sale (Note 2.15) and measurement of defined benefit obligation (Note 2.43). Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

- (i) Useful life of Property, Plant and Equipment including intangible asset: Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- (ii) Taxes: The Company provides for tax considering the applicable tax regulations and based on probable estimates. Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any.

The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Company against which such assets can be utilized.

- (iii) Fair value measurement and valuation process: The Company measured financial assets and liabilities, if any, at fair value for financial reporting purposes.
- (iv) Trade receivables and Other Financial Assets: The Company follows a 'simplified approach' (i.e. based on lifetime Expected Credit Loss ("ECL")) for recognition of impairment loss allowance on Trade receivables. For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based

**Significant Accounting Policies to Financial Statements**

on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectable.

- (v) Defined benefit plans (gratuity benefits): The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter subject to frequent changes is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

- (vi) Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.
- (vii) Determination of net realisable value for Assets held for Sale and related liabilities.
- (viii) Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**1.06 Property, Plant and Equipment**

- (i) Property, plant and equipment (PPE) are stated at cost net of Modvat/ Cenvat/ GST less accumulated depreciation, amortisation and impairment loss, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (ii) Cost of an item of PPE comprises of its purchase price including import duties and non refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and present value of estimated costs of dismantling and removing the item and restoring the site on which it is located.
- (iii) As per Para 46A of Accounting Standard 11, 'The Effects of Changes in Foreign Exchange Rates', related to acquisition of depreciable assets pursuant to the notifications dated December 29, 2011 and August 9, 2012 issued by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standard) (Second Amendment) Rules 2011, the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets is capitalised and subsequently on adoption of Indian Accounting Standard also the same is allowed for the transactions recorded upto March 31, 2016.
- (iv) On transition to Ind AS, the Company had elected the option of fair value as deemed cost for certain Land and Buildings and Plant and Machinery, as on the date of transition. Other Tangible Assets were restated retrospectively.
- (v) Depreciation is provided on Straight Line Method based on the useful life prescribed in Schedule II to the Act except in case of the following assets where useful life is different than those that are prescribed in Schedule II, based on technical evaluation.
 

|                                   |            |
|-----------------------------------|------------|
| (a) Telecom Electronic Equipments | - 20 years |
| (b) Optic Fibre Cable             | - 35 years |
| (c) Batteries                     | - 9 years  |
| (d) Customer Premises Equipments  | - 3 years  |
| (e) Vehicles                      | - 5 years  |
- (vi) Leasehold Land is depreciated over the period of the lease term.
- (vii) Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of Profit or Loss.
- (viii) Depreciation methods, useful lives and residual values are reviewed periodically at each reporting date and adjusted prospectively if appropriate.



# Reliance Communications Limited

## Significant Accounting Policies to Financial Statements

- (ix) Depreciation on all the assets capitalised pursuant to para 46A of AS 11 is provided over the remaining useful life of the depreciable capital asset.
- (x) Depreciation on additions is calculated pro rata from the following month of addition.
- (xi) Expenses incurred relating to project, prior to commencement of commercial operations, are considered as project development expenditure and shown under Capital Work in Progress.

### 1.07 Intangible Assets

- (i) Intangible assets acquired are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of Intangible assets and borrowing cost relating to qualifying assets.
- (ii) Telecom Licenses are stated at cost as applicable less accumulated amortisation less impairment, if any.
- (iii) Indefeasible Rights of Connectivity (IRC) are stated at cost less accumulated amortisation.
- (iv) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (v) Intangible assets, namely Entry Fees/ fees for Telecom Licenses and Brand License are amortised on the basis of Straight Line Method, over the balance period of Licenses. IRC and Software are amortised from the date of acquisition or commencement of commercial services, whichever is later.
- (vi) There are no intangible assets assessed with indefinite useful life. The life of amortisation of the intangible assets is as follows.
  - (a) Telecom Licenses - 12.5 to 20 years
  - (b) Brand License - 10 years
  - (c) Indefeasible Right of Connectivity - 15, 20 years
  - (d) Software - 5 years
- (vii) Amortization method, useful life and residual values are reviewed periodically at each reporting period.
- (viii) Any gain or loss on disposal of an item of Intangible Assets is recognised in the Statement of Profit and Loss.
- (ix) On transition to Ind AS, the Company elected the option of fair value as deemed cost for certain Telecom Licenses as on the date of transition. Other Intangible Assets were restated retrospectively.

### 1.08 Lease

- (i) In respect of Operating Leases, lease rent is expensed on Straight Line basis with reference to the term of lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and except for lease rent pertaining to the period upto the date of commencement of commercial operations, which is capitalised.

Where the lessor effectively retains substantially all risks and benefits of the ownership of the leased assets, lease is classified as operating lease. Operating lease payments are recognised as an expense in the Statement of Profit and Loss.

- (ii) In respect of Finance Leases, the lower of the fair value of the assets and present value of the minimum lease rentals is capitalised as PPE with corresponding amount shown as the liabilities for the leased assets. The principal component in lease rental in respect of the above is adjusted against the liabilities for the leased assets and interest component is recognised as an expense in the year in which the same is incurred except in case of the assets used for capital projects where it is capitalised.

### 1.09 Non-current assets held for sale and discontinued operations

Non current assets (or disposal group) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction. Non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and/ or fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sale of such assets and sale is expected to be concluded within twelve months from the date of such classification.

Assets and liabilities classified as held for sale are presented separately in the balance sheet. A disposal group qualifies as discontinued operations if it is a component of the company that either has been disposed off or is classified as held for sale, and; represents a separate major line of business or geographical area of operations, or part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or a subsidiary acquired exclusively with a view to resale. Non-current assets are not depreciated or amortised while they are classified as held for sale.

## Significant Accounting Policies to Financial Statements

When the group is committed to sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described are met, regardless of whether the group will retain a non controlling interest in its former subsidiary after the sale.

Loss is recognised for any initial or subsequent write down of such non current assets (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell an asset (or disposal group) but not in excess of any cumulative loss previously recognised.

If the criteria for assets held for sale are no longer met, it ceases to be classified as held for sale and are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation or any amortisation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a Subsidiary acquired exclusively with a view to resale. The results of discontinued operations or presented separately in the Statement of Profit and Loss.

### 1.10 Impairment of Non Financial Assets

Intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is increased/ reversed where there has been change in the estimate of recoverable value. The recoverable value is the higher of the assets' net selling price and value in use.

### 1.11 Inventories of Stores and Spares

Inventories of stores and spares are accounted for at cost and all other costs incurred in bringing the inventory to their present location and condition, determined on weighted average basis or net realizable value, whichever is less. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

### 1.12 Employee Benefits

#### Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by the employees are recognised as an expense during the period.

#### Long term employee benefits

##### (i) Defined contribution plan

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

##### (ii) Defined benefit plans

###### Provident Fund

Provident Fund contributions are made to a Trust administered by the Trustees. Interest payable to the Provident Fund members, shall not be at a rate lower than the statutory rate. Liability is recognised for any shortfall in the income of the fund vis-à-vis liability of the interest as per statutory rates to the members. The Company's contribution towards Employees' Provident Fund is recognised as an expense during the period in which it accrues.

###### Gratuity Plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value, mortality rate and the fair value of plan assets is deducted. Mortality rate is based on publicly available mortality table in India.

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

Obligation is measured at present value of the estimated future cash flows. Discount rates used for determining present value of obligation under the defined benefit plan, are based on market yield of Government Securities as at the balance sheet date that have terms approximating to the terms of the related obligation.

## Significant Accounting Policies to Financial Statements

Remeasurement which comprise of actuarial gain and losses, the return of plan assets (excluding interest) and the effect of asset ceiling ( if any, excluding interest) are recognised in OCI.

Plan Assets of Defined Benefit Plans have been measured at fair value.

### (iii) Other Long term employment benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date, determined based on actuarial valuation using Projected Unit Credit Method. Discount rates used for determining the present value of the obligation under the defined benefit plan, are based on the market yields of Government Securities as at the Balance Sheet date. Remeasurement gain and losses are recognised in the Statement of Profit and Loss in the period in which they arise.

### 1.13 Borrowing Cost

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

### 1.14 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 yearend are restated at the year end rates.
- (iii) Non Monetary foreign currency items are carried at cost (i.e. translated using the exchange rates at the time of initial transactions).
- (iv) Exchange difference on monetary items is recognised in the Statement of Profit and Loss in the period in which they arises except for:
  - (a) Exchange difference on foreign currency borrowings relating to depreciable capital asset is included in cost of assets.
  - (b) Exchange difference on foreign currency transactions, on which receipt and/ or payments is not planned, initially recognised in OCI and reclassified from equity to profit and loss on repayment of the monetary items.
- (v) Accounting of transactions that include the receipt or payment of advance consideration in a foreign currency the date of transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.
- (vi) All long term foreign currency monetary items consisting of loans taken before March 31, 2016 and which relate to the acquisition of depreciable capital assets at the end of the period/ year are restated at the rate prevailing at the balance sheet date. Exchange difference including attributable to the interest arising as a result is added to or deducted from the cost of the assets as per notification dated December 29, 2011 and August 9, 2012 issued by the Ministry of Company Affairs (MCA), Government of India and depreciated over the balance life of the capital asset. Exchange difference on other long term foreign currency loans is accumulated in "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" which will be amortized over the balance period of monetary assets or liabilities.

### 1.15 Revenue Recognition

- (i) Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.
- (ii) Revenue from Contracts with Customers

The Company has applied Ind AS 115, Revenue from Contracts with Customers with effect from April 1, 2018, using the cumulative effect method 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

**Significant Accounting Policies to Financial Statements**

in time, or else over time. The Company also determines if there are multiple distinct promises in a contract or a single performance obligation (PO). These promises may be explicit, implicit or based on past customary business practices. The consideration gets allocated to multiple POs and revenue recognised when control over those distinct goods or services is transferred.

The entities may agree to provide goods or services for consideration that varies upon certain future events which may or may not occur. This is variable consideration, a wide term and includes all types of negative and positive adjustments to the revenue. Further, the entities will have to adjust the transaction price for the time value of money. Where the collections from customers are deferred the revenue will be lower than the contract price, and in case of advance collections, the effect will be opposite resulting in revenue exceeding the contract price with the difference accounted as a finance expense / gain.

- (iii) The Company sells rights of use (ROUs) that provide to the customers with network capacity, typically over a period of 5 to 20 years without transferring legal title or giving an option to purchase network capacity. Capacity services revenues are accounted as operating lease and recognised in the Company's income statement over the life of the contract. Bills raised on the customers/ payments received from the customers for long term contracts and for which revenue is not recognised are included in deferred revenue. Revenue on non cancellable ROUs are recognised as licensing income over the period of the contract.
- (iv) Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods are recognised over the estimated useful life of the subscribers and specified fixed validity period, as appropriate. The estimated useful life is consistent with estimated churn of the subscribers.
- (v) Interest income on investment is recognised on time proportion basis. Interest income is accounted using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to that asset's net carrying amount on initial recognition. Dividend is considered when right to receive is established. The Company recognises income from the units in the Fixed Income Schemes of Mutual Funds where income accrued is held till declaration or payment thereof for the benefit of the unit holders.

**1.16 Taxes on Income and Deferred Tax**

Income Tax comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or OCI.

Provision for income tax is made on the basis of taxable income for the year at the current rates. Tax expense comprises of current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period.

Deferred tax represents the effect of temporary difference between carrying amount of assets and liabilities in the financial statement and the corresponding tax base used in the computation of taxable income. Deferred tax liabilities are generally accounted for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised.

MAT (Minimum Alternate Tax) is recognized as an asset only when and to the extent it is probable evidence that the Company will pay normal income tax and will be able to utilize such credit during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Statement of Profit and loss and is included in Deferred Tax Assets. The Company reviews the same at each balance sheet date and if required, writes down the carrying amount of MAT credit entitlement to the extent there is no longer probable that Company will be able to absorb such credit during the specified period.

**1.17 Government Grants**

Subsidies granted by the Government for providing telecom services in rural areas are recognised as other operating income in accordance with relevant terms and conditions of the scheme and agreement.

**1.18 Provisions including Asset Retirement Obligation (ARO) and Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provisions are determined by discounting expected future cash flows at the pre tax rate that reflects current market assumptions of time value of money and risk specific to the liability. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Asset Retirement Obligation (ARO) relates to removal of electronics equipments when they will be retired from its active use. Provision is recognised based on the best estimate, of the management, of the eventual costs (net

## Significant Accounting Policies to Financial Statements

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.

### 1.19 Earning per Share

In determining Earnings per Share, the Company considers net profit after tax and includes post tax effect of any exceptional item. Number of shares used in computing basic earnings per share is the weighted average number of the shares, excluding the shares owned by the Trust, outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when result will be anti - dilutive. Dilutive potential equity Shares are deemed converted as at the beginning of the period, unless issued at a later date.

### 1.20 Employee Stock Option Scheme

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period. Employee compensation cost recognised earlier on grant of options is reversed in the period when the options are surrendered by any employee or lapsed as per the terms of the scheme.

### 1.21 Treasury Equity

The Company has created an Employee Stock Option Scheme Trust (ESOS Trust) for providing share-based payment to its employees. The Company uses ESOS Trust as a vehicle for distributing shares to employees under the employee remuneration schemes. The ESOS Trust buys shares of the Company from the market, for giving shares to employees. The Company treats ESOS Trust as its extension and shares held by ESOS Trust are treated as Treasury Equity. Own equity instruments that are reacquired (Treasury Equity) are recognised at cost and deducted from equity. No gain or loss is recognised in Statement of Profit or Loss, on purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between carrying amount and consideration, if reissued, is recognised in equity.

### 1.22 Measurement of Fair value of financial instruments

The Company's accounting policies and disclosures require measurement of fair values for the financial instruments. The Company has an established control framework with respect to measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses evidence obtained from third parties to support the conclusion that such valuations meet the requirements of Ind AS, including level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If inputs used to measure fair value of an asset or a liability fall into different levels of fair value hierarchy, then fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred (Note 2.38.1) for information on detailed disclosures pertaining to the measurement of fair values.

### 1.23 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign exchange forward contracts.

#### Financial Assets

##### (i) Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

**Significant Accounting Policies to Financial Statements**

**(ii) Subsequent measurement :**

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

**Financial Assets measured at amortised cost:**

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

- a) Asset is held within a business model whose objective is to hold assets for collecting contractual cash flows.
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

**Financial Assets measured at fair value through other comprehensive income (FVTOCI):**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets.
- b) The contractual cash flows of the assets represent SPPI: Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method

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

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch')

**Equity investments :**

All equity investments in scope of Ind-AS 109, "Financial Instruments" are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company decides to classify the same either as at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition which is irrevocable. If the company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the Other Comprehensive Income. There is no recycling of the amounts from Other Comprehensive Income to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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

**(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.

## Significant Accounting Policies to Financial Statements

### (iv) Impairment of Financial Assets

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in the credit risk. In case of significant increase in credit risk, life time ECL is used; otherwise twelve month ECL is used. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables, as permitted by Ind AS 109. Provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

### Financial Liabilities

#### (i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### (ii) Subsequent measurement

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

**Financial liabilities at fair value through Statement of Profit or Loss:** Financial liabilities at fair value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

**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 on Accounts to Financial Statements

| Particulars                          | (₹ in crore)   |               |           |                     |                   |                        |           |              |                          |
|--------------------------------------|----------------|---------------|-----------|---------------------|-------------------|------------------------|-----------|--------------|--------------------------|
|                                      | Leasehold Land | Freehold Land | Buildings | Plant and Machinery | Office Equipments | Furniture and Fixtures | Vehicles  | Total        | Capital Work in Progress |
| <b>Gross carrying value</b>          |                |               |           |                     |                   |                        |           |              |                          |
| As at April 1, 2017                  | 246            | 490           | 351       | 25,233              | 23                | 40                     | 45        | 26,428       | 1,130                    |
| Additions                            | -              | -             | -         | 1,071               | -                 | -                      | -         | 1,071        | 211                      |
| Reclassified to Assets held for Sale | (18)           | (400)         | (314)     | (21,128)            | -                 | -                      | -         | (21,860)     | (132)                    |
| Deduction/ adjustments               | -              | -             | (1)       | (367)               | -                 | -                      | -         | (368)        | (1,049)                  |
| As at March 31, 2018                 | 228            | 90            | 36        | 4,809               | 23                | 40                     | 45        | 5,271        | 160                      |
| Additions                            | -              | -             | -         | 75                  | -                 | -                      | -         | 75           | 60                       |
| Reclassified to Assets held for Sale | -              | -             | -         | (1,013)             | -                 | -                      | -         | (1,013)      | (54)                     |
| Deduction/ adjustments               | -              | -             | -         | -                   | -                 | -                      | -         | -            | (68)                     |
| <b>As at March 31, 2019</b>          | <b>228</b>     | <b>90</b>     | <b>36</b> | <b>3,871</b>        | <b>23</b>         | <b>40</b>              | <b>45</b> | <b>4,333</b> | <b>98</b>                |
| <b>Accumulated Depreciation</b>      |                |               |           |                     |                   |                        |           |              |                          |
| As at April 1, 2017                  | 4              | -             | 109       | 11,460              | 22                | 39                     | 43        | 11,677       | -                        |
| Depreciation for the year            | -              | -             | 5         | 762                 | -                 | -                      | -         | 767          | -                        |
| Reclassified to Assets held for Sale | (3)            | -             | (108)     | (9,012)             | -                 | -                      | -         | (9,123)      | -                        |
| Deduction/ adjustments               | -              | -             | -         | (176)               | -                 | -                      | -         | (176)        | -                        |
| As at March 31, 2018                 | 1              | -             | 6         | 3,034               | 22                | 39                     | 43        | 3,145        | -                        |
| Depreciation for the year            | -              | -             | 3         | 194                 | -                 | -                      | -         | 197          | -                        |
| Reclassified to Assets held for Sale | -              | -             | -         | (654)               | -                 | -                      | -         | (654)        | -                        |
| <b>As at March 31, 2019</b>          | <b>1</b>       | <b>-</b>      | <b>9</b>  | <b>2,574</b>        | <b>22</b>         | <b>39</b>              | <b>43</b> | <b>2,688</b> | <b>-</b>                 |
| <b>Net carrying value</b>            |                |               |           |                     |                   |                        |           |              |                          |
| As at March 31, 2018                 | 227            | 90            | 30        | 1,775               | 1                 | 1                      | 2         | 2,126        | -                        |
| <b>As at March 31, 2019</b>          | <b>227</b>     | <b>90</b>     | <b>27</b> | <b>1,297</b>        | <b>1</b>          | <b>1</b>               | <b>2</b>  | <b>1,645</b> | <b>-</b>                 |

**Notes:**

- 2.01.1 Capital Work-in-Progress includes ₹ 9 crore (Previous year ₹ 35 crore) on account of materials at site.
- 2.01.2 Transfer of title of certain Land and Buildings received from Reliance Industries Limited pursuant to the Scheme of Arrangement and from Reliance Communications Infrastructure Limited pursuant to scheme of demerger of the Network division are under process.
- 2.01.3 Refer Note 2.21 for Security in favour of the Lenders. Foreign Currency Loans of ₹ 1,623 crore availed by RITL and Foreign Currency Loans of ₹ 1,341 crore availed by RTL are secured by first pari passu charge on movable fixed assets of the Borrower Group. Apart from this, Rupee Loan of ₹ 1,109 crore availed by RITL have been secured by second pari passu charge and Rupee loan of ₹ 611 crore availed by RTL have been secured by first pari passu charge on movable and immovable Fixed Assets of the Borrower Group. Further non fund based outstanding of ₹ 1,878 crore availed by the Company, ₹ 246 crore availed by RTL and ₹ 4 crore by RCIL have been secured by second pari passu charge on movable Fixed Assets of the Borrower Group.
- 2.01.4 During the year,
- Foreign Exchange Variance of ₹ Nil (Previous year ₹ 37 crore) has been capitalised in Plant and Machinery. Depreciation, on exchange variance capitalised, of ₹ Nil (Previous year ₹ 217 crore) has been charged to Statement of Profit and Loss
  - The Company has capitalised borrowing cost of ₹ Nil (Previous year ₹ 142 crore) and reflected as part of additions to Capital Work in Progress
  - Project Development expenditure of ₹ 1 crore (Previous year ₹ 2 crore) has been capitalised in Plant and machinery
  - On finalisation and implementation of debt resolution process through Hon'ble NCLT, the Company will carry out a comprehensive impairment review of its tangible assets.
- 2.01.5 Plant and Machinery includes Gross Carrying Value of ₹ 19 crore and Net Carrying Value of ₹ 18 crore as at March 31, 2019, pertaining to assets taken on lease.
- 2.01.6 Above notes to be read with Note 2.15 "Assets Held for Sale"



# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### Note: 2.02

#### Intangible Assets

(₹ in crore)

| Particulars                           | Telecom Licenses | Indefeasible Right of Connectivity | Software | Brand License | Total      | Intangible Asset Under Development |
|---------------------------------------|------------------|------------------------------------|----------|---------------|------------|------------------------------------|
| <b>Gross carrying value</b>           |                  |                                    |          |               |            |                                    |
| As at April 1, 2017                   | 21,999           | 252                                | 435      | 169           | 22,855     | 66                                 |
| Additions                             | 4,514            | -                                  | 4        | -             | 4,518      | 3                                  |
| Reclassified to Assets held for sale  | (26,490)         | -                                  | (439)    | -             | (26,929)   | (69)                               |
| Deduction/ adjustments                | -                | -                                  | -        | -             | -          | -                                  |
| As at March 31, 2018                  | 23               | 252                                | -        | 169           | 444        | -                                  |
| Additions                             | -                | -                                  | -        | -             | -          | -                                  |
| Deduction/ adjustments                | -                | -                                  | -        | -             | -          | -                                  |
| <b>As at March 31, 2019</b>           | <b>23</b>        | <b>252</b>                         | <b>-</b> | <b>169</b>    | <b>444</b> | <b>-</b>                           |
| <b>Accumulated Amortisation</b>       |                  |                                    |          |               |            |                                    |
| As at April 01, 2017                  | 8,371            | 166                                | 387      | 134           | 9,058      |                                    |
| Amortisation for the year             | 953              | 13                                 | 15       | 8             | 989        |                                    |
| Reclassified to Assets held for sale  | (9,305)          | -                                  | (402)    | -             | (9,707)    |                                    |
| As at March 31, 2018                  | 19               | 179                                | -        | 142           | 340        |                                    |
| Amortisation for the year             | -                | 14                                 | -        | 9             | 23         |                                    |
| Provision for Impairment for the year | -                | 48                                 | -        | 9             | 57         |                                    |
| Deduction/ adjustments                | -                | -                                  | -        | -             | -          |                                    |
| <b>As at March 31, 2019</b>           | <b>19</b>        | <b>241</b>                         | <b>-</b> | <b>160</b>    | <b>420</b> |                                    |
| <b>Net carrying value</b>             |                  |                                    |          |               |            |                                    |
| As at March 31, 2018                  | <b>4</b>         | <b>73</b>                          | <b>-</b> | <b>27</b>     | <b>104</b> |                                    |
| <b>As at March 31, 2019</b>           | <b>4</b>         | <b>11</b>                          | <b>-</b> | <b>9</b>      | <b>24</b>  |                                    |

- 2.02.1 Intangible Assets under Development includes ₹ Nil (Previous year ₹ 3 crore) on account of borrowing cost capitalised
- 2.02.2 During the earlier years, the Company had successfully Bid under auction conducted for spectrum by the Department of Telecommunications (DoT), Government of India (GoI) and won spectrum in 12 service areas as total cost of ₹ 1,934 crore. The Company had made upfront payment of ₹ 527 crore under deferred payment option and balance was payable in 16 annual installments.
- During the year, the Company has completed the payment of Installment of ₹ 196 crore on May 14, 2018 with delay of 35 days. Further, an installment of ₹ 16 crore due on March 03, 2019 is delayed by 29 days as at March 31, 2019 and yet to be paid. Apart from above, balance installments not due as at March 31, 2019 is aggregating to ₹ 3,213 crore including interest @10% per annum. An Installment of ₹ 196 crore, due on April 9, 2019 is yet to be paid.
- During the previous year, the Company acquired Spectrum of ₹ 4,513 crore under Scheme of Demerger along with corresponding Deferred Payment Liability of ₹ 2,013 crore. (Refer Note No. 2.34.2). Above was payable in annual installments of ₹ 281 crore each.
- During the year the Company has paid an installment of ₹ 281 crore on May 14, 2018 with a delay of 49 days. Further, an installment of ₹ 281 crore due on March 26, 2019 is delayed by 5 days as at March 31, 2019 and yet to be paid. Apart from above, balance installments not due as at March 31, 2019 is aggregating to ₹ 3,377 crore including interest @10% per annum.
- Department of Telecommunications has issued show cause notice to the Company for revocation/ termination of spectrum due to nonpayment of 3<sup>rd</sup> installment due on March 03, 2019 for 0.6 MHz Spectrum acquired in 1800 MHz band in Mumbai, which has been stayed by Hon'ble NCLAT. Further, In the matter of One Time Spectrum Charges, TDSAT vide order dated February 4, 2019, confirmed its earlier order dated July 3, 2018 for return of Bank Guarantee of ₹ 2,000 crore.
- 2.02.3 Balance useful life as at March 31, 2019 is 4 years for Indefeasible Right of Connectivity (IRC).
- 2.02.4 During the year, Depreciation, on exchange variance capitalised, of ₹ Nil (Previous year ₹ 5 crore) has been charged to Statement of Profit and Loss.
- 2.02.5 The Company has, during the previous year, Capitalised borrowing cost of ₹ 3 crore in Intangible Assets under Development.
- 2.02.6 Refer Note 2.21 for Security in favour of the Lenders.
- 2.02.7 Above notes to be read with Note 2.15 "Assets Held for Sale".

Notes on Accounts to Financial Statements

|   |  | As at<br>March 31, 2019 | (₹ in crore)<br>As at<br>March 31, 2018 |       |
|---|--|-------------------------|---|-------|
| <b>Note: 2.03</b>   |  |                         |   |       |
| <b>Investment in Subsidiaries and Associates (valued at cost unless stated otherwise)</b> |  |                         |   |       |
| <b>In Equity Shares of Wholly Owned Subsidiary Companies</b>                              |  |                         |   |       |
| <b>Unquoted, fully paid up</b>  |  |                         |   |       |
| 9,38,00,00,000  | Reliance Communications Infrastructure Limited of ₹ 1 each                                 | <b>8,734</b>            | 8,734                                   |       |
| (9,38,00,00,000)  | Provision for Diminution in the value Investment   | <b>(3,000)</b>          | <b>(3,000)</b>                          |       |
|   |  | <b>5,734</b>            | 5,734                                   |       |
| 50,00,000   | Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited) of ₹ 10 each * | <b>10,000</b>           | 1,036                                   |       |
| (50,00,000)   |  |                         |   |       |
| 6,87,066  | Reliance Wimax Limited of ₹ 10 each  | <b>8</b>                | 8                                       |       |
| (6,87,066)  |  |                         |   |       |
| 50,000  | Reliance Webstore Limited of ₹ 10 each   | -                       | -                                       |       |
| (50,000)  | ₹ 5,00,000 (Previous year ₹ 5,00,000)  |                         |   |       |
| 1,00,00,00,000  | Independent TV Limited (Formerly Reliance Big TV Limited) of ₹ 10 each                     | <b>10</b>               | 10                                      |       |
| (1,00,00,00,000)  | Provision for Diminution in the value Investment   | <b>(10)</b>             | <b>(10)</b>                             |       |
|   |  | -                       | -                                       |       |
| 35,63,601   | Campion Properties Limited of ₹ 10 each  | <b>9</b>                | 9                                       |       |
| (35,63,601)   |  |                         |   |       |
| 1,000   | Aircom Holdco BV of Euro 1 each (₹ 72,860) (Previous year ₹ 72,860)                        | -                       | -                                       |       |
| (1,000)   |  |                         |   |       |
| 50,000  | Reliance Tech Services Limited of ₹ 10 each ₹ 5,00,000 (Previous year ₹ 5,00,000)          | -                       | -                                       |       |
| (50,000)  |  |                         |   |       |
| 20,00,000   | Globalcom Mobile Commerce Limited of ₹ 10 each   | <b>2</b>                | <b>2</b>                                | 6,789 |
| (20,00,000)   | (Formerly Reliance Mobile Commerce Limited)  | <b>15,753</b>           | <b>15,753</b>                           |       |
| <b>In Equity Shares of Subsidiary Companies</b>   |  |                         |   |       |
| <b>Unquoted, fully paid up</b>  |  |                         |   |       |
| 6,69,80,100   | Reliance Telecom Limited of ₹ 10 each  | <b>521</b>              | 521                                     |       |
| (6,69,80,100)   | Provision for Diminution in the value Investment   | <b>(521)</b>            | <b>(521)</b>                            |       |
|   |  | -                       | -                                       |       |
| 14,516  | Reliance Globalcom BV of Euro 100 each   | <b>6,515</b>            | 6,515                                   |       |
| (14,516)  |  |                         |   |       |
| 12,00,000   | Reliance Globalcom Limited, Bermuda Class A Common Shares of USD 0.01 each                 | <b>233</b>              | 233                                     |       |
| (12,00,000)   |  |                         |   |       |
| 9,500   | Towercom Infrastructure Private Limited of ₹ 10 each (₹ 95,000 (₹ 95,000))                 | -                       | -                                       |       |
| (9,500)   |  |                         |   |       |
| 1,00,000  | Gateway Net Trading Pte. Limited of USD 1 each   | -                       | <b>6,749</b>                            | 6,748 |
| (1,00,000)  | ₹ 46,78,250 (Previous year ₹ 46,78,250)  | <b>6,749</b>            | <b>6,749</b>                            |       |
| <b>In Equity Shares of Companies</b>  |  |                         |   |       |
| <b>Unquoted, fully paid up</b>  |  |                         |   |       |
| 6,50,25,000   | Warf Telecom International Private Limited of MRf 1 each                                   | <b>22</b>               | 22                                      |       |
| (6,50,25,000)   |  |                         |   |       |
| 13,000  | Mumbai Metro Transport Private Limited of ₹ 10 each  | -                       | <b>22</b>                               | 22    |
| (13,000)  | ₹ 1,30,000 (Previous year ₹ 1,30,000)  | <b>22</b>               | <b>22</b>                               |       |
| 400   | Nationwide Communication Private Limited of ₹ 10 each                                      | -                       | -                                       |       |
| (400)   | (₹ 4,000)  | <b>22,524</b>           | <b>22,524</b>                           |       |
|   |  | <b>22,524</b>           | <b>22,524</b>                           |       |
| <b>Aggregate Book value of Investments</b>  |  |                         |   |       |
| Unquoted  |  | <b>22,524</b>           | 13,559                                  |       |
| Quoted  |  | -                       | -                                       |       |
| Aggregate value of impairment   |  | <b>3,531</b>            | 3,531                                   |       |

\* During the year fair valued as per Ind AS 109, "Financial Instruments" (Refer Note 2.40.1)

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

(₹ in crore)

As at  
March 31, 2019

As at  
March 31, 2018

### Note: 2.04

#### Other Financial Assets

(Unsecured, Considered goods / unless stated otherwise)

|   |          |           |
|---|----------|-----------|
| Bank Deposits with Maturity for more than 12 months | 2        | 11        |
|   | <u>2</u> | <u>11</u> |

### Note: 2.05

#### Deferred Tax Assets (net)

| (a) Amount recognised in Financial Statement                  | As at<br>March 31, |              | For the year ended<br>March 31, |                |
|---|--------------------|--------------|---------------------------------|----------------|
|   | 2019               | 2018         | 2019                            | 2018           |
| <b>(i) Deferred Tax Assets</b>                                |                    |              |                                 |                |
| Related to carried forward loss and unabsorbed depreciation   | 6,890              | 5,848        | (1,042)                         | (1,378)        |
| Disallowances, under the Income Tax Act, 1961                 | 8                  | 54           | 46                              | (11)           |
| Related to Provisions for expenses                            | 1,097              | 1,052        | (45)                            | (18)           |
| Others  | -                  | 50           | 50                              | (21)           |
| <b>Sub total (i)</b>  | <u>7,995</u>       | <u>7,004</u> | <u>(991)</u>                    | <u>(1,428)</u> |
| <b>(ii) Deferred Tax Liabilities</b>                          |                    |              |                                 |                |
| Related to temporary difference on depreciation/ amortisation | (1,020)            | (637)        | 383                             | (1,271)        |
| Deferred Tax Liability on Fair value of Investments           | (2,088)            |              | 2,088                           |                |
| Related to temporary difference on Indexed cost               | (101)              | (110)        | (9)                             | -              |
| <b>Sub total (ii)</b>   | <u>(3,209)</u>     | <u>(747)</u> | <u>2,462</u>                    | <u>(1,271)</u> |
| <b>Net Deferred Tax Assets</b>                                | <b>4,785</b>       | <b>6,257</b> |                                 |                |
| <b>Deferred Tax Charge/(Credit) (i)-(ii)</b>                  |                    |              | <u>1,472</u>                    | <u>(2,699)</u> |
| <b>Restricted to and consequent impact</b>                    | <u>Nil</u>         | <u>3,558</u> | <u>3,558</u>                    | <u>-</u>       |

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 long term capital losses 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 ₹ 3,558 crore) due to non existence of reasonable certainty. Year wise expiry of total Losses are as under:

| Sr.   | Year of Expiry<br>Financial Year | Amount of Loss<br>₹ in crore |
|-------|----------------------------------|------------------------------|
| (i)   | Expiring within 1 year           | 151                          |
| (ii)  | Expiring within 1 to 5 year      | 4,810                        |
| (iii) | Expiring within 5 to 7 year      | 3,768                        |
| (iv)  | Without expiry limit             | 10,719                       |

#### (b) Amounts recognised in Statement of Profit and Loss

₹ in crore

|  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| (i) Current Tax                                      | -                                    | -                                    |
| (ii) Short provision for earlier years               | -                                    | 1                                    |
| (iii) Deferred income tax liability / (asset), (net) | <u>3,558</u>                         | <u>-</u>                             |
| <b>Tax expense/(credit) for the year</b>             | <u><b>3,558</b></u>                  | <u><b>1</b></u>                      |

Notes on Accounts to Financial Statements

|  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| (c) Amounts recognised in other comprehensive income ₹ 30,38,561.                  | -                                    | 1                                    |
| <b>(d) Reconciliation of Tax Expenses</b>  |                                      |                                      |
| Profit/ (Loss) before Tax  | 6,405                                | (9,869)                              |
| Applicable Tax Rate  | 34.944%                              | 34.608%                              |
| <b>Computed Tax Expenses (i)</b>   | <b>2,238</b>                         | <b>(3,415)</b>                       |
| <b>Add/ (Less):</b>  |                                      |                                      |
| - Tax allowances of earlier years  | -                                    | 1                                    |
| - Tax charge to/ credit on account of depreciation allowances                      | 383                                  | 716                                  |
| - Tax rate difference on Fair Value of Investments                                 | (1,044)                              | -                                    |
| - Deferred tax not recognised for the year / reversal of earlier year              | 939                                  | 2,699                                |
| - Deferred tax on carried forward Loss   | 1,042                                | -                                    |
| <b>Sub total (ii)</b>  | <b>1,320</b>                         | <b>3,416</b>                         |
| <b>Income Tax Expenses charge/ (credit) to Statement of Profit and Loss (i+ii)</b> | <b>3,558</b>                         | <b>1</b>                             |

There is no taxable income during the year and the Company has not recognised Deferred Tax Assets (DTA) in absence of reasonable certainty.

**Note: 2.06**

**Other Non Current Assets**

|                           | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---------------------------|-------------------------|-------------------------|
| Capital Advances          | -                       | 24                      |
| Deposits                  | 352                     | 352                     |
| Other Non Current Assets* | 580                     | 580                     |
|                           | <b>932</b>              | <b>956</b>              |

\* Refund due against claims lodged.

**Note: 2.07**

**Inventories** (valued at lower of cost or net realisable value)

|                   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-------------------|-------------------------|-------------------------|
| Stores and Spares | 61                      | 64                      |

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

|   | (₹ in crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| <b>Note: 2.08</b>   |                         |                         |
| <b>Investments (Current Financial Assets)</b> (valued at amortised cost unless otherwise state)   |                         |                         |
| <b>In Preference Shares of Wholly Owned Subsidiary Companies</b>  |                         |                         |
| <b>Unquoted, fully paid up</b>  |                         |                         |
| 20,000 8 % Redeemable, Cumulative Preference Shares of<br>(20,000) Reliance Communications Infrastructure Limited of ₹ 10 each<br>₹ 2,00,000 (Previous year ₹ 2,00,000)                             | -                       | -                       |
| 10,00,000 7.5 % Redeemable, Non Cumulative, Non Convertible Preference<br>(10,00,000) Shares of Reliance WiMax Limited of ₹ 10 each   | <u>1</u>                | <u>1</u>                |
|   | 1                       | 1                       |
| <b>In Preference Shares of Subsidiary Companies</b>   |                         |                         |
| <b>Unquoted, fully paid up</b>  |                         |                         |
| 4,50,00,000 1% Redeemable, Non Cumulative, Non Convertible Preference<br>(4,50,00,000) Shares of Reliance Telecom Limited of ₹10 each   | 445                     | 445                     |
| Provision for Diminution in the value of Investment   | <u>(400)</u>            | <u>(400)</u>            |
|   | 45                      | 45                      |
| 52 (52) 1% Redeemable, Non Cumulative, Non Convertible Preference<br>Shares of Reliance Globalcom BV of Euro 1 each<br>₹ 29,85,060 (Previous year ₹ 29,85,060)                                      | -                       | -                       |
| 22,143 8% Redeemable, Non Cumulative, Non Convertible, Preference<br>(22,143) Shares of Reliance Globalcom BV of Euro 1 each *  | 172                     | 179                     |
| 4,00,00,000 0.10% Redeemable, Non Cumulative, Non Convertible Preference<br>(4,00,00,000) Shares of Reliance Infratel Limited of ₹ 10 each  | <u>4,000</u>            | <u>4,000</u>            |
|   | 4,217                   | 4,224                   |
| <b>In Government Securities (Quoted)**</b>  |                         |                         |
| 34,000 6.83% GOI 2039 of ₹100 each fully paid up<br>(34,000) ₹ 31,19,500 (Previous year ₹ 30,52,000)<br>(Market Value of Quoted Investments ₹ 31,19,500 (Previous year<br>₹ 30,82,440))             | -                       | -                       |
| <b>In Government Securities (Unquoted)**</b>  |                         |                         |
| 6 years National Savings Certificate<br>(Lodged with Sales Tax Department)<br>₹ 45,000 (Previous year ₹ 45,000)   | -                       | -                       |
| 5 1/2 years Kisan Vikas Patra<br>(Lodged with Chennai Metropolitan Development Authority)<br>₹ 5,000 (Previous year ₹ 5,000)  | -                       | -                       |
| ₹ 5,000 (Previous year ₹ 5,000)   | <u>4,218</u>            | <u>4,225</u>            |
| * This investment has been considered as monetary item as per Ind AS 21 "The Effects of Changes in Foreign Exchange Rates" and hence, cost has been revalued at the year end foreign exchange rate. |                         |                         |
| ** at fair value through profit and loss  |                         |                         |
| <b>Aggregate Book Value of Investments</b>  |                         |                         |
| Unquoted  | 4,218                   | 4,225                   |
| Quoted ₹ 31,19,500 (Previous year ₹ 30,52,000)  | -                       | -                       |
|   | <u>4,218</u>            | <u>4,225</u>            |
| <b>Aggregate Market value of Quoted Investments</b>   | -                       | -                       |
| ₹ 31,19,500 (Previous year ₹ 30,82,440))  |                         |                         |
| <b>Aggregate Value of Impairment of Investments</b>   | 400                     | 400                     |

Notes on Accounts to Financial Statements

|  | As at<br>March 31, 2019   | (₹ in crore)<br>As at<br>March 31, 2018 |
|--|---------------------------|---|
| <b>Note: 2.09</b>  |                           |   |
| <b>Trade Receivables (Unsecured)</b> (Refer note 2.50)   |                           |   |
| Considered good  | 1,527                     | 1,672                                   |
| Considered doubtful  | <u>1,925</u>              | <u>1,826</u>                            |
|  | <b>3,452</b>              | 3,498                                   |
| Less: Provision for doubtful receivables   | <u>1,925</u> <b>1,527</b> | <u>1,826</u> 1,672                      |
|  | <u><b>1,527</b></u>       | <u>1,672</u>                            |
| <b>Note: 2.10</b>  |                           |   |
| <b>Cash and Cash equivalents</b>   |                           |   |
| Cheques on Hand  | 6                         | 32                                      |
| Balances with Banks  | 165                       | 82                                      |
| Bank Deposits with less than 3 months' maturity  | <u>14</u>                 | <u>33</u>                               |
|  | <u><b>185</b></u>         | <u>147</u>                              |
| <b>Note: 2.11</b>  |                           |   |
| <b>Bank Balances other than Cash and Cash Equivalents referred in Note 2.10 above</b>              |                           |   |
| Bank Deposits with less than 12 months' maturity   | 39                        | 51                                      |
| Earmarked Balance- Unpaid Dividend*  | <u>1</u>                  | <u>3</u>                                |
|  | <u><b>40</b></u>          | <u>54</u>                               |
| * Transferred ₹ 1 crore (Previous year ₹ 2 crore) to Investor Education and Protection Fund (IEPF) |                           |   |
| <b>Note: 2.12</b>  |                           |   |
| <b>Loans (Current Financial Assets)</b>  |                           |   |
| (Unsecured, Considered good unless stated otherwise)   |                           |   |
| Loans to Related Parties (Refer Note 2.45 and 2.50)  | <u><b>6,528</b></u>       | <u>3,640</u>                            |
| <b>Note: 2.13</b>  |                           |   |
| <b>Other Financial Asset (Unsecured, Considered good)</b>  |                           |   |
| (Refer Note 2.50)  |                           |   |
| Interest Accrued on Loans and Investments  | 58                        | 54                                      |
| Unbilled Revenue   | 67                        | 72                                      |
| Other Receivable   | <u>186</u>                | <u>-</u>                                |
|  | <u><b>311</b></u>         | <u>126</u>                              |
| <b>Note: 2.14</b>  |                           |   |
| <b>Other Current Assets</b> (Unsecured, Considered good unless otherwise stated)                   |                           |   |
| (Refer Note 2.50)  |                           |   |
| Advances to Related Parties  | 115                       | 96                                      |
| Deposits*  | 1,642                     | 1,617                                   |
| Others**   |                           |   |
| Considered good  | <b>2,318</b>              | 2,449                                   |
| Considered doubtful  | <u>74</u>                 | <u>74</u>                               |
|  | <b>2,392</b>              | 2,523                                   |
| Less: Provision for doubtful advances  | <u>74</u> <b>2,318</b>    | <u>74</u> 2,449                         |
|  | <u><b>4,075</b></u>       | <u>4,162</u>                            |

\*Deposits include ₹ 1,565 crore ( Previous year ₹ 1,565 crore ) paid against disputed claims.

\*\* Includes prepaid expenses, Goods and Service Tax (GST), service tax, credits, advances to vendor and other receivables.

Notes on Accounts to Financial Statements

**Note: 2.15**  
**(a) Assets held for Sale**

Consequent to discontinuance of wireless business, the following assets have been classified as the assets held for sale at the value ascertained as at the end of previous year and recorded at lower of carrying amount and fair value less selling cost. Also Refer Note 2.01.3 for Security in favour of Lenders. On finalisation and implementation of debt resolution process through Hon'ble NCLT, the Company will carry out a comprehensive impairment review of its tangible, intangible assets and Assets held for Sale.

| Particulars                         | Net Block<br>Reclassified from<br>PPE |               | Provision for Impairment   |  |                            |   | Write Off   |  | Deduction*                                     |                                    | Asset Held for Sale |                     |                         |
|-------------------------------------|---------------------------------------|---------------|----------------------------|--|----------------------------|---|---|--|--|------------------------------------|---------------------|---------------------|-------------------------|
|                                     | 2019                                  | 2018          | As at<br>March<br>31, 2018 | Less:<br>Write off<br>during the<br>year | As at<br>March 31,<br>2019 | Provision<br>for the<br>year ended<br>March 31,<br>2019 | Additional<br>Write off<br>as per<br>statement<br>of Profit<br>and Loss | Total<br>Write off<br>during the<br>year | Write of<br>for the<br>year ended<br>March 31, | For the year<br>ended<br>March 31, | 2019                | 2018                | As at March 31,<br>2019 |
|                                     | 1                                     | 2             | 3                          | 4  | 5=(3-4)                    | 6   | 7   | 8=4+7                                    | 9  | 10                                 | 11                  | 12=(13+11-<br>7-10) | 13=(2-<br>6-11)         |
| <b>Tangible</b>                     |                                       |               |                            |  |                            |   |   |  |  |                                    |                     |                     |                         |
| Property, Plant and Equipment       | 359                                   | 12,116        | 6,253                      | 6,253                                    | -                          | 6,253   | -   | 6,253                                    | -  | -                                  | -                   | 6,222               | 5,863                   |
| Freehold Land                       |                                       | 400           |                            |  | -                          |   |   |  |  | 61                                 |                     | 339                 | 400                     |
| Leasehold Land                      |                                       | 15            |                            |  | -                          |   |   |  |  | 6                                  |                     | 9                   | 15                      |
| Buildings                           |                                       | 206           |                            |  | -                          |   |   |  |  | 36                                 |                     | 170                 | 206                     |
| Capital Work In Progress            | 54                                    | 132           |                            |  | -                          |   |   |  |  |                                    |                     | 186                 | 132                     |
| <b>Subtotal</b>                     | <b>413</b>                            | <b>12,869</b> | <b>6,253</b>               | <b>6,253</b>                             | <b>-</b>                   | <b>6,253</b>  | <b>-</b>  | <b>6,253</b>                             | <b>-</b>                                       | <b>103</b>                         | <b>-</b>            | <b>6,926</b>        | <b>6,616</b>            |
| <b>Intangible</b>                   |                                       |               |                            |  |                            |   |   |  |  |                                    |                     |                     |                         |
| Telecom Licenses                    |                                       | 17,185        | 2,682                      | 2,682                                    | -                          | 2,682   | 1,767   | 4,449                                    | -  | -                                  | -                   | 12,736              | 14,503                  |
| Software                            |                                       | 37            | 37                         | 37                                       | -                          | 37  |   | 37                                       | -  | -                                  | -                   | -                   | -                       |
| Intangible Assets under Development |                                       | 69            |                            |  | -                          |   |   |  | -  |                                    |                     | 69                  | 69                      |
| <b>Subtotal</b>                     | <b>-</b>                              | <b>17,291</b> | <b>2,719</b>               | <b>2,719</b>                             | <b>-</b>                   | <b>2,719</b>  | <b>1,767</b>  | <b>4,486</b>                             | <b>-</b>                                       | <b>-</b>                           | <b>-</b>            | <b>12,805</b>       | <b>14,572</b>           |
| <b>Total</b>                        | <b>413</b>                            | <b>30,160</b> | <b>8,972</b>               | <b>8,972</b>                             | <b>-</b>                   | <b>8,972</b>  | <b>1,767</b>  | <b>10,739</b>                            | <b>-</b>                                       | <b>103</b>                         | <b>-</b>            | <b>19,731</b>       | <b>21,188</b>           |

\*During the year, based on the final confirmation, sale of certain Media Convergence Nodes (MCNs) have been recorded and net income thereof has been accounted as part of Discontinued Operations.

(b) Provision for diminution in value of investments and other assets ₹ Nil (Previous year ₹ 3,931 crore)

(c) Liabilities directly related to Assets held for Sale

|  |              |              |
|--|--------------|--------------|
| Deferred Payment Liabilities                     |              |              |
| Interest Accrued on Deferred Payment Liabilities |              |              |
| <b>Total</b>                                     | <b>4,033</b> | <b>4,142</b> |

|                        |              |
|------------------------|--------------|
| <b>As at March 31,</b> |              |
| <b>2019</b>            | <b>2018</b>  |
| 3,419                  | 3,419        |
| 614                    | 723          |
| <b>4,033</b>           | <b>4,142</b> |

Notes on Accounts to Financial Statements

|  | As at<br>March 31, 2019 | (₹ in crore)<br>As at<br>March 31, 2018 |
|--|-------------------------|---|
| <b>Note: 2.16</b>  |                         |   |
| <b>Share Capital</b>   |                         |   |
| <b>Authorised</b>  |                         |   |
| 5,00,00,00,000 Equity Shares of ₹ 5 each<br>(5,00,00,00,000)             | <b>2,500</b>            | 2,500                                   |
|  | <u><b>2,500</b></u>     | <u>2,500</u>                            |
| <b>Issued, Subscribed and Paid Up</b>                                    |                         |   |
| 276,55,33,050 Equity Shares of ₹ 5 each fully paid up<br>(276,55,33,050) | <b>1,383</b>            | 1,383                                   |
|  | <u><b>1,383</b></u>     | <u>1,383</u>                            |

(1) **Shares held by Holding/Ultimate Holding Company and/or their subsidiaries\***

|   | No. of Shares       | No. of Shares |
|---|---------------------|---------------|
| (a) Reliance Innoventures Private Limited, Holding Company                                      | <b>1 23 79 001</b>  | 1 23 79 001   |
| (b) Reliance Communications Enterprises Private Limited Subsidiary of Holding Company           | <b>36 56 10 172</b> | 72 31 10 172  |
| (c) Reliance Wind Turbine Installators Industries Private Limited Subsidiary of Holding Company | <b>85 81 510</b>    | 30 00 00 000  |
| (d) Reliance Ornatus Enterprises and Ventures Private Limited Subsidiary of Holding Company     | <b>9 20 00 000</b>  | 30 00 00 000  |
| (e) Reliance Telecom Infrainvest Private Limited Subsidiary of Holding Company                  | <b>8 66 66 667</b>  | 8 66 66 667   |

\* upto February 6, 2019

(2) **Details of Shareholders holding more than 5% shares in the company**

|  | No. of Shares       | %            | No. of Shares | %     |
|--|---------------------|--------------|---------------|-------|
| (a) Reliance Communications Enterprises Private Limited (Formerly known as AAA Communication Private Limited)                  | <b>36 56 10 172</b> | <b>13.22</b> | 72 31 10 172  | 26.15 |
| (b) Reliance Wind Turbine Installators Industries Private Limited (Formerly known as AAA Industries Private Limited)           | <b>85 81 510</b>    | <b>0.31</b>  | 30 00 00 000  | 10.85 |
| (c) Reliance Ornatus Enterprises and Ventures Private Limited (Formerly known as ADA Enterprises and Ventures Private Limited) | <b>9 20 00 000</b>  | <b>3.33</b>  | 30 00 00 000  | 10.85 |
| (d) Life Insurance Corporation of India  | <b>16 41 88 199</b> | <b>5.94</b>  | 16 46 88 199  | 5.96  |

(3) **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(4) **Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

|                                | March 31, 2019               |                     | March 31, 2018               |              |
|--------------------------------|------------------------------|---------------------|------------------------------|--------------|
|                                | Number                       | (₹ in crore)        | Number                       | (₹ in crore) |
| <b>Equity shares</b>           |                              |                     |                              |              |
| At the beginning of the Year   | <b>276 55 33 050</b>         | <b>1,383</b>        | 2,48,89,79,745               | 1,244        |
| Add : Changes during the year* | -                            | -                   | 27,65,53,305                 | 139          |
| At the end of the Year         | <u><b>2,76,55,33,050</b></u> | <u><b>1,383</b></u> | <u><b>2,76,55,33,050</b></u> | <u>1,383</u> |

\*Equity shares allotted as fully paid up, pursuant to Scheme of demerger (Refer Note 2.34.2), without payment being received in cash



# Reliance Communications Limited

## Notes on Accounts to Financial Statements

|  |                |               | (₹ in crore)   |              |
|--|----------------|---------------|----------------|--------------|
| Note: 2.17   | As at          |               | As at          |              |
| Other Equity   | March 31, 2019 |               | March 31, 2018 |              |
| <b>Capital Reserve</b>   |                |               |                |              |
| (i) As per last Balance Sheet (Previous year ₹ 5,00,000)   | 1,397          |               | -              |              |
| (ii) Additions during the year (Refer Note 2.34.2)   | <u>-</u>       | 1,397         | <u>1,397</u>   | 1,397        |
| <b>Debenture Redemption Reserve</b>  |                |               |                |              |
| (i) Opening Balance  | 590            |               | 590            |              |
| (ii) Transfer from/ (to) General Reserve   | <u>-</u>       | 590           | <u>-</u>       | 590          |
| <b>Securities Premium Account</b>  |                |               |                |              |
| <b>General Reserve I</b> (Refer Note 2.34.1)   |                | 13,894        |                | 13,894       |
| <b>General Reserve II</b> (Refer Note 2.34.1)  |                | 5,538         |                | 5,538        |
| (i) Opening Balance  | -              |               | 2,785          |              |
| (ii) Less: Transfer to Statement of Profit and Loss for loss on account of provision for diminution in the value of investment (Refer Note 2.40) | <u>-</u>       | -             | <u>2,785</u>   | -            |
| <b>General Reserve III</b> (Refer Note 2.34.1)   |                |               |                |              |
| (i) Opening Balance  | 4,159          |               | 6,763          |              |
| (ii) Less: Transfer to Statement of Profit and Loss for depreciation on account of change in exchange rates (Refer Note 2.40)                    | -              |               | 221            |              |
| Transfer to Statement of Profit and Loss for loss on account of change in exchange rates (Refer Note 2.40)                                       | -              |               | 227            |              |
| Transfer to Statement of Profit and Loss for loss on account of provision for impairment of Assets (Refer Note 2.40)                             | -              |               | 1,661          |              |
| Transfer to Statement of Profit and Loss for loss on account of provision for diminution in the value of investment (Refer Note 2.40)            | -              |               | 215            |              |
| Transferred to Statement of Profit and Loss for depreciation/ amortisation on fair value of assets (Refer Note 2.34.1)                           | <u>-</u>       | 4,159         | <u>280</u>     | 4,159        |
| <b>Reserve for Business Restructuring</b> (Refer Note 2.34.1)  |                |               |                |              |
| (i) Opening Balance  | -              |               | 1,287          |              |
| (ii) Less: Transfer to Statement of Profit and Loss for loss on account of provision for impairment of Assets (Refer Note 2.40)                  | <u>-</u>       | -             | <u>1,287</u>   | -            |
| <b>Foreign Currency Monetary Items Translation Difference Account</b>  |                |               |                |              |
| (i) Opening Balance  |                | (224)         |                | (463)        |
| (ii) Deduction / Additions during the year   |                | (1)           |                | (13)         |
| (iii) Amortisation during the year   |                | <u>224</u>    |                | <u>252</u>   |
|  |                | (1)           |                | (224)        |
| <b>Treasury Equity</b>   |                | (391)         |                | (391)        |
| <b>Surplus/ (Deficit) in retained earnings</b>   |                |               |                |              |
| (i) Opening Balance  | (17,031)       |               | (7,161)        |              |
| (ii) Add : Profit/ (Loss) for the year from Continuing Operations.   | 5,099          |               | 63             |              |
| (iii) Add : Profit/ (Loss) for the year from Discontinued Operations   | <u>(2,252)</u> | (14,184)      | <u>(9,933)</u> | (17,031)     |
| <b>Other Comprehensive Income</b>  |                |               |                |              |
| <b>Remeasurement of defined employee benefit Plans</b>   |                |               |                |              |
| (i) Opening Balance  | 1              |               | (2)            |              |
| (ii) Additions during the year (net)   | <u>-</u>       | 1             | <u>3</u>       | 1            |
|  |                | <u>11,003</u> |                | <u>7,933</u> |

**Notes on Accounts to Financial Statements**

**Nature and Purpose of Reserve**

**Capital Reserve**

Capital Reserve includes Equity Share Capital of the Company, which was cancelled pursuant to the Scheme of Demerger of Undertaking from Reliance Industries Limited. During the previous year, Capital Reserve was created under scheme of demerger (Refer Note 2.34.2).

**Debenture Redemption Reserve**

Debenture Redemption Reserve is created out of profits of the respective year as required under the Act then applicable, which shall be utilised for the purpose of redemption of Debentures issued by the Company.

**Securities Premium Account**

Securities Premium represents the premium charged to the shareholders at the time of issuance of shares. It also includes ₹ 8,047 crore created pursuant to the Scheme of Amalgamation/ Arrangements of the earlier years. Securities Premium can be utilised based on the relevant requirements of the Act

**General Reserve I**

General Reserve I of ₹ 5,538 crore (Previous year ₹ 5,538 crore) represents the unadjusted balance being the excess of assets over liabilities relating to the Telecommunications Undertaking transferred and vested into the Company.

**General Reserve III**

General Reserve III comprises of ₹ 4,159 crore transferred to General Reserve from Statement of Profit and Loss.

**Foreign Currency Monetary Items Translation Difference Account (FCMITDA)**

FCMITDA has been created in view of the option allowed pursuant to the notification dated December 29, 2011 issued by the MCA, GoI, being the exchange differences on long term borrowing other than borrowings relating to acquisition of depreciable capital assets.

**Treasury Equity**

Treasury Equity represents 2,12,79,000 nos. of Equity Shares held by the ESOS Trust.

|                                      | (₹ in crore)            |                         |
|--------------------------------------|-------------------------|-------------------------|
|                                      | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| <b>Note: 2.18</b>                    |                         |                         |
| <b>Borrowings - Non Current</b>      |                         |                         |
| <b>Secured</b> (Refer Note 2.21.1)   |                         |                         |
| 6.5% Senior Secured Notes            | -                       | 1,934                   |
| <b>Term Loans</b>                    |                         |                         |
| Rupee Term Loan from Banks           | -                       | 3,481                   |
| Rupee Loans from Others              | -                       | 705                     |
| <b>Unsecured</b>                     |                         |                         |
| Rupee Term Loan from Others          | -                       | 3,239                   |
|                                      | <u>-</u>                | <u>9,359</u>            |
| <b>Note: 2.19</b>                    |                         |                         |
| <b>Other Non Current Liabilities</b> |                         |                         |
| Income Received in Advance           | <u>83</u>               | <u>83</u>               |
| <b>Note: 2.20</b>                    |                         |                         |
| <b>Provisions</b>                    |                         |                         |
| Employee Benefits                    | <u>22</u>               | <u>18</u>               |

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

|                             | As at<br>March 31, 2019 | (₹ in crore)<br>As at<br>March 31, 2018 |
|-----------------------------|-------------------------|---|
| <b>Note: 2.21</b>           |                         |   |
| <b>Borrowings – Current</b> |                         |   |
| <b>Secured</b>              |                         |   |
| 6.5% Senior Secured Notes   | 1,955                   | -                                       |
| Foreign Currency Loans      | 11,191                  | 11,191                                  |
| Rupee Loans from Bank       | 3,973                   | 2,915                                   |
| Rupee Loans from Others     | 646                     | -                                       |
| <b>Unsecured</b>            |                         |   |
| Foreign Currency Loans      | -                       | 197                                     |
| Rupee Loans from Banks      | 2,306                   | 1,868                                   |
| Rupee Loans from Others     | 8,264                   | 2,424                                   |
|                             | <u>28,335</u>           | <u>18,595</u>                           |

### 2.21.1 Debentures, Senior Secured Notes and Term Loans

The Company, on March 2, 2009, allotted, 3,000, 11.20% Secured Redeemable, Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 3,000 crore to be redeemed at the end of 10<sup>th</sup> year from the date of allotment thereof i.e. March 1, 2019 and the same remains outstanding as at March 31, 2019. The Company on February 7, 2012, also allotted, 1,500, 11.25% Secured Redeemable Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each aggregating to ₹ 1,500 crore redeemable in four annual equal installments starting at the end of 4<sup>th</sup> year from the date of allotment thereof, the outstanding against said NCDs is ₹ 750 crore as on March 31, 2019. The Company had, on May 6, 2015, issued Senior Secured Notes (SCNs) of USD 300 million, face value of USD 100 per bond, bearing 6.5% p.a. interest, with a maturity of 5 1/2 years.

The Company had been sanctioned Rupee Loans of ₹ 6,015 crore (outstanding as on March 31, 2019 was ₹ 5,463 crore) (Term Loan Facility) under consortium banking arrangement on the terms and conditions as set out in common loan agreement.

Outstanding NCDs along with SCNs, Foreign Currency Loans and Rupee Loans of ₹ 25,424 crore ("the said Secured Loans") have been secured by first pari passu charge on the whole of the movable plant and machinery including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work in progress (pertaining to the movable fixed assets), both present and future including all the rights, title, interests, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company and its subsidiary companies namely; RTL, RITL and RCIL, ("the Borrower Group"), in favour of the Security Trustee for the benefit of the NCD/ SCN Holders and the lenders of the said Secured Loans. The said loans also include ₹ 3,583 crore which are guaranteed by a Director. Apart from above Rupee Loan also includes ₹ 398 crore which is secured by first pari passu charge on Spectrum, acquired during the previous year under the scheme of demerger, (Refer Note 2.34.2) is pending to be executed. Outstanding Rupee Loans of ₹ 487 crore are secured by second pari passu charge on the movable plant and machinery and capital work in progress of the Borrower Group, Tower receivables, pledge of equity shares of Globalcom IDC Limited held by Reliance Webstore Limited. Charge over Towers receivables is pending to be executed. Further, Outstanding Rupee Loans of ₹ 1,867 crore is secured by second charge over movable Fixed Assets of the Borrower Group, out of which, charge is pending to be created for ₹ 1,072 crore. The Company, for the benefit of the Lenders of SCNs of ₹ 1,955 crore, Foreign Currency Loans of ₹ 11,191 crore, 11.25% NCDs aggregating to ₹ 750 crore and Rupee Loans of ₹ 7,403 crore has, apart from the above, also assigned 20 Telecom Licenses for services under Unified Access Services (UAS), National Long Distance (NLD) and International Long Distance (ILD) (collectively referred as "Telecom Licenses") by execution of the Tripartite Agreements with DoT and the Security Trustee acting on behalf of the Lenders. Further, assignment of the Telecom Licences of the Company for rupee loans from banks of ₹ 1,492 crore and from others of ₹ 248 crore is pending to be executed.

The Company has, for the benefit of the Lenders of SCNs, Foreign Currency Loans and Rupee Loans aggregating to ₹ 19,102 crore, apart from the above security, pledged equity shares of RCIL held by the Company and of RTL held by the Company and Reliance Realty Limited by execution of the Share Pledge Agreement with the Share Pledge Security Trustee. Outstanding Rupee Loans of ₹ 5,463 crore is also secured by pledge of equity shares of RITL held by RCIL, current assets, movable 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 RGBV security for Rupee Loans of ₹ 5,463 crore is pending to be executed. Further, outstanding Foreign Currency Loan of ₹ 1,623 crore availed by RITL and ₹ 1,341 crore availed by RTL is guaranteed by the Company.

During the year, lenders have invoked guarantees provided by borrower group for outstanding rupee loan of ₹ 5,950 crore availed by the Company, ₹ 611 crore availed by RTL and ₹ 485 crore availed by RITL.

**Notes on Accounts to Financial Statements**

During the year, the Company created first ranking exclusive charge (pari passu inter se the Lenders) over Designated Account with future rights, title and interest therein, including all of its rights in respect of any amount standing to the credit of the Designated Account and the debt represented by it, in favour of State Bank of India, the Convenor (for the benefit of the Lenders) as continuing security.

The Company was, in the process of finalising and implementing its asset monetization and debt resolution plan, comprising the Company's restructuring of Debt including allotment of shares against debt from lenders. Accordingly in order to allot the shares of the Company, debt aggregating to ₹ 3,788 crore (Previous year ₹ Nil) was assigned from subsidiaries to the Company.

Foreign currency Loans have been stated at the exchange rate of March 31, 2018.

**2.21.2 Delay/Default in repayment of Borrowing (Current and Non Current) and Interest**

The Company has delayed/defaulted in the payment of dues to the financial institutions, banks and debenture holders. The lender wise details are as under:

| Sr. Name of Lender                        | Amount represents rupees in crore and period represents maximum days |        |                              |        |                      |        |   |        |                              |        |   |        |                      |        |
|---|--|--------|------------------------------|--------|----------------------|--------|---|--------|------------------------------|--------|---|--------|----------------------|--------|
|   | Borrowings   |        |                              |        | Interest             |        | Borrowings  |        |                              |        | Interest  |        |                      |        |
|   | Delay in repayment during the year ended March 31, 2019              |        | Default As at March 31, 2019 |        | As on March 31, 2019 |        | Delay in repayment during the year ended March 31, 2018 |        | Default As at March 31, 2018 |        | Delay in repayment during the year ended March 31, 2018 |        | As on March 31, 2018 |        |
|   | Amount   | Period | Amount                       | Period | Amount               | Period | Amount  | Period | Amount                       | Period | Amount  | Period | Amount               | Period |
| <b>I Loan from Banks</b>                  |  |        |                              |        |                      |        |   |        |                              |        |   |        |                      |        |
| Axis Bank                                 | -  | -      | -                            | -      | -                    | -      | 100   | 87     | -                            | -      | 5   | 80     | -                    | -      |
| Bank of America <sup>1</sup>              | -  | -      | 359                          | 476    | -                    | -      | -   | -      | -                            | -      | -   | -      | -                    | -      |
| Deutsche Bank* <sup>1</sup>               | -  | -      | -                            | -      | -                    | -      | 180   | 82     | 391                          | 111    | 4   | 7      | 1                    | 284    |
| Bank of Baroda                            | -  | -      | 1,022                        | 754    | 11                   | 731    | -   | -      | 802                          | 389    | 24  | 87     | 11                   | 366    |
| Bank of India                             | -  | -      | 308                          | 731    | 9                    | 731    | -   | -      | 280                          | 366    | 16  | 87     | 9                    | 366    |
| Bank of Maharashtra                       | -  | -      | 473                          | 683    | -                    | -      | 27  | 85     | 473                          | 318    | -   | -      | -                    | -      |
| Canara Bank                               | -  | -      | 267                          | 640    | -                    | -      | 59  | 25     | 237                          | 275    | 8   | 25     | -                    | -      |
| Central Bank of India                     | -  | -      | 123                          | 731    | 3                    | 731    | -   | -      | 112                          | 366    | 6   | 87     | 3                    | 366    |
| Corporation Bank                          | -  | -      | 470                          | 753    | 8                    | 731    | -   | -      | 266                          | 388    | 5   | 87     | 8                    | 366    |
| Dena Bank                                 | -  | -      | 250                          | 418    | -                    | -      | -   | -      | 250                          | 53     | -   | -      | -                    | -      |
| Deutsche Bank* <sup>2</sup>               | -  | -      | 130                          | 476    | 1                    | 649    | -   | -      | -                            | -      | -   | -      | -                    | -      |
| Ahli United Bank B.S.C.* <sup>2</sup>     | -  | -      | -                            | -      | -                    | -      | -   | -      | 98                           | 111    | -   | -      | -                    | -      |
| HDFC Bank                                 | -  | -      | -                            | -      | -                    | -      | 56  | 18     | -                            | -      | -   | -      | -                    | -      |
| China Development Bank*                   | -  | -      | 4,457                        | 763    | 128                  | 763    | 768   | 305    | 2,185                        | 398    | 7   | 197    | 128                  | 398    |
| Industrial and Commercial Bank of China*  | -  | -      | 1,194                        | 763    | 33                   | 763    | 130   | 305    | 551                          | 398    | 7   | 197    | 33                   | 398    |
| Export Import Bank of China*              | -  | -      | 1,779                        | 763    | 47                   | 763    | 264   | 305    | 814                          | 398    | 7   | 197    | 47                   | 398    |
| IDBI Bank                                 | -  | -      | 361                          | 735    | 9                    | 731    | -   | -      | 331                          | 370    | 18  | 87     | 9                    | 366    |
| Indian Overseas Bank                      | -  | -      | 57                           | 731    | 1                    | 731    | -   | -      | 52                           | 366    | 3   | 87     | 1                    | 366    |
| IndusInd Bank                             | -  | -      | -                            | -      | -                    | -      | 1,500   | 59     | -                            | -      | 26  | 61     | -                    | -      |
| Oriental Bank of Commerce                 | 9  | 99     | 90                           | 731    | 2                    | 731    | -   | -      | 91                           | 366    | 4   | 87     | 2                    | 366    |
| Punjab National Bank                      | 114  | 89     | 618                          | 732    | -                    | -      | 70  | 169    | 593                          | 367    | -   | -      | -                    | -      |
| Standard Chartered Bank                   | -  | -      | 1,072                        | 720    | -                    | -      | 293   | 111    | 1,072                        | 355    | 3   | 56     | -                    | -      |
| State Bank of India                       | 159  | 329    | 1,507                        | 731    | 21                   | 731    | -   | -      | 1,258                        | 366    | 40  | 87     | 21                   | 366    |
| Syndicate Bank                            | 173  | 89     | 705                          | 754    | 5                    | 731    | -   | -      | 423                          | 389    | 9   | 87     | 5                    | 366    |
| UCO Bank                                  | -  | -      | 326                          | 731    | 9                    | 731    | -   | -      | 296                          | 366    | 17  | 87     | 9                    | 366    |
| Union Bank of India                       | -  | -      | 610                          | 731    | 3                    | 731    | -   | -      | 599                          | 366    | 5   | 3      | 3                    | 366    |
| United Bank of India                      | -  | -      | 424                          | 731    | 2                    | 731    | 13  | 147    | 341                          | 366    | 4   | 87     | 2                    | 366    |
| Yes Bank                                  | 281  | 89     | -                            | -      | -                    | -      | 71  | 92     | -                            | -      | 6   | 112    | -                    | -      |
| Vijaya Bank                               | 84   | 87     | 16                           | 320    | -                    | -      | -   | -      | -                            | -      | -   | -      | -                    | -      |
| <b>II Debenture</b>                       |  |        |                              |        |                      |        |   |        |                              |        |   |        |                      |        |
| Life Insurance Corporation of India (LIC) | -  | -      | 3,750                        | 418    | -                    | -      | 375   | 62     | 375                          | 53     | 72  | 40     | -                    | -      |

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

| Sr. Name of Lender   | Amount represents rupees in crore and period represents maximum days |        |                              |        |                      |        |   |        |                              |        |   |        |                      |        |
|--|--|--------|------------------------------|--------|----------------------|--------|---|--------|------------------------------|--------|---|--------|----------------------|--------|
|  | Borrowings   |        |                              |        | Interest             |        | Borrowings  |        |                              |        | Interest  |        |                      |        |
|  | Delay in repayment during the year ended March 31, 2019              |        | Default As at March 31, 2019 |        | As on March 31, 2019 |        | Delay in repayment during the year ended March 31, 2018 |        | Default As at March 31, 2018 |        | Delay in repayment during the year ended March 31, 2018 |        | As on March 31, 2018 |        |
|  | Amount   | Period | Amount                       | Period | Amount               | Period | Amount  | Period | Amount                       | Period | Amount  | Period | Amount               | Period |
| <b>III Other Loans</b>   |  |        |                              |        |                      |        |   |        |                              |        |   |        |                      |        |
| Industrial Finance Corporation of India Limited                  | -  | -      | 200                          | 747    | 4                    | 747    | -   | -      | 125                          | 382    |   |        | 4                    | 382    |
| India Infrastructure Finance Corporation Limited                 | -  | -      | 9                            | 548    | 4                    | 762    | -   | -      | 4                            | 183    | 2   | 88     | 4                    | 397    |
| Asset Care and Reconstruction Enterprises Limited <sup>3</sup>   | -  | -      | 492                          | 742    | -                    | -      | -   | -      | -                            | -      | -   | -      | -                    | -      |
| Credit Agricole Corporate & Investment Bank <sup>3</sup>         | -  | -      | -                            | -      | -                    | -      | -   | -      | 192                          | 377    | 1   | 14     | -                    | -      |
| DBS Bank <sup>3</sup>  | -  | -      | -                            | -      | -                    | -      | 112   | 60     | 300                          | 185    | 4   | 7      | -                    | -      |
| Reliance Capital Limited   | -  | -      | -                            | -      | 3                    | 731    | -   | -      | -                            | -      | -   | -      | 3                    | 366    |
| Reliance Communications Enterprises Private Limited <sup>4</sup> | -  | -      | -                            | -      | 54                   | 731    | -   | -      | -                            | -      | -   | -      | -                    | -      |
| Reliance Unicorn Enterprise Private Limited <sup>4</sup>         | -  | -      | -                            | -      | -                    | -      | -   | -      | -                            | -      | -   | -      | 53                   | 366    |
| Kunjbihari Developers Private Limited <sup>4</sup>               | -  | -      | -                            | -      | -                    | -      | -   | -      | -                            | -      | -   | -      | 1                    | 366    |
| Reliance Cleangen Limited  | -  | -      | -                            | -      | 14                   | 731    | -   | -      | -                            | -      | 9   | 21     | 14                   | 366    |
| <b>IV Total</b>  | <b>820</b>   |        | <b>21,069</b>                |        | <b>371</b>           |        | <b>4,018</b>  |        | <b>12,511</b>                |        | <b>312</b>  |        | <b>371</b>           |        |

\*facility recalled

<sup>1</sup> transferred during the year by Deutsche Bank

<sup>2</sup> includes transferred during the year by AHLI United Bank B.S.C.

<sup>3</sup> transferred during the year by Credit Agricole Corporate and Investment Bank and DBS Bank

<sup>4</sup> includes transferred during the year by Reliance Unicorn Enterprise Private Limited and Kunjbihari Developers Private Limited.

2.21.3 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.

2.21.4 Apart from above outstanding of Interest, the Company has not provided Interest Expenses of ₹ 3,907 crore and ₹ 3,055 crore for the year ended March 31, 2019 and March 31, 2018 respectively which includes interest on NCDs from LIC of ₹ 420 crore and ₹ 418 crore for the year ended March 31, 2019 and March 31, 2018 respectively. Therefore it has not been disclosed.

2.21.5 Long term Loan of ₹ 6,373 crore is classified as short term as the company is under CIR process.

### Note: 2.22

(₹ in crore)

**As at**  
**March 31, 2019**      **As at**  
March 31, 2018

#### Trade Payables

|                                     |              |       |
|-------------------------------------|--------------|-------|
| Dues to Micro and Small Enterprises | <b>30</b>    | 32    |
| Due to Others                       | <b>2,700</b> | 3,078 |
|                                     | <b>2,730</b> | 3,110 |

Notes on Accounts to Financial Statements

(₹ in crore)

**Note: 2.23**

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>Other Financial Liabilities – Current</b>                                  |                         |                         |
| <b>Current Maturities of Long Term Debts</b>                                  |                         |                         |
| <b>Secured</b> (Refer Note 2.21).   |                         |                         |
| 3,000 (3,000) 11.20% Redeemable, Non Convertible Debentures of ₹ 1 crore each | 3,000                   | 3,000                   |
| 1,500 (1,500) 11.25% Redeemable, Non Convertible Debentures of ₹ 1 crore each | 750                     | 750                     |
| Rupee Term Loan from Banks  | 5,901                   | 3,912                   |
| Rupee Term Loan from Others   | 760                     | 209                     |
| <b>Unsecured</b>  |                         |                         |
| Rupee Term Loan from Others   | <u>1,182</u>            | <u>51</u>               |
|   | <b>11,593</b>           | <b>7,922</b>            |
| <b>Others</b>   |                         |                         |
| Interest accrued and due on borrowings  | 371                     | 371                     |
| Unclaimed Dividend*   | 1                       | 2                       |
| Capital Creditors**   | 191                     | 226                     |
| Provisions for Expenses   | 296                     | 183                     |
| Other Liabilities***  | <u>378</u>              | <u>553</u>              |
|   | <b>1,237</b>            | <b>1,335</b>            |
|   | <u><b>12,830</b></u>    | <u><b>9,257</b></u>     |

\* Transferred ₹ 1 crore (Previous year ₹ 2 crore) to Investor Education and Protection Fund (IEPF)

\*\* Includes ₹ 1 crore (Previous year ₹ 1 crore) towards Micro and Small Enterprises. (Refer Note 2.44)

\*\*\* Includes Security deposit, book overdraft etc.,

**Note: 2.24**

**Other Current Liabilities**

|                            |            |            |
|----------------------------|------------|------------|
| Income Received in advance | 194        | 196        |
| Payable to tax authorities | 69         | 465        |
| Other Current Liabilities  | <u>183</u> | <u>189</u> |
|                            | <b>446</b> | <b>850</b> |

**Note: 2.25**

**Provisions**

**Provision for Employee benefits**

|                   |   |   |
|-------------------|---|---|
| Employee Benefits | 2 | 4 |
|-------------------|---|---|

**Others**

|   |              |              |
|---|--------------|--------------|
| Disputed and Other Claims (Refer Note 2.36) | <u>1,215</u> | <u>1,215</u> |
|   | <b>1,217</b> | <b>1,219</b> |

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

|  | (₹ in crore)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
| <b>Note: 2.26</b>                                |                                      |                                      |
| <b>Revenue from Operations</b> (Refer Note 2.50) |                                      |                                      |
| Sale of Services                                 | 1,379                                | 2,231                                |
|  | <u>1,379</u>                         | <u>2,231</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.

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, 2018, was ₹ 72 crore and it was billed during the year. Unbilled Revenue as at March 31, 2019 is ₹ 66 crore.

Invoicing in excess of earnings are classified as unearned revenue. Unearned revenue as at April 1, 2018, was ₹ 279 crore and out of which ₹ 138 crore was recorded as revenue during the year. Unearned Revenue as at March 31, 2019 is ₹ 277 crore and out of which ₹ 155 crore and ₹ 74 crore shall be accounted as revenue within one year and between next two to five years respectively and balance after five years.

|                      | (₹ in crore)                         |                                      |
|----------------------|--------------------------------------|--------------------------------------|
|                      | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
| <b>Note: 2.27</b>    |                                      |                                      |
| <b>Other Income</b>  |                                      |                                      |
| Miscellaneous Income | 86                                   | -                                    |
|                      | <u>86</u>                            | <u>-</u>                             |

**Note: 2.28**  
**Access Charges, License Fees and Network Expenses (Refer Note 2.50)**

|                                  |            |              |
|----------------------------------|------------|--------------|
| Access Charges                   | 200        | 805          |
| License Fees                     | 121        | 94           |
| Infrastructure Charges           | 214        | 429          |
| Network Repairs and Maintenance  | 133        | 98           |
| Stores and Spares Consumed       | 5          | 18           |
| Power, Fuel and Utilities        | 175        | 160          |
| Other Network Operating Expenses | 53         | 27           |
|                                  | <u>901</u> | <u>1,631</u> |

**Note: 2.29**  
**Employee Benefits Expenses**

|  |            |           |
|--|------------|-----------|
| Salaries (including managerial remuneration)                   | 87         | 24        |
| Contribution to Provident, Gratuity and Superannuation Fund    | 6          | 2         |
| Employee Welfare and Other Amenities                           | 12         | 3         |
| Write back of Compensation under Employee Stock Option Schemes | -          | (1)       |
|  | <u>105</u> | <u>28</u> |

## Notes on Accounts to Financial Statements

(₹ in crore)

|  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
|--|--------------------------------------|--------------------------------------|

### Note: 2.30

#### Sales and General Administration Expenses

|   |     |     |
|---|-----|-----|
| Selling, Marketing and Distribution Expenses                                | 13  | 34  |
| Provision for Doubtful Debts  | 167 | 10  |
| Insurance   | 2   | 2   |
| Rent, Rates and Taxes   | 12  | 8   |
| Other Repairs   | 5   | 2   |
| Travelling  | 1   | 1   |
| Professional Fees   | 7   | 22  |
| Foreign Exchange Loss/(Gain) (net)  | (1) | -   |
| Hire Charges  | 97  | 66  |
| Data Warehousing Charges  | 106 | 104 |
| Other General and Administrative Expenses                                   | 76  | 54  |
|   | 305 | 259 |
| Payment to Auditors   |     |     |
| (a) Statutory Audit Fees  | 4   | 5   |
| (b) For reimbursement of expenses<br>(₹ 56,956 (Previous year ₹ 14,07,840)) | -   | -   |
|   | 4   | 5   |
|   | 489 | 308 |

### Note: 2.31

#### Previous Year

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

### Note: 2.32

#### Going Concern

The Board decided that the Company and its subsidiaries; Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL) on account of non receipt of 100% approvals and consensus from lenders, (as mentioned by RBI's February 12, 2018 circular) on all important issues, and numerous legal issues at High Court, TDSAT and Hon'ble Supreme Court should seek resolution through the Hon'ble National Company Law Tribunal (NCLT), and accordingly, filed application before the Hon'ble National Company Law Appellate Tribunal (NCLAT) for reinstatement of debt resolution process. Subsequently Hon'ble NCLAT vide its order dated April 30, 2019 vacated the stay and directed the Hon'ble NCLT to pass necessary orders on May 7, 2019. The Hon'ble NCLT recommenced the resolution process under the Insolvency and Bankruptcy Code, 2016 (IBC). As a consequence Interim Resolution Professionals (IRPs), namely Mr. Pardeep Kumar Sethi, for the Company, Ms Mitali Shah for RTL and Mr. Manish Kaneria for RITL, appointed vide Hon'ble NCLT orders dated May 18, 2018 have from May 02, 2019 again taken control and custody of the management and operation of the Company and its said subsidiaries. In compliance of the judgment of the Hon'ble Supreme Court, payment of ₹ 550 crore and interest thereon to Ericsson India Private Limited has been completed. Further, the petition filed before the Hon'ble NCLT under the Companies Act, 2013 (Section 397-398 of the Companies Act, 1956) by the minority shareholders holding 4.26% stake in RITL, stood dismissed as withdrawn pursuant to settlement terms agreed. RITL Minority Shareholders have filed a contempt petition before the Hon'ble NCLAT in relation to non adherence of settlement terms within stipulated time and the matter is pending. During the year, the agreements dated December 28, 2017 and August 11, 2018 entered into between the Company and its subsidiary companies; RTL and RITL with Reliance Jio Infocomm Limited have been terminated by mutual consent on account of various factors and developments since the execution of the said agreements including inter alia non receipt of consents from lenders and permission/ approvals from Department of Telecommunication.

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, Assets held for Sale, investments and other assets which are pending for confirmation including credits relating to Goods and Service Tax and Tax Deducted at source, which the Company is in the process of reconciling. Considering these developments including, in particular, the IRP having taken over the management and control of the Company and its two subsidiaries inter alia with the objective of running them as going concerns, the financial statements



# Reliance Communications Limited

## Notes on Accounts to Financial Statements

continue to be prepared on going concern basis. However, since the Company continues to incur losses 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. This matter has been referred to by the Auditors in their Audit Report.

### Note: 2.33

#### Foreign Currency Monetary Items; Long Term

In view of the option allowed pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs (MCA), Government of India, for the year ended on March 31, 2019, the Company has accumulated by ₹ Nil (Previous year ₹ 37 crore) of exchange differences on long term borrowings relating to the acquisition of depreciable capital assets to the cost of capitalised assets. Further, the Company has accumulated foreign currency variations of ₹ 1 (Previous year ₹ 13 crore) arising on other long-term foreign currency monetary items in FCMITDA and ₹ 224 crore (Previous year ₹ 252 crore) has been amortised during the year, leaving balance to be amortised over the balance period of loans.

### Note: 2.34

#### Schemes of Amalgamation and Arrangement of earlier years

##### 1. Pertaining to earlier years,

The Company, during the earlier years, underwent various restructuring Schemes through Court including restructuring of ownership of telecom business so as to align the interest of the shareholders. Accordingly, pursuant to the Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved by the Hon'ble High Court of respective Judicature, the Company, during the respective years, recorded all necessary accounting effects, along with requisite disclosure in the notes to the accounts, in accordance with the provisions of the said Schemes. The cumulative effects of the Schemes in case of Equity Share Capital of the Company have been disclosed below the respective Notes to the Accounts. Reserves, pursuant to the said Schemes, include:

- (i) ₹ 8,047 crore being Securities Premium Account, which was part of the Securities Premium of erstwhile Reliance Infocomm Limited (RIC), the transferor company.
  - (ii) General Reserve I of ₹ 5,538 crore (Previous year ₹ 5,538 crore) representing the unadjusted balance being the excess of assets over liabilities relating to Telecommunications Undertaking transferred and vested into the Company.
  - (iii) General Reserve III comprises of ₹ 4159 crore transferred to General Reserve from Statement of Profit and Loss.
  - (iv) Additional depreciation of ₹ Nil (Previous year ₹ 280 crore) arising on fair value of the assets has been adjusted, consistent with the practice followed in earlier years, to General Reserve as permitted pursuant to the Scheme of Arrangement sanctioned vide an order dated July 3, 2009 by the Hon'ble High Court and as determined by the Board of Directors.
  - (v) Also refer note 2.40 "Exceptional Items" below.
- 2 During the previous year, Pursuant to the Scheme of Demerger ("the Scheme") sanctioned by the Hon'ble High Court of Judicature at Bombay and at Jaipur, the Company had acquired Wireless undertaking of Sistema Shyam Teleservices Limited (SSTL) with effect from October 31, 2017. Upon merger of Wireless undertaking of SSTL, ₹ 1,397 crore being excess of assets over liabilities taken over has been credited to Capital Reserve. The Company had also allotted 27,65,53,305 nos of Equity Shares of ₹ 5 each, on October 31, 2017, to Shareholders of SSTL.

### Note: 2.35

#### 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.

|                                   | (₹ in crore)                                 |                                      |
|-----------------------------------|--|--------------------------------------|
|                                   | <b>For the year ended<br/>March 31, 2019</b> | For the year ended<br>March 31, 2018 |
| (a) Equity                        | <b>12,386</b>                                | 9,316                                |
| (b) Debt                          | <b>39,928</b>                                | 35,876                               |
| (c) Equity and Debt (a + b)       | <b>52,316</b>                                | 45,192                               |
| (d) Capital Gearing Ratio (b / c) | <b>76%</b>                                   | 79%                                  |

Decreasing capital gearing ratio reflects increase in equity on account of fair valuation of Investments in Subsidiary during the year

Notes on Accounts to Financial Statements

Note: 2.36

Movement of Provisions (Current/ Non current)

(₹ in crore)

| Particulars                               | Current            |                | Non Current        |                |
|---|--------------------|----------------|--------------------|----------------|
|   | For the year ended |                | For the year ended |                |
|   | March 31, 2019     | March 31, 2018 | March 31, 2019     | March 31, 2018 |
| <b>Provision for Employee Benefits</b>    |                    |                |                    |                |
| Balances at the beginning of the period   | 4                  | 7              | 18                 | 31             |
| Additional provision/(Reduction)          | (2)                | (3)            | 4                  | (13)           |
| Balances at the close of the period       | 2                  | 4              | 22                 | 18             |
| <b>Others - Disputed and Other claims</b> |                    |                |                    |                |
| Balances at the beginning of the period   | 1,215              | 1,215          | -                  | -              |
| Additional provision/(Reduction)          | -                  | -              | -                  | -              |
| Balances at the close of the period       | 1,215              | 1,215          | -                  | -              |

Provisions include, provision for disputed claims of verification of customers ₹ 9 crore (Previous year ₹ 9 crore) and others of ₹ 1,206 crore (Previous year ₹ 1,206 crore). The aforesaid provisions shall be utilised on settlement of the claims, if any, there against.

Note: 2.37

Contingent Liabilities and Capital Commitment (as represented by the Management)

(₹ in crore)

|  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2019 | March 31, 2018 |
| (i) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for | 22             | 70             |
| (ii) Disputed Liabilities not provided for   |                |                |
| - Sales Tax and VAT  | 35             | 36             |
| - Custom, Excise and Service Tax   | 12             | 12             |
| - Entry Tax and Octroi   | 55             | 54             |
| - Income Tax   | 393            | 393            |
| - Other Litigations  | 11,418         | 4,751          |
| (iii) Guarantees given by the Company on behalf of its Subsidiaries  | 4,861          | 4,731          |
| (iv) Guarantees given by the Company -Others   | 878            | 1,202          |

(v) Spectrum Charges

Department of Telecommunication (DoT) had, during the earlier years, issued demand on the Company for ₹ 1,758 Crore towards levy of One Time Spectrum Charges, being the prospective charges for holding CDMA spectrum beyond 2.5 MHz for the period from 1<sup>st</sup> January, 2013 till the expiry of the initial terms of the respective Licenses. Based on a Petition filed by the Company (T.P. No. 219 of 2018), the Hon'ble TDSAT, vide its order dated 4<sup>th</sup> February 2019, set aside the impugned orders and demands for OTSC. In the light of the order passed by TDSAT on 4<sup>th</sup> February 2019, setting aside the OTSC Demands raised by DoT, no demand exist in the eye of Law.

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

Pursuant to the Telecom License Agreement, DoT directed audit 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 relating to license fees and revenue share. The Company has received show cause notice dated January 31, 2012 and subsequently, received demand note dated November 8, 2012 based on report of the Special Audit directed by DoT relating to alleged shortfall of license fees and interest thereon as applicable. The Company challenged the said notices, inter alia demanding license fee on non telecom revenue based on Special Audit Report before the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) and also before the Hon'ble High Court of Kerala. Further, for subsequent years also DoT has raised demand notes for License fee and Spectrum fee on non telecom revenue and other similar revenue heads which Special Auditor has recommended to add back in Adjusted Gross Revenue (AGR) for computation of License Fee and Spectrum Fee. CAG has also conducted audit of the Company for financial years 2006-07 to 2014-15 and they also recommended to add back non telecom revenue in AGR. The Company has challenged all demands raised by DoT on recommendation of Special Auditors and CAG before Hon'ble TDSAT. Hon'ble TDSAT vide its judgement dated April 23, 2015 has set aside all License fee related demands and directed DoT to rework the license fees payable by the operators for the past periods, in light of the findings, observations and directions made in the said judgement and to issue fresh demands, which the

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

operators will pay within the time prescribed under the law. DoT has challenged the said Hon'ble TDSAT judgement in Hon'ble Supreme Court and has not revised/raised any fresh demand. The matter is pending before Hon'ble Supreme Court, though Hon'ble Supreme Court vide its order dated February 29, 2016 allowed DoT to raise demand as per its understanding but not to enforce the same till the appeals are finally decided by the Hon'ble Supreme Court. As per the judgement of Hon'ble TDSAT dated April 23, 2015 which is operative as on date and other judicial pronouncements directly applicable to the issues of License fee dues raised by DoT on recommendations of Special Auditors and CAG, there shall not be any liability of License fee and hence, no provision is required in the accounts of the Company.

- (vii) 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 (CIR) Process 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 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 CIR Process.

### Note: 2.38

#### 2.38.1 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 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).

There is no fair valuation of financial instruments.

The carrying values of the financial instruments by categories were as follows:

| Particulars  | (₹ in crore)            |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| <b>Financial assets at amortised cost:</b>                                       |                         |                         |
| Cash and cash equivalents (Refer Note 2.10)                                      | 185                     | 147                     |
| Bank Balances (Refer Note 2.11)  | 40                      | 54                      |
| Trade receivables (Refer Note 2.09)  | 1,527                   | 1,672                   |
| Investments (Refer Note 2.08)  | 4,218                   | 4,225                   |
| Other financial assets (Refer Note 2.04, 2.12 and 2.13)                          | 6,841                   | 3,778                   |
| <b>Total</b>   | <b>12,812</b>           | <b>9,876</b>            |
| <b>Financial assets at fair value through Statement of Profit and Loss:</b>      |                         |                         |
| Investments (Previous year ₹ 30,52,000) (Refer Note 2.03 and 2.08)               | 10,000                  | -                       |
| <b>Financial assets at fair value through other Comprehensive Income:</b>        | <b>Nil</b>              | <b>Nil</b>              |
| <b>Financial liabilities at amortised cost:</b>                                  |                         |                         |
| Trade payables (Refer note 2.22)   | 2,730                   | 3,110                   |
| Other financial liabilities (Refer Note 2.23)                                    | 1,237                   | 1,335                   |
| Borrowings (Refer Note 2.18, 2.21 and 2.23)                                      | 39,928                  | 35,876                  |
| Liabilities directly related to Assets Held for sale (Refer Note 2.15)           | 4,033                   | 4,142                   |
| <b>Total</b>   | <b>47,928</b>           | <b>44,463</b>           |
| <b>Financial liabilities at fair value through Statement of Profit and Loss:</b> | <b>Nil</b>              | <b>Nil</b>              |
| <b>Financial Liabilities at fair value through other Comprehensive Income:</b>   | <b>Nil</b>              | <b>Nil</b>              |

Notes on Accounts to Financial Statements

2.38.2 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 financial assets include trade receivables, deposits, cash and bank balances, other receivables etc. arising from its operation.

Corporate Insolvency Resolution Process ("CIR Process") has been initiated in case of the Company and two of its subsidiaries under the Provisions of the Insolvency and Bankruptcy Code, 2016 (the Code). Pursuant to the order, the management of affairs of the Company and powers of board of directors of the Company stand vested with the Interim Resolution Professional ("IRP") appointed by the NCLT. The framework and the strategies for effective management will be established post implementation of Resolution Plan. Presently, the financial management activities are restricted to management of current assets and liabilities of the Company and the day to day cashflow and its associated risks are as under:

**Market risk**

The Company also operates internationally and hence, a portion of the business is transacted in several currencies. Consequently, the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services, purchases from overseas suppliers and borrowings in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates, interest rates will affect income or value of its holding financial assets/ instruments. The exchange rate between rupee and foreign currencies has changed substantially in recent years and may fluctuate significantly in the future. As a result, operations of the Company are adversely affected as rupee appreciates/ depreciates against US Dollar. Since the Company is under CIR Process, it is not required to meet any loan or interest obligation till the resolution plan is implemented. As the overall obligation and liabilities shall be determined during CIR Process, foreign currency loans are stated at exchange rate as at March 31, 2018.

**Foreign Currency Risk from financial instruments as of :**

(₹ in crore)

| Particulars                          | March 31, 2019  |            |                |                 | March 31, 2018  |            |                |                 |
|--------------------------------------|-----------------|------------|----------------|-----------------|-----------------|------------|----------------|-----------------|
|                                      | U.S. dollars    | Euro       | Other Currency | Total           | U.S. dollars    | Euro       | Other Currency | Total           |
| Trade Receivables                    | 1,228           | -          | 1              | 1,229           | 1,563           | -          | 58             | 1,621           |
| Other financial assets               | 296             | -          | -              | 296             | 279             | -          | -              | 279             |
| Investments                          | -               | 172        | -              | 172             | -               | 179        | -              | 179             |
| Cash & Cash Equivalents              | -               | -          | -              | -               | -               | -          | -              | -               |
| Borrowings                           | (13,147)        | -          | -              | (13,147)        | (13,342)        | -          | -              | (13,342)        |
| Trade payables and Other Liabilities | (1,727)         | -          | (7)            | (1,734)         | (1,801)         | -          | (7)            | (1,808)         |
| <b>Net assets / (liabilities)</b>    | <b>(13,350)</b> | <b>172</b> | <b>(6)</b>     | <b>(13,184)</b> | <b>(13,301)</b> | <b>179</b> | <b>51</b>      | <b>(13,071)</b> |

**Sensitivity Analysis**

Not relevant till the time resolution plan is finalised.

**Interest Rate Risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. Since the Company is under CIR Process, it could not meet interest obligation during the year and shall be finalised when resolution plan is implemented.

**Exposure to interest rate risk/ Sensitivity Analysis**

Not relevant till the time resolution plan is finalised.

**Derivative financial instruments**

The Company does not hold derivative financial instruments

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from the customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss (ECL) model to assess the impairment loss or gain. ECL methodology depends on whether there is any significant increase in credit risk. In case of significant increase in credit risk, life time ECL is used; otherwise twelve month ECL is used. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for the customers.

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and/or domestic credit rating agencies. Investments primarily include investment in 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  | As at March 31, 2019 |              |                    | As at March 31, 2018 |              |                    |
|--------------|----------------------|--------------|--------------------|----------------------|--------------|--------------------|
|              | Gross                | Weighted     | Provision          | Gross                | Weighted     | Provision          |
|              | Amount               | Average Rate | for Doubtful Debts | Amount               | Average Rate | for Doubtful Debts |
| Not Due      | 160                  | -            | -                  | 115                  | 4%           | 5                  |
| 0-90         | 112                  | -            | -                  | 378                  | 9%           | 34                 |
| 91-180       | 85                   | 43%          | 37.05              | 215                  | 31%          | 67                 |
| 181-365      | 131                  | 36%          | 47.13              | 505                  | 14%          | 71                 |
| Above 365    | 2,963                | 62%          | 1,841              | 2,285                | 72%          | 1,649              |
| <b>Total</b> | <b>3,452</b>         | <b>56%</b>   | <b>1,925</b>       | <b>3,498</b>         | <b>52%</b>   | <b>1,826</b>       |

### Movement of Provision for Doubtful Debts

|                                 | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Opening Balance                 | 1,826                                | 1,720                                |
| Add: Provision during the year  | 214                                  | 125                                  |
| Less: Write off during the year | (115)                                | (19)                                 |
| Closing Balance                 | 1,925                                | 1,826                                |

### Liquidity risk

The Company is under CIR Process. The Company depends upon timely receipt from sales and delay in sales realisation as well as vendor payments can severely impact the current level of operation. Liquidity crises had led to default in repayment of principal and interest to lenders. Since the Company is under CIR Process, it is not required to meet any loan or interest obligation till the resolution plan is implemented.

Liquidity risk is the financial risk that is encountered due to uncertainty resulting in difficulty in meeting its obligations. An entity is exposed to liquidity risk if markets on which it depends are subject to loss of liquidity for any reason; extraneous or intrinsic to its business operations, affecting its credit rating or unexpected cash outflows. A position can be hedged against market risk but still entail liquidity risk. Prudence requires liquidity risk to be managed in addition to market, credit and other risks as it has tendency to compound other risks. It entails management of asset, liabilities focused on a medium to long-term perspective and future net cash flows on a day-by-day basis in order to assess liquidity risk.

Liquidity Periodic budget and rolling forecasts shall be determined during CIR process.

Notes on Accounts to Financial Statements

Note: 2.39

| Earnings per Share (EPS)  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| <b>Basic and Diluted EPS (after Exceptional Items) from continuing operations</b>   |                                      |                                      |
| (a) Profit/ (Loss) attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS) | 5,099                                | 63                                   |
| (b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)                      | 274 42 54 050                        | 258 28 68 149                        |
| (c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)  | 18.58                                | 0.24                                 |
| <b>Basic and Diluted EPS (after Exceptional Items) from discontinued operations</b>   |                                      |                                      |
| (a) Profit/ (Loss) attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS) | (2,252)                              | (9,933)                              |
| (b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)                      | 274 42 54 050                        | 258 28 68 149                        |
| (c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)  | (8.21)                               | (38.46)                              |
| <b>Basic and Diluted EPS (after Exceptional Items) from continuing and discontinued operations</b>                            |                                      |                                      |
| (a) Profit/ (Loss) attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS) | 2,847                                | (9,870)                              |
| (b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)                      | 274 42 54 050                        | 258 28 68 149                        |
| (c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)  | 10.37                                | (38.22)                              |
| <b>Basic and Diluted EPS (before Exceptional Items) from continuing operations</b>  |                                      |                                      |
| (a) Profit/ (Loss) attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS) | (1,777)                              | 63                                   |
| (b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)                      | 274 42 54 050                        | 258 28 68 149                        |
| (c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)  | (6.48)                               | 0.24                                 |
| <b>Basic and Diluted EPS (before Exceptional Items) from discontinued operations</b>  |                                      |                                      |
| (a) Profit/ (Loss) attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS) | (485)                                | (2,978)                              |
| (b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)                      | 274 42 54 050                        | 258 28 68 149                        |
| (c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)  | (1.77)                               | (11.53)                              |
| <b>Basic and Diluted EPS (before Exceptional Items) from continuing and discontinued operations</b>                           |                                      |                                      |
| (a) Profit/ (Loss) attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS) | (2,262)                              | (2,915)                              |
| (b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)                      | 274 42 54 050                        | 258 28 68 149                        |
| (c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)  | (8.25)                               | (11.29)                              |
| <b>Reconciliation of weighted average number of ordinary shares</b>   |                                      |                                      |
| Issued ordinary shares at April 1   | 276 55 33 050                        | 248 89 79 745                        |
| Issued 27,65,53,305 ordinary shares (Refer Note 2.34.2)   | -                                    | 11 51 67 404                         |
| Effect of Treasury shares held  | (2,12,79,000)                        | (2,12,79,000)                        |
| Weighted average number of shares for basic and diluted EPS   | <u>274 42 54 050</u>                 | <u>258 28 68 149</u>                 |

## Notes on Accounts to Financial Statements

### Note: 2.40

#### Exceptional Items

#### 1 Relating to Continuing Operations

The Company was, in the process of finalising and implementing its asset monetization and debt resolution plan, comprising the Company's real estate development plan and restructuring of Debt. As required by the lenders and also to safeguard the development of real estate, the business taken up by Reliance Realty Limited (RRL), a subsidiary of the Company, it was necessary that control of RRL being conferred on ADA Group. Accordingly in order to align the above and as legally advised, Memorandum and Articles of Association of RRL has been amended as per the provisions of the Companies Act, 2013 and other applicable provisions of law. Consequently, Investment in RRL by the Company, has been accounted at fair value, as per Ind AS 109 "Financial Instruments", and represented as Exceptional Items. Impact on profitability (net of tax of ₹ 2,088 crore) is ₹ 6,876 crore.

#### 2 Relating to Discontinued Operations

- (a) The assets pertaining to Wireless Spectrum and Media Convergence Nodes (MCNs) continued to be classified as assets held for sale at the value ascertained at the end of previous year, along with liabilities, and disclosed separately as discontinued operations in line with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". During the year, certain assets of ₹ 1,767 crore (Previous year ₹ 8,972 crore) (Refer note 2.15) have been impaired and represented as exceptional items as a part of Discontinued Operations.
- (b) Pursuant to the direction of the Hon'ble High Court of Judicature of Mumbai/ Gujarat and option exercised by the Board of the Company, in accordance with and as per the Scheme of Arrangement ("the Scheme") approved by the Hon'ble High Court vide order dated July 3, 2009 binding on the Company, expenses and/ or losses, identified by the Board of the Company as being exceptional or otherwise subject to the Accounting treatment prescribed in the Schemes and comprising of ₹ Nil (Previous year ₹ 221 crore) of depreciation consequent to addition of exchange differences on long term borrowing relating to capital assets to the cost of capitalised assets, as also ₹ Nil (Previous year gain ₹ 25 crore) of exchange variation (net) on items other than long term monetary items, ₹ Nil (Previous year ₹ 252 crore) being amortization of FCMITDA excluding the portion added to the cost of fixed assets or carried forward as FCMITDA in accordance with Para 46 A inserted into the then applicable Accounting Standard (AS) 11 "The Effects of changes in Foreign Exchange Rates" in the context of unprecedented volatility in exchange rate during the previous year had been met by withdrawal from corresponding General Reserves, leaving no impact on loss for the year ended March 31, 2018. Apart from this, ₹ 5,948 crore pertaining to Impairment of assets and diminution in the value of Investments had been withdrawn from General Reserve and Reserve for Business Restructuring. Such withdrawals have been included/ reflected in the Statement of Profit and Loss. The Company has been legally advised that such inclusion in the statement of Profit and loss is in accordance with Schedule III of the Companies Act, 2013. Had such write off of expenses, losses and depreciation/ amortisation (Refer Note 2.34.1) not met from General Reserve, the Company would had reflected a Loss after tax of ₹ 16,546 crore in the previous year.
- (c) The Company had entered into a definitive binding agreement with Pantel Technologies Private Limited and Veecon Media and Television Limited (the Purchaser) for sale of its subsidiary company, Independent TV Limited (ITVL) (Formerly Reliance Big TV Limited) having DTH Business. As per the agreement, all collections from Debtors and all liabilities of the ITVL will be to the account of, and borne by, the purchaser. In view of the above and upon transfer of the entire operations of ITVL, during the year, ITVL has been deconsolidated for the purpose of and as per requirement of Ind AS 110 "Consolidated Financial Statement".

### Note: 2.41

#### Recovery of Expenses

Expenses are net of recoveries for common cost from; RCIL, a Wholly Owned Subsidiary of the Company, includes, ₹ Nil (Previous year ₹ 8,97,690) for Finance Cost. RITL, a subsidiary of RCIL includes insurance ₹ 4 crore (Previous year ₹ Nil) and ₹ Nil (Previous year ₹ 3 crore) for Salaries and ₹ Nil (Previous year ₹ 6 crore) for Finance Cost. RTL, a Subsidiary of the Company includes insurance ₹ 1 Crore (Previous year ₹ Nil) and ₹ Nil (Previous year ₹ 1 crore) for Finance Cost. RTSL, a Wholly Owned Subsidiary of the Company includes ₹ Nil (Previous year ₹ 4 crore) for Finance Cost. RWML, a Wholly Owned Subsidiary of the Company includes ₹ Nil (Previous year ₹ 10,072) for Finance Cost.

### Note 2.42

#### 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.

Notes on Accounts to Financial Statements

Note 2.43

Employee Benefits

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

The gratuity plan is governed by the Payment of Gratuity Act, 1972 (Gratuity Act). The Company is bound to pay the statutory minimum gratuity as prescribed under Gratuity Act. There are no minimum funding requirements for a gratuity plan in India. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of underfunding of the plan vis-à-vis settlements. The management is responsible for the overall governance of the plan. The management has outsourced the investment management of the fund to insurance company which in turn manages these funds as per the mandate provided to them by the trustees and applicable insurance and other regulations.

The Company operates its gratuity and superannuation plans through separate trusts which is administered and managed by the Trustees. As on March 31, 2019 and March 31, 2018, the contributions towards superannuation plans have been invested in Insurer Managed Funds.

The plan is in the nature of a defined benefit plan which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any significant change in salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future.

The defined benefit plan exposes the Company to actuarial risks such as longevity risks, interest risk and market (Investment) risk.

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

| Particulars  | (₹ in crore)            |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| <b>(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b> |                         |                         |
| Obligation at the beginning of the year  | <b>12</b>               | 16                      |
| Service Cost   | <b>1</b>                | 1                       |
| Interest Cost  | <b>1</b>                | 1                       |
| Liability Transferred in from other Company  | <b>9</b>                | -                       |
| Liability Transferred out to other Company   | -                       | -                       |
| Actuarial (gain) / loss recognised in other comprehensive income   |                         |                         |
| - Change in financial assumptions ₹ 1,41,165   | -                       | (1)                     |
| - Change in demographic assumptions (Previous year ₹ 34,44,434)  | <b>1</b>                | -                       |
| - Experience adjustments   | <b>1</b>                | (2)                     |
| Benefits Paid  | <b>(4)</b>              | (3)                     |
| Liabilities Extinguished on Settlement   | -                       | -                       |
| Obligation at the end of the year  | <b>21</b>               | 12                      |
| Note: Defined benefit obligation liability is wholly funded by the Company                                       |                         |                         |
| <b>(ii) Change in plan assets</b>  |                         |                         |
| Plan assets at the beginning of the year, at fair value ₹ 2,82,075 (Previous year ₹ 2,30,512)                    | -                       | -                       |
| Expected return on plan assets (Previous year ₹ 85,111)  | <b>1</b>                | -                       |
| Actuarial gain / (loss) recognised in other comprehensive income   | -                       | -                       |
| Contributions  | <b>24</b>               | 3                       |
| Assets Transferred in from other Company   | -                       | -                       |
| Assets Transferred out to other Company  | -                       | -                       |
| Benefits paid from the fund  | <b>(4)</b>              | (3)                     |
| Assets distributed on settlement   | -                       | -                       |
| Plan assets at the end of the year, at fair value (Previous year ₹ 2,82,075)                                     | <b>21</b>               | -                       |



# Reliance Communications Limited

## Notes on Accounts to Financial Statements

| Particulars  | (₹ in crore)  |   |
|--|---|---|
|  | As at<br>March 31, 2019   | As at<br>March 31, 2018                                     |
| <b>(iii) Reconciliation of present value of the obligation and the fair value of the plan assets</b>   |   |   |
| Fair value of plan assets at the end of the year (Previous year ₹ 2,82,075)  | <b>21</b>   | -   |
| Present value of the defined benefit obligation at the end of the year   | <b>21</b>   | 12  |
| Liability recognized in the Balance Sheet ₹ 47,40,794  | -   | 12  |
| <b>(iv) Expense Recognised in Profit or Loss</b>   |   |   |
| Service Cost   | <b>1</b>  | 1   |
| Interest Cost  | <b>1</b>  | 1   |
| Total  | <b>2</b>  | 2   |
| <b>(v) Amount Recognised in Other Comprehensive Income</b>   |   |   |
| Actuarial (gain) / loss recognised in other comprehensive income   | <b>2</b>  | (3)   |
| Expected return on plan assets (Previous year ₹ 85,111)  | <b>1</b>  | -   |
| Total  | <b>3</b>  | (3)   |
| <b>(vi) Investment details of plan assets</b>  |   |   |
| 100% of the plan assets are invested in balanced Fund Instruments  |   |   |
| <b>(vii) Actual return on plan assets ₹ 1,19,19,606</b> (Previous year: ₹ 1,00,832)  | <b>1</b>  | -   |
| <b>(viii) Assumptions</b>  |   |   |
| Interest rate  | <b>7.64%</b>  | 7.65%   |
| Estimated return on plan assets  | <b>7.64%</b>  | 7.65%   |
| Salary growth rate   | <b>8%</b>   | 8%  |
| Employee turnover rate   | <b>For service<br/>4 year and below<br/>18% and 5%<br/>thereafter</b> | For service<br>4 year and below<br>44% and 7%<br>thereafter |
| Mortality in Retirement: LIC Buy-out Annuity Rates & UK Published PA (90) Annuity Rates suitably adjusted for Indian Lives. The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market |   |   |

| Particulars of the amounts for the year and Previous years   | (₹ in crore) |      |      |      |      |
|--|--------------|------|------|------|------|
|  | 2019         | 2018 | 2017 | 2016 | 2015 |
| Present Value of benefit obligation  | <b>21</b>    | 12   | 16   | 14   | 31   |
| Fair value of plan assets  | <b>21</b>    | -    | -    | 1    | 3    |
| Excess of obligation over plan assets (plan assets over obligation)  | -            | 12   | 16   | 13   | 28   |
| The expected contribution is based on the same assumptions used to measure the company's gratuity obligations as of March 31, 2019 |              |      |      |      |      |

Notes on Accounts to Financial Statements

(x) **Sensitivity Analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

|   | (₹ in crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| Discount rate (+ 1% movement)   | (1)                     | (1)                     |
| Discount rate (- 1% movement)   | 1                       | 1                       |
| Future salary growth (+ 1% movement)  | 1                       | 1                       |
| Future salary growth (- 1% movement)  | (1)                     | (1)                     |
| Employee turnover (+ 1% movement) [(-) ₹ 7,02,588 (Previous year ₹ 1,92,111)] | -                       | -                       |
| Employee turnover (- 1% movement) [₹ 7,41,774 (Previous year ₹ 2,01,377)]     | -                       | -                       |

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.

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

Project benefit payable in future from the date of reporting

|                                | 2  | 2 |
|--------------------------------|----|---|
| 1 <sup>st</sup> following year | 2  | 2 |
| 2 <sup>nd</sup> following year | 1  | 1 |
| 3 <sup>rd</sup> following year | 1  | 1 |
| 4 <sup>th</sup> following year | 2  | 1 |
| 5 <sup>th</sup> following year | 3  | 2 |
| Sum of 6 to 10 years           | 10 | 6 |
| Sum of years 11 and above      | 19 | 6 |

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. As at March 31, 2019, based on the actuarial valuation, Fair value of plan assets is ₹128 crore (Previous year ₹ 186 crore), the present value of defined benefit obligation is ₹105 crore (Previous year ₹ 162 crore). For the year ended March 31, 2019, the Company has contributed ₹ 3 crore (Previous year ₹ 3 crore) towards Provident Fund.

The assumptions made for the above are discount rate of 7.64%, average remaining tenure of Investment Portfolio is 5 years and guaranteed rate of return is 8.65%.

**Note 2.44**

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

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to MSME. On the basis of the information and records available with the company, the following disclosures are made for the amounts due to Micro and Small Enterprises.

|  | (₹ in crore)            |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| (i) Principal amount due to any supplier as at the year end  | 30                      | 31                      |
| (ii) Interest due on the principal amount unpaid at the year end to any supplier   | 11                      | 12                      |
| (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   | 22                      | 35                      |
| (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  | 4                       | 3                       |
| (vi) Amount of interest accrued and remaining unpaid at the end of each accounting year; and   | 15                      | 15                      |
| (vii) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED. | 11                      | 9                       |

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### Note 2.45

#### Disclosures required by Clause 34(3) and 53 (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Loans and Advances in the nature of Loans to Subsidiary Companies

| Sr. No. | Name of the Company   | As At          |                | Maximum Balance during the current year | Maximum Balance during the Previous year |  |
|---------|---|----------------|----------------|---|--|--|
|         |   | March 31, 2019 | March 31, 2018 |   |  |  |
| (i)     | Reliance Webstore Limited   | -              | -              | -                                       | 192                                      |  |
| (ii)    | Reliance Telecom Limited  | 2,356          | 1,979          | 2,400                                   | 2,120                                    |  |
| (iii)   | Campion Properties Limited  | 153            | 153            | 153                                     | 153                                      |  |
| (iv)    | Reliance Communications Infrastructure Limited                              | 3,462          | 1,021          | 3,957                                   | 1,055                                    |  |
| (v)     | Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited) | 77             | 208            | 208                                     | 309                                      |  |
| (vi)    | Independent TV Limited (Formerly Reliance Big TV Limited)                   | -              | -              | 23                                      | 319                                      |  |
| (vii)   | Reliance Infratel Limited   | -              | -              | 157                                     | 2,719                                    |  |
| (viii)  | Reliance Globalcom B.V.   | 296            | 279            | 296                                     | 279                                      |  |
| (ix)    | Globalcom IDC Limited (Formerly Reliance IDC Limited)                       | 185            | -              | 185                                     | 8  |  |
| (x)     | Reliance Tech Services Limited  | -              | -              | -                                       | 175                                      |  |
|         |   | <b>6,528</b>   | <b>3,640</b>   |   |  |  |

The Company has not provided interest for the year ended March 31, 2019 and for the previous year ended March 31, 2018 (Refer Note 2.49) and therefore, interest has not been charged on Loans and Advances to subsidiaries.

### Note 2.46

#### Employee Stock Option Schemes

The Company was operating Employee Stock Option Plans; ESOS Plan 2008 and ESOS Plan 2009, which covered eligible employees of the Company and its Subsidiaries. ESOS Plan 2008 was operational till previous year whereas ESOS Plan 2009 was operational till January 16, 2019 in the current year. ESOS Plans were administered through an ESOS Trust. The Vesting of the Options was on the expiry of one year from the date of Grant as per Plan under the respective ESOS(s). In respect of Options granted, the accounting value of Options (based on market price of the share on the date of the grant of the Option) was accounted as deferred employee compensation, which was amortised on a straight line basis over the Vesting Period. Each Option entitles the holder thereof to apply for and be allotted/ transferred one Equity Share of the Company of ₹ 5 each upon payment of the Exercise Price during the Exercise Period. The maximum Exercise Period was 10 years from the date of Grant of Options.

The Company has established a Trust for the implementation and management of ESOS for the benefit of its present and future employees. Advance of ₹ 387 crore (Previous year ₹ 387 crore) has been granted to the Trust and the said amount has been utilized by the Trust for purchasing 2.13 crore (Previous year 2.13 crore) Equity Shares during the earlier years. The fall in the value of these underlying shares on account of market volatility and loss, if any, can be determined upon sale of shares by Trust.

Amortization of compensation includes write back of ₹ Nil (Previous year ₹ 1 crore) based on intrinsic value of Options which has been vested under ESOS Plan 2008 and reflected in Statement of Profit and Loss under Employees Benefit Expenses. No amount was chargeable in respect of Options granted under ESOS Plan 2009.

| Particulars  | Employees Stock Option Plan |                                     |
|--|-----------------------------|-------------------------------------|
|  | ESOS Plan 2009              |                                     |
|  | Number of Options           | Weighted average exercise price (₹) |
| Number of Options Outstanding at the beginning of the year | 3 93 536                    | 206                                 |
| Number of Options granted                                  | Nil                         | -                                   |
| Total number of Options surrendered                        | Nil                         | -                                   |
| Number of Options vested during the year                   | Nil                         | -                                   |
| Total number of Options exercised                          | Nil                         | -                                   |
| Total number of Options forfeited/ lapsed                  | 3 93 536                    | 206                                 |
| Number of Options outstanding at the end of the year       | -                           | -                                   |

There is no options outstanding at the end of the year and no remaining contractual life available.

Notes on Accounts to Financial Statements

Note 2.47

Post Reporting Events

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

Note 2.48

Discontinued Operations:

The assets pertaining to Wireless Spectrum, Towers, Fiber and Media Convergence Nodes (MCNs) continued to be classified as assets held for sale at the value ascertained at the end of previous year, along with liabilities and disclosed separately as discontinued operations in line with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". Assets held for sale are recorded at lower of carrying amount and fair value less selling cost as per Ind AS 105 and during the year, certain intangible assets of ₹ 1,767 crore have been impaired and represented as exceptional items as a part of Discontinued Operations.

Financial Performance of discontinued operations is presented hereunder:

|   | For the year ended<br>March 31, 2019 | (₹ in crore)<br>For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--|
| <b>Income</b>   |                                      |  |
| Revenue from Operations   | -                                    | 1,814  |
| Other Income  | <u>635</u>                           | <u>231</u>   |
| <b>Total Income</b>   | <u>635</u>                           | <u>2,045</u>   |
| <b>Expenses</b>   |                                      |  |
| Access Charges, License Fee and Network Expenses                            | 15                                   | 2,566  |
| Employee Benefit Expenses   | 38                                   | 86   |
| Finance Costs   | 831                                  | 715  |
| Depreciation, Impairment and Amortisation                                   | -                                    | 1,055  |
| Sales and General Administration Expenses                                   | <u>236</u>                           | <u>601</u>   |
| <b>Total Expenses</b>   | <u>1,120</u>                         | <u>5,023</u>   |
| <b>Profit before exceptional items and tax from discontinued operations</b> | <u>(485)</u>                         | <u>(2,978)</u>                                       |
| Cash flow from  |                                      |  |
| - Operating activities  | 200                                  | (2,013)  |
| - Investing activities  | 147                                  | 3974   |
| - Financing activities  | <b>(327)</b>                         | (2,527)  |

Note 2.49

Non Provision of Interest and foreign Exchange Variation on Borrowings

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 (CIR) Process 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 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 CIR process. 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 ₹3,907 crore calculated based on basic rate of interest as per terms of loan and foreign exchange variation of ₹803 crore loss for year ended March 31, 2019. Had the Company provided Interest and foreign exchange variance, the Loss would have been higher by ₹4,710 crore for the year ended March 31, 2019.

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### 2.50 Related Parties

As per the Ind AS 24 "Related Party Disclosures" as referred to in Accounting Standard Rules, the disclosure of transactions with the related parties as defined therein are given below. All transactions entered into by the Company with related parties, were in ordinary course of business and on arm's length basis.

| <b>A</b>   | <b>List of Related Parties : where control exists</b>                                 | <b>(i)</b> | <b>Subsidiary Companies (direct and step down subsidiaries)</b> |
|------------|---|------------|---|
| <b>(i)</b> | <b>Subsidiary Companies (direct and step down subsidiaries)</b>                       |            |   |
| 1          | Reliance WiMax Limited (RWML)   | 40         | Reliance Globalcom (UK) Limited                                 |
| 2          | Reliance Bhutan Limited   | 41         | Yipes Holdings Inc.   |
| 3          | Reliance Webstore Limited (RWSL)  | 42         | Reliance Globalcom Services Inc.                                |
| 4          | Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited) (RRL)     | 43         | YTV Inc.  |
| 5          | Campion Properties Limited  | 44         | Reliance Infocom Inc.   |
| 6          | Independent TV Limited( Formerly known as Reliance Big TV Limited)                    | 45         | Reliance Communications Inc. (RCI)                              |
| 7          | Reliance Tech Services Limited  | 46         | Reliance Communications International Inc. (RCII)               |
| 8          | Reliance Telecom Limited  | 47         | Reliance Communications Canada Inc.                             |
| 9          | Reliance Communications Infrastructure Limited (RCIL)                                 | 48         | Bonn Investment Inc.  |
| 10         | Globalcom IDC Limited (Formerly known as Reliance IDC Limited)                        | 49         | FLAG Telecom Development Limited                                |
| 11         | Reliance Infratel Limited (RITL)  | 50         | FLAG Telecom Development Services Company LLC                   |
| 12         | Globalcom Mobile Commerce Limited(Formerly known as Reliance Mobile Commerce Limited) | 51         | FLAG Telecom Network Services DAC                               |
| 13         | Reliance BPO Private Limited  | 52         | Reliance FLAG Telecom Ireland DAC (FLAG Ireland)                |
| 14         | Reliance Globalcom Limited, India   | 53         | FLAG Telecom Japan Limited                                      |
| 15         | Reliance Communications Tamilnadu Limited   | 54         | FLAG Telecom Ireland Network DAC                                |
| 16         | Globalcom Realty Limited(Formerly known as Reliance Infra Realty Limited)             | 55         | FLAG Telecom Network USA Limited                                |
| 17         | Reliance Infra Projects Limited   | 56         | FLAG Telecom Espana Network SAU                                 |
| 18         | Realsoft Cyber Systems Private Limited  | 57         | Reliance Vanco Group Limited                                    |
| 19         | Worldtel Tamilnadu Private Limited  | 58         | Euronet Spain SA  |
| 20         | Internet ExchangeNext.com Limited   | 59         | Vanco (Shanghai) Co Ltd.  |
| 21         | Reliance Globalcom B.V.   | 60         | Vanco (Asia Pacific) Pte. Limited                               |
| 22         | Reliance Communications (UK) Limited (RCUK)   | 61         | Vanco Australasia Pty. Ltd.                                     |
| 23         | Reliance Communications (Hong Kong) Limited   | 62         | Vanco Sp Zoo  |
| 24         | Reliance Communications (Singapore) Pte. Limited                                      | 63         | Vanco Gmbh  |
| 25         | Reliance Communications (New Zealand) Pte Limited                                     | 64         | Vanco Japan KK  |
| 26         | Reliance Communications (Australia) Pty Limited                                       | 65         | Vanco NV  |
| 27         | Anupam Global Soft (U) Limited  | 66         | Vanco SAS   |
| 28         | Gateway Net Trading Pte Limited   | 67         | Vanco Srl   |
| 29         | Reliance Globalcom Limited, Bermuda (RGL Bermuda)                                     | 68         | Vanco Sweden AB   |
| 30         | FLAG Telecom Singapore Pte. Limited   | 69         | Vanco Switzerland AG  |
| 31         | FLAG Atlantic UK Limited  | 70         | Vanco Deutschland GmbH  |
| 32         | Reliance FLAG Atlantic France SAS (FLAG France)                                       | 71         | Vanco BV  |
| 33         | FLAG Telecom Taiwan Limited   | 72         | Vanco South America Ltda  |
| 34         | Reliance FLAG Pacific Holdings Limited  | 73         | Vanco UK Ltd  |
| 35         | FLAG Telecom Group Services Limited (formerly known as GCX Services Limited)          | 74         | Vanco International Ltd   |
| 36         | FLAG Telecom Deutschland GmbH   | 75         | Vanco Row Limited   |
| 37         | FLAG Telecom Hellas AE  | 76         | Vanco Global Ltd  |
| 38         | FLAG Telecom Asia Limited   | 77         | VNO Direct Ltd  |
| 39         | FLAG Telecom Nederland B.V.   | 78         | Vanco US LLC  |
|            |   | 79         | Vanco Solutions Inc   |
|            |   | 80         | Net Direct SA (Proprietary) Ltd. (Under liquidation)            |
|            |   | 81         | Global Cloud Xchange Limited                                    |
|            |   | 82         | GCX Limited   |
|            |   | 83         | Aircom Holdco B.V   |

## Notes on Accounts to Financial Statements

### (i) Subsidiary Companies (direct and step down subsidiaries)

- 84 Towercom Infrastructure Private Limited
- 85 Seoul Telenet Inc.
- 86 FLAG Holdings (Taiwan) Limited
- 87 Reliance Telecom Infrastructure (Cyprus) Holdings Limited
- 88 Lagerwood Investments Limited

### (ii) Holding Company

Reliance Innoventures Private Limited (upto 6<sup>th</sup> February, 2019)

### (iii) Individuals Promoters

Shri Anil D. Ambani, the person having control during the year

### (iv) Key Managerial Person

Shri Punit Garg – Executive Director ( w.e.f. 2.10.2017 till 5.4.2019)

Shri Manikantan V. – Director and Chief Financial Officer

Shri Prakash Shenoy – Company Secretary

## B List of Other Related Parties : where there have been transactions

### (i) Associates

- 1 Warf Telecom International Private Limited
- 2 Mumbai Metro Transport Private Limited

### (ii) Fellow Subsidiary Company

- 1 Reliance Big Entertainment Private Limited
- 2 Big Animation (India) Private Limited
- 3 Big Flicks Private Limited
- 4 Zapak Digital Entertainment Limited
- 5 Zapak Mobile Games Private Limited
- 6 Ralston Trading Private Limited
- 7 Unlimit IOT Private Limited
- 8 Nationwide Communication Private Limited (ceased to be subsidiary w.e.f 06.03.2019)

### (iii) Enterprises over which individual described in Sr. No. A (iii) above having control

- 1 Reliance Capital Limited
- 2 Reliance General Insurance Company Limited
- 3 Reliance Money Precious Metals Private Limited
- 4 Reliance Home Finance Limited
- 5 Reliance Securities Limited
- 6 Reliance Financial Limited
- 7 Reliance Money Solutions Private Limited
- 8 Reliance Wealth Management Limited

### (iii) Enterprises over which individual described in Sr. No. A (iii) above having control

- 9 Reliance Infrastructure Limited
- 10 Mumbai Metro One Private Limited
- 11 HK Toll Road Private Limited
- 12 GF Toll Road Private Limited
- 13 KM Toll Road Private Limited
- 14 Reliance Energy Limited
- 15 DS Toll Road Limited
- 16 BSES Kerala Power Limited
- 17 Vidarbha Industries Power Limited
- 18 Reliance Power Limited
- 19 Sasan Power Limited
- 20 Reliance CleanGen Limited (RCGL)
- 21 Reliance Nippon Life Insurance Company Limited (Formerly known as Reliance Life Insurance Company Limited)
- 22 BSES Rajdhani Power Limited
- 23 Reliance Commercial Finance Limited
- 24 Reliance Defence Limited
- 25 SU Toll Road Private Limited
- 26 TD Toll Road Private Limited
- 27 TK toll Road Private Limited
- 28 BSES Yamuna Power Limited
- 29 Reliance Communications Enterprises Private Limited
- 30 Metro One Operation Private Limited
- 31 Reliance Defence Systems and Tech Limited (Formerly Reliance Space Ltd.)
- 32 Reliance Naval and Engineering Limited
- 33 Reliance Health Insurance Limited
- 34 Reliance Commodities Limited
- 35 Rajasthan Sun Technique Energy Private Limited

### (iv) Employee Benefits Trust

- 1 Reliance Infocomm Limited Employees Provident Fund
- 2 Reliance Infocomm Limited Employees Gratuity Fund
- 3 Reliance Infocomm Limited Employees Superannuation Schemes

# Reliance Communications Limited

## Notes on Accounts to Financial Statements

### (c) Transactions during the year with Related Parties

(Figures in bracket represent Previous year)

| Sr. No | Nature of Transactions  | Subsidiaries  | Fellow Subsidiaries | Enterprises over which individual having control | Employee Benefits | Associates/ Others | (₹ in crore)  |
|--------|---|---------------|---------------------|--|-------------------|--------------------|---------------|
|        |   |               |                     |  |                   |                    | Total         |
| 1      | <b>Investments</b>  |               |                     |  |                   |                    |               |
|        | Balance as at April 1, 2018   | <b>21,693</b> | -                   | -  | -                 | <b>22</b>          | <b>21,715</b> |
|        |   | (21,667)      | -                   | -  | -                 | (22)               | (21,689)      |
|        | Purchased during the year   | -             | -                   | -  | -                 | -                  | -             |
|        | Fair Valuation of Investment  | <b>8,964</b>  | -                   | -  | -                 | -                  | <b>8,964</b>  |
|        | Provision for Diminution in the value Investment during the year          | <b>3,931</b>  | -                   | -  | -                 | -                  | <b>3,931</b>  |
|        |   | (3,931)       | -                   | -  | -                 | -                  | (3,931)       |
|        | Foreign Exchange Fluctuation  | <b>(6)</b>    | -                   | -  | -                 | -                  | <b>(6)</b>    |
|        |   | 26            | -                   | -  | -                 | -                  | 26            |
|        | Balance as at March 31, 2019  | <b>26,720</b> | -                   | -  | -                 | <b>22</b>          | <b>26,742</b> |
|        |   | (17,762)      | -                   | -  | -                 | (22)               | (17,784)      |
| 2      | <b>Purchase of PPE/ Intangible Assets</b>                                 | <b>23</b>     | -                   | -  | -                 | -                  | <b>23</b>     |
| 3      | Sale of PPE/Intangible Assets   | -             | -                   | -  | -                 | -                  | -             |
|        |   | (1)           | -                   | -  | -                 | -                  | (1)           |
| 4      | <b>Trade Receivables</b>  | <b>1,195</b>  | -                   | <b>6</b>   | -                 | -                  | <b>1,201</b>  |
|        |   | (1,019)       | -                   | (4)  | -                 | -                  | (1,023)       |
| 5      | <b>Loans - Current Financial Assets*</b>                                  |               |                     |  |                   |                    |               |
|        | Balance as at April 1, 2018   | <b>3,640</b>  | -                   | -  | -                 | -                  | <b>3,640</b>  |
|        |   | (6,215)       | -                   | -  | -                 | -                  | (6,215)       |
|        | Given / Adjusted during the Year  | <b>3,833</b>  | -                   | -  | -                 | -                  | <b>3,833</b>  |
|        |   | (7,268)       | -                   | -  | -                 | -                  | (7,268)       |
|        | Repaid & Adjusted during the Year   | <b>962</b>    | -                   | -  | -                 | -                  | <b>962</b>    |
|        |   | (9,844)       | -                   | -  | -                 | -                  | (9,844)       |
|        | Foreign Exchange Fluctuation  | <b>17</b>     | -                   | -  | -                 | -                  | <b>17</b>     |
|        |   | (1)           | -                   | -  | -                 | -                  | (1)           |
|        | Balance as at March 31, 2019  | <b>6,528</b>  | -                   | -  | -                 | -                  | <b>6,528</b>  |
|        |   | (3,640)       | -                   | -  | -                 | -                  | (3,640)       |
|        | * includes non cash transactions.   |               |                     |  |                   |                    |               |
| 6      | <b>Interest Accrued on Loans and Investments - Other Financial Assets</b> | <b>53</b>     | -                   | -  | -                 | -                  | <b>53</b>     |
|        |   | (49)          | -                   | -  | -                 | -                  | (49)          |
| 7      | <b>Other Current Assets</b>   |               |                     |  |                   |                    |               |
|        | (i) Advances  | <b>115</b>    | -                   | <b>1</b>   | -                 | -                  | <b>116</b>    |
|        |   | (96)          | -                   | (1)  | -                 | -                  | (97)          |
| 8.     | <b>Other Financial Assets</b>   | <b>12</b>     | -                   | -  | -                 | -                  | <b>12</b>     |
|        |   | (68)          | -                   | -  | -                 | -                  | (68)          |

Notes on Accounts to Financial Statements

| Sr. No | Nature of Transactions                                      | Subsidiaries | Fellow Subsidiaries | Enterprises over which individual having control | Employee Benefits | Associates/ Others | (₹ in crore) |
|--------|---|--------------|---------------------|--|-------------------|--------------------|--------------|
|        |   |              |                     |  |                   |                    | Total        |
| 9      | <b>Borrowings - Non Current</b>                             |              |                     |  |                   |                    |              |
|        | Balance as at April 1, 2018                                 | -            | -                   | 854  | -                 | -                  | 854          |
|        |   | -            | -                   | (861)  | -                 | -                  | (861)        |
|        | Taken during the Year                                       | -            | -                   | -  | -                 | -                  | -            |
|        |   | -            | -                   | -  | -                 | -                  | -            |
|        | Repaid during the Year                                      | -            | -                   | -  | -                 | -                  | -            |
|        |   | -            | -                   | (7)  | -                 | -                  | (7)          |
|        | Regrouped with Borrowings - Current                         | -            | -                   | 854  | -                 | -                  | 854          |
|        |   | -            | -                   | -  | -                 | -                  | -            |
|        | Balance as on March 31, 2019                                | -            | -                   | -  | -                 | -                  | -            |
|        | (including current maturity of Long term Debts)             | -            | -                   | (854)  | -                 | -                  | (854)        |
| 10     | <b>Trade Payables</b>                                       | 1,114        | -                   | 1  | -                 | -                  | 1,115        |
|        |   | (1,061)      | -                   | (2)  | -                 | -                  | (1,063)      |
| 11     | <b>Borrowings - Current*</b>                                | -            | -                   | 4,607  | -                 | -                  | 4,607        |
|        |   | -            | -                   | (641)  | -                 | -                  | (641)        |
|        | * includes transferred from subsidiaries                    |              |                     |  |                   |                    |              |
| 12     | Other Financial Liabilities<br><b>(i) Other Liabilities</b> | 140          | -                   | -  | -                 | -                  | 140          |
|        |   | (385)        | -                   | -  | -                 | -                  | (385)        |
| 13     | <b>Income</b>   |              |                     |  |                   |                    |              |
|        | Revenue From Operations                                     | 102          | -                   | 16   | -                 | -                  | 118          |
|        |   | (349)        | -                   | (21)   | -                 | -                  | (370)        |
|        | Other Income  | 4            | -                   | -  | -                 | -                  | 4            |
|        |   | (125)        | -                   | -  | -                 | -                  | (125)        |
| 14     | <b>Expenditure</b>  |              |                     |  |                   |                    |              |
|        | Access Charges  | 45           | -                   | -  | -                 | -                  | 45           |
|        |   | (176)        | -                   | -  | -                 | -                  | (176)        |
|        | Network Operation Expenses                                  | 364          | -                   | 2  | -                 | -                  | 366          |
|        |   | (1,583)      | -                   | (5)  | -                 | -                  | (1,588)      |
|        | Employee Benefit Expenses                                   | -            | -                   | -  | 6                 | -                  | 6            |
|        |   | -            | -                   | -  | (3)               | -                  | (3)          |
|        | Selling and Marketing Expenses                              | -            | -                   | -  | -                 | -                  | -            |
|        |   | (56)         | -                   | -  | -                 | -                  | (56)         |
|        | General and Administration Expenses                         | 207          | -                   | 16   | -                 | -                  | 223          |
|        |   | (225)        | -                   | (11)   | -                 | -                  | (236)        |
|        | Recovery of Expenses  | 6            | -                   | -  | -                 | -                  | 6            |
|        |   | (14)         | -                   | -  | -                 | -                  | (14)         |
| 15     | <b>Corporate Guarantee</b>                                  | 4,861        | -                   | -  | -                 | -                  | 4,861        |
|        |   | (4,731)      | -                   | -  | -                 | -                  | (4,731)      |
| 16     | <b>Person having control during the year</b>                |              |                     |  |                   |                    |              |
|        | Shri Anil D. Ambani- Sitting Fees                           | -            | -                   | -  | -                 | -                  | -            |
|        | ₹ 1,20,000 (Previous year ₹ 4,40,000)                       | -            | -                   | -  | -                 | -                  | -            |



# Reliance Communications Limited

## Notes on Accounts to Financial Statements

| Sr. No | Nature of Transactions          | Subsidiaries | Fellow Subsidiaries | Enterprises over which individual having control | Employee Benefits | Associates/ Others | (₹ in crore) |
|--------|---------------------------------|--------------|---------------------|--|-------------------|--------------------|--------------|
|        |                                 |              |                     |  |                   |                    | Total        |
| 17     | <b>Managerial Remuneration*</b> |              |                     |  |                   |                    |              |
|        | Shri. Punit Garg                | -            | -                   | -  | -                 | 2                  | 2            |
|        |                                 | -            | -                   | -  | -                 | (1)                | (1)          |
|        | Shri Prakash Shenoy             | -            | -                   | -  | -                 | -                  | -            |
|        |                                 | -            | -                   | -  | -                 | (1)                | (1)          |
|        | Shri. Manikantan V              | -            | -                   | -  | -                 | 2                  | 2            |
|        |                                 | -            | -                   | -  | -                 | (1)                | (1)          |

\* within the limit approved by share holders

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

|   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Salaries and other benefits                 | 3,78,19,726                          | 2,74,96,566                          |
| Contributions to defined contribution plans | 23,68,525                            | 15,32,247                            |
| Commission to directors                     | -                                    | -                                    |
| Share-based payments expense                | -                                    | -                                    |
| Total                                       | <u>4,01,88,251</u>                   | <u>2,90,28,813</u>                   |

Some of the key management personnel of the Company are also covered under the Company's Gratuity Plan along with the other employees of the Company. Proportionate amounts of gratuity accrued under the Company's Gratuity Plan have not been separately included in the above disclosure.

### Note 2.51 Segment Performance

Disclosure as per Ind AS 108 "Operating Segments" is reported in Consolidated Accounts of the Company. Therefore, the same has not been separately disclosed in line with the provision of Ind AS.

### Note 2.52 Note on Disqualification of Directors

On the basis of written representations from the Directors and based on legal opinion, none of the Directors are disqualified under section 164(2) of the Companies Act 2013 for default in payment of interest and principal of debentures.

### Note 2.53 Authorisation of Financial Statements

The Hon'ble NCLT admitted the application by pronouncing on May 15, 2018 which came to be delivered on May 17, 2018 and appointed Mr. Pardeep Kumar Sethi as the Interim Resolution Professional (IRP) of the Company on May 18, 2018. However, the Hon'ble NCLAT by an order dated May 30, 2018 stayed the order passed by the Hon'ble NCLT for initiating the Corporate Insolvency Resolution (CIR) process of the Company and allowed the management of the Company to function. In accordance with the order of the Hon'ble NCLAT, Mr. Pardeep Kumar Sethi 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 CIR process to be vacated and directed the Hon'ble NCLT to pass necessary orders on May 07, 2019. On the basis of the orders of the Hon'ble NCLAT, Mr. Pardeep Kumar Sethi, 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. Pardeep Kumar Sethi has in his capacity as IRP has taken control and custody of the management and operations of the Company from May 02, 2019. For the information set out in the financial statements for the year ended March 31, 2019, the IRP has relied upon the accuracy and veracity of any and all information and data provided by the officials of the Company and the records of the Company made available by such officials. For all such information and data, the IRP 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 Company as of the dates and period indicated therein. Accordingly, the IRP is not making any representations regarding accuracy, veracity or completeness of the data or information in the financial statements.

As per our report of even date  
For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

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

Mumbai  
May 27, 2019

For **Reliance Communications Limited**

Interim Resolution Professional **Pardeep Kumar Sethi**

Director **Suresh Rangachar**

Director & Chief Financial Officer **Manikantan V.**

Company Secretary **Prakash Shenoy**

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019  
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

| <b>I</b> | <b>Sr. No.</b> | <b>Particulars</b>  | <b>Audited Figures<br/>(as reported before<br/>adjusting for<br/>qualifications)</b> | <b>Audited Figures<br/>(audited figures<br/>after adjusting for<br/>qualifications)</b> |
|----------|----------------|---|--|---|
|          | 1              | Turnover / Total income   | 1,465  | 1,465   |
|          | 2              | Total Expenditure   | 3,242  | 3,242   |
|          | 3              | Net Profit/(Loss) before Exceptional items                          | (1,777)  | (1,777)   |
|          | 4              | Exceptional Item  | 6,876  | 6,876   |
|          | 5              | Net Profit/(Loss) after Exceptional items                           | 5,099  | 5,099   |
|          | 6              | Net Profit / (Loss) from Discontinued Operations                    | (2,252)  | (6,962)   |
|          | 7              | Earnings Per Share (₹)  | 10.37  | (6.79)  |
|          | 8              | Total Assets  | 62,082   | 62,082  |
|          | 9              | Total Liabilities   | 49,696   | 54,406  |
|          | 10             | Net worth   | 12,386   | 7,676   |
|          | 11             | Any other financial item(s) (as felt appropriate by the management) |  |   |

**II Audit Qualification (each audit qualification separately):**

- |    |  |   |
|----|--|---|
| a. | Details of Audit Qualification:  | Non Provision of Interest and Foreign Exchange variation  |
| b. | Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion        | Qualified Opinion   |
| c. | Frequency of qualification: Whether appeared first time / repetitive / since how long continuing | Second Time   |
| d. | For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:    | Impact is not ascertainable as the Company is under IBC and CIR process initiated   |
| e. | For Audit Qualification(s) where the impact is not quantified by the auditor:                    | Impairment review of tangible and intangible assets, assets held for sale, investments and other assets and reconciliation of credits relating to GST and TDS |
|    | (i) Management's estimation on the impact of audit qualification:                                |   |
|    | (ii) If management is unable to estimate the impact, reasons for the same:                       | Impact is not ascertainable as the Company is under IBC and CIR process initiated   |
|    | (iii) Auditors' Comments on (i) or (ii) above:   |   |

**III Signatories:**

|                                 |                     |
|---------------------------------|---------------------|
| Interim Resolution Professional | Pardeep Kumar Sethi |
| Director                        | Suresh Rangachar    |
| CFO                             | Manikantan V.       |
| Statutory Auditor               | Parimal Kumar Jha   |

Place : Mumbai  
Date : May 27, 2019

# Reliance Communications Limited

## Independent Auditor's Report on Consolidated Financial Statements

To

### The Members of Reliance Communications Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying Consolidated Financial Statements of Reliance Communications Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statements of Profit and Loss, the Consolidated Statements of Changes in Equity and the Consolidated Statements of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information

(hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid Consolidated 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, 2019, the consolidated loss, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to –

- A. Note no. – 2.16 & 2.36 of the Consolidated Financial Statements regarding, "Assets Held for Sale (AHS)" including Spectrum acquired on Deferred Payment Basis, being carried at the value determined in Financial Year 2017-18, pursuant to the Definitive Binding Agreement (DBA) dated December 28, 2017 & August 11, 2018 for monetization of assets of the Company and two of its subsidiaries namely Reliance Infratel Ltd (RITL) & Reliance Telecom Ltd. (RTL) with Reliance JIO Infocomm Ltd. As the said agreement has been terminated on mutual consent on 18<sup>th</sup> March, 2019 fair value of AHS at the reporting date hasn't been ascertained for the group. Further, the Company & RTL have defaulted in payment of spectrum installments due to Department of Telecom (DOT), the ultimate realisability of AHS is presently not ascertainable. Non determination of fair value on the reporting date is not in compliance with IndAs 105 "Non Current Assets Held for Sale and Discontinued Operations". Accordingly, we are unable to comment on the consequential impact, if any, on the Consolidated Financial Statements.
- B. Note No. – 2.53 of the Consolidated Financial Statements regarding commencement of CIRP and various claims submitted by the Operational/financial/ other creditors and employees and pending reconciliation and

determination of final obligation during CIR Process, the Company and some of its subsidiaries have not provided interest on borrowings amounting to ₹ 4,389 crore for the year ended March 31, 2019 and ₹ 3,609 crore for the previous financial year as per the original terms of the borrowings. Also the Company has not provided foreign exchange variance loss amounting to ₹ 984 crore for the year ended March 31, 2019. Had such interest and foreign exchange variation (gain)/ loss as mentioned above been provided, the reported loss for the year ended March 31, 2019 would have been ₹ 12,591 crore & ₹ 27,516 crore for the year ended March 31, 2018 and Total Equity of the Company would have been negative ₹ 13,162 crore as at March 31, 2019 & ₹ 826 crore as at March 31, 2018. Non provision of Bank interest is not in compliance with Ind AS 23 "Borrowing Costs" and non-recognition of foreign exchange variation (gain)/ loss is not in compliance with Ind AS 21 "The Effects of Changes in Foreign Exchange Rates" .

- C. Note no. – 2.16 & 2.36 of the Consolidated Financial Statements, regarding the pending impairment review by the Company and its subsidiaries of its tangible & intangible assets, capital work in progress, investments, other financial and non-financial assets as at 31<sup>st</sup> March, 2019, hence no provision in the books of account has been made by the group. In the absence of assessment of impairment by the group, we are unable to comment on the recoverable amount with regard to said items.
- D. Note no. – 2.36 of the Consolidated Financial Statements, Qualified Audit Report issued by the Auditors of six subsidiaries of the Company in respect of going concern of those subsidiaries, for the reasons stated in the Consolidated Financial Statements.

Material Uncertainty Relating to Going Concern

We draw attention to Note no. – 2.36 of the Consolidated Financial Statements regarding termination of definitive binding agreement for monetization of assets of the Company and two of its subsidiaries namely RTL & RITL and NCLAT order dated April 30, 2019 vacating its order dated May 30, 2018 regarding staying NCLT order dated May 15, 2018 admitting the Company, RTL & RITL under IBC, 2016. The group continues to incur loss, its current liabilities exceed current assets, its wireless operations have been suspended and there is considerable decline in the level of wire line operations. Further, the group has defaulted in repayment of its borrowings and payment of statutory dues.

These events raise significant doubt on the ability of the group 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.

Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the

## Independent Auditor's Report on Consolidated Financial Statements

Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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

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

### 1. Revenue Recognition

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

We considered revenue recognition as a key audit matter as the amount involved is material to the Financial Statements and due to the complexity of the systems and processes used to record revenue. The accounting policy and relevant disclosures relating to revenue are set out in notes 1.4(m) and 2.28 respectively, to the Consolidated Financial Statements.

Our audit procedures included, amongst others, the following:

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

2. Valuation and disclosure of accrual estimates for legal claims, litigations, regulatory matters and contingencies and deposits against the same legal matters.

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

This area is significant to our audit, since the accounting and disclosure for (contingent) legal liabilities is complex and judgmental (due to the difficulty in predicting the outcome of the matter and estimating the potential impact if the outcome is unfavourable), and the amounts involved are, or can be, material to the Financial Statements as a whole. Further reference is made to note 2.40 Contingent liabilities.

Our audit procedures included, amongst others, testing the effectiveness of the Company's internal controls around the identification and evaluation of claims, 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 as well as with the Company's Financial staff in respect of ongoing investigations or claims, proceedings and investigations, inspected relevant correspondence, inspected the minutes of the meetings of the Audit Committee and requested a confirmation from the group's in-house responsible officials. Also, the Group has obtained legal opinions in past against these disputes. For claims settled during the year, we vouched the payments, as appropriate, and read the related orders to verify whether the settlements were properly accounted for.

We also assessed the adequacy of the Company's disclosure around legal claims, litigations, regulatory matters and contingencies as included in note 2.40, Contingent liabilities.

We consider management's conclusion on the predicted outcome and estimation of potential impact reasonable and reassessed that the disclosures in note 2.40, Contingent liabilities are reasonable.

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

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in Board's Report including Annexures to Board's Report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other

# Reliance Communications Limited

## Independent Auditor's Report on Consolidated Financial Statements

information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the report containing other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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

The Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") admitted an insolvency and bankruptcy petition filed by an operational creditor against Reliance Communications Limited ("the Company") and two of its Subsidiaries namely Reliance Infratel Limited (RITL) and Reliance Telecom Limited (RTL) vide its order dated May 17, 2018 and appointed Mr. Pardeep Kumar Sethi, Mr. Manish Kaneria & Ms. Mitali Shah respectively to act as Interim Resolution Professionals (IRPs) with direction to initiate appropriate action contemplated with extant provisions of the insolvency and Bankruptcy Code, 2016 and other related rules. However, The National Company Law Appellate Tribunal ("NCLAT") by an order dated May 30, 2018 stayed the order passed by NCLT. Subsequently, by order dated April 30, 2019, the NCLAT allowed stay on Corporate Insolvency Resolution (CIR) process to be vacated and directed the NCLT to pass necessary orders on May 7, 2019. On the basis of the order of the NCLAT IRPs mentioned above has taken control and custody of the management and operations of the Company from May 02, 2019.

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 Consolidated Financial Statements that give a true and fair view of the Consolidated Financial position, Consolidated Financial performance, Consolidated changes in equity and Consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian 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 Group 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Management is also responsible for overseeing the Group's Financial reporting process.

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

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

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

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

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in

## Independent Auditor's Report on Consolidated Financial Statements

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

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

### Other Matters

1. We did not audit the Ind AS financial statements of Sixty One subsidiaries whose Ind AS financial statements (including two subsidiaries classified as discontinued operations) reflect total assets of ₹ 21,400 crore as at 31 March 2019, total revenue from continuing operations of ₹ 3,043 crore and total revenues from discontinued operations of ₹ 40 crore and net cash inflow of ₹ 94 crore from continuing operations and ₹ Nil from discontinued operations for the year ended on that date, as considered in the preparation of the consolidated Ind AS financial statements. The Ind AS financial statements of these subsidiaries have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.
2. We have relied on the unaudited Ind AS financial statements of the subsidiaries whose Ind AS financial statements reflect total assets of ₹ 5,857 crore as at 31 March 2019, total revenue from continuing operations of ₹ 59 crore and total revenues from discontinued operations of ₹ 13 crore and cash outflow of ₹ 1 crore from continuing operations and ₹ Nil from discontinued operations for the year ended on that date. We also did not audit the Ind AS financial statements of two associates considered in the consolidated Ind AS financial

statements, whose Ind AS financial statements reflect the Company's share of net profit of ₹ 2 crore for the year ended 31 March 2019, as considered in the consolidated Ind AS financial statement, in respect of two associate. These unaudited Ind AS financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management, and our report in so far as it relates to the amounts included in respect of the subsidiaries and associates is based solely on such board approved Ind AS financial statements.

Our Opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and financial statements certified by the respective management.

### Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) Except for the possible effects of the matters described in the Basis of Qualified opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books
- (c) The Consolidated Balance Sheet, the Consolidated Statements of Profit and Loss, and the Consolidated Statements of Cash Flows and the Consolidated Statements of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, except requirement of Ind AS 105 on Non Current Assets Held for Sale and Discontinued Operations, Ind AS 23 on Borrowing Cost and Ind AS 21 on Effects of Changes in foreign exchanges, Ind AS 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) Matters 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 Group and on the amounts disclosed in Consolidated Ind AS Financial Statements of the Group;
- (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors and based on legal opinion obtained by the Company with regard to non payment of debenture holder's due (Note No. 2.56), none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

# Reliance Communications Limited

## Independent Auditor's Report on Consolidated Financial Statements

(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 A".

(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 Group has disclosed the impact of pending litigations on its Financial position in its Financial

Statements – Refer Note 2.40 to the Consolidated Financial Statements;

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiaries incorporated in India.

For **Pathak H.D. & Associates**

Chartered Accountants

Firm's Registration No:107783W

**Parimal Kumar Jha**

Partner

Membership No:124262

May 27, 2019

Mumbai

## 'Annexure A' to the Independent Auditor's Report – 31 March 2019

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Reliance Communications Limited (hereinafter referred to as "the Holding Company") and its subsidiaries which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the 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 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 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 consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient

## Independent Auditor's Report on Consolidated Financial Statements

and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding and its subsidiaries incorporated in India.

### 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 consolidated 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.

### Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Holding Company's including some of Subsidiaries Companies internal financial controls over financial reporting as at March 31, 2019:

- i. In case of Company and some of its subsidiaries, balances of trade receivable, trade payable, other liabilities, certain bank balances and loan & advances are subject to confirmation. (Refer Note 2.36)
- ii. Statutory dues (Goods and Service Tax/ Value Added Tax/ Tax Deducted at Source) accounts are in the process of reconciliation for the Company & some of its Subsidiaries

and there are delays in filing of certain statutory returns with the respective authorities. Company needs to strengthen internal control system in this regard.

- iii. The Company & some of its Subsidiaries internal control process in respect of closure of outstanding entries in Bank Reconciliation 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 Group's annual or interim financial statements will not be prevented or detected on a timely basis.

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, 2019, 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, 2019 Consolidated Ind AS financial statements of the Group and these material weaknesses affect our opinion on Consolidated Ind AS financial statements of the Group for the year ended March 31, 2019 [our audit report dated May 27, 2019, which expressed an qualified opinion on those Consolidated Ind AS financial statements of the Group].

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

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

May 27, 2019  
Mumbai



# Reliance Communications Limited

## Consolidated Balance Sheet as at March 31, 2019

|  | Notes | As at          |                | (₹ in crore)            |
|--|-------|----------------|----------------|-------------------------|
|  |       | March 31, 2019 | March 31, 2019 | As at<br>March 31, 2018 |
| <b>ASSETS</b>  |       |                |                |                         |
| <b>Non Current Assets</b>                                |       |                |                |                         |
| (a) Property, Plant and Equipment                        | 2.01  | 7,612          |                | 16,501                  |
| (b) Capital Work in Progress                             | 2.01  | 191            |                | 265                     |
| (c) Goodwill   | 2.02  | 1,339          |                | 3,549                   |
| (d) Other Intangible Assets                              | 2.03  | 756            |                | 789                     |
| (e) Intangible Assets under Development                  | 2.03  | 4              |                | -                       |
| (f) Investment in Associates                             | 2.04  | 28             |                | 21                      |
| (g) Financial Assets                                     |       |                |                |                         |
| (i) Investments  | 2.05  | 12,005         |                | 11                      |
| (ii) Other Financial Assets                              | 2.06  | 7              |                | 173                     |
| (h) Deferred Tax Asset (net)                             | 2.07  | 29             |                | 3,574                   |
| (i) Income Tax Asset (net)                               |       | 492            |                | 579                     |
| (j) Other Non Current Assets                             | 2.08  | 1,136          | 23,599         | 3,657                   |
|  |       |                |                | 29,119                  |
| <b>Current Assets</b>                                    |       |                |                |                         |
| (a) Inventories  | 2.09  | 63             |                | 79                      |
| (b) Financial Assets                                     |       |                |                |                         |
| (i) Investments  | 2.10  | -              |                | -                       |
| (ii) Trade Receivables                                   | 2.11  | 1,346          |                | 2,133                   |
| (iii) Cash and Cash Equivalents                          | 2.12  | 832            |                | 611                     |
| (iv) Bank Balances other than (iii) above                | 2.13  | 106            |                | 129                     |
| (v) Other Financial Assets                               | 2.14  | 505            |                | 156                     |
| (c) Other Current Assets                                 | 2.15  | 5,780          |                | 5,517                   |
| (d) Assets held for Sale                                 | 2.16  | 35,327         | 43,959         | 36,834                  |
| <b>TOTAL ASSETS</b>                                      |       |                | <b>67,558</b>  | <b>74,578</b>           |
| <b>EQUITY AND LIABILITIES</b>                            |       |                |                |                         |
| <b>Equity</b>  |       |                |                |                         |
| (a) Equity Share Capital                                 | 2.17  |                | 1,383          | 1,383                   |
| (b) Other Equity   | 2.18  |                | (5,563)        | 1,400                   |
| <b>Equity Attributable to Shareholders of the parent</b> |       |                | <b>(4,180)</b> | <b>2,783</b>            |
| <b>Non-Controlling Interest</b>                          | 2.19  |                | <b>322</b>     | <b>332</b>              |
| <b>Total Equity</b>                                      |       |                | <b>(3,858)</b> | <b>3,115</b>            |
| <b>LIABILITIES</b>                                       |       |                |                |                         |
| <b>Non Current Liabilities</b>                           |       |                |                |                         |
| (a) Financial Liabilities                                |       |                |                |                         |
| (i) Borrowings   | 2.20  | -              |                | 13,021                  |
| (b) Deferred Revenue                                     | 2.21  | 2,940          |                | 2,926                   |
| (c) Other Non-Current Liabilities                        | 2.21  | 100            |                | 83                      |
| (d) Deferred Tax Liabilities (net)                       | 2.07  | 1,285          |                | 2,517                   |
| (e) Provisions   | 2.22  | 433            | 4,758          | 438                     |
|  |       |                |                | 18,985                  |
| <b>Current Liabilities</b>                               |       |                |                |                         |
| (a) Financial Liabilities                                |       |                |                |                         |
| (i) Borrowings   | 2.23  | 30,267         |                | 23,242                  |
| (ii) Trade Payables                                      | 2.24  |                |                |                         |
| Due to Micro and Small Enterprises                       |       | 86             |                | 103                     |
| Due to Others  |       | 3,811          |                | 4,765                   |
| (iii) Other Financial Liabilities                        | 2.25  | 19,024         |                | 12,773                  |
| (b) Deferred Revenue                                     |       | 3,008          |                | 2,353                   |
| (c) Other Current Liabilities                            | 2.26  | 2,685          |                | 1,293                   |
| (d) Income Tax Liabilities (net)                         |       | 20             |                | 13                      |
| (e) Provisions   | 2.27  | 1,238          |                | 1,237                   |
| (f) Liabilities directly related to Assets held for Sale | 2.16  | 6,519          | 66,658         | 6,699                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                      |       |                | <b>67,558</b>  | <b>74,578</b>           |

### Significant Accounting Policies

1

### Notes on Accounts

2

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

As per our report of even date  
For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

For **Reliance Communications Limited**

Interim Resolution Professional

**Pardeep Kumar Sethi**

Director

**Suresh Rangachar**

Director & Chief Financial Officer

**Manikantan V.**

Company Secretary

**Prakash Shenoy**

Mumbai  
May 27, 2019

## Consolidated Statement of Profit and Loss for the year ended March 31, 2019

|   | Notes       | For the year ended<br>March 31, 2019 | (₹ in crore)<br>For the year ended<br>March 31, 2018 |
|---|-------------|--------------------------------------|--|
| <b>1 INCOME</b>   |             |                                      |  |
| (a) Revenue from Operations   | 2.28        | 4,015                                | 4,593  |
| (b) Other Income  | 2.29        | 179                                  | 91   |
| <b>(c) Total Income ((a) + (b))</b>   |             | <u>4,194</u>                         | <u>4,684</u>   |
| <b>2 EXPENSES</b>   |             |                                      |  |
| (a) Access Charges, License Fees and Network Expenses   | 2.30        | 2,133                                | 2,822  |
| (b) Employee Benefits Expenses  | 2.31        | 521                                  | 427  |
| (c) Finance Costs   | 2.32        | 192                                  | 186  |
| (d) Depreciation, Amortisation and provision for Impairment   | 2.01 & 2.03 | 820                                  | 721  |
| (e) Sales and General Administration Expenses   | 2.33        | 980                                  | 536  |
| <b>(f) Total Expenses ((a) to (e))</b>  |             | <u>4,646</u>                         | <u>4,692</u>   |
| <b>3 Profit/ (Loss) before share of Profit of Associates, Exceptional Items and Tax (1(c) - 2(f))</b> |             | <u>(452)</u>                         | <u>(8)</u>   |
| <b>4 Share of Loss/ (Profit) of Associates</b>  |             | <u>(2)</u>                           | <u>(5)</u>   |
| <b>5 Profit/ (Loss) before Exceptional Items and Tax (3 - 4)</b>                                      |             | <u>(450)</u>                         | <u>(3)</u>   |
| <b>6 Exceptional Items</b>  | 2.44.1      | <u>2,008</u>                         | <u>-</u>   |
| <b>7 Profit/ (Loss) before Tax (5 + 6)</b>  |             | <u>1,558</u>                         | <u>(3)</u>   |
| <b>8 Tax Expense:</b>   |             |                                      |  |
| (a) Current Tax   |             | 13                                   | 4  |
| (b) Deferred Tax Charge/ (Credit) (net) (including MAT Credit)  | 2.07        | <u>2,412</u>                         | <u>12</u>  |
| <b>(c) Total Tax expense</b>  |             | <u>2,425</u>                         | <u>16</u>  |
| <b>9 Profit/ (Loss) after Tax from Continuing Operations (7 - 8)</b>                                  |             | <u>(867)</u>                         | <u>(19)</u>  |
| <b>10 Profit / (Loss) before Exceptional Items and Tax from Discontinued Operations</b>               | 2.52        | <u>(3,136)</u>                       | <u>(4,556)</u>                                       |
| <b>11 Exceptional Items relating to Discontinued Operations</b>                                       |             |                                      |  |
| Provision for / write off of Impairment (net)   | 2.44.2      | 3,222                                | 24,203   |
| Amount withdrawn from General Reserve   |             | -                                    | (1,661)  |
| Amount withdrawn from Reserve for Business Restructuring  |             | -                                    | (1,287)  |
| Depreciation and amortisation   |             | -                                    | 280  |
| Equivalent amount withdrawn from General Reserve  |             | -                                    | (280)  |
| Depreciation on account of change in exchange rate  |             | -                                    | 221  |
| Equivalent amount withdrawn from General Reserve  |             | -                                    | (221)  |
| Foreign Currency Exchange Fluctuation Loss (net)  |             | -                                    | 227  |
| Equivalent amount withdrawn from General Reserve  |             | -                                    | (227)  |
| <b>12 Profit / (Loss) before Tax from Discontinued Operations (10 - 11)</b>                           |             | <u>(6,358)</u>                       | <u>(25,811)</u>                                      |
| <b>13 Tax Expense/ (Credit) on Discontinued Operations</b>  |             | <u>(7)</u>                           | <u>(1,923)</u>                                       |
| <b>14 Profit / (Loss) after Tax from Discontinued Operations (12 - 13)</b>                            |             | <u>(6,351)</u>                       | <u>(23,888)</u>                                      |
| <b>15 Other Comprehensive Income</b>  |             |                                      |  |
| <b>(a) Items that will not be reclassified to profit or loss</b>                                      |             |                                      |  |
| (i) Remeasurement gain/ (loss) of defined employee benefit plans (net of tax)                         |             | -                                    | 4  |
| <b>(b) Items that will be reclassified to profit or loss</b>  |             |                                      |  |
| (i) Exchange difference on translation of financial statements of foreign operations                  |             | 12                                   | (47)   |
| <b>Other Comprehensive Income/ (Loss) for the year</b>  |             | <u>12</u>                            | <u>(43)</u>  |
| <b>16 Total Comprehensive Income/ (Loss) for the year (9+ 14+ 15)</b>                                 |             | <u>(7,206)</u>                       | <u>(23,950)</u>                                      |
| <b>17 Profit/ (Loss) for the year attributable to</b>   |             |                                      |  |
| Shareholders  |             | (7,206)                              | (23,839)   |
| Non Controlling Interest  |             | (12)                                 | (68)   |
| <b>18 Total Comprehensive Income/ (Loss) attributable to</b>  |             |                                      |  |
| Shareholders  |             | (7,194)                              | (23,882)   |
| Non Controlling Interest  |             | (12)                                 | (68)   |
| <b>19 Earnings per Share of ₹ 5 each fully paid up (Basic and Diluted)</b>                            | 2.43        |                                      |  |
| (before exceptional items)  |             |                                      |  |
| (a) Continuing Operations   |             | (6.97)                               | (0.07)   |
| (b) Discontinued Operations   |             | (11.36)                              | (9.93)   |
| (c) Continuing and Discontinued Operations  |             | (18.33)                              | (10.00)  |
| (after exceptional items)   |             |                                      |  |
| (a) Continuing Operations   |             | (3.16)                               | (0.07)   |
| (b) Discontinued Operations   |             | (23.10)                              | (92.22)  |
| (c) Continuing and Discontinued Operations  |             | (26.26)                              | (92.29)  |

**Significant Accounting Policies**

1

**Notes on Accounts**

2

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

As per our report of even date  
For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

**Parimal Kumar Jha**

Partner  
Membership No: 124262

Mumbai  
May 27, 2019

**For Reliance Communications Limited**

|                                    |                            |
|------------------------------------|----------------------------|
| Interim Resolution Professional    | <b>Pardeep Kumar Sethi</b> |
| Director                           | <b>Suresh Rangachar</b>    |
| Director & Chief Financial Officer | <b>Manikantan V.</b>       |
| Company Secretary                  | <b>Prakash Shenoy</b>      |

Consolidated Statement of Changes in Equity for the year ended March 31, 2019

Consolidated Statement of Changes in Equity for the year ended March 31, 2019

|  |  |
|--|--|
| <p><b>(a) Equity Share Capital</b> (Refer Note 2.17)</p> <p><b>Balance at the beginning of the year</b><br/>Change in equity share capital during the year - under Scheme of Demerger (Refer Note 2.38.2)</p> <p><b>Balance at the end of the year</b></p> | <p>(₹ in crore)</p> <p>For the year ended<br/>March 31, 2018<br/>1,244</p> <p>For the year ended<br/>March 31, 2019<br/>1,383</p> <hr/> <p>For the year ended<br/>March 31, 2018<br/>1,39</p> <hr/> <p>For the year ended<br/>March 31, 2019<br/>1,383</p> |
|--|--|

|  |                     |
|--|---------------------|
| <p><b>(b) Other Equity</b> (Refer Note 2.18)</p> | <p>(₹ in crore)</p> |
|--|---------------------|

| Particulars  | Attributable to the equity holders of the parent |                            |                 |                                    |                         |                   |                 |                              |                              |          | Total          |
|--|--|----------------------------|-----------------|------------------------------------|-------------------------|-------------------|-----------------|------------------------------|------------------------------|----------|----------------|
|  | Reserves and Surplus                             |                            |                 |                                    |                         |                   |                 |                              |                              |          |                |
|  | Capital Reserve                                  | Securities Premium Reserve | General Reserve | Reserve for Business Restructuring | Debt Redemption Reserve | Retained Earnings | Treasury Equity | FCMITDA* Fluctuation Reserve | Exchange Fluctuation Reserve | Others   |                |
| Balance as at April 1, 2017                        | 1,384  | 13,894                     | 2,423           | 1,287                              | 590                     | 8,498             | (391)           | (461)                        | 101                          | -        | 27,325         |
| Surplus/ (Deficit) of Statement of Profit and Loss | -  | -                          | -               | -                                  | -                       | (23,839)          | -               | -                            | -                            | -        | (23,839)       |
| Other Comprehensive Income                         | -  | -                          | -               | -                                  | -                       | -                 | -               | -                            | (47)                         | 4        | (43)           |
| Transfer to Statement of Profit and Loss           | -  | -                          | (2,389)         | (1,287)                            | -                       | -                 | -               | -                            | -                            | -        | (3,676)        |
| Movement in FCMITDA                                | -  | -                          | -               | -                                  | -                       | -                 | -               | 236                          | -                            | -        | 236            |
| Upon Scheme of Demerger (Refer Note 2.38.2)        | 1,397  | -                          | -               | -                                  | -                       | -                 | -               | -                            | -                            | -        | 1,397          |
| <b>Balance as at March 31, 2018</b>                | <b>2,781</b>                                     | <b>13,894</b>              | <b>34</b>       | <b>-</b>                           | <b>590</b>              | <b>(15,341)</b>   | <b>(391)</b>    | <b>(225)</b>                 | <b>54</b>                    | <b>4</b> | <b>1,400</b>   |
| Surplus/ (Deficit) of Statement of Profit and Loss | -  | -                          | -               | -                                  | -                       | (7,206)           | -               | -                            | -                            | -        | (7,206)        |
| Other Comprehensive Income                         | -  | -                          | -               | -                                  | -                       | -                 | -               | -                            | 12                           | -        | 12             |
| Movement in FCMITDA                                | -  | -                          | -               | -                                  | -                       | -                 | -               | 231                          | -                            | -        | 231            |
| <b>Balance as at March 31, 2019</b>                | <b>2,781</b>                                     | <b>13,894</b>              | <b>34</b>       | <b>-</b>                           | <b>590</b>              | <b>(22,547)</b>   | <b>(391)</b>    | <b>6</b>                     | <b>66</b>                    | <b>4</b> | <b>(5,563)</b> |

\*FCMITDA: Foreign Currency Monetary Items Translation Difference Account

As per our report of even date  
For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

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

Mumbai  
May 27, 2019

For **Reliance Communications Limited**

Interim Resolution Professional

Director

Director & Chief Financial Officer

Company Secretary

**Pardeep Kumar Sethi**

**Suresh Rangachar**

**Manikantan V.**

**Prakash Shenoy**

Consolidated Cash Flow Statement for the year ended March 31, 2019

|   | (₹ in crore)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>  |                                      |                                      |
| Profit/ (Loss) before tax from Continuing Operations  | 1,558                                | (3)                                  |
| Profit/ (Loss) before tax from Discontinued Operations  | (6,358)                              | (25,811)                             |
| Adjusted for:   |                                      |                                      |
| Provision for Doubtful Debts, Loans and Advances  | 2,804                                | 399                                  |
| Depreciation and Amortisation   | 863                                  | 2,867                                |
| Impairment of goodwill  | 2,177                                | -                                    |
| Impact of deconsolidation of subsidiaries   | (4,944)                              | -                                    |
| Provision for Impairment (net)  | 3,981                                | 21,255                               |
| Inventories written off   | -                                    | 92                                   |
| Effect of Changes in Foreign Exchange Rate (net)  | (1)                                  | 116                                  |
| (Profit) /Loss on Sale of Assets and Capital Work in Progress (net)                                       | (826)                                | 134                                  |
| Finance Costs   | 1,275                                | 1,339                                |
| Share of Profit/ (Loss) on investment in associates   | (2)                                  | (5)                                  |
| Writeback of Provision for Liabilities no longer required   | (253)                                | (347)                                |
| Interest Income   | (11)                                 | (91)                                 |
| <b>Operating Profit before Working Capital Changes</b>  | <b>5,063</b>                         | <b>25,759</b>                        |
| Adjusted for:   |                                      |                                      |
| Receivables and Other Advances  | (405)                                | 2,178                                |
| Inventories   | 16                                   | 65                                   |
| Trade Payables and Other Liabilities  | 272                                  | (1,551)                              |
| <b>Cash Generated from Operations</b>   | <b>146</b>                           | <b>692</b>                           |
| Income Tax Refund   | 411                                  | 389                                  |
| Income Tax Paid   | (183)                                | (62)                                 |
| <b>Net Cash from Operating Activities</b>   | <b>374</b>                           | <b>964</b>                           |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>  |                                      |                                      |
| Additions of Property, Plant and Equipments, Intangible Assets and Capital Work in Progress/              | (284)                                | (591)                                |
| Intangible assets under Development (including realised loss capitalised)                                 |                                      |                                      |
| Proceeds from Sale of Property, Plant and Equipment   | 974                                  | 20                                   |
| Investment in Bank deposits (having original maturity for more than 3 months)                             | 23                                   | 211                                  |
| Interest Income   | 6                                    | 92                                   |
| <b>Net Cash from / (used in) Investing Activities</b>   | <b>719</b>                           | <b>(268)</b>                         |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>  |                                      |                                      |
| Net Proceeds from / (Repayment) of Borrowings Current (net)   | 230                                  | 1,260                                |
| Realised foreign exchange loss variation  | (14)                                 | (72)                                 |
| Proceeds from Borrowings - Non Current  | -                                    | 3,052                                |
| Repayment of Borrowings - Non Current   | (4)                                  | (3,681)                              |
| Finance Cost  | (1,080)                              | (1,463)                              |
| <b>Net Cash from / (used in) Financing Activities</b>   | <b>(868)</b>                         | <b>(904)</b>                         |
| <b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>  | <b>225</b>                           | <b>(208)</b>                         |
| <b>Opening Balance of Cash and Cash Equivalents</b>   | <b>607</b>                           | <b>815</b>                           |
| Effect of Exchange Gain/ (Loss) (net) on Cash and Cash Equivalents ₹ 1,012<br>(Previous year ₹ 12,29,851) | -                                    | -                                    |
| <b>Closing Balance of Cash and Cash Equivalents</b>   | <b>832</b>                           | <b>607</b>                           |

|   | April 1,<br>2018 | Cashflow<br>net | Foreign Exchange<br>Movement | Taken over under<br>Scheme | Transaction<br>Cost | March 31,<br>2019 |
|---|------------------|-----------------|------------------------------|----------------------------|---------------------|-------------------|
| Borrowings (Refer Note 2.20, 2.23 and 2.25) | 47,233           | 225             | 145                          | -                          | 3                   | 47,606            |
|   | April 1,<br>2017 | Cashflow<br>net | Foreign Exchange<br>Movement | Taken over under<br>Scheme | Transaction<br>Cost | March 31,<br>2018 |
|   | 45,733           | 505             | 75                           | 678                        | 242                 | 47,233            |

**Note:**

- Cash and Cash Equivalents includes cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.
- Statement of Cashflow has been prepared under the indirect method set out in Indian Accounting Standard (Ind AS 7) "Statement of Cashflows"
- Cash and Cash Equivalents is net of Bank overdraft as required under Ind AS 7
- Breakup of Cash and Cash Equivalents

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| (i) Cash and Cash Equivalents (Refer Note 2.12)       | 832                     | 611                     |
| (ii) Less: Bank overdraft                             | -                       | (4)                     |
| (iii) Cash and Cash Equivalents (net) as per Ind AS 7 | <b>832</b>              | <b>607</b>              |

As per our report of even date  
For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

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

Mumbai  
May 27, 2019

For **Reliance Communications Limited**

Interim Resolution Professional **Pardeep Kumar Sethi**  
Director **Suresh Rangachar**  
Director & Chief Financial Officer **Manikantan V.**  
Company Secretary **Prakash Shenoy**

# Reliance Communications Limited

## Significant Accounting Policies to the Consolidated Financial Statements

### 1 General Information and Significant Accounting Policies

#### 1.1 General Information

Reliance Communications Limited ("RCOM" or "the Company"), is registered under the Companies Act, 1956, having Registered Office at H Block, 1<sup>st</sup> Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400710 and its securities are listed on the BSE Limited and the National Stock Exchange of India Limited.

RCOM has established pan India, next generation, digital network that is capable of supporting the best of class services spanning the entire communications value chain. RCOM and its subsidiaries own and operate the world's largest next generation IP enabled connectivity infrastructure, comprising of fibre optic cable systems in India and globally.

Corporate Insolvency Resolution Process ("CIR Process") has been initiated in case of the Company and two of its subsidiaries under the Provisions of the Insolvency and Bankruptcy Code, 2016 (the Code). Pursuant to the order, the management of affairs of the Company and powers of board of directors of the Company stands vested with the Interim Resolution Professional ("IRP") appointed by the NCLT.

#### 1.2 Principles of Consolidation

The Consolidated Financial Statements relate to the Company, all of its subsidiary companies and associates (hereinafter collectively referred to as "the Group"). The Company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interest in associates and the joint venture are accounted for using the equity method. The financial statements of entities are included in the consolidated financial statements from the date on which control commences and until the date on which control ceases. The Consolidated Financial Statements have been prepared on the following bases.

- (a) The financial statements of the Company and its subsidiaries are consolidated by combining like items of assets, liabilities, incomes and expenses and cash flows after fully eliminating intra group balances and intra group transactions resulting in unrealized profit or loss in accordance with the Indian Accounting Standard ("Ind AS") 110 "Consolidated Financial Statements" as referred to in the Indian Accounting Standards Rules, 2015 and as amended from time to time.
- (b) Investments in subsidiaries are eliminated and differences between the costs of investment over the net assets on the date of investment or on the date of the financial statements immediately preceding the date of investment in subsidiaries are recognised as Goodwill or Capital Reserve, as the case may be. Investment in associates and joint ventures are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of profit or loss and other comprehensive income (OCI) of equity accounted investees, until the date on which significant influence or joint control ceases. When the Group's share of loss in an equity accounted investment equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity
- (c) Changes in ownership interests for transactions with non controlling interests that do not result in loss of control are treated as the transactions with the equity owners of the Group. For purchases from non controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. When the Group ceases to consolidate or equity account for an investment because of loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes initial carrying amount for the purpose of subsequent accounting for the retained interest as an associate, joint venture or financial asset.
- (d) Share of Non Controlling Interest in net profit or loss of consolidated subsidiaries for the year is identified and adjusted against income of the Group in order to arrive at the net income attributable to the Equity Shareholders of the Company.
- (e) Share of Non Controlling Interest in net assets of consolidated subsidiaries is identified and presented in the consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated balance sheet respectively as a separate item from liabilities and the Shareholders' Equity.
- (f) The Consolidated Financial Statements are prepared using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented in the same manner as far as possible, as the standalone financial statements of the Company.

#### 1.3 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.

**Significant Accounting Policies to the Consolidated Financial Statements**

**Ind AS 116 Lease:**

Ind AS 116 will replace the existing leases Standard, Ind AS 17 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 AS 116 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 lessees.

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:

- 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 significant impact on account of this amendment.

**1.4 Other Significant Accounting Policies**

**(a) Basis of Preparation of Consolidated Financial Statements**

The consolidated financial statements are prepared under historical cost convention/ fair valuation under the Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Ind AS specified under Section 133 of the Companies Act, 2013 ("the Act") except matter specified in note 2.36 and 2.53, read with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and other provisions of the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI).

All assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria as set out under Ind AS and in the Schedule III to the Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

**(b) Functional Currency and Presentation Currency**

These consolidated financial statements are presented in Indian Rupees ("Rupees" or "₹") which is functional currency of the Company. All amounts are rounded off to the nearest crore, unless stated otherwise.

## Significant Accounting Policies to the Consolidated Financial Statements

### (c) Use of Estimates

The preparation and presentation of consolidated financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known/materialised. Estimates and underlying assets are reviewed on periodical basis. Revisions to accounting estimates are recognised prospectively.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The Management also needs to exercise judgement in applying the accounting policies. This note provides an overview of the areas that involved a higher degree of judgments or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

#### Critical estimates and judgements

The Group has based assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The areas involving critical estimates or judgements pertain to current tax expense and tax payable (Note 2.07), fair value of unlisted securities (Note 2.05), goodwill impairment (Note 2.02), estimated useful life of property, plant and equipment including intangible assets (Note 2.01 and 2.03), measurement of defined benefit obligation (Note 2.49), provision for asset retirement obligation (Note 2.22), recognition of deferred tax assets for carried forward tax losses (Note 2.07), impairment of trade receivables and other financial assets (Note 2.42) assets held for sale (Note 2.16), liabilities held for sale (Note 2.16). Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

- (i) Useful life of Property, Plant and Equipment including intangible assets: Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- (ii) Taxes : The Group provides for tax considering the applicable tax regulations and based on probable estimates. Management periodically evaluates positions taken in the tax returns giving due considerations to tax laws and establishes provisions in the event if required as a result of differing interpretation or due to retrospective amendments, if any. The recognition of deferred tax assets is based on availability of sufficient taxable profits in the Group against which such assets can be utilized.
- (iii) Fair value measurement and valuation process: The Group measured financial assets and liabilities if any, at fair value for financial reporting purposes.
- (iv) Trade receivables and other financial assets: The Group follows a 'simplified approach' (i.e. based on lifetime Expected Credit Loss (ECL)) for recognition of impairment of loss allowance on Trade receivables (including lease receivables). For the purpose of measuring lifetime ECL allowance for trade receivables, the Group estimates irrecoverable amount based on the ageing of the receivable balances and historical experience. Further, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectable.
- (v) Defined benefit plans (gratuity benefits) : The Group's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include determination of the discount rate, future salary increase and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in assumptions. All assumptions are reviewed at each reporting date.

The parameter subject to frequent changes is the discount rate. In determining appropriate discount rate, the management considers interest rates of government bonds in currencies, consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables in India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increase and gratuity increase are based on expected future inflation rates.

- (vi) Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

**Significant Accounting Policies to the Consolidated Financial Statements**

- (vii) Determination of net realisable value for Assets held for Sale and related liabilities.
- (viii) Provisions and Contingent liabilities are reviewed at each balance sheet date and adjusted to reflect best estimate.

**(d) Property, Plant and Equipment**

- (i) Property, Plant and Equipment (PPE) are stated at cost net of Modvat/ Cenvat / GST less accumulated depreciation, amortisation and impairment loss, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group
- (ii) Cost of an item of PPE comprises of its purchase price including import duties and non refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and present value of estimated costs of dismantling and removing the item and restoring the site on which it is located.

The residual values, useful lives and methods of depreciation of PPE are reviewed at each reporting date and adjusted prospectively, if appropriate.

- (iii) As per Para 46A of Accounting Standard (AS) 11, 'The Effects of Changes in Foreign Exchange Rates', related to acquisition of depreciable capital assets pursuant to the notifications dated December 29, 2011 and August 9, 2012 issued by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standards) (Second Amendment) Rules 2011, the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets is capitalised and subsequently, on adoption of Indian Accounting Standard also, the same is allowed for the transactions recorded upto March 31, 2016.
- (iv) On transition to Ind AS, the Company had elected the option of fair value as deemed cost for certain Land and Buildings and Plant and Machinery, as on the date of transition. Other Tangible Assets were restated retrospectively.
- (v) Depreciation is provided on Straight Line Method based on the useful life prescribed in Schedule II to the Act except in case of the following assets where useful life is different than those that prescribed in Schedule II, based on technical evaluation.
  - (1) Telecom Electronic Equipments - 20 years
  - (2) Telecom Towers - 35 years
  - (3) Ducts and OFC - 35 years
  - (4) Batteries - 9 years
  - (5) Furniture, Fixtures and Office Equipments - 5, 10 years
  - (6) Customer Premises Equipments (CPE) - 3 to 5 years (where assets are installed on customer's premises)
  - (7) Vehicles - 5 years
  - (8) Leasehold improvements - Shorter of the remaining lease term or useful life
  - (9) Cable Systems - Shorter of 15 years or remaining useful life

In case of Falcon project, the asset life of Sub Marine Cable Network and Terrestrial Network is estimated at 25 years and 15 to 25 years respectively.

- (vii) Expenditure of capital nature incurred on assets taken on operating lease is depreciated over the remaining period of the lease term.
- (viii) Leasehold Land with lease term of more than 50 years is classified as finance lease and depreciated over the period of the lease term.
- (ix) Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of profit or loss.
- (x) CPE's are treated as part of PPE, as the associated risk and rewards remain with the Company.
- (xi) 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.
- (xii) Depreciation on additions is calculated pro rata basis from the following month of addition.
- (xiii) Expenses incurred relating to project, prior to commencement of commercial operations, are considered as project development expenditure and shown under Capital Work in Progress



## Significant Accounting Policies to the Consolidated Financial Statements

### (e) Intangible Assets other than Goodwill

- (i) Intangible assets acquired are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of Intangible assets and borrowing cost relating to qualifying assets.
- (ii) Telecom Licenses are stated at cost as applicable less accumulated amortisation and impairment, if any.
- (iii) Indefeasible Right of Connectivity (IRC) are stated at cost less accumulated amortisation.
- (iv) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.
- (v) Intangible assets, namely entry fees/ fees for Telecom Licenses and Brand Licenses are amortised on the basis of Straight Line Method, over the balance period of Licenses. IRC and Software are amortized from the date of acquisition or commencement of commercial services, whichever is later.
- (vi) There is no intangible asset assessed with indefinite useful life.

The life of amortisation of the intangible assets are as follows.

- (1) Telecom Licenses - 12.50 to 20 years
  - (2) Brand License - 10 years
  - (3) DTH License - 10 years
  - (4) Indefeasible Right of Connectivity - In the year of purchase or, 15/ 20 years, as the case may be.
  - (5) Software - 5 years
  - (6) Trade Names and Trademarks - 5 to 10 years
  - (7) Intellectual Property - 7 years
  - (8) Building Access Rights - 5 years
- (vii) Amortisation methods, useful lives and residual values are reviewed periodically at each reporting date.
  - (viii) Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit and loss
  - (ix) On transition to Ind AS, the Group elected the option of fair value as deemed cost for certain Telecom Licenses as on transition date. Other Intangible Assets were restated retrospectively.

### (f) Lease

#### i) Operating lease:

##### As a Lessee:

Where the lessor effectively retains substantially all risks and benefits of ownership of the leased assets, they are classified as operating lease. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the period of lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

##### As a Lessor:

Rental income from operating lease is recognised on a straight line basis over the lease term unless payments to the Company are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increase; such increases are recognised in the year in which such benefits accrue. Assets given on operating lease are included in PPE/ Intangible Assets. Costs, including depreciation/ amortisation, are recognised as an expense in the Statement of Profit and Loss.

#### ii) Finance lease:

##### As a Lessee:

Assets held under finance leases are initially recognised as assets at the commencement of the lease at their fair value or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Such assets are depreciated/ amortised over the period of lease or estimated useful life of the assets whichever is less.

**Significant Accounting Policies to the Consolidated Financial Statements**

**As a Lessor:**

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting period so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**(g) Non current assets held for sale and discontinued operations**

Non-current assets (or disposal group) are classified as the assets held for sale when their carrying amount is to be recovered principally through a sale transaction. Non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and/ or fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sale of such assets and sale is expected to be concluded within twelve months from the date of such classification

Assets and liabilities classified as held for sale are presented separately in the balance sheet.

A disposal group qualifies as discontinued operations if it is a component of the company that either has been disposed off or is classified as held for sale, and; : represents a separate a major line of business or geographical area of operations, or Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Non-current assets are not depreciated or amortised while they are classified as held for sale.

When the group is committed to sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described are met, regardless of whether the group will retain a non controlling interest in its former subsidiary after the sale.

Loss is recognised for any initial or subsequent write down of such non current assets (or disposal group) to fair vale less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell an asset (or disposal group) but not in excess of any cumulative loss previously recognised.

If the criteria for assets held for sale are no longer met, it ceases to be classified as held for sale and are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation or any amortisation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a Subsidiary acquired exclusively with a view to resale. The results of discontinued operations or presented separately in the Statement of Profit and Loss.

**(h) Impairment of Non Financial Assets**

Goodwill and intangible assets that have indefinite useful life are tested annually for impairment or more frequently, if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is treated as impaired when carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. Impairment loss recognised in prior accounting period is increased/ reversed (for the assets other than Goodwill) where there is change in the estimate of recoverable value. Recoverable value is higher of net selling price and value in use.

**(i) Inventories of Stores, Spares and Communication Devices**

Inventories of stores, spares and communication devices are accounted for at cost and all other costs incurred in bringing the inventory to their present location and condition, determined on weighted average basis or net realisable value, whichever is less. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

**(j) Employee Benefits**

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absence such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recognized as an expense during the period.

## Significant Accounting Policies to the Consolidated Financial Statements

### Long term employee benefits

#### (i) Defined contribution plan

The Group's contribution towards employees' Superannuation Plan is recognized as an expense during the period in which it accrues.

#### (ii) Defined benefit plans

##### Provident Fund

Provident Fund contributions are made to a Trust administered by the Trustees or other recognised fund. Interest payable to the Provident Fund members, shall not be at a rate lower than the statutory rate. Liability is recognized for any shortfall in the Income of the fund vis-à-vis liability of the interest as per statutory rates to the members. The Company's contribution towards employees' Provident fund is recognized as an expense during the period in which it accrues.

##### Gratuity Plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, mortality rate and the fair value of plan assets is deducted. Mortality rate is based on publicly available mortality table in India.

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

Obligation is measured at present value of the estimated future cash flows. Discount rates used for determining present value of obligation under the defined benefit plan, are based on market yield of Government Securities as at the balance sheet date that have terms approximating to the terms of the related obligation.

Remeasurements which comprise of actuarial gain and losses, the return of plan assets (excluding interest) and the effect of assets ceiling (if any, excluding interest) are recognised in Other Comprehensive Income.

Plan Assets of Defined Benefit Plans have been measured at fair value.

#### (iii) Other Long term employment benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date, determined based on actuarial valuation using Projected Unit Credit Method. Discount rates used for determining present value of the obligation under the defined benefit plan, are based on the market yield on Government Securities as at the balance sheet date. Remeasurements gains or losses are recognised in the Statement of Profit and Loss in the period in which they arise.

#### (k) Borrowing Cost

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

#### (l) Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the time of the transaction.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- (iii) Non monetary foreign currency items are carried at cost (i.e. translated using the exchange rates at the time of initial transactions).
- (iv) Exchange difference on monetary items is recognised in the Statement of Profit and Loss in the period in which it arises except for:
  - (a) Exchange difference on foreign currency borrowings relating to depreciable capital asset is included in cost of assets.
  - (b) Exchange difference on foreign currency transactions, on which receipt and/ or payments is not planned, initially recognised in Other Comprehensive Income and reclassified from Equity to profit and loss on repayment of the monetary items.

**Significant Accounting Policies to the Consolidated Financial Statements**

- (v) All long term foreign currency monetary items consisting of loans taken before March 31, 2016 and which relate to the acquisition of depreciable capital assets at the end of the period/ year are restated at the rate prevailing at the balance sheet date. Exchange difference including attributable to the interest arising as a result is added to or deducted from cost of the assets as per notification dated December 29, 2011 and August 9, 2012 issued by the Ministry of Company Affairs (MCA), Government of India and depreciated over the balance life of the capital asset. Exchange difference on other long term foreign currency loans is accumulated in Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" which will be amortized over the balance period of monetary assets or liabilities.
- (vi) Accounting of transactions that include the receipt or payment of advance consideration in a foreign currency the date of transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the 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.
- (vii) The results and financial position of foreign operations with functional currency different from the presentation currency, are translated into the presentation currency as follows:
  - (a) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
  - (b) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
  - (c) all resulting exchange differences are recognised in other comprehensive income.
- (viii) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into rupee, the functional currency of the company, at the exchange rates at the reporting date. Exchange difference arising are recognised in other comprehensive income and accumulated in equity, except to the extent that the exchange differences is allocated to the non controlling interests.

**(m) Revenue Recognition**

- (i) Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable.
- (ii) Revenue is recognised as and when services are provided on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods are recognised over the estimated useful life of the subscribers and specified fixed validity period, as appropriate. The estimated useful life is consistent with estimated churn of the subscribers.
- (iii) The Company sells Right of Use (ROUs) that provide to the customers with network capacity/ passive infrastructure, typically over a period of 5 to 20 years without transferring legal title or giving an option to purchase the network capacity/ passive infrastructure. Capacity services revenues are accounted as operating lease and recognised in the Company's income statement over the life of the contract. Bills raised on the customers/ payments received from the customers for long term contracts and for which revenue is not recognised are included in deferred revenue. Revenue on non cancellable ROUs are also recognised as licencing income over the period of contract. Revenue on non cancellable contracts for right to use of specified fibre pairs/ ducts for a period of 15 to 20 years or economic useful life is recognized as revenue on delivery of such assets to the customers. In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met: (1) the deliverable has value to the customer on a standalone basis and (2) there is evidence of the fair value of the item. The arrangement considered is allocated to each separate unit of accounting based on its relative fair value.
- (iv) Standby maintenance charges are invoiced separately from capacity sales. Revenue relating to standby maintenance is recognised over the period in which service is provided. Any amount billed prior to providing of service is included in deferred revenue. Revenue from other service is recognized as and when service is rendered.
- (v) Network services include capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognised in the Company's Statement of Profit and Loss over the term of the contract. Advances from customers are presented net of unbilled revenue, if any.
- (vi) Sale of handsets and accessories are recognised when goods are supplied and are recorded net of trade discounts, rebates, commissions to distributors and dealers and sales taxes. It does not include inter company transfers.

## Significant Accounting Policies to the Consolidated Financial Statements

- (vii) Interest income on investment is recognised on time proportion basis. Interest income is accounted using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial assets to that asset's net carrying amount on initial recognition. Dividend is considered when right to receive is established. The Group recognises income from units in the Fixed Income Schemes of Mutual Funds, where income accrued is held till declaration or payment thereof for the benefit of the unit holders.
- (viii) Revenue is recognised net of taxes when the Base Transceiver Station (BTS) Tower is Ready For Installation of customer equipments and as per the terms of the agreements.
- (ix) Activation fees, subscription revenue and monthly subscription in respect of DTH are recognised on accrual basis, net of service tax, entertainment tax and trade discount.
- (x) Revenue from Contracts with Customers

The Group 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 Group determines whether revenue should be recognised 'over time' or 'at a point in time'. As a result, it is required to determine whether control is transferred over time. If not, only then revenue be recognised at a point in time, or else over time. The Company also determines if there are multiple distinct promises in a contract or a single performance obligation (PO). These promises may be explicit, implicit or based on past customary business practices. The consideration gets allocated to multiple POs and revenue recognised when control over those distinct goods or services is transferred.

The entities may agree to provide goods or services for consideration that varies upon certain future events which may or may not occur. This is variable consideration, a wide term and includes all types of negative and positive adjustments to the revenue. Further, the entities will have to adjust the transaction price for the time value of money. Where the collections from customers are deferred the revenue will be lower than the contract price, and in case of advance collections, the effect will be opposite resulting in revenue exceeding the contract price with the difference accounted as a finance expense/gain.

### (n) Taxes on Income and Deferred Tax

Income Tax comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or other comprehensive income.

Provision for income tax is made on the basis of taxable income for the year at the current rates. Tax expense comprises of current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred tax represents the effect of temporary difference between carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable income. Deferred tax liabilities are generally accounted for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when deferred income tax assets and liabilities relate to the income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net or simultaneous basis. Deferred tax assets/ liabilities are not recognised for initial recognition of Goodwill or on an asset or liability in a transaction that is not a business combination and at the time of transaction affects neither the accounting profit nor taxable profit or loss. MAT credit is recognised as an asset, only if it is probable that the Company will pay normal income tax during the specified period.

### (o) Government Grants

Subsidies granted by the Government for providing telecom services in rural areas are recognised as other operating income in accordance with relevant terms and conditions of the applicable scheme and agreement.

### (p) Provisions including Asset Retirement Obligation (ARO) and Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provisions are determined by discounting expected future cashflows at the pre tax rate that reflects current market assumptions of time value of money and risk specific to the liability. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## Significant Accounting Policies to the Consolidated Financial Statements

Asset Retirement Obligation (ARO) relates to the removal of telecom towers, sub marine cable systems and equipments when they will be retired from its active use. Provision is recognised based on the best estimate, of the management, of the eventual costs (net of recovery), using discounted cash flow, that relates to such obligation and is adjusted to the cost of such assets. Estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. Contingent Assets are neither recognised nor disclosed in the consolidated financial statements.

### (q) Earning per Share

In determining Earning per Share, the Group considers net profit after tax attributable to parent and includes post tax effect of any exceptional item. Number of shares used in computing basic earnings per share is the weighted average number of the shares, excluding the shares owned by the Trust, outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will be anti dilutive. Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date.

### (r) Employee Stock Option Scheme

In respect of stock options granted pursuant to the Company's Employee Stock Options Scheme, fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period. Employee compensation cost recognised earlier on grant of options is reversed in the period when the options are surrendered by any employee or lapsed as per the terms of the scheme.

### (s) Treasury Equity

The Group has created an Employee Stock Option Scheme Trust (ESOS Trust) for providing share-based payment to its employees. The Group uses ESOS Trust as a vehicle for distributing shares to the employees under the employee remuneration schemes. The ESOS Trust buys shares of the Company from the market, for giving shares to the employees. The Group treats ESOS Trust as its extension and the shares held by ESOS Trust are treated as treasury equity.

Own equity instruments that are reacquired (treasury equity) are recognised at cost and deducted from equity. No gain or loss is recognised in Statement of Profit and Loss, on purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between carrying amount and consideration, if reissued, is recognised in equity.

### (t) Measurement of Fair value of financial instruments

The Group's accounting policies and disclosures require measurement of fair values for the financial instruments. The Group has an established control framework with respect to measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses evidence obtained from third parties to support the conclusion that such valuations meet requirements of Ind AS, including level in fair value hierarchy in which such valuations should be classified. When measuring fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If inputs used to measure fair value of an asset or a liability fall into different levels of fair value hierarchy, then fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred. (Refer to note 2.42.1) for disclosures pertaining to the measurement of fair values).

### (u) Financial Instruments

A financial instrument is any contract that gives rise to the financial asset of one entity and the financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts.

#### Financial Assets

##### i Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

## Significant Accounting Policies to the Consolidated Financial Statements

### ii Subsequent measurement

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

#### **Financial Assets measured at amortised cost:**

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

- a) Asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise to cash flows, on specified dates, that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR amortisation is included in finance income in the Statement of Profit and Loss. Losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

#### **Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI):**

A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

- a) Objective of the business model is achieved both, by collecting contractual cash flows and selling financial assets, and
- b) Contractual cash flows of the asset represent SPPI: Debt instruments included within FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI. However, the Group recognizes interest income, impairment loss and reversal and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using EIR method.

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

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as FVTPL. However, such election is allowed only if, doing so reduces or eliminates measurement or recognition inconsistency (referred to as 'accounting mismatch').

#### **Equity investments :**

All equity investments in scope of Ind AS 109 "Financial Instruments" are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Group decides to classify the same either as FVOCI or FVTPL. The Group makes such election on instrument by instrument basis. The classification is made on initial recognition, which is irrevocable. If the Group decides to classify an equity instrument as FVOCI, then all fair value changes on the instrument, excluding dividend, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. Also, the Group has elected to apply the exemption available under Ind AS 101 to continue the carrying value for its investments in subsidiaries and associates as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP as at the date of transition.

#### **Derecognition of Financial Assets**

A financial asset is primarily derecognised when: (I) Rights to receive cash flows from the asset have expired, or (II) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### **Impairment of Financial Assets**

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. Impairment methodology applied depends on whether there has been a significant increase in the credit risk. As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables, as permitted by Ind AS 109. Provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

## Significant Accounting Policies to the Consolidated Financial Statements

### Financial Liabilities

#### Initial recognition and measurement

All financial liabilities are recognised initially at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### Subsequent measurement

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

**Financial liabilities at Fair Value through Profit or Loss:** Financial liabilities at Fair Value through Profit or Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationship as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in Statement of Profit or Loss.

**Financial liabilities measured at amortised cost:** After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using Effective Interest Rate (EIR) method. Gains or losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR amortisation is included as finance costs in the Statement of Profit and Loss.

#### Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### (u) Business Combinations and Goodwill

Business Combinations are accounted for using the acquisition method. Cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred. At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their acquisition date fair values. If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value, resulting gain or loss is recognised in Statement of Profit and Loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of net assets acquired is in excess of the aggregate consideration the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to its present value as at the date of exchange. Contingent consideration is classified either as equity or a financial liability. Amount classified as a financial liability is subsequently remeasured to fair value with change in fair value recognised in Statement in Profit and Loss.

Business Combinations that occurred before April 1, 2008, are not restated retrospectively in accordance with Ind AS 103 "Business Combinations". Carrying amounts of assets acquired and liabilities assumed as part of past business combinations as well as the amounts of goodwill that arose from such transactions as they were determined under the previous GAAP are considered as their deemed cost under Ind AS as at the date of transition. In respect of business combinations that occurred prior to April 1, 2008, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP.



Notes on Accounts to the Consolidated Financial Statements

| Particulars   | Leasehold Land | Leasehold Land Improvement | Freehold Land | Buildings  | Plant and Machinery | Office Equipment | Furniture and Fixtures | Vehicles  | Total         | Capital Work in Progress |
|---|----------------|----------------------------|---------------|------------|---------------------|------------------|------------------------|-----------|---------------|--------------------------|
| <b>Gross carrying value</b>                           |                |                            |               |            |                     |                  |                        |           |               |                          |
| As at April 1, 2017                                   | 6,406          | 67                         | 696           | 1,316      | 69,728              | 121              | 128                    | 74        | 78,536        | 1,909                    |
| Additions   | -              | -                          | -             | -          | 4,853               | -                | -                      | -         | 4,853         | 279                      |
| Reclassified as asset held for sale                   | (35)           | (10)                       | (473)         | (968)      | (40,732)            | (17)             | (14)                   | (1)       | (42,250)      | (450)                    |
| Deductions/ Adjustment including Currency Translation | -              | 3                          | (124)         | (10)       | (358)               | -                | -                      | -         | (489)         | (1,473)                  |
| As at March 31, 2018                                  | <b>6,371</b>   | <b>60</b>                  | <b>99</b>     | <b>338</b> | <b>33,491</b>       | <b>104</b>       | <b>114</b>             | <b>73</b> | <b>40,650</b> | <b>265</b>               |
| Additions   | -              | -                          | -             | -          | 183                 | -                | -                      | -         | 183           | 55                       |
| Reclassified as asset held for sale                   | -              | -                          | -             | (34)       | (1,088)             | -                | -                      | -         | (1,122)       | (54)                     |
| Deductions/ Adjustment including Currency Translation | (6,143)        | (8)                        | -             | (218)      | (5,129)             | (18)             | (48)                   | (1)       | (11,565)      | (75)                     |
| <b>As at March 31, 2019</b>                           | <b>228</b>     | <b>52</b>                  | <b>99</b>     | <b>86</b>  | <b>27,457</b>       | <b>86</b>        | <b>66</b>              | <b>72</b> | <b>28,146</b> | <b>191</b>               |
| <b>Accumulated Depreciation</b>                       |                |                            |               |            |                     |                  |                        |           |               |                          |
| As at April 1, 2017                                   | 4              | 66                         | 1             | 220        | 28,126              | 121              | 127                    | 70        | 28,735        | -                        |
| Depreciation for the year                             | 1              | 1                          | -             | 141        | 2,024               | 9                | 2                      | -         | 2,178         | -                        |
| Reclassified as asset held for sale                   | (6)            | (6)                        | -             | (110)      | (6,421)             | (15)             | (10)                   | -         | (6,568)       | -                        |
| Deductions/ Adjustment including Currency Translation | 2              | (1)                        | (1)           | (11)       | (162)               | (11)             | (12)                   | -         | (196)         | -                        |
| As at March 31, 2018                                  | 1              | 60                         | -             | 240        | 23,567              | 104              | 107                    | 70        | 24,149        | -                        |
| Depreciation for the year                             | -              | -                          | -             | 50         | 614                 | -                | -                      | -         | 664           | -                        |
| Reclassified as asset held for sale                   | -              | -                          | -             | (34)       | (653)               | -                | -                      | -         | (687)         | -                        |
| Deductions/ Adjustment including Currency Translation | -              | (8)                        | -             | (236)      | (3,285)             | (18)             | (44)                   | (1)       | (3,592)       | -                        |
| <b>As at March 31, 2019</b>                           | <b>1</b>       | <b>52</b>                  | <b>-</b>      | <b>20</b>  | <b>20,243</b>       | <b>86</b>        | <b>63</b>              | <b>69</b> | <b>20,534</b> | <b>-</b>                 |
| <b>Net Carrying Value</b>                             |                |                            |               |            |                     |                  |                        |           |               |                          |
| As at March 31, 2018                                  | 6,370          | -                          | 99            | 98         | 9,924               | -                | 7                      | 3         | 16,501        | -                        |
| <b>As at March 31, 2019</b>                           | <b>227</b>     | <b>-</b>                   | <b>99</b>     | <b>66</b>  | <b>7,214</b>        | <b>-</b>         | <b>3</b>               | <b>3</b>  | <b>7,612</b>  | <b>-</b>                 |

- Notes:**
- 2.01.1 (a) Freehold Land includes ₹ 55,808 (Previous year ₹ 55,808) acquired from Karnataka Industrial Areas Development Board (a Government of Karnataka Undertaking). Transfer of ownership is under process.
- (b) Freehold Land includes ₹ 1 crore (Previous year ₹ 1 crore) towards land acquired, the transfer of ownership is under process.
- 2.01.2 Building includes ₹ 250 (Previous year ₹ 250) towards cost of Shares in Co-operative Society (held by Reliance Telecom Limited).
- 2.01.3 Plant and Machinery includes Electrical equipments of ₹ Nil (Previous year ₹ 3 crore), which are under custody and control of Maharashtra State Electricity Distribution Company Limited.
- 2.01.4 Plant and Machinery includes Asset Retirement Obligations (ARO) Gross Block ₹ 113 crore (Previous year ₹ 107 crore), Accumulated Depreciation ₹ 73 crore (Previous year ₹ 64 crore) and Net Block ₹ 40 crore (Previous year ₹ 43 crore). (Refer Note 2.39)
- 2.01.5 During the year
- (a) Foreign Exchange variation of ₹ Nil (Previous year ₹ 42 crore) has been capitalised in Plant and Machinery. Depreciation of on foreign exchange variation capitalised of ₹ Nil (Previous year ₹ 231 crore) has been charged to Statement of Profit and Loss.
- (b) The Company has capitalised Borrowing Cost of ₹ Nil (Previous year ₹ 142 crore) and reflected as part of capital work in progress.
- (c) Project Development Expenditure of ₹ 1 crore (Previous year ₹ 2 crore) has been capitalised in Plant and Machinery.
- 2.01.6 Capital Work in Progress includes ₹ 9 crore (Previous year ₹ 58 crore) on account of materials at site.
- 2.01.7 Transfer of title of certain land and buildings received from Reliance Industries Limited pursuant to the Schemes of Arrangements is under process.
- 2.01.8 Deductions/ Adjustments include exchange fluctuation on account of currency translation of foreign subsidiaries and deconsolidation of Reliance Realty Limited and Independent TV Limited
- 2.01.9 Refer Note 2.23 for security in favour of the Lenders. Non fund based outstanding of ₹ 1,878 crore availed by the Company, ₹ 246 crore availed by RTL and ₹ 4 crore by RCL have been secured by second pari passu charge on movable Fixed Assets of the Borrower Group.
- 2.01.10 Above notes to be read with Note 2.16 "Assets Held for Sale".
- 2.01.11 On finalisation and implementation of debt resolution process through Hon'ble NCLT, the Company will carry out a comprehensive impairment review of its tangible assets.

Notes on Accounts to the Consolidated Financial Statements

**Note 2.02**

**Goodwill**

Goodwill is recognised on consolidation of financial statements of subsidiaries financial as details given herein:

|                           | As at<br>March 31, 2019 | As at<br>March 31, 2018 | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---------------------------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Goodwill on Consolidation | <u>1,339</u>            | <u>3,549</u>            | <u>(2,210)</u>                       | <u>1</u>                             |

(₹ in crore)

There is a decrease in Goodwill on consolidation mainly on account of impairment during the year, except due to changes in foreign exchange currency fluctuation. In some cases, Business Valuation is higher than the book value of assets and/ or recoverable value represented above, and hence impairment has not been considered.

Recoverable amount of the operations is based on fair value less costs of disposal, estimated using discounted cash flows. Fair value measurement is categorised as a Level 3 fair value based on inputs in the valuation technique used.

key assumptions used in the estimation of the recoverable amount are set out below.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

| Sr. | Particulars   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----|---|-------------------------|-------------------------|
| 1   | Discount rate                                       | 9.40%                   | 9.40%                   |
| 2   | Terminal value growth rate                          | -                       | -                       |
| 3   | Budgeted EBITDA growth rate (average of next years) | 2%                      | 2%                      |

Discount rate has been a pre tax measure estimated based on the historical industry average weighted-average cost of capital, with the possible debt leveraging of 80% at interest rate of 9% per market.

No terminal value is included as this cash flows are more than sufficient to establish that impairment does not exist.

Budgeted EBITDA has been estimated taking into account past experience and adjusted as under.

Revenue growth has been projected taking into account the average growth levels experienced over the past three years and estimated sales volume and prudent price growth for the next five years. It has been assumed that the sales price would increase in line with the forecast inflation over the next five years.

Sensitivity Analysis: There is no significant risk that book value of goodwill could exceed its value in use considering reasonably possible change in Discount Rate and EBIDTA growth rate.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Note 2.03

#### Other Intangible Assets

(₹ in crore)

| Particulars   | Telecom Licenses | Indefeasible Right of Connectivity | Software   | Brand License | License and Knowhow | Total        | Intangible Assets Under Development |
|---|------------------|------------------------------------|------------|---------------|---------------------|--------------|-------------------------------------|
| <b>Gross carrying value</b>                           |                  |                                    |            |               |                     |              |                                     |
| As at April 1, 2017                                   | 25,460           | 2,078                              | 600        | 354           | 9                   | 28,501       | 981                                 |
| Additions   | 4,514            | 28                                 | 5          | -             | -                   | 4,547        | 26                                  |
| Reclassified as asset held for sale                   | (29,731)         | (93)                               | (439)      | (185)         | (10)                | (30,458)     | (1,007)                             |
| Deductions/ Adjustment including Currency Translation | -                | (120)                              | 2          | -             | 1                   | (117)        |                                     |
| As at March 31, 2018                                  | 243              | 1,893                              | 168        | 169           | -                   | 2,473        | -                                   |
| Additions   | -                | 115                                | 2          | -             | -                   | 117          | 4                                   |
| Deductions/ Adjustment including Currency Translation | -                | 120                                | 9          | -             | 1                   | 130          |                                     |
| <b>As at March 31, 2019</b>                           | <b>243</b>       | <b>2,128</b>                       | <b>179</b> | <b>169</b>    | <b>1</b>            | <b>2,720</b> | <b>4</b>                            |
| <b>Accumulated amortisation</b>                       |                  |                                    |            |               |                     |              |                                     |
| As at April 1, 2017                                   | 8,887            | 1,253                              | 541        | 319           | 7                   | 11,007       | -                                   |
| Amortisation for the year                             | 1,046            | 118                                | 18         | 8             | -                   | 1,190        | -                                   |
| Reclassified as asset held for sale                   | (9,694)          | (93)                               | (402)      | (185)         | (10)                | (10,384)     |                                     |
| Deductions/ Adjustment including Currency Translation | -                | (135)                              | 3          | -             | 3                   | (129)        | -                                   |
| As at March 31, 2018                                  | 239              | 1,143                              | 160        | 142           | -                   | 1,684        | -                                   |
| Amortisation for the year                             | -                | 178                                | 3          | 18            | -                   | 199          | -                                   |
| Deductions/ Adjustment including Currency Translation | -                | 73                                 | 8          | -             | -                   | 81           | -                                   |
| <b>As at March 31, 2019</b>                           | <b>239</b>       | <b>1,394</b>                       | <b>171</b> | <b>160</b>    | <b>-</b>            | <b>1,964</b> | <b>-</b>                            |
| <b>Net Carrying Value</b>                             |                  |                                    |            |               |                     |              |                                     |
| As at March 31, 2018                                  | 4                | 750                                | 8          | 27            | -                   | 789          |                                     |
| <b>As at March 31, 2019</b>                           | <b>4</b>         | <b>734</b>                         | <b>8</b>   | <b>9</b>      | <b>1</b>            | <b>756</b>   |                                     |

- 2.03.1 Intangible Assets under Development includes ₹ Nil (Previous year ₹ 191 crore) on account of borrowing cost capitalised.
- 2.03.2 During the earlier years, the Company, successfully bid under auction conducted for spectrum by Department of Telecommunications (DoT) and won spectrum in 14 service areas at a total cost of ₹ 4,519 crore. The Company has made upfront payment of ₹ 1,190 crore under deferred payment option and balance was payable in 16 annual installments. During the year the Company has completed the payment of installments of ₹ 493 crore on May 16, 2018 with delay of 37 days. Further, an installment of ₹ 16 crore due on March 03, 2019 is delayed by 29 days as at March 31, 2019 and yet to be paid. Apart from above, balance installments not due as at March 31, 2019 is aggregating to ₹ 7,671 crore including interest @10% per annum. An installment of ₹ 493 crore due on April 9, 2019 is yet to be paid.
- During the previous year, the Company acquired Spectrum of ₹ 4,513 crore under Scheme of Demerger along with corresponding Deferred Payment Liability of ₹ 2,013 crore. (Refer Note No. 2.38.2). Above was payable in annual installments of ₹ 281 crore each.
- During the year the Company has paid an installment of ₹ 281 crore on May 14, 2018 with a delay of 49 days. Further, an installment of ₹ 281 crore due on March 26, 2019 is delayed by 49 days as at March 31, 2019 and yet to be paid. Apart from above, balance installments not due as at March 31, 2019 is aggregating to ₹ 3,377 crore including interest @10% per annum.
- Department of Telecommunications has issued show cause notice to the Company for revocation/ termination of spectrum due to nonpayment of 3<sup>rd</sup> installment due on March 03, 2019 for 0.6 MHz Spectrum acquired in 1800 MHz band in Mumbai, which has been stayed by Hon'ble NCLAT. Further, In the matter of One Time Spectrum Charges, TDSAT vide order dated February 4, 2019, confirmed its earlier order dated July 3, 2018 for return of Bank Guarantee of ₹ 2,000 crore.
- 2.03.3 During the year:
- Amortisation on foreign exchange variation capitalised of ₹ Nil (Previous year ₹ 5 crore) has been charged to Statement of Profit and Loss.
  - The Company has capitalised borrowing cost in intangible assets under development ₹ Nil (Previous year ₹ 26 crore).
- 2.03.4 Refer Note 2.23.1 for security in favour of the Lenders.
- 2.03.5 Above notes to be read with Note 2.16 "Asset held for Sale".

Notes on Accounts to the Consolidated Financial Statements

|   | As at<br>March 31, 2019                      | ( ₹ in crore)<br>As at<br>March 31, 2018     |
|---|--|--|
| <b>Note 2.04</b>  |  |  |
| <b>Investment in Associates (Valued at Amortised Cost)</b>                            |  |  |
| <b>Equity Shares</b>  |  |  |
| <b>Unquoted, fully paid up</b>  |  |  |
| 6,50,25,000 Warf Telecom International Private Limited of MRF 1 each<br>(6,50,25,000) | 22   | 22   |
| Add/ Less : Share Profit / (Loss) in Loss of Associates                               | <u>6</u>                                     | <u>(1)</u>                                   |
|   | 28   | 21   |
| 13 000 Mumbai Metro Transport Private Limited of ₹ 10 each<br>(13 000)                | -  | -  |
|   | <u>28</u>                                    | <u>21</u>                                    |
| <b>Aggregate information for all investments in Associates:</b>                       |  |  |
|   | <b>For the year ended<br/>March 31, 2019</b> | <b>For the year ended<br/>March 31, 2018</b> |
| <b>Summarised Statement of Profit and Loss Account</b>                                |  |  |
| Share of Profit/ (Loss)   | 2  | 5  |
| Share of Other Comprehensive Income   | <u>-</u>                                     | <u>-</u>                                     |
| <b>Total</b>  | <u>2</u>                                     | <u>5</u>                                     |
|   |  | Amount in ₹                                  |
| <b>Unrecognised share in Loss of Associate</b>  |  |  |
| Unrecognised Share in Loss of Associates for the year                                 | <u>55,972</u>                                | <u>56,727</u>                                |
|   |  | ₹ in crore                                   |
|   | <b>As at<br/>March 31, 2019</b>              | <b>As at<br/>March 31, 2018</b>              |
| <b>Aggregate carrying amount of interest in these Associates</b>                      | 28   | 21   |
|   |  | Amount in ₹                                  |
| <b>Aggregate of unrecognised share in Loss of Associates</b>                          | <u>2,81,033</u>                              | <u>2,25,061</u>                              |
| <b>Aggregate value of Impairment</b>  | <u>Nil</u>                                   | <u>Nil</u>                                   |

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

|   | As at<br>March 31, 2019 | (₹ in crore)<br>As at<br>March 31, 2018 |
|---|-------------------------|---|
| <b>Note 2.05</b>  |                         |   |
| <b>Investments</b>  |                         |   |
| <b>a) Investment in Equity Shares of Companies</b> (Fair valued through other Comprehensive Income)   |                         |   |
| Quoted, fully paid up   |                         |   |
| 39,342 Groupon Inc.-Class A Common Stock of USD 0.0001 each<br>(39,342)   | 1                       | 1                                       |
| 5,95,074 Sequans Communications SA of Euro 0.02 each<br>(595,074)   | 4                       | 10                                      |
|   | <u>5</u>                | <u>11</u>                               |
| Unquoted, fully paid up   |                         |   |
| 50,00,000 Reliance Realty Limited, Subsidiary, Equity Shares of ₹ 10 each *<br>(Nil)  | 10,000                  | -                                       |
| <b>b) Investment in Preference Shares of Subsidiary</b>   |                         |   |
| Unquoted, fully paid up   |                         |   |
| 50,00,000 7.5% Redeemable Non Cumulative Non Convertible<br>(Nil) Preference Share of Reliance Realty Limited of ₹ 10 each<br>(Refer Note 2.44.1) | 2,000                   | -                                       |
| <b>c) Other Investments</b> (At amortised cost)   |                         |   |
| 400 Nationwide Communication Private Limited of ₹ 10 each<br>(400) ₹ 4,000 (Previous year ₹ 4,000)  | -                       | -                                       |
|   | <u>12,005</u>           | <u>11</u>                               |
| <b>Aggregate Book Value of Investments</b>  |                         |   |
| Quoted  | 5                       | 11                                      |
| Unquoted  | 12,000                  | -                                       |
| <b>Aggregate Market Value of quoted investments</b>   | 5                       | 11                                      |
| <b>Aggregate Value of Impairment</b>  | Nil                     | Nil                                     |

\* during the year fair valued as per Ind AS 109 "Financial Instruments" (Refer Note 2.44.1)

## Note 2.06

### Other Financial Assets (Unsecured, Considered good/ unless stated otherwise)

|   | As at<br>March 31, 2019 | (₹ in crore)<br>As at<br>March 31, 2018 |
|---|-------------------------|---|
| Deposits with Bank (Margin Money Deposits)          | 3                       | 6                                       |
| Deposits  | -                       | 154                                     |
| Bank Deposits with Maturity for more than 12 months | 4                       | 13                                      |
|   | <u>7</u>                | <u>173</u>                              |

Notes on Accounts to the Consolidated Financial Statements

Note 2.07

Deferred Tax Assets/ Liabilities

Amount recognised in Financial Statement

2.07 (a) Deferred Tax Assets

Deferred Tax Assets of the Company and its subsidiaries comprise of the following.

|   | (₹ in crore)       |              |                                 |                |
|---|--------------------|--------------|---------------------------------|----------------|
|   | As at<br>March 31, |              | For the year ended<br>March 31, |                |
|   | 2019               | 2018         | 2019                            | 2018           |
| <b>(i) Deferred Tax Assets</b>                                |                    |              |                                 |                |
| Related to carried forward loss                               | 8,717              | 7,100        | 1,617                           | (2,610)        |
| MAT Credit Entitlement  | 39                 | 40           | (1)                             | (1)            |
| Disallowances, under the Income Tax Act, 1961                 | 1,195              | 1,165        | 30                              | (87)           |
| Related to temporary difference on depreciation/ amortisation | 465                | 700          | (235)                           | (647)          |
| Others  | -                  | 50           | (50)                            | (22)           |
|   | <u>10,417</u>      | <u>9,055</u> | <u>1,361</u>                    | <u>(3,367)</u> |
| <b>(ii) Deferred Tax Liabilities</b>                          |                    |              |                                 |                |
| Related to temporary difference on depreciation/ amortisation | 1,121              | 747          | 374                             | (1,271)        |
| Deferred tax on fair valuation of investment                  | 2,088              | -            | 2,088                           | -              |
| <b>Net Deferred Tax Assets (I)</b>                            | <u>7,208</u>       | <u>8,308</u> | <u>(1,100)</u>                  | <u>(4,638)</u> |
| <b>Restricted to</b>  | <u>29</u>          | <u>3,574</u> | <u>(3,545)</u>                  | <u>96</u>      |

2.07 (b) Deferred Tax Liabilities

(i) Deferred Tax Liabilities

|  |              |              |              |                |
|--|--------------|--------------|--------------|----------------|
| Related to timing difference on depreciation on fixed assets | 1,362        | 2,200        | (838)        | (1,981)        |
| Related to timing difference on other items                  | 926          | 1,002        | (76)         | (15)           |
| <b>Total</b>   | <u>2,288</u> | <u>3,202</u> | <u>(914)</u> | <u>(1,996)</u> |

(ii) Deferred Tax Assets

|                                 |              |            |            |           |
|---------------------------------|--------------|------------|------------|-----------|
| MAT Credit Entitlement          | -            | 36         | (36)       | (10)      |
| Related to carried forward loss | 894          | 541        | 353        | 39        |
| Related to other disallowances  | 109          | 108        | 1          | 8         |
| <b>Total</b>                    | <u>1,003</u> | <u>685</u> | <u>318</u> | <u>37</u> |

**Net Deferred Tax Liabilities (II)**

|              |              |                |                |
|--------------|--------------|----------------|----------------|
| <u>1,285</u> | <u>2,517</u> | <u>(1,232)</u> | <u>(2,033)</u> |
|--------------|--------------|----------------|----------------|

**Deferred Tax Charge/ (Credit) (II - I)**

|              |                |
|--------------|----------------|
| <u>2,313</u> | <u>(1,937)</u> |
|--------------|----------------|

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred Tax Assets are not provided on undistributed earnings of ₹ 2,946 crore as at March 31, 2019 (Previous year ₹ 3,816 crore), of the subsidiaries, where it is expected that earnings of the subsidiaries will not be distributed in the foreseeable future. Generally, the Company indefinitely reinvests all the accumulated undistributed earnings of subsidiaries and accordingly, has not recorded any deferred taxes in relation to such undistributed earnings of such entities. It is impracticable to determine the taxes payable when these earnings are remitted.

Significant management judgement has been considered in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. Recoverability of deferred tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Deferred Tax Assets have not been recognised in respect of losses of certain subsidiaries due to non existence of reasonable certainty in the near future. Year wise expiry of total Losses of ₹ 31,914 crore are as under:

| Sr.   | Particulars                  | Amount of Loss<br>(₹ in crore) |
|-------|------------------------------|--------------------------------|
| (i)   | Expiring within 1 year       | 466                            |
| (ii)  | Expiring within 1 to 5 year  | 6,300                          |
| (iii) | Expiring within 5 to 7 year  | 5,326                          |
| (iv)  | Expiring within 7 to 20 year | 3,237                          |
| (v)   | Without expiry limit         | 16,585                         |
|       |                              | <b>31,914</b>                  |

### (a) Amounts recognised in Statement of profit and loss (₹ in crore)

| Particulars                                  | For the year ended<br>March 31, 2019 |                            |              | For the year ended<br>March 31, 2018 |                            |                |
|--|--------------------------------------|----------------------------|--------------|--------------------------------------|----------------------------|----------------|
|  | Continuing<br>Operation              | Discontinuing<br>Operation | Total        | Continuing<br>Operation              | Discontinuing<br>Operation | Total          |
| Current income tax                           | 13                                   | 92                         | 105          | 4                                    | 26                         | 30             |
| Deferred income tax liability / (asset), net | 2,412                                | (99)                       | 2,313        | 12                                   | (1,949)                    | (1,937)        |
| <b>Tax expense /(credit) for the year</b>    | <b>2,425</b>                         | <b>(7)</b>                 | <b>2,418</b> | <b>16</b>                            | <b>(1,923)</b>             | <b>(1,907)</b> |

### (b) Amounts recognised in other comprehensive income

1 1

### 2.07 (c) Reconciliation of Tax Expenses (₹ in crore)

|   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Profit/ (Loss) before Tax   | (4,800)                              | (25,814)                             |
| Applicable Tax Rate   | 34.944%                              | 34.608%                              |
| <b>Computed Tax Expenses (I)</b>  | <b>(1,677)</b>                       | <b>(8,933)</b>                       |
| <b>Add: Items not considered for Tax Computation</b>                                  |                                      |                                      |
| Brought Forward Losses on which deferred tax assets has not recognised                | -                                    | 533                                  |
| Tax Charges/ (Credit) on account of temporary difference                              | 497                                  | 2,293                                |
| Deferred tax on carried forward losses  | 1,042                                | -                                    |
| Tax on rate difference on fair valuation of investment                                | (1,044)                              | -                                    |
| Expenses disallowed for tax purpose   | 1,854                                | 1,175                                |
| Deferred tax not recognised for the year / reversal of earlier years                  | 939                                  | 2,905                                |
| Others  | 340                                  | 104                                  |
| <b>Subtotal (II)</b>  | <b>3,628</b>                         | <b>7,010</b>                         |
| <b>Less: Items not considered for Tax Computation</b>                                 |                                      |                                      |
| Effect of Tax impact in Foreign jurisdiction  | (467)                                | (16)                                 |
| <b>Subtotal (III)</b>   | <b>(467)</b>                         | <b>(16)</b>                          |
| <b>Income Tax Expenses charge/(credit) to Statement of Profit and Loss (I+II-III)</b> | <b>2,418</b>                         | <b>(1,907)</b>                       |

There is no taxable income during the year and the Company has not recognised Deferred Tax Assets (DTA) in absence of reasonable certainty.

Notes on Accounts to the Consolidated Financial Statements

**Note 2.08**

**Other Non Current Assets** (Unsecured, Considered good – unless stated otherwise)

|                            | As at<br>March 31, 2019 | (₹ in crore)<br>As at<br>March 31, 2018 |
|----------------------------|-------------------------|---|
| Capital Advances*          | -                       | 2,296                                   |
| Deposits                   | 440                     | 676                                     |
| Other Loans and Advances** | 589                     | 582                                     |
| Prepaid Expenses           | 107                     | 103                                     |
|                            | <u>1,136</u>            | <u>3,657</u>                            |

\*net of provision (Refer Note 2.52)

\*\* includes refund due against claims lodged

**Note 2.09**

**Inventories** (valued at lower of cost or net realisable value)

|  |           |           |
|--|-----------|-----------|
| Stores and Spares                                      | 62        | 77        |
| Stock in Trade (Communication Devices and Accessories) | 1         | 2         |
|  | <u>63</u> | <u>79</u> |

Inventory is valued at cost or net realisable value, whichever is lower. Value of Inventory is lower by ₹ Nil (Previous year ₹ 4 crore)

**Note 2.10**

**Investments**

**a) Investment in Government Securities** (Fair Valued through Statement of Profit and Loss)

**Quoted**

|   |   |   |
|---|---|---|
| 34,000 6.83% GOI Bonds – 2039 of ₹ 100 each fully paid up<br>(34,000) (₹ 31,19,500) (Previous year ₹ 30,52,000) | - | - |
|---|---|---|

**b) Investment in Government Securities** (At amortised cost)

**Unquoted, fully paid up**

|  |   |   |
|--|---|---|
| 6 Year National Savings Certificates<br>(lodged with the Sales Tax Department)<br>₹ 2,49,500 (Previous year ₹ 2,49,500)      | - | - |
| 5 1/2 years Kisan Vikas Patra<br>(lodged with Chennai Metropolitan Development Authority)<br>₹ 5,000 (Previous year ₹ 5,000) | - | - |

**Aggregate Book Value of Investments**

Quoted (₹ 31,19,500) (Previous year ₹ 30,52,000)

Unquoted

**Aggregate Market Value of Quoted Investments**

(₹ 31,19,500) (Previous year ₹ 30,82,440)

**Aggregate Value of Impairment**

Nil Nil

**Note 2.11**

**Trade Receivables** (Unsecured) (Refer Note 2.47)

|                                    |              |              |
|------------------------------------|--------------|--------------|
| Considered Good                    | 1,346        | 2,133        |
| Considered Doubtful                | 2,438        | 2,236        |
| Less: Provision for Doubtful Debts | 2,438        | 2,236        |
|                                    | <u>1,346</u> | <u>2,133</u> |



# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

|   | As at<br>March 31, 2019 | (₹ in crore)<br>As at<br>March 31, 2018 |
|---|-------------------------|---|
| <b>Note 2.12</b>  |                         |   |
| <b>Cash and Cash Equivalents</b>  |                         |   |
| Cash on hand ₹ 2,28,657 (Previous year ₹1,99,537)                                     | -                       | -                                       |
| Cheques on hand   | <b>6</b>                | 35                                      |
| Balance with Banks  | <b>813</b>              | 542                                     |
| Bank deposits with less than 3 months' maturity                                       | <b>13</b>               | 33                                      |
|   | <u><b>832</b></u>       | <u>611</u>                              |
| <b>Note 2.13</b>  |                         |   |
| <b>Bank Balances other than Cash and Cash Equivalents referred in Note 2.12 above</b> |                         |   |
| Bank deposits with less than 12 months' maturity                                      | <b>105</b>              | 126                                     |
| Earmarked Balances – Unpaid Dividend  | <b>1</b>                | 3                                       |
|   | <u><b>106</b></u>       | <u>129</u>                              |
| <b>Note 2.14</b>  |                         |   |
| <b>Other Financial Assets</b> (Unsecured, Considered good)                            |                         |   |
| Unbilled Revenue  | <b>87</b>               | 85                                      |
| Interest accrued on Investments   | <b>13</b>               | 7                                       |
| Other Financial Assets  | <b>405</b>              | 64                                      |
|   | <u><b>505</b></u>       | <u>156</u>                              |
| <b>Note 2.15</b>  |                         |   |
| <b>Other Current Assets</b> (Unsecured)   |                         |   |
| <b>a) Advances and Receivables</b>  |                         |   |
| Considered good   | <b>3,106</b>            | 3,106                                   |
| Considered doubtful   | <b>142</b>              | 127                                     |
| Less: Provision for doubtful advances   | <b>142</b>              | 127                                     |
|   | <u><b>3,106</b></u>     | <u>3,106</u>                            |
| <b>b) Others</b> (Considered good)  |                         |   |
| Deposits *  | <b>1,700</b>            | 1,692                                   |
| Balance with Customs, Central Excise Authorities etc.                                 | <b>659</b>              | 703                                     |
| Others  | <b>315</b>              | 17                                      |
|   | <u><b>5,780</b></u>     | <u>5,517</u>                            |

\* Deposits include ₹ 1,565 crore (Previous year ₹ 1,565 crore) paid against disputed claims.

Notes on Accounts to the Consolidated Financial Statements

Note 2.16

(a) Assets held for Sale

The assets pertaining to Wireless Spectrum, Towers, Fiber and Media Convergence Nodes (MCNs) continued to be classified as assets held for sale at the value ascertained at the end of previous year and recorded at lower of carrying amount and fair value less selling cost. Refer Note 2.23.1 for security in favour of lender. On finalisation and implementation of debt resolution process through Hon'ble NCLT, the Company will carry out a comprehensive impairment review of its tangible, intangible assets and Assets held for Sale. Details of assets held for sale are as under:

| Particulars                         | Net Block Reclassified from PPE |          |                                 |                      |  |  | Write Off Total Write off during the year | Deduction* For the year ended March 31, | Asset Held for Sale As at March 31, |     |    |                |             |
|-------------------------------------|---------------------------------|----------|---------------------------------|----------------------|--|--|---|---|-------------------------------------|-----|----|----------------|-------------|
|                                     | 2019                            | 2018     | 2019                            | 2018                 | 2019                                   | 2018   |   |   |                                     |     |    |                |             |
| For the year ended March 31,        | 31, 2018                        | 31, 2019 | Less: Write off during the year | As at March 31, 2019 | Provision for the year ended March 31, | Additional Write off as per statement of Profit and Loss | 2018                                      | 2019                                    | 2018                                |     |    |                |             |
|                                     | 1                               | 2        | 3                               | 4                    | 5=(3-4)                                | 6  | 7   | 8=4+7                                   | 9                                   | 10  | 11 | 12=(13+1-7-10) | 13=(2-6-11) |
| Tangible                            |                                 |          |                                 |                      |  |  |   |   |                                     |     |    |                |             |
| Leasehold Land                      |                                 | 29       | -                               | -                    | -                                      | -  | -   | -                                       | -                                   | 6   | -  | 23             | 29          |
| Freehold Land                       |                                 | 473      | -                               | -                    | -                                      | -  | -   | -                                       | -                                   | 111 | -  | 362            | 473         |
| Leasehold Improvement               |                                 | 4        | 4                               | 4                    | 4                                      | 4  | -   | -                                       | -                                   | -   | -  | -              | -           |
| Buildings                           |                                 | 858      | -                               | -                    | -                                      | -  | -   | -                                       | -                                   | 62  | -  | 796            | 858         |
| Property, Plant and Equipment       | 434                             | 34,311   | 17,058                          | 6,253                | 10,805                                 | 17,058   | -   | 6,253                                   | -                                   | 20  | -  | 17,667         | 17,253      |
| Office Equipment                    |                                 | 2        | 1                               | 1                    | 1                                      | 1  | -   | -                                       | -                                   | -   | -  | 1              | 1           |
| Furniture and Fixture               |                                 | 4        | -                               | -                    | -                                      | -  | -   | -                                       | -                                   | -   | -  | 4              | 4           |
| Capital Work In Progress            | 54                              | 450      | 230                             | 230                  | 230                                    | 230  | -   | -                                       | -                                   | -   | -  | 274            | 220         |
| Subtotal                            | 488                             | 36,131   | 17,293                          | 6,253                | 11,040                                 | 17,293   | -   | 6,253                                   | -                                   | 199 | -  | 19,127         | 18,837      |
| Intangible                          |                                 |          |                                 |                      |  |  |   |   |                                     |     |    |                |             |
| Telecom Licenses                    |                                 | 20,037   | 2,961                           | 2,682                | 279                                    | 2,961  | 1,797                                     | 4,479                                   | -                                   | -   | -  | 15,278         | 17,075      |
| Software                            |                                 | 37       | 37                              | 37                   | -                                      | 37   | -   | 37                                      | -                                   | -   | -  | -              | -           |
| Intangible Assets under Development |                                 | 1,007    | 85                              | 85                   | 85                                     | 85   | -   | -                                       | -                                   | -   | -  | 922            | 922         |
| Subtotal                            | -                               | 21,081   | 3,083                           | 2,719                | 364                                    | 3,083  | 1,797                                     | 4,516                                   | -                                   | -   | -  | 16,200         | 17,997      |
| Total                               | 488                             | 57,212   | 20,376                          | 8,972                | 11,404                                 | 20,376   | 1,797                                     | 10,769                                  | -                                   | 199 | -  | 35,327         | 36,834      |

\*During the year, based on the final confirmation, sale of certain Media Convergence Nodes (MCNs) have been recorded and net income thereof has been accounted as part of Discontinued Operations. Deduction also includes impact of deconsolidation of Independent TV Limited.

(b) Provision for impairment of receivable, advances and other assets ₹ Nil (Previous year ₹ 3,827 crore)

(c) Liabilities directly related to Assets held for Sale

|  | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Deferred Payment Liabilities                     | 5,340                | 5,340                |
| Interest Accrued on Deferred Payment Liabilities | 1,179                | 1,359                |
|  | <u>6,519</u>         | <u>6,699</u>         |

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

|  | As at<br>March 31, 2019 | (₹ in crore)<br>As at<br>March 31, 2018 |
|--|-------------------------|---|
| <b>Note 2.17</b>   |                         |   |
| <b>Share Capital</b>   |                         |   |
| <b>Authorised</b>  |                         |   |
| 5,00,00,00,000 Equity Shares of ₹ 5 each<br>(5,00,00,00,000)               | <b>2,500</b>            | 2,500                                   |
|  | <b>2,500</b>            | 2,500                                   |
| <b>Issued, Subscribed and Paid up</b>                                      |                         |   |
| 2,76,55,33,050 Equity Shares of ₹ 5 each fully paid up<br>(2,76,55,33,050) | <b>1,383</b>            | 1,383                                   |
|  | <b>1,383</b>            | 1,383                                   |

### (1) Shares held by Holding/ Ultimate Holding Company and/ or their Subsidiaries/ Associates\*

|   | No of Shares        | No of Shares |
|---|---------------------|--------------|
| (a) Reliance Innoventures Private Limited, the Holding Company (upto February 6, 2019)                | <b>1,23,79,001</b>  | 1,23,79,001  |
| (b) Reliance Communications Enterprises Private Limited Subsidiary of Holding Company                 | <b>36,56,10,172</b> | 72,31,10,172 |
| (c) Reliance Wind Turbine Installators Industries Private Limited ,Subsidiary of the Holding Company  | <b>85,81,510</b>    | 30,00,00,000 |
| (d) Reliance Ornatus Enterprises and Ventures Private Limited , Subsidiary of the the Holding Company | <b>9,20,00,000</b>  | 30,00,00,000 |
| (e) Telecom Infrastructure Finance Private Limited, Subsidiary of the Holding Company                 | <b>8,66,66,667</b>  | 8,66,66,667  |

\* upto February 6, 2019

### (2) Details of Shareholders holding more than 5% shares in the Company

|   | No of Shares        | %            | No of Shares | %     |
|---|---------------------|--------------|--------------|-------|
| (a) Reliance Communications Enterprises Private Limited           | <b>36,56,10,172</b> | <b>13.23</b> | 72,31,10,172 | 26.15 |
| (b) Reliance Wind Turbine Installators Industries Private Limited | <b>85,81,510</b>    | <b>0.31</b>  | 30,00,00,000 | 10.85 |
| (c) Reliance Ornatus Enterprises and Ventures Private Limited     | <b>9,20,00,000</b>  | <b>3.33</b>  | 30,00,00,000 | 10.85 |
| (d) Life Insurance Corporation of India                           | <b>16,41,88,199</b> | <b>5.94</b>  | 16,46,88,199 | 5.96  |

### (3) Term/ right attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder.

### (4) Reconciliation of shares outstanding at the beginning and at the end of the reporting period.

|                              | For the year ended<br>March 31, 2019 |              | For the year ended<br>March 31, 2018 |              |
|------------------------------|--------------------------------------|--------------|--------------------------------------|--------------|
| Equity Shares                | Number                               | (₹ in crore) | Number                               | (₹ in crore) |
| At the beginning of the year | <b>2,76,55,33,050</b>                | <b>1,383</b> | 2,48,89,79,745                       | 1,244        |
| Add: Changes during the year | -                                    | -            | 27,65,53,305                         | 139          |
| At the end of the year       | <b>2,76,55,33,050</b>                | <b>1,383</b> | 2,76,55,33,050                       | 1,383        |

\* Equity shares were allotted as fully paid up, pursuant to Scheme of demerger (Refer Note 2.38.2), without payment being received in cash.

Notes on Accounts to the Consolidated Financial Statements

|   | (₹ in crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| <b>Note 2.18</b>  |                         |                         |
| <b>Other Equity</b>   |                         |                         |
| <b>Capital Reserve</b>  |                         |                         |
| (i) As per last Balance Sheet   | 2,781                   | 1,384                   |
| (ii) Additions during the year (Refer note 2.38.2)  | -                       | 1,397                   |
|   | <u>2,781</u>            | <u>2,781</u>            |
| <b>Debenture Redemption Reserve</b>   |                         |                         |
| (i) Opening balance   | 590                     | 590                     |
| (ii) Transfer to General Reserve  | -                       | -                       |
|   | <u>590</u>              | <u>590</u>              |
| <b>Securities Premium Account</b>   |                         |                         |
| (i) Opening balance   | 13,894                  | 13,894                  |
| (ii) Additions during the year  | -                       | -                       |
|   | <u>13,894</u>           | <u>13,894</u>           |
| <b>General Reserve</b>  |                         |                         |
| (i) Opening balance   | 34                      | 2,423                   |
| (ii) Less : Transferred to Statement of Profit and Loss (Refer Note 2.44)                 | -                       | 448                     |
| (iii) : Transferred to Statement of Profit and Loss (Refer Note 2.38.1(iv))               | -                       | 280                     |
| (iv) : Transferred to Statement of Profit and Loss (Refer Note 2.44)                      | -                       | 1,661                   |
|   | <u>34</u>               | <u>34</u>               |
| <b>Reserve for Business Restructuring</b>   |                         |                         |
| (i) Opening balance   | -                       | 1,287                   |
| (ii) Less : Transferred to Statement of Profit and Loss (Refer Note 2.44)                 | -                       | (1,287)                 |
|   | <u>-</u>                | <u>-</u>                |
| <b>Foreign Currency Monetary Items Translation Difference Account</b>                     |                         |                         |
| (i) Opening balance   | (225)                   | (461)                   |
| (ii) Deduction/ (Additions) during the year   | 6                       | (21)                    |
| (iii) Amortisation during the year  | 225                     | 257                     |
|   | <u>6</u>                | <u>(225)</u>            |
| <b>Treasury Reserve</b>   |                         |                         |
| (i) Opening balance   | (391)                   | (391)                   |
| (ii) Additions during the year  | -                       | -                       |
|   | <u>(391)</u>            | <u>(391)</u>            |
| <b>Surplus/ (deficit) in retained earnings</b>  |                         |                         |
| (i) Opening balance   | (15,341)                | 8,498                   |
| (ii) Add: Profit/ (loss) for the year from Continued Operation                            | (867)                   | (19)                    |
| (iii) Add: Profit/ (loss) for the year from Discontinued Operation                        | (6,339)                 | (23,820)                |
|   | <u>(22,547)</u>         | <u>(15,341)</u>         |
| <b>Other Comprehensive Income</b>   |                         |                         |
| <b>(a) Exchange difference on translation of financial statement of foreign operation</b> |                         |                         |
| (i) Opening balance   | 54                      | 101                     |
| (ii) Additions during the year (net)  | 12                      | (47)                    |
|   | <u>66</u>               | <u>54</u>               |
| <b>(b) Remeasurement of defined employee benefit and fair valuation of investment</b>     |                         |                         |
| (i) Opening balance   | 4                       | -                       |
| (ii) Additions during the year (net)  | -                       | 4                       |
|   | <u>4</u>                | <u>4</u>                |
|   | <u>(5,563)</u>          | <u>1,400</u>            |

# Reliance Communications Limited

---

## Notes on Accounts to the Consolidated Financial Statements

### Nature and Purpose of Reserve

#### Capital Reserve

Capital Reserve represents surplus arising on consolidation of financials of subsidiaries at the time of acquisition. It also includes Equity Share Capital of the Company, which was cancelled pursuant to the Scheme of Demerger of undertaking from Reliance Industries Limited. During the previous year, Capital Reserve was created under scheme of demerger (Refer Note 2.38.2)

#### Debenture Redemption Reserve

Debenture Redemption Reserve is created out of profits for the respective year as required under the Act then applicable which shall be utilised for the purpose of redemption of Debentures issued by the Company.

#### Exchange Fluctuation Reserve

Exchange Fluctuation Reserve represents the unrealised gains and losses on account of translation of foreign subsidiaries into the reporting currency

#### Securities Premium Account

Securities Premium represents the premium charged to the shareholders at the time of issuance of shares. It also includes ₹ 8,047 crore created pursuant to Schemes of Amalgamation/ Arrangement of earlier years. Securities Premium can be utilised based on the relevant requirements of the Act.

#### General Reserve

General reserve of ₹ 34 crore (Previous year ₹ 34 crore) represents created out of the retained earnings permitted to be distributed to shareholders as part of dividend.

#### Foreign Currency Monetary Items Translation Difference Account (FCMITDA)

FCMITDA has been created in view of the Option allowed pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs (MCA), Government of India, being exchange differences on long term borrowings other than borrowings relating to acquisition of depreciable capital assets.

#### Treasury Equity

Treasury Equity represents 2,12,79,000 Nos. of Equity Shares held by the ESOS Trust.

Notes on Accounts to the Consolidated Financial Statements

Note 2.19

Non Controlling Interest

| Information regarding non controlling interest                  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
|   |                                      | ( ₹ in crore)                        |
| Accumulated balances of non controlling interest at the begning | 332                                  | 400                                  |
| Profit/(Loss) added to non controlling interest                 | (12)                                 | (68)                                 |
| Foreign exchange variation and other movements                  | 2                                    | -                                    |
| Accumulated balances of non controlling interest at the closing | <u>322</u>                           | <u>332</u>                           |

Financial information of subsidiaries that have material non-controlling interest is provided below :

Name of Subsidiary : Reliance Infratel Limited

Non Controlling Interest Holding : 9.55%

Country of Incorporation : India

The summarised financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations

Summarised statement of profit or loss

|  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Total Revenue                                      | 1,450                                | 3,432                                |
| Network Expenses                                   | 1,513                                | 2,684                                |
| Employee benefits                                  | 35                                   | 43                                   |
| Finance Cost                                       | 8                                    | 232                                  |
| Depreciation                                       | -                                    | 413                                  |
| Provision for Impairment                           | -                                    | 810                                  |
| Other expenses                                     | 26                                   | 63                                   |
| <b>Profit/ (Loss) before tax</b>                   | <b>(132)</b>                         | <b>(813)</b>                         |
| Income tax   | -                                    | (99)                                 |
| <b>Profit/ (Loss) for the year</b>                 | <b>(132)</b>                         | <b>(714)</b>                         |
| Total comprehensive income                         | <u>1</u>                             | <u>(713)</u>                         |
| <b>Attributable to non-controlling interests</b>   | <b>(12)</b>                          | <b>(68)</b>                          |
| <b>Dividends paid to non-controlling interests</b> | <u>Nil</u>                           | <u>Nil</u>                           |

Summarised Balance Sheet

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Non-current liabilities  | 1,131                   | 1,477                   |
| Current liabilities  | 10,667                  | 10,042                  |
| <b>Total Liability (i)</b>                                       | <b>11,798</b>           | <b>11,519</b>           |
| Property, Plant and Equipment including Capital work in progress | 23                      | 17                      |
| Non Current Assets   | 196                     | 126                     |
| <b>Current assets including Asset held for sale</b>              | <b>14,600</b>           | <b>14,528</b>           |
| <b>Total Assets (ii)</b>   | <b>14,819</b>           | <b>14,671</b>           |
| <b>Total Equity (ii) - (i)</b>                                   | <b>3,021</b>            | <b>3,152</b>            |
| <b>Attributable to equity holders of parent</b>                  | <u>2,732</u>            | <u>2,851</u>            |
| <b>Non-controlling interest</b>                                  | <u>289</u>              | <u>301</u>              |

Summarised Cash flow Information

|  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| A. Cash flow from Operating activities                               | 48                                   | 600                                  |
| B. Cash flow from Investing activities                               | (6)                                  | (143)                                |
| C. Cash flow from Financing activities                               | 4                                    | (454)                                |
| <b>Net increase /(decrease) in Cash and Cash Equivalents (A+B+C)</b> | <u>46</u>                            | <u>3</u>                             |

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

|                                      | As at<br>March 31, 2019 | (₹ in crore)<br>As at<br>March 31, 2018 |
|--------------------------------------|-------------------------|---|
| <b>Note 2.20</b>                     |                         |   |
| <b>Borrowings - Non Current</b>      |                         |   |
| <b>Secured</b> (Refer Note 2.23.1)   |                         |   |
| <b>7% Senior Secured Notes</b>       | -                       | 2,274                                   |
| <b>6.5 % Senior Secured Notes</b>    | -                       | 1,934                                   |
| <b>Term Loans</b>                    |                         |   |
| Foreign Currency Loans from Banks    | -                       | 115                                     |
| Rupee Term Loans from Banks          | -                       | 3,786                                   |
| Rupee Loans from Others              | -                       | 706                                     |
|                                      | <u>-</u>                | <u>4,607</u>                            |
| <b>Unsecured</b>                     |                         |   |
| Rupee Loans from others              | -                       | 4,206                                   |
|                                      | <u>-</u>                | <u>13,021</u>                           |
| <b>Note 2.21</b>                     |                         |   |
| <b>Other Non Current Liabilities</b> |                         |   |
| Income received in Advance           | 83                      | 83                                      |
| Advance from Customer                | 17                      | -                                       |
|                                      | <u>100</u>              | <u>83</u>                               |
| <b>Note 2.22</b>                     |                         |   |
| <b>Provisions</b>                    |                         |   |
| Employee Benefits                    | 51                      | 67                                      |
| Asset Retirement Obligations         | 382                     | 371                                     |
|                                      | <u>433</u>              | <u>438</u>                              |
| <b>Note 2.23</b>                     |                         |   |
| <b>Borrowings - Current</b>          |                         |   |
| <b>Secured</b>                       |                         |   |
| <b>6.5% Senior Secured Notes</b>     | 1,955                   | -                                       |
| Foreign Currency Loans               | 12,532                  | 12,271                                  |
| Rupee Loans from Banks               | 4,202                   | 3,144                                   |
| Rupee Loans from others              | 646                     | -                                       |
| <b>Unsecured</b>                     |                         |   |
| Foreign Currency Loans               | -                       | 270                                     |
| Rupee Loans from Banks               | 2,666                   | 2,186                                   |
| Rupee Loans from others              | 8,266                   | 5,371                                   |
|                                      | <u>30,267</u>           | <u>23,242</u>                           |

## Notes on Accounts to the Consolidated Financial Statements

**2.23.1 Debenture and Term Loans**

The Company, on March 2, 2009, allotted, 3,000, 11.20% Secured Redeemable, Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 3,000 crore to be redeemed at the end of 10<sup>th</sup> year from the date of allotment thereof and the same remains outstanding as at March 31, 2019. The Company on February 7, 2012, also allotted, 1,500, 11.25% Secured Redeemable Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each aggregating to ₹ 1,500 crore redeemable in four annual equal installments starting at the end of 4<sup>th</sup> year from the date of allotment thereof, the outstanding against said NCDs is ₹ 750 crore as on March 31, 2019. The Company had, on May 6, 2015, issued Senior Secured Notes (SCNs) of USD 300 million, face value of USD 100 per bond, bearing 6.5% p.a. interest, with a maturity of 5 1/2 years. GCX Limited, a subsidiary of the Company had, on August 1, 2014 issued Senior Secured Bonds of USD 350 million, face value of USD 100 per bond, bearing 7% p.a. interest, with a maturity of 5 year against pledge of Shares of material subsidiaries of GCX Limited.

The Company and its subsidiary had been sanctioned Rupee Loans of ₹ 6,750 crore (outstanding as on March 31, 2019 was ₹ 6,074 crore) (Term Loan Facility) under the consortium banking arrangement on the terms and conditions as set out in common loan agreement.

Outstanding NCDs along with 6.5 % SCNs of ₹ 5,705 crore, Foreign Currency Loans of ₹ 14,156 crore and Rupee Loans of ₹ 9,139 crore ("the said Secured Loans") have been secured by first pari passu charge on the whole of the movable plant and machinery including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work in progress (pertaining to the movable fixed assets), both present and future including all the rights, title, interests, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company and its subsidiary companies namely; Reliance Telecom Limited (RTL), Reliance Infratel Limited (RITL) and Reliance Communications Infrastructure Limited (RCIL), ("the Borrower Group"), in favour of the Security Trustee for the benefit of the NCD/ SCN Holders and the lenders of the said Secured Loans. The said loans also include ₹ 3,583 crore guaranteed by a director and ₹ 2,964 crore guaranteed by the Company. Apart from above Rupee Loan also includes ₹ 398 crore which is secured by first pari passu charge on Spectrum, acquired during previous year under the scheme of Demerger (Refer Note 2.38.2) is pending to be executed. Outstanding Rupee Loans of ₹ 972 crore are secured by second pari passu charge on the movable plant and machinery and capital work in progress of the Borrower Group, Tower receivables, pledge of equity shares of Globalcom IDC Limited (GIDC) held by Reliance Webstore Limited (RWL). Charge over Tower receivables is pending to be executed. Further, Outstanding Rupee Loans of ₹ 2,491 crore is secured by second charge over movable Fixed Assets of the Borrower Group, out of which, charge is pending to be created for ₹ 1,072 crore. The Company, for the benefit of the Lenders of 6.5% SCN of ₹ 1,955 crore and Foreign Currency Loans of ₹ 11,191 crore, 1,500, 11.25% NCDs aggregating to ₹ 750 crore and Rupee Loans of ₹ 7,403 crore has, apart from the above, also assigned 20 Telecom Licenses for services under Unified Access Services (UAS), National Long Distance (NLD) and International Long Distance (ILD) (collectively referred as "Telecom Licenses") by execution of the Tripartite Agreements with Department of Telecommunications (DoT) and the Security Trustee acting on behalf of the Lenders. Assignment of the Telecom Licences of the Company for Rupee Loan from banks of ₹ 1,000 crore and from others of ₹ 740 crore is pending to be executed. Further, RTL, a subsidiary company, for the benefit of lenders of the Foreign Currency Loans of ₹ 1,341 crore and Rupee Term Loans of ₹ 611 crore have also assigned eight Unified Access Services (UAS) Licences, by execution of Tripartite Agreements with DoT and the Security Trustee acting on behalf of the Lenders. Assignment of Telecom Licenses for the Rupee Term Loans is pending to be executed.

The Company has, for the benefit of the Lenders of 6.5% SCNs, Foreign Currency Loans and Rupee Loans aggregating to ₹ 21,053 crore, apart from the above security, pledged equity shares of RCIL held by the Company and of RTL held by the Company and Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited) by execution of the Share Pledge Agreement with the Share Pledge Security Trustee. Rupee Loans of ₹ 6,074 crore is also secured by pledge of equity shares of RITL held by RCIL, current assets, movable assets including intangible, both present and future of the Borrower Group. During the previous year, charge over the three immovable assets of the Borrower Group was created. However charge over balance immovable assets of the Borrower Group and RGBV security for Rupee loan of ₹ 6,074 crore is pending to be executed. RGBV, a subsidiary of the Company has outstanding loan of USD 13 million, availed against pledged of shares of its material subsidiaries.

During the year, lenders have invoked guarantees provided by borrower group for outstanding rupee loan of ₹ 7,046 crore.

During the year, the Company created first ranking exclusive charge (pari passu inter se the Lenders) over Designated Account with future rights, title and interest therein, including all of its rights in respect of any amount standing to the credit of the Designated Account and the debt represented by it, in favour of State Bank of India, the Convenor (for the benefit of the Lenders) as continuing security.

Foreign Currency Loans taken by the Company and its Indian Subsidiaries has been stated at exchange rate prevailing as at March 31, 2018



# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### 2.23.2 Delay/ Default in repayment of Borrowing (Current and Non Current) and Interest

The Company has delayed/ defaulted in the payment of dues to the financial institutions, banks and debenture holders. The lender wise details are as under.

| Sr. Name of Lender                        | Amount represents rupees in crore and period represents maximum days |        |                              |        |                              |        |   |        |                              |        |   |        |                              |        |
|---|--|--------|------------------------------|--------|------------------------------|--------|---|--------|------------------------------|--------|---|--------|------------------------------|--------|
|   | Borrowings   |        |                              |        | Interest                     |        | Borrowings  |        |                              |        | Interest  |        |                              |        |
|   | Delay in repayment during the year ended March 31, 2019              |        | Default As on March 31, 2019 |        | Default As on March 31, 2019 |        | Delay in repayment during the year ended March 31, 2018 |        | Default As on March 31, 2018 |        | Delay in repayment during the year ended March 31, 2018 |        | Default As on March 31, 2018 |        |
|   | Amount   | Period | Amount                       | Period | Amount                       | Period | Amount  | Period | Amount                       | Period | Amount  | Period | Amount                       | Period |
| <b>I Loan From Banks</b>                  |  |        |                              |        |                              |        |   |        |                              |        |   |        |                              |        |
| Axis Bank                                 | -  | -      | -                            | -      | -                            | -      | 100   | 87     | -                            | -      | 5   | 80     | -                            | -      |
| Bank of America <sup>1</sup>              | -  | -      | 359                          | 476    | -                            | -      | -   | -      | -                            | -      | -   | -      | -                            | -      |
| Deutsche Bank* <sup>1</sup>               | -  | -      | -                            | -      | -                            | -      | 180   | 82     | 391                          | 111    | 4   | 7      | 1                            | 284    |
| Bank of Baroda                            | -  | -      | 1,022                        | 754    | 11                           | 731    | -   | -      | 802                          | 389    | 24  | 87     | 11                           | 366    |
| Bank of India                             | -  | -      | 330                          | 731    | 10                           | 731    | -   | -      | 300                          | 366    | 17  | 87     | 10                           | 366    |
| Bank of Maharashtra                       | -  | -      | 473                          | 683    | -                            | -      | 27  | 85     | 473                          | 318    | -   | -      | -                            | -      |
| Canara Bank                               | -  | -      | 288                          | 640    | -                            | -      | 64  | 26     | 256                          | 275    | 9   | 25     | -                            | -      |
| Central Bank of India                     | -  | -      | 132                          | 731    | 3                            | 731    | -   | -      | 120                          | 366    | 6   | 87     | 3                            | 366    |
| China Development Bank*                   | -  | -      | 5,321                        | 763    | 155                          | 763    | 862   | 305    | 3,049                        | 398    | 7   | 197    | 155                          | 398    |
| Corporation Bank                          | -  | -      | 587                          | 753    | 8                            | 731    | -   | -      | 341                          | 388    | 5   | 87     | 8                            | 366    |
| DBS Bank                                  | -  | -      | -                            | -      | -                            | -      | 112   | 60     | -                            | -      | -   | -      | -                            | -      |
| Dena Bank                                 | -  | -      | 250                          | 418    | -                            | -      | -   | -      | 250                          | 53     | -   | -      | -                            | -      |
| Deutsche Bank* <sup>2</sup>               | -  | -      | 130                          | 476    | 1                            | 649    | -   | -      | -                            | -      | -   | -      | -                            | -      |
| Ahli United Bank B.S.C.* <sup>2</sup>     | -  | -      | -                            | -      | -                            | -      | -   | -      | 98                           | 111    | -   | -      | -                            | -      |
| Doha Bank Q.S.C.                          | -  | -      | 326                          | 665    | 6                            | 665    | -   | -      | 326                          | 300    | -   | -      | 6                            | 300    |
| Emirates NBD Bank PJSC                    | -  | -      | 261                          | 665    | 5                            | 665    | -   | -      | 261                          | 300    | -   | -      | 5                            | 300    |
| Export Import Bank of China*              | -  | -      | 1,995                        | 763    | 54                           | 763    | 287   | 305    | 1,030                        | 398    | 7   | 197    | 54                           | 398    |
| HDFC Bank                                 | -  | -      | -                            | -      | -                            | -      | 56  | 18     | -                            | -      | -   | -      | -                            | -      |
| HongKong and Shanghai Banking Corporation | -  | -      | 146                          | 675    | 4                            | 675    | -   | -      | 70                           | 310    | -   | -      | 4                            | 310    |
| IDBI Bank                                 | -  | -      | 551                          | 744    | 13                           | 731    | -   | -      | 509                          | 379    | 25  | 87     | 13                           | 366    |
| IDFC Bank                                 | -  | -      | -                            | -      | -                            | -      | 100   | 83     | -                            | -      | 38  | 117    | -                            | -      |
| Indian Overseas Bank                      | -  | -      | 66                           | 731    | 1                            | 731    | -   | -      | 60                           | 366    | 3   | 87     | 1                            | 366    |
| IndusInd Bank                             | -  | -      | -                            | -      | -                            | -      | 1,500   | 59     | -                            | -      | 26  | 61     | -                            | -      |
| Industrial and Commercial Bank of China*  | -  | -      | 1,416                        | 763    | 37                           | 763    | 130   | 305    | 773                          | 398    | 7   | 197    | 37                           | 398    |
| Oriental Bank of Commerce                 | 14   | 411    | 95                           | 731    | 2                            | 731    | -   | -      | 99                           | 366    | 4   | 87     | 2                            | 366    |
| Punjab National Bank                      | 114  | 89     | 805                          | 756    | -                            | -      | 70  | 169    | 781                          | 391    | -   | -      | -                            | -      |
| Standard Chartered Bank                   | -  | -      | 1,264                        | 723    | -                            | -      | 397   | 111    | 1,264                        | 358    | 3   | 56     | -                            | -      |
| Standard Chartered Bank, London           | -  | -      | 494                          | 665    | 7                            | 665    | -   | -      | 407                          | 300    | -   | -      | 7                            | 300    |
| State Bank of India                       | 159  | 329    | 2,047                        | 731    | 23                           | 731    | -   | -      | 1,793                        | 366    | 43  | 87     | 23                           | 366    |
| Syndicate Bank                            | 173  | 89     | 745                          | 754    | 5                            | 731    | -   | -      | 463                          | 389    | 9   | 87     | 5                            | 366    |
| UCO Bank                                  | -  | -      | 326                          | 731    | 9                            | 731    | -   | -      | 296                          | 366    | 17  | 87     | 9                            | 366    |
| Union Bank of India                       | -  | -      | 620                          | 731    | 3                            | 731    | -   | -      | 608                          | 366    | 5   | 3      | 3                            | 366    |
| United Bank of India                      | -  | -      | 424                          | 731    | 2                            | 731    | 13  | 147    | 341                          | 366    | 4   | 97     | 2                            | 366    |
| VTB Capital PLC                           | -  | -      | 407                          | 665    | 7                            | 665    | -   | -      | 407                          | 300    | -   | -      | 7                            | 300    |

Notes on Accounts to the Consolidated Financial Statements

Amount represents rupees in crore and period represents maximum days

| Sr. Name of Lender   | Borrowings  |        |                              |        | Interest                     |        | Borrowings  |        |                              |        | Interest  |        |                              |        |
|--|---|--------|------------------------------|--------|------------------------------|--------|---|--------|------------------------------|--------|---|--------|------------------------------|--------|
|  | Delay in repayment during the year ended March 31, 2019 |        | Default As on March 31, 2019 |        | Default As on March 31, 2019 |        | Delay in repayment during the year ended March 31, 2018 |        | Default As on March 31, 2018 |        | Delay in repayment during the year ended March 31, 2018 |        | Default As on March 31, 2018 |        |
|  | Amount  | Period | Amount                       | Period | Amount                       | Period | Amount  | Period | Amount                       | Period | Amount  | Period | Amount                       | Period |
| Yes Bank   | 281   | 89     | -                            | -      | -                            | -      | 190   | 118    | -                            | -      | 24  | 118    | -                            | -      |
| Vijaya Bank  | 84  | 87     | 16                           | 320    | -                            | -      | -   | -      | -                            | -      | -   | -      | -                            | -      |
| <b>II Debentures</b>   |   |        |                              |        |                              |        |   |        |                              |        |   |        |                              |        |
| Life Insurance Corporation of India (LIC)                        | -   | -      | 3,750                        | 418    | -                            | -      | 375   | 62     | 375                          | 53     | 72  | 40     | -                            | -      |
| <b>III Other Loans</b>   |   |        |                              |        |                              |        |   |        |                              |        |   |        |                              |        |
| Assets Care and Reconstruction Enterprises Limited <sup>3</sup>  | -   | -      | 492                          | 742    | -                            | -      | -   | -      | -                            | -      | -   | -      | -                            | -      |
| Credit Agrocol Corporate & Investment Bank <sup>3</sup>          | -   | -      | -                            | -      | -                            | -      | -   | -      | 192                          | 377    | 1   | 14     | -                            | -      |
| DBS Bank <sup>3</sup>  | -   | -      | -                            | -      | -                            | -      | 112   | 60     | 300                          | 185    | 4   | 7      | -                            | -      |
| India Infrastructure Finance Corporation Limited                 | -   | -      | 9                            | 548    | 4                            | 762    | -   | -      | 4                            | 183    | 2   | 88     | 4                            | 397    |
| Industrial Finance Corporation of India Limited                  | -   | -      | 200                          | 747    | 4                            | 747    | -   | -      | 125                          | 382    | -   | -      | 4                            | 382    |
| Reliance Capital Limited   | -   | -      | -                            | -      | 5                            | 745    | -   | -      | 226                          | 15     | -   | -      | 5                            | 380    |
| Reliance Communications Enterprises Private Limited <sup>4</sup> | -   | -      | -                            | -      | 54                           | 731    | -   | -      | -                            | -      | -   | -      | -                            | -      |
| Reliance Unicorn Enterprise Private Limited <sup>4</sup>         | -   | -      | -                            | -      | -                            | -      | -   | -      | -                            | -      | -   | -      | 53                           | 366    |
| Kunjbihari Developers Private Limited <sup>4</sup>               | -   | -      | -                            | -      | -                            | -      | -   | -      | -                            | -      | -   | -      | 1                            | 366    |
| Reliance Cleangen Limited  | -   | -      | -                            | -      | 14                           | 731    | -   | -      | -                            | -      | 9   | 21     | 14                           | 366    |
| <b>IV Total</b>  | <b>825</b>  |        | <b>25,347</b>                |        | <b>447</b>                   |        | <b>4,463</b>  |        | <b>16,791</b>                |        | <b>382</b>  |        | <b>447</b>                   |        |

\*facility recalled

<sup>1</sup> transferred during the year by Deutsche Bank

<sup>2</sup> includes transferred during the year by AHLI United Bank B.S.C.

<sup>3</sup> transferred during the year by Credit Agricole Corporate and Investment Bank and DBS Bank

<sup>4</sup> includes transferred during the year by Reliance Unicorn Enterprise Private Limited and Kunjbihari Developers Private Limited.

**2.23.3** Long term Loan of ₹ 6,488 crore is classified as short term as the company is under CIR process.

**2.23.4** Since the Company and two of its subsidiaries are under CIR Process and claims have been filed by lenders, the overall obligations and liabilities including obligation for interest on loans shall be determined during the 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.

**2.23.5** Apart from above outstanding of Interest, the Company has not provided Interest Expenses of ₹ 4,389 crore and ₹ 3,609 crore for the year ended March 31, 2019 and March 31, 2018 respectively which includes interest on NCDs from LIC of ₹ 420 crore and ₹ 418 crore for the year ended March 31, 2019 and March 31, 2018 respectively. Therefore it has not been disclosed.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

|                                    | As at<br>March 31, 2019 | ( ₹ in crore)<br>As at<br>March 31, 2018 |
|------------------------------------|-------------------------|--|
| <b>Note 2.24</b>                   |                         |  |
| <b>Trade Payables</b>              |                         |  |
| Due to Micro and Small Enterprises | 86                      | 103                                      |
| Due to Others                      | 3,811                   | 4,765                                    |
|                                    | <u>3,897</u>            | <u>4,868</u>                             |

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

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to MSME. On the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro and Small Enterprises.

|   |    |     |
|---|----|-----|
| (i) Principal amount due to any supplier as at the year end   | 86 | 84  |
| (ii) Interest due on the principal amount unpaid at the year end to any supplier  | 28 | 28  |
| (iii) Amount of Interest paid by the Company in terms of Section 16 of the MSMED, alongwith the amount of the payment made to the supplier beyond the appointed day during the accounting year  |    | -   |
| (iv) Payment made to the enterprises beyond appointed date under Section 16 of MSMED  | 90 | 142 |
| (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  | 9  | 13  |
| (vi) Amount of interest accrued and remaining unpaid at the end of each accounting year   | 38 | 40  |
| (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 | 28 | 28  |

### Note 2.25

#### Other Financial Liabilities - Current

#### Current Maturities of Long Term Debts

#### Secured (Refer Note 2.23.1)

#### Debentures

|  |       |       |
|--|-------|-------|
| 3,000 (3,000) 11.20 % Redeemable, Non Convertible Debentures of ₹ 1 crore each | 3,000 | 3,000 |
|--|-------|-------|

|  |     |     |
|--|-----|-----|
| 1,500 (1,500) 11.25 % Redeemable, Non Convertible Debentures of ₹ 1 crore each | 750 | 750 |
|--|-----|-----|

|                                |              |   |
|--------------------------------|--------------|---|
| <b>7% Senior Secured Notes</b> | <b>2,420</b> | - |
|--------------------------------|--------------|---|

|                                  |       |       |
|----------------------------------|-------|-------|
| Foreign Currency Loan from Banks | 1,710 | 1,851 |
|----------------------------------|-------|-------|

|                        |       |       |
|------------------------|-------|-------|
| Rupee Loans from Banks | 6,960 | 4,670 |
|------------------------|-------|-------|

|                         |       |     |
|-------------------------|-------|-----|
| Rupee Loans from Others | 1,192 | 642 |
|-------------------------|-------|-----|

#### Unsecured

|                         |       |    |
|-------------------------|-------|----|
| Rupee Loans from Others | 1,307 | 58 |
|-------------------------|-------|----|

#### Others

|                              |    |    |
|------------------------------|----|----|
| Interest accrued but not due | 28 | 27 |
|------------------------------|----|----|

|                          |     |     |
|--------------------------|-----|-----|
| Interest accrued and due | 435 | 450 |
|--------------------------|-----|-----|

|                     |   |   |
|---------------------|---|---|
| Unclaimed Dividend* | 1 | 2 |
|---------------------|---|---|

|                   |     |     |
|-------------------|-----|-----|
| Capital Creditors | 469 | 546 |
|-------------------|-----|-----|

|                   |     |     |
|-------------------|-----|-----|
| Other Liabilities | 752 | 777 |
|-------------------|-----|-----|

|  |               |               |
|--|---------------|---------------|
|  | <u>19,024</u> | <u>12,773</u> |
|--|---------------|---------------|

\* Transferred ₹ 1 crore (Previous year ₹ 2 crore) to Investor Education and Protection Fund (IEPF)

Notes on Accounts to the Consolidated Financial Statements

|                                  | As at<br>March 31, 2019 | ( ₹ in crore)<br>As at<br>March 31, 2018 |
|----------------------------------|-------------------------|--|
| <b>Note 2.26</b>                 |                         |  |
| <b>Other Current Liabilities</b> |                         |  |
| Advance from Customers           | 154                     | 65                                       |
| Other Current Liabilities        | 2,262                   | 977                                      |
| Security Deposit                 | 269                     | 251                                      |
|                                  | <u>2,685</u>            | <u>1,293</u>                             |

|                           |              |              |
|---------------------------|--------------|--------------|
| <b>Note 2.27</b>          |              |              |
| <b>Provisions</b>         |              |              |
| <b>Employee Benefits</b>  |              |              |
| Employee Benefits         | 22           | 21           |
| <b>Others</b>             |              |              |
| Disputed and Other Claims | 1,215        | 1,215        |
| Wealth Tax                | 1            | 1            |
|                           | <u>1,238</u> | <u>1,237</u> |

|                                | For the year ended<br>March 31, 2019 | ( ₹ in crore)<br>For the year ended<br>March 31, 2018 |
|--------------------------------|--------------------------------------|---|
| <b>Note 2.28</b>               |                                      |   |
| <b>Revenue from Operations</b> |                                      |   |
| Sale of Services               | 4,015                                | 4,593   |
|                                | <u>4,015</u>                         | <u>4,593</u>  |

|  |            |           |
|--|------------|-----------|
| <b>Note 2.29</b>                                     |            |           |
| <b>Other Income</b>                                  |            |           |
| Interest Income on Debt securities at amortised cost | 3          | 12        |
| Miscellaneous Income                                 | 176        | 79        |
|  | <u>179</u> | <u>91</u> |

|  |              |              |
|--|--------------|--------------|
| <b>Note 2.30</b>   |              |              |
| <b>Access Charges, License Fees and Network Expenses</b> |              |              |
| Access Charges   | 155          | 664          |
| License Fees   | 121          | 94           |
| Rent, Rates and Taxes                                    | 151          | 264          |
| Network Repairs and Maintenance                          | 891          | 768          |
| Stores and Spares Consumed                               | 7            | 19           |
| Power, Fuel and Utilities                                | 176          | 214          |
| Other Network Operating Expenses                         | 632          | 799          |
|  | <u>2,133</u> | <u>2,822</u> |

|   |            |            |
|---|------------|------------|
| <b>Note 2.31</b>  |            |            |
| <b>Employee Benefits Expenses</b>                             |            |            |
| Salaries (Including Managerial Remuneration)                  | 461        | 390        |
| Contribution to Provident, Gratuity and Superannuation Fund   | 29         | 14         |
| Employee Welfare and Other Amenities                          | 31         | 24         |
| Write back of compensation under Employee Stock Option Scheme | -          | (1)        |
|   | <u>521</u> | <u>427</u> |



Notes on Accounts to the Consolidated Financial Statements

Note : 2.35

Consolidation

(a) The following subsidiary companies are included in the Consolidated Financial Statements.

| Sr. No. | Name of the Subsidiary Company   | Country of Incorporation | Proportion of ownership interest |                      |
|---------|--|--------------------------|----------------------------------|----------------------|
|         |  |                          | As at March 31, 2019             | As at March 31, 2018 |
| 1       | Reliance WiMax Limited   | India                    | 100.00%                          | 100.00%              |
| 2       | Reliance Bhutan Limited  | India                    | 90.45%                           | 90.45%               |
| 3       | Reliance Webstore Limited  | India                    | 100.00%                          | 100.00%              |
| 4       | Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited) (upto July 28, 2018) | India                    | -                                | 100.00%              |
| 5       | Campion Properties Limited   | India                    | 100.00%                          | 100.00%              |
| 6       | Independent TV Limited (Formerly Reliance Big TV Limited) (upto December 31, 2018)               | India                    | -                                | 100.00%              |
| 7       | Reliance Tech Services Limited   | India                    | 100.00%                          | 100.00%              |
| 8       | Reliance Telecom Limited   | India                    | 100.00%                          | 100.00%              |
| 9       | Reliance Communications Infrastructure Limited   | India                    | 100.00%                          | 100.00%              |
| 10      | Globalcom IDC Limited (Formerly Reliance IDC Limited)  | India                    | 100.00%                          | 100.00%              |
| 11      | Reliance Infratel Limited  | India                    | 90.45%                           | 90.45%               |
| 12      | Globalcom Mobile Commerce Limited (Formerly Reliance Mobile Commerce Limited )                   | India                    | 100.00%                          | 100.00%              |
| 13      | Reliance BPO Private Limited   | India                    | 100.00%                          | 100.00%              |
| 14      | Reliance Globalcom Limited   | India                    | 100.00%                          | 100.00%              |
| 15      | Reliance Communications Tamilnadu Limited  | India                    | 100.00%                          | 100.00%              |
| 16      | Globalcom Realty Limited (Formerly Reliance Infra Realty Limited)                                | India                    | 100.00%                          | 100.00%              |
| 17      | Reliance Infra Projects Limited (upto July 28, 2018)   | India                    | -                                | 100.00%              |
| 18      | Internet Exchangenext.com Limited  | India                    | 100.00%                          | 100.00%              |
| 19      | Realsoft Cyber Systems Private Limited   | India                    | 100.00%                          | 100.00%              |
| 20      | Worldtel Tamilnadu Private Limited   | India                    | 100.00%                          | 100.00%              |
| 21      | Towercom Infrastructure Private Limited  | India                    | 99.52%                           | 99.52%               |
| 22      | Reliance Globalcom B.V.  | The Netherlands          | 100.00%                          | 100.00%              |
| 23      | Aircom Holdco B.V.   | The Netherlands          | 100.00%                          | 100.00%              |
| 24      | Reliance Communications (UK) Limited   | United Kingdom           | 100.00%                          | 100.00%              |
| 25      | Reliance Communications (Hong Kong) Limited  | Hong Kong                | 100.00%                          | 100.00%              |
| 26      | Reliance Communications (Singapore) Pte. Limited   | Singapore                | 100.00%                          | 100.00%              |
| 27      | Reliance Communications (New Zealand) Pte Limited  | New Zealand              | 100.00%                          | 100.00%              |
| 28      | Reliance Communications (Australia) Pty Limited  | Australia                | 100.00%                          | 100.00%              |
| 29      | Anupam Global Soft (U) Limited   | Uganda                   | 90.00%                           | 90.00%               |
| 30      | Gateway Net Trading Pte Limited  | Singapore                | 100.00%                          | 100.00%              |
| 31      | Global Cloud Xchange Limited   | Bermuda                  | 100.00%                          | 100.00%              |
| 32      | GCX Limited  | Bermuda                  | 100.00%                          | 100.00%              |
| 33      | Reliance Globalcom Limited   | Bermuda                  | 100.00%                          | 100.00%              |
| 34      | FLAG Telecom Singapore Pte. Limited  | Singapore                | 100.00%                          | 100.00%              |
| 35      | FLAG Atlantic UK Limited   | United Kingdom           | 100.00%                          | 100.00%              |
| 36      | Reliance FLAG Atlantic France SAS  | France                   | 100.00%                          | 100.00%              |
| 37      | FLAG Telecom Taiwan Limited  | Taiwan                   | 60.00%                           | 60.00%               |
| 38      | Reliance FLAG Pacific Holdings Limited   | Bermuda                  | 100.00%                          | 100.00%              |
| 39      | FLAG Telecom Group Services Limited  | Bermuda                  | 100.00%                          | 100.00%              |
| 40      | FLAG Telecom Deutschland GmbH  | Germany                  | 100.00%                          | 100.00%              |
| 41      | FLAG Telecom Hellas AE   | Greece                   | 100.00%                          | 100.00%              |
| 42      | FLAG Telecom Asia Limited  | Hong Kong                | 100.00%                          | 100.00%              |
| 43      | FLAG Telecom Nederland B.V.  | The Netherlands          | 100.00%                          | 100.00%              |
| 44      | Reliance Globalcom (UK) Limited  | United Kingdom           | 100.00%                          | 100.00%              |

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

| Sr. No.  | Name of the Subsidiary Company                            | Country of Incorporation | Proportion of ownership interest |                      |
|--|---|--------------------------|----------------------------------|----------------------|
|  |   |                          | As at March 31, 2019             | As at March 31, 2018 |
| 45   | Yipes Holdings Inc.                                       | USA                      | 100.00%                          | 100.00%              |
| 46   | Reliance Globalcom Services Inc.                          | USA                      | 100.00%                          | 100.00%              |
| 47   | YTV Inc.  | USA                      | 100.00%                          | 100.00%              |
| 48   | Reliance Infocom Inc.                                     | USA                      | 100.00%                          | 100.00%              |
| 49   | Reliance Communications Inc.                              | USA                      | 100.00%                          | 100.00%              |
| 50   | Reliance Communications International Inc.                | USA                      | 100.00%                          | 100.00%              |
| 51   | Reliance Communications Canada Inc.                       | USA                      | 100.00%                          | 100.00%              |
| 52   | Bonn Investment Inc.                                      | USA                      | 100.00%                          | 100.00%              |
| 53   | FLAG Telecom Development Limited                          | Bermuda                  | 100.00%                          | 100.00%              |
| 54   | FLAG Telecom Development Services Company LLC             | Egypt                    | 100.00%                          | 100.00%              |
| 55   | FLAG Telecom Network Services Limited                     | Ireland                  | 100.00%                          | 100.00%              |
| 56   | Reliance FLAG Telecom Ireland Limited                     | Ireland                  | 100.00%                          | 100.00%              |
| 57   | FLAG Telecom Japan Limited                                | Japan                    | 100.00%                          | 100.00%              |
| 58   | FLAG Telecom Ireland Network Limited                      | Ireland                  | 100.00%                          | 100.00%              |
| 59   | FLAG Telecom Network USA Limited                          | USA                      | 100.00%                          | 100.00%              |
| 60   | FLAG Telecom Espana Network SAU                           | Spain                    | 100.00%                          | 100.00%              |
| 61   | Reliance Vanco Group Limited                              | United Kingdom           | 100.00%                          | 100.00%              |
| 62   | Euronet Spain SA  | Spain                    | 100.00%                          | 100.00%              |
| 63   | Net Direct SA (Proprietary) Ltd. (Under liquidation)      | South Africa             | 100.00%                          | 100.00%              |
| 64   | Vanco (Shanghai) Co Ltd.                                  | China                    | 100.00%                          | 100.00%              |
| 65   | Vanco (Asia Pacific) Pte. Limited                         | Singapore                | 100.00%                          | 100.00%              |
| 66   | Vanco Australasia Pty. Ltd.                               | Australia                | 100.00%                          | 100.00%              |
| 67   | Vanco Sp Zoo  | Poland                   | 100.00%                          | 100.00%              |
| 68   | Vanco Gmbh  | Germany                  | 100.00%                          | 100.00%              |
| 69   | Vanco Japan KK  | Japan                    | 100.00%                          | 100.00%              |
| 70   | Vanco NV  | Belgium                  | 100.00%                          | 100.00%              |
| 71   | Vanco SAS   | France                   | 100.00%                          | 100.00%              |
| 72   | Vanco South America Ltda                                  | Brazil                   | 100.00%                          | 100.00%              |
| 73   | Vanco Srl   | Italy                    | 100.00%                          | 100.00%              |
| 74   | Vanco Sweden AB   | Sweden                   | 100.00%                          | 100.00%              |
| 75   | Vanco Switzerland AG                                      | Switzerland              | 100.00%                          | 100.00%              |
| 76   | Vanco Deutschland GmbH                                    | Germany                  | 100.00%                          | 100.00%              |
| 77   | Vanco BV  | The Netherlands          | 100.00%                          | 100.00%              |
| 78   | Vanco UK Ltd  | United Kingdom           | 100.00%                          | 100.00%              |
| 79   | Vanco International Ltd                                   | United Kingdom           | 100.00%                          | 100.00%              |
| 80   | Vanco Row Limited   | United Kingdom           | 100.00%                          | 100.00%              |
| 81   | Vanco Global Ltd  | United Kingdom           | 100.00%                          | 100.00%              |
| 82   | VNO Direct Ltd  | United Kingdom           | 100.00%                          | 100.00%              |
| 83   | Vanco US LLC  | USA                      | 100.00%                          | 100.00%              |
| 84   | Vanco Solutions Inc                                       | USA                      | 100.00%                          | 100.00%              |
| (b) The Company also consolidates the following companies as it exercises control over ownership and / or composition of Board of Directors. |   |                          |                                  |                      |
| 1  | Seoul Telenet Inc.  | Korea                    | 49.00%                           | 49.00%               |
| 2  | FLAG Holdings (Taiwan) Limited                            | Taiwan                   | 50.00%                           | 50.00%               |
| 3  | Reliance Telecom Infrastructure (Cyprus) Holdings Limited | Cyprus                   | 0.00%                            | 0.00%                |
| 4  | Lagerwood Investments Limited                             | Cyprus                   | 0.00%                            | 0.00%                |
| (c) The associate companies considered in the Consolidated Financial Statements are :  |   |                          |                                  |                      |
| 1  | Warf Telecom International Private Limited                | Maldives                 | 20.00%                           | 20.00%               |
| 2  | Mumbai Metro Transport Private Limited                    | India                    | 26.00%                           | 26.00%               |

Notes on Accounts to the Consolidated Financial Statements

**Note 2.36**

**Going Concern**

The Board decided that the Company and its subsidiaries; Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL) on account of non receipt of 100% approvals and consensus from lenders, (as mentioned by RBI's February 12, 2018 circular) on all important issues, and numerous legal issues at Hon'ble High Court, TDSAT and Supreme Court, should seek resolution through the Hon'ble National Company Law Tribunal (NCLT), and accordingly, filed application before the Hon'ble National Company Law Appellate Tribunal (NCLAT) for reinstatement of debt resolution process. Subsequently Hon'ble NCLAT vide its order dated April 30, 2019 vacated the stay and directed the Hon'ble NCLT to pass necessary orders on May 7, 2019. The Hon'ble NCLT recommenced the resolution process under the Insolvency and Bankruptcy Code, 2016 (IBC). As a consequence Interim Resolution Professionals (IRPs), namely Mr. Pardeep Kumar Sethi, for the Company, Ms Mitali Shah for RTL and Mr. Manish Kaneria for RITL, appointed vide Hon'ble NCLT orders dated May 18, 2018, have from May 02, 2019 again taken control and custody of the management and operation of the Company and its said subsidiaries. In compliance of the judgment of the Hon'ble Supreme Court, payment of ₹ 550 crore and interest thereon to Ericsson India Private Limited has been completed. Further, the petition filed before the Hon'ble NCLT under the Companies Act, 2013 (Section 397-398 of the Companies Act, 1956) by the minority shareholders holding 4.26% stake in RITL, stood dismissed as withdrawn pursuant to settlement terms agreed. RITL Minority Shareholders have filed a contempt petition before the Hon'ble NCLAT in relation to non adherence of settlement terms within stipulated time and the matter is pending. During the year, the agreements dated December 28, 2017 and August 11, 2018 entered into between the Company and its subsidiary companies; RTL and RITL with Reliance Jio Infocomm Limited have been terminated by mutual consent on account of various factors and developments since the execution of the said agreements including inter alia non receipt of consents from lenders and permission/ approvals from Department of Telecommunication.

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, Assets held for sale, investments and other assets which are pending for confirmation, including credits relating to Goods and Service Tax and Tax Deducted at source, which the Company is in the process of reconciling.

Considering these developments including, in particular, the IRP having taken over the management and control of the Company and its two subsidiaries 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 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.

The following overseas subsidiary companies have given note on the Gong Concern which have been qualified by the respective auditors. The said notes as given in respective financial statements are reproduced below:

Reliance Communications Canada Inc: For the year ended March 31, 2019, the company has reported a net profit of US\$ 8,847. The Company has accumulated loss of US\$37,219 as at March 31, 2019 and Networth has been eroded. However, there exists a material uncertainty a significant group balances still exist and the ultimate parent company in India is undergoing Insolvency proceedings. The rational for the management to continue to believe that financial statement are prepared on a going concern basis is that profitable operations are still continuing and it is likely that a suitable investor will be found.

Reliance Infocomm Inc: For the year ended March 31, 2019, the company has reported a net loss of US\$867,978 which arose primarily on account of creating provision for doubtful debts for group companies US\$853,150. The Company has accumulated loss of US\$3,738,283 as at March 31, 2019 and Networth has been eroded. There exists a material uncertainty a significant group balances still exist and the ultimate parent company in India is undergoing Insolvency proceedings. The rational for the management to continue to believe that financial statement are prepared on a going concern basis and it is likely that a suitable investor will be found.

Bonn Investment Inc: For the year ended March 31, 2019, the company has reported a net loss of US\$247,376. The Company has accumulated loss of US\$1,411,202 as at March 31, 2019 and Networth has been eroded. There exists a material uncertainty a significant group balances still exist and the ultimate parent company in India is undergoing Insolvency proceedings. The rational for the management to continue to believe that financial statement are prepared on a going concern basis and it is likely that a suitable investor will be found.

Reliance Global com Limited: As at March 31, 2019 and March 31, 2018, the RGL Group's current liabilities exceed its current assets by US\$ 78,573,610 and US\$20,016,640, respectively. This is mainly on account of current portion of deferred revenue being classified as other current liability which represents obligation to provide future services against up-front cash received by the RGL Group.

RGL Group has earned significant cash profits for the years ended March 31, 2019. Further, in accordance with the overall business plan, the RGL Group has significant unutilized capacity against which it expects to generate sufficient cash in future to be able to meet its obligations as and when they fall due within next 12 months.

The shares and assets of the Company and its material subsidiaries have been pledged in favor of US\$350,000,000 7% Senior Secured Notes issued by GCX Limited (the parent company) in 2014. Further the Company and its material subsidiaries are also act as guarantors for the senior Secured Notes. The Notes are due for payment in August 1, 2019.



# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Management of GCX is working on various strategic initiatives including finding new equity shareholder, raising new securities / debt, refinancing existing Notes etc. and is confident in repayment of same before maturity.

Based on the above, Directors of the company have prepared these consolidated financial statement on going concern basis as there are reasonable grounds to believe that the company will be able to continue to meet its financial obligations as and when they fall due.

Flag Telecom Group Services Limited: As at March 31, 2019 the Company's current liabilities have exceed the current assets by US\$ 32,284,967 which is primarily on account of classification of current portion of deferred revenue of US\$ 21,508,505 as current liability which represents obligation to provide future services against up-front cash received by the FTGSL Group. Further, accumulated loss of the company as at March 31, 2019 exceeds Shareholder's fund resulting in erosion of its Network.

The shares and assets of the Company and its material subsidiaries have been pledged in favor of US\$350,000,000 7% Senior Secured Notes issued by GCX Limited (the parent company) in 2014. Further the Company and its material subsidiaries are also act as guarantors for the senior Secured Notes. The Notes are due for payment in August 1, 2019.

Management of GCX is working on various strategic initiatives including finding new equity shareholder, raising new securities / debt, refinancing existing Notes etc. and is confident in repayment of same before maturity.

Based on the above, Directors of the company have prepared these consolidated financial statement on going concern basis as there are reasonable grounds to believe that the company will be able to continue to meet its financial obligations as and when they fall due.

GCX Limited: As at March 31, 2019 the Company's current liabilities have exceed the current assets by US\$ 330,581,368 which is primarily on account of classification of 7% Senior Secured Notes due 2019 ("Notes") amounting to US\$350,000,000 as this amount is now classified as a current borrowings due to redemption on August 1, 2019.

Directors of GCX have prepared these consolidated financial statement on going concern basis on following assumption.

- i. The GCX and its subsidiaries (GCX Group) has earned significant cash profits for the years ended March 31, 2019
- ii. In accordance with the overall business plan, the GCX Group has significant unutilized capacity against which it expects to generate sufficient cash in future to be able to meet its obligations as and when they fall due

### Note 2.37

#### Foreign Currency Monetary Items; Long Term

In view of the Option allowed pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs (MCA), Government of India, for the year ended on March 31, 2019, the Company has ₹ Nil (Previous year ₹ 34 crore added), of exchange differences on long term borrowing relating to acquisition of depreciable capital assets to the cost of capitalised assets. Further, the Company has accumulated foreign currency variations of ₹ 6 crore (Previous year ₹ 21 crore) arising on other long term foreign currency monetary items in FCMITDA and ₹ 225 crore (Previous year ₹ 257 crore) has been amortised during the year, leaving balance to be amortised over the balance period of such loans.

### Note 2.38

#### Schemes of Amalgamation and Arrangement

1. Pertaining to earlier years,

The Company, in the earlier years, underwent various restructuring Schemes through Court including restructuring of ownership of telecom business so as to align the interest of the shareholders. Accordingly, pursuant to the Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved by Hon'ble High Court of respective judicature, the Company, during the respective years, recorded all necessary accounting effects, along with requisite disclosure in the notes to the accounts, in accordance with the provisions of the said Schemes. Reserves, pursuant to the said Schemes, include;

- (i) ₹ 8,047 crore being Securities Premium Account, which was part of the Securities Premium of erstwhile Reliance Infocomm Limited (RIC), the transferor company.
- (ii) ₹ 12,345 crore, being part of General Reserve, on fair valuation of assets and liabilities of the Company in accordance with the Scheme of Amalgamation, amalgamating Reliance Gateway Net Limited (RGNL) into the Company.
- (iii) During the earlier year, ₹ 7 crore being Goodwill arising on consolidation pursuant to the Scheme of Amalgamation between subsidiaries debited to General Reserve.
- (iv) Additional depreciation of ₹ Nil (Previous year ₹ 280 crore )arising on fair value of the assets has been adjusted, consistent with the practice followed in earlier years, to General Reserve as permitted pursuant to the Scheme of Arrangement (the Scheme) sanctioned vide an order dated July 3, 2009 by the Hon'ble High Court and as determined by the Board of Directors.
- (v) During the earlier year, additional depreciation consequent upon fair valuation of assets carried out has been adjusted to General Reserve by subsidiaries.

**Notes on Accounts to the Consolidated Financial Statements**

- (vi) During the earlier year, ₹ 470 crore being excess of liabilities over assets has been adjusted from General Reserve pursuant to demerger of BPO division to RCIL.
- (vii) Pursuant to the said Scheme of Amalgamation (Refer Note (ii) above), on account of the fair valuation during the year ended on March 31, 2009, additions/ adjustments to the fixed assets included increase in Freehold Land by ₹ 225 crore, Buildings by ₹ 130 crore and Telecom Licenses by ₹ 14,145 crore.
- (viii) Pursuant to the demerger, the Company computed goodwill of ₹ 2,659 crore arising on consolidation using the step up method based on date of original investment by Reliance Industries Limited (RIL) prior to demerger instead of considering the date of demerger as the date of investment in absence of specific guidance in Accounting Standard (AS) 21 "Consolidated Financial Statements" in a demerged scenario.
- (ix) Also refer note 2.44 "Exceptional Items" below.
- 2 During the previous year, pursuant to the Scheme of Demerger ("the Scheme") sanctioned by the Hon'ble High Court of Judicature at Bombay and at Jaipur, the Company had acquired Wireless undertaking of Systema Shyam Teleservices Limited (SSTL) with effect from October 31, 2017. Upon merger of Wireless undertaking of SSTL, ₹ 1,397 crore being excess of assets over liabilities taken over has been credited to Capital Reserve. The Company had also allotted 27,65,53,305 nos of Equity Shares of ₹ 5 each, on October 31, 2017, to shareholder of SSTL.

**Note 2.39**

**Movement of Provisions**

(₹ in crore)

| Particulars   | Current            |                | Non Current        |                |
|---|--------------------|----------------|--------------------|----------------|
|   | For the year ended |                | For the year ended |                |
|   | March 31, 2019     | March 31, 2018 | March 31, 2019     | March 31, 2018 |
| <b>Provision for Retirement Benefit</b>               |                    |                |                    |                |
| Balances at the beginning of the period               | 21                 | 29             | 67                 | 106            |
| Additional provision/(Reduction)                      | 1                  | (8)            | (16)               | (39)           |
| Balances at the close of the period                   | <u>22</u>          | <u>21</u>      | <u>51</u>          | <u>67</u>      |
| <b>Asset Retirement Obligation</b>                    |                    |                |                    |                |
| Balances at the beginning of the period               | -                  | -              | 371                | 345            |
| Unwinding of discount on account of ARO               | -                  | -              | 3                  | 26             |
| Exchange Fluctuation                                  | -                  | -              | 8                  | -              |
| Balances at the close of the period                   | <u>-</u>           | <u>-</u>       | <u>382</u>         | <u>371</u>     |
| <b>Others - Disputed and Other claims/ wealth tax</b> |                    |                |                    |                |
| Balances at the beginning of the period               | 1,216              | 1,216          | -                  | -              |
| Additional provision/(Reduction)                      | -                  | -              | -                  | -              |
| Balances at the close of the period                   | <u>1,216</u>       | <u>1,216</u>   | <u>-</u>           | <u>-</u>       |

Provisions include, provision for disputed claims for verification of customer ₹ 9 crore (Previous year ₹ 9 crore) and others of ₹ 1,206 crore ( Previous year ₹ 1,206). The aforesaid provisions shall be utilised on settlement of the claims, if any, thereagainst. Provisions for Asset Retirement Obligation (ARO) made by the Company's subsidiary in respect of undersea cables and equipments.

**Note 2.40**

**Contingent Liabilities and Capital Commitment (as represented by the Management)**

(₹ in crore)

|  | As at          | As at          |
|--|----------------|----------------|
|  | March 31, 2019 | March 31, 2018 |
| (i) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for | 175            | 173            |
| (ii) Disputed Liabilities not provided for   |                |                |
| - Sales Tax and VAT  | 104            | 98             |
| - Custom, Excise and Service Tax   | 281            | 257            |
| - Entry Tax and Octroi   | 67             | 104            |
| - Income Tax   | 763            | 763            |
| - Other Litigations  | 11,549         | 5,967          |
| (iii) Claims against the Company not acknowledged as debts   | 1,167          | 921            |
| (iv) Guarantees given by the Company   | 878            | 1,202          |

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

- (v) Consequent to the investigations by an investigative agency (CBI) in relation to the entire telecom sector in India, certain preliminary charges were framed by a Trial Court in October, 2011 against Reliance Telecom Limited (RTL), a wholly owned subsidiary of the Company and three of the executives of the group. The Special CBI Judge vide judgment dated December 21, 2017 has acquitted the persons so named. CBI has filed an appeal before the Hon'ble Delhi High Court challenging the said Trial Court order. These proceedings have no impact on the business, operations and/or licenses of the Company and, even more so, are not connected in any manner to any other Group companies.
- (vi) **Spectrum Charges**  
Department of Telecommunication (DoT) had, during the earlier years, issued demand on the Company for ₹ 1,758 Crore towards levy of one time Spectrum Charges (OTSC), being the prospective charges for holding CDMA spectrum beyond 2.5 MHz for the period from January 1, 2013 till the expiry of the initial terms of the respective Licenses. DoT had also issued a demand on RTL, a Subsidiary of the Company one time Spectrum Charges, being retrospective charges of ₹ 5 crore for holding GSM Spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012 and prospective charge of ₹ 169 crore for GSM spectrum held beyond 4.4 MHz for the period from January 1, 2013 till the expiry of the initial terms of the respective Licenses. Based on a petition filed by the Company and its subsidiary the Hon'ble TDSAT, vide its order dated February 4, 2019, set aside the impugned orders and demands for OTSC except for Bihar circle. In the light of the order passed by TDSAT on February 4, 2019, setting aside the OTSC Demands raised by DoT, no demand exist in the eye of Law. In case of Bihar circle, the Company is of the view that the said demands, inter alia, are an alteration of financial terms of the licenses issued in the past and has been legally advised, accordingly, no provision in this regard is required.
- (vii) **License and Spectrum Fee demands on account of Special Audit and Comptroller and Audit General (CAG) Audit**  
Pursuant to the Telecom License Agreement, DoT directed audit of various Telecom companies including of the Company. The Special Auditors appointed by DoT were required to verify records of the Company and some of its subsidiaries for the years ended March 31, 2007 and March 31, 2008 relating to license fees and revenue share. The Company has received show cause notice dated January 31, 2012 and subsequently, received demand note dated November 8, 2012 based on report of the Special Audit directed by DoT relating to alleged shortfall of license fees and interest thereon as applicable. The Company challenged the said notices, inter alia demanding license fee on non telecom revenue based on Special Audit Report before the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) and also before the Hon'ble High Court of Kerala. Further, for subsequent years also DoT has raised demand notes for License fee and Spectrum fee on non telecom revenue and other similar revenue heads which Special Auditor has recommended to add back in Adjusted Gross Revenue (AGR) for computation of License Fee and Spectrum Fee. CAG has also conducted audit of the Company for financial years 2006-07 to 2014-15 and they also recommended to add back non telecom revenue in AGR. The Company has challenged all demands raised by DoT on recommendation of Special Auditors and CAG before Hon'ble TDSAT. Hon'ble TDSAT vide its judgement dated April 23, 2015 has set aside all License fee related demands and directed DoT to rework the license fees payable by the operators for the past periods, in light of the findings, observations and directions made in the said judgement and to issue fresh demands, which the operators will pay within the time prescribed under the law. DoT has challenged the said Hon'ble TDSAT judgement in Hon'ble Supreme Court and has not revised/raised any fresh demand. The matter is pending before Hon'ble Supreme Court, though Hon'ble Supreme Court vide its order dated February 29, 2016 allowed DoT to raise demand as per its understanding but not to enforce the same till the appeals are finally decided by the Hon'ble Supreme Court. As per the judgement of Hon'ble TDSAT dated April 23, 2015 which is operative as on date and other judicial pronouncements directly applicable to the issues of License fee dues raised by DoT on recommendations of Special Auditors and CAG, there shall not be any liability of License fee and hence, no provision is required in the accounts of the Company.
- (viii) 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 (CIR) Process 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 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 CIR Process of the Company and its two subsidiaries.

### Note 2.41

#### Leases

##### (a) Operating Lease

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Estimated future minimum payments under non cancellable operating leases. |                         |                         |
| (i) Not later than one year   | 11                      | 7                       |
| (ii) Later than one year and not later than five years                    | 4                       | 4                       |
| (iii) Later than five years   | -                       | -                       |

Notes on Accounts to the Consolidated Financial Statements

Note 2.42

2.42.1 Financial Instruments

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

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

Financial Instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair value hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

| Particulars  | (₹ in crore)            |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| <b>Financial assets at amortised cost:</b>                                       |                         |                         |
| Cash and cash equivalents (Refer Note 2.12)                                      | 832                     | 611                     |
| Bank Balances (Refer Note 2.13)  | 106                     | 129                     |
| Trade receivables (Refer Note 2.11)  | 1,346                   | 2,133                   |
| Other financial assets (Refer Note 2.14 & 2.06)                                  | 512                     | 329                     |
| <b>Total</b>   | <b>2,796</b>            | <b>3,202</b>            |
| <b>Financial assets at fair value through Profit and Loss:</b>                   | <b>Nil</b>              | <b>Nil</b>              |
| <b>Financial assets at fair value through other Comprehensive Income:</b>        |                         |                         |
| Investments (Refer Note 2.05 & 2.10)   | 12,005                  | 11                      |
| <b>Financial liabilities at amortised cost:</b>                                  |                         |                         |
| Trade payables (Refer note 2.24)   | 3,897                   | 4,868                   |
| Other financial liabilities (Refer Note 2.25)                                    | 1,685                   | 1,802                   |
| Borrowings (Refer Note 2.20, 2.23 & 2.25)  | 47,607                  | 47,234                  |
| Liabilities directly related to asset held for sale (Refer Note 2.16)            | 6,519                   | 6,699                   |
| <b>Total</b>   | <b>59,707</b>           | <b>60,603</b>           |
| <b>Financial liabilities at fair value through Statement of Profit and Loss:</b> | <b>Nil</b>              | <b>Nil</b>              |
| <b>Financial Liabilities at fair value through other Comprehensive Income:</b>   | <b>Nil</b>              | <b>Nil</b>              |

2.42.2 Financial Risk Management Objectives and Policies

Activities of the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

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

Corporate Insolvency Resolution Process ("CIR Process") has been initiated in case of the Company and two of its subsidiaries under the Provisions of the Insolvency and Bankruptcy Code, 2016 (the Code). Pursuant to the order, the management of affairs of the Company and powers of board of directors of the Company stand vested with the Interim Resolution Professional ("IRP") appointed by the NCLT. The framework and the strategies for effective management will be established post implementation of Resolution

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

Plan. Presently, the financial management activities are restricted to management of current assets and liabilities of the Company and the day to day cashflow and its associated risks are as under:

### Market risk

The Company also operates internationally and hence, a portion of the business is transacted in several currencies. Consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which it sells and services, purchases from overseas suppliers and borrowings in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates, interest rates will affect income or value of its holding financial assets/ instruments. The exchange rate between rupee and foreign currencies has changed substantially in recent years and may fluctuate significantly in the future. As a result, operations of the Company are adversely affected as the rupee appreciates/ depreciates against US dollar. Euro. GB pound etc. Since the Company and two of its subsidiaries are under CIR Process, it is not required to meet any loan or interest obligation till the resolution plan is implemented. As the overall obligation and liabilities shall be determined during CIR Process, foreign currency loans are stated at exchange rate as at March 31, 2018.

### Foreign Currency Risk from financial instruments as of :

(₹ in crore)

| Particulars                                    | March 31, 2019  |            |           |                |  | Total           |
|--|-----------------|------------|-----------|----------------|--|-----------------|
|  | U.S. dollars    | Euro       | GB Pound  | Other Currency |  |                 |
| Trade Receivables                              | 1,230           | -          | -         | 2              |  | 1,232           |
| Other financial assets                         | 296             | 331        | 17        | 28             |  | 672             |
| Cash & Cash Equivalents                        | -               | 46         | 24        | 15             |  | 84              |
| Borrowings                                     | (16,111)        | -          | -         | -              |  | (16,111)        |
| Trade payables and other financial liabilities | (2,021)         | (68)       | (18)      | (77)           |  | (2,184)         |
| <b>Net assets / (liabilities)</b>              | <b>(16,606)</b> | <b>309</b> | <b>23</b> | <b>(33)</b>    |  | <b>(16,306)</b> |

| Particulars                                    | March 31, 2018  |            |          |                |  | Total           |
|--|-----------------|------------|----------|----------------|--|-----------------|
|  | U.S. dollars    | Euro       | GB Pound | Other Currency |  |                 |
| Trade Receivables                              | 1,577           | -          | -        | 58             |  | 1,635           |
| Other financial assets                         | 279             | 312        | 20       | 85             |  | 696             |
| Cash & Cash Equivalents                        | -               | 62         | 27       | 13             |  | 102             |
| Borrowings                                     | (16,358)        | -          | -        | -              |  | (16,358)        |
| Trade payables and other financial liabilities | (2,099)         | (94)       | (44)     | (97)           |  | (2,334)         |
| <b>Net assets / (liabilities)</b>              | <b>(16,601)</b> | <b>280</b> | <b>3</b> | <b>59</b>      |  | <b>(16,259)</b> |

### Sensitivity Analysis

Not relevant till the time resolution plan is finalised.

### Interest Rate Risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. Since the Company and two of its subsidiaries are under CIR Process, it could not meet interest obligation during the year and shall be finalised when resolution plan is implemented.

### Exposure to interest rate risk/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

**Notes on Accounts to the Consolidated Financial Statements**

depends on whether there is any significant increase in credit risk. In case of significant increase in credit risk, life time ECL is used; otherwise twelve month ECL is used. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for the customers.

Credit risk on cash and cash equivalents is limited as the Group generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and/ or domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by the Government and Quasi Government organizations and certificates of deposits which are funds deposited at a bank for a specified time period.

**Ageing of Trade Receivable**

| Particulars             | As at March 31, 2019 |                       |                              | As at March 31, 2018 |                       |                              |
|-------------------------|----------------------|-----------------------|------------------------------|----------------------|-----------------------|------------------------------|
|                         | Gross Amount         | Weighted Average Rate | Provision for doubtful debts | Gross Amount         | Weighted Average Rate | Provision for doubtful debts |
| (₹ in crore)            |                      |                       |                              |                      |                       |                              |
| <b>India Operation</b>  |                      |                       |                              |                      |                       |                              |
| Not Due                 | 70                   | 0%                    | -                            | 132                  | 4%                    | 5                            |
| 0-90 days               | 117                  | 0%                    | -                            | 334                  | 10%                   | 34                           |
| 91-180 days             | 83                   | 45%                   | 37                           | 419                  | 20%                   | 82                           |
| 181-365 days            | 90                   | 63%                   | 56                           | 471                  | 22%                   | 103                          |
| Above 365 days          | 2,542                | 86%                   | 2,199                        | 2,081                | 88%                   | 1,838                        |
| <b>Subtotal</b>         | <b>2,902</b>         |                       | <b>2,291</b>                 | <b>3,437</b>         |                       | <b>2,062</b>                 |
| <b>Global Operation</b> |                      |                       |                              |                      |                       |                              |
| Not Due                 | 262                  | 0%                    | -                            | 310                  | 1%                    | 2                            |
| 0-90 days               | 279                  | 3%                    | 9                            | 251                  | 2%                    | 6                            |
| 91-180 days             | 41                   | 9%                    | 4                            | 34                   | 15%                   | 5                            |
| 181-365 days            | 38                   | 12%                   | 4                            | 28                   | 36%                   | 10                           |
| Above 365 days          | 261                  | 49%                   | 128                          | 310                  | 48%                   | 150                          |
| <b>Subtotal</b>         | <b>882</b>           |                       | <b>146</b>                   | <b>912</b>           |                       | <b>174</b>                   |
| <b>Total</b>            | <b>3,784</b>         |                       | <b>2,438</b>                 | <b>4,369</b>         |                       | <b>2,236</b>                 |

**Movement of Provision for Doubtful Debts**

|                                 | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Opening Balance                 | 2,236                                | 2,143                                |
| Add: Provision during the year  | 534                                  | 399                                  |
| Less: Write off during the year | (332)                                | (306)                                |
| Closing Balance                 | 2,438                                | 2,236                                |

**Liquidity risk**

The Company and two of its subsidiaries are under CIR Process. The Company depends upon timely receipt from sales and delay in sales realisation as well as vendor payments can severely impact the current level of operation. Liquidity crises had led to default in repayment of principal and interest to lenders. Since the Company is under CIR Process, it is not required to meet any loan or interest obligation till the resolution plan is implemented.

Liquidity risk is the financial risk that is encountered due to uncertainty resulting in difficulty in meeting its obligations. An entity is exposed to liquidity risk if markets on which it depends are subject to loss of liquidity for any reason; extraneous or intrinsic to its business operations, affecting its credit rating or unexpected cash outflows. A position can be hedged against market risk but still entails liquidity risk. Prudence requires liquidity risk to be managed in addition to market, credit and other risks as it has tendency to compound other risks. It entails management of assets, liabilities focused on a medium to long-term perspective and future net cash flows on a day by day basis in order to assess liquidity risk.

As the Company and two of its subsidiaries are under IBC, Liquidity Periodic budget and rolling forecasts shall be determined during CIR process

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Note 2.43

#### Earnings per Share (EPS)

|   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| <b>Basic and Diluted EPS (after Exceptional Items) from continuing operations</b>                                     |                                      |                                      |
| (a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS) | <b>(867)</b>                         | (19)                                 |
| (b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)              | <b>2,74,42,54,050</b>                | 2,58,28,68,149                       |
| (c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)  | <b>(3.16)</b>                        | (0.07)                               |
| <b>Basic and Diluted EPS (after Exceptional Items) from discontinued operations</b>                                   |                                      |                                      |
| (a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS) | <b>(6,339)</b>                       | (23,820)                             |
| (b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)              | <b>2,74,42,54,050</b>                | 2,58,28,68,149                       |
| (c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)  | <b>(23.10)</b>                       | (92.22)                              |
| <b>Basic and Diluted EPS (after Exceptional Items) from continuing and discontinued operations</b>                    |                                      |                                      |
| (a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS) | <b>(7,206)</b>                       | (23,839)                             |
| (b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)              | <b>2,74,42,54,050</b>                | 2,58,28,68,149                       |
| (c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)  | <b>(26.26)</b>                       | (92.29)                              |
| <b>Basic and Diluted EPS (before Exceptional Items) from continuing operations</b>                                    |                                      |                                      |
| (a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS) | <b>(1,913)</b>                       | (19)                                 |
| (b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)              | <b>2,74,42,54,050</b>                | 2,58,28,68,149                       |
| (c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)  | <b>(6.97)</b>                        | (0.07)                               |
| <b>Basic and Diluted EPS (before Exceptional Items) from discontinued operations</b>                                  |                                      |                                      |
| (a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS) | <b>(3,117)</b>                       | (2,565)                              |
| (b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)              | <b>2,74,42,54,050</b>                | 2,58,28,68,149                       |
| (c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)  | <b>(11.36)</b>                       | (9.93)                               |
| <b>Basic and Diluted EPS (before Exceptional Items) from continuing and discontinued operations</b>                   |                                      |                                      |
| (a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic and Diluted EPS) | <b>(5,030)</b>                       | (2,584)                              |
| (b) Weighted average number of Equity Shares (used as denominator for calculating Basic and Diluted EPS)              | <b>2,74,42,54,050</b>                | 2,58,28,68,149                       |
| (c) Basic and Diluted Earnings per Share of ₹ 5 each (₹)  | <b>(18.33)</b>                       | (10.00)                              |
| <b>Reconciliation of weighted average number of ordinary shares</b>   |                                      |                                      |
| Issued ordinary shares at April 1   | <b>2,76,55,33,050</b>                | 2,48,89,79,745                       |
| Issued 276553305 ordinary shares (Refer Note 2.38.2)  | -                                    | 11,51,67,404                         |
| Effect of Treasury shares held  | <b>(2,12,79,000)</b>                 | (2,12,79,000)                        |
| Weighted average number of shares for basic and diluted EPS   | <b><u>2,74,42,54,050</u></b>         | <b><u>2,58,28,68,149</u></b>         |

Notes on Accounts to the Consolidated Financial Statements

Note 2.44

Exceptional Items

2.44.1 Relating to Continuing Operations

- (a) The Company was in the process of finalising and implementing its asset monetization and debt resolution plan, comprising the Company's real estate development plan and restructuring of Debt. As required by the lenders and also to safeguard the development of real estate, the business taken up by Reliance Realty Limited (RRL), a subsidiary of the Company, it was necessary that control of RRL being conferred on ADA Group. Accordingly in order to align the above and as legally advised, Memorandum and Articles of Association of RRL has been amended as per the provisions of the Companies Act, 2013 and other applicable provisions of law. Consequently, Investment in RRL by the Company, has been accounted at fair value, as per Ind AS 109 "Financial Instruments", and represented as Exceptional Items. Impact on profitability (net of tax of ₹ 962 crore) is ₹ 3,230 crore.
- (b) During the year, due to reduction in fair valuation of subsea cable, Property Plant and Equipment aggregating to ₹ 2,184 crore has been debited to statement of profit and loss and represented as as Exceptional Items.

2.44.2 Relating to Discontinued Operations

- (a) The assets pertaining to Wireless Spectrum, Towers, Fiber and Media Convergence Nodes (MCNs) continued to be classified as assets held for sale at the value ascertained at the end of previous year, along with liabilities, and disclosed separately as discontinued operations in line with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". During the year, certain assets of ₹ 1,797 crore (Previous year ₹ 24,203 crore) (Refer note 2.16) and Goodwill on consolidation of ₹ 2,177 crore have been impaired and represented as Exceptional Items as a part of Discontinued Operations.
- (b) The Company had entered into a definitive binding agreement with Pantel Technologies Private Limited and Veecon Media and Television Limited (the Purchaser) for sale of its subsidiary company, Independent TV Limited (ITVL) (Formerly Reliance Big TV Limited) having DTH Business. As per the agreement, all collections from Debtors and all liabilities of the ITVL will be to the account of, and borne by, the purchaser. In view of the above and upon transfer of the entire operations of ITVL, during the year, ITVL has been deconsolidated for the purpose of and as per requirement of Ind AS 110 "Consolidated Financial Statement". Impact on profitability is ₹ 752 crore and represented as Exceptional Items as a part of Discontinued Operations.
- (c) Pursuant to the direction of the Hon'ble High Court of Judicature at Mumbai/ Gujarat and option exercised by the Board of Directors of the company, in accordance with and as per the Scheme of Arrangements ("the Scheme") approved by the Hon'ble High Court vide order dated July 3, 2019 binding on the Company, expenses and/ or losses, identified by the Board of Directors of the company as being exceptional or otherwise, subject to the accounting treatment prescribed in the Scheme and comprising of ₹ Nil (Previous year ₹ 221 crore) of depreciation consequent to addition of exchange differences on long term borrowing relating to capital assets to the cost of capitalised assets, as also of ₹ Nil (Previous year ₹ 25 crore (gain) ) of exchange variations (net) on items other than long term monetary items, ₹ Nil ( Previous year ₹ 252 crore ) being amortisation of FCMITDA, excluding the portion added to the cost of fixed assets or carried forward as FCMITDA in accordance with Para 46 A inserted into the then applicable Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates" in context of unprecedented volatility in exchange rates during the year have been met by withdrawal from corresponding general reserve, leaving no impact on profit/ loss for the year ended March 31, 2018. Apart from this ₹ Nil (Previous year ₹ 2,948 crore) pertaining to impairment of assets have been withdrawn from General Reserve and Reserve for Business Restructuring. Such withdrawals have been included/ reflected in the Statement of Profit and Loss. Had such write off of expenses, losses and depreciation/ amortisation (refer note 2.38.1 (v)) not met from General Reserve, the consolidated financial statements would had reflected a loss after tax of ₹ 27,583 crore in the previous year.

Note 2.45

General Reserve

The Company has, from the year ended on March 31, 2008 onwards, combined the balances of General Reserve I, II and III and disclosed as General Reserve in Consolidated Accounts. General Reserve I and II were arising pursuant to the Schemes of demerger of 'Telecommunication Undertaking' of RIL into the Company and the Scheme of Amalgamation and Arrangement of Group Companies respectively in earlier years. General Reserve III includes the reserve arising pursuant to the Schemes of Amalgamation with RGNL.

Note 2.46

Corporate Social Responsibility (CSR) Expenses

- (a) Gross amount required to be spent by a Subsidiary during the year ₹ 31 crore (Previous year ₹ 35 crore).

|   | For the year ended<br>March 31, 2019 |                           | For the year ended<br>March 31, 2018 |                           |
|---|--------------------------------------|---------------------------|--------------------------------------|---------------------------|
|   | In Cash                              | Yet to be<br>paid in cash | In Cash                              | Yet to be<br>paid in cash |
| (b) Amount spent during the year on:        |                                      |                           |                                      |                           |
| (i) Construction / acquisition of any asset | -                                    | -                         | -                                    | -                         |
| (ii) On purposes other than (i) above       | -                                    | 31                        | -                                    | 35                        |



# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Note 2.47

#### 1 Related Parties

As per the Ind AS 24 of "Related Party Disclosures" as referred to in the Accounting Standards Rules, disclosure of the transactions with the related parties as defined therein are given below. All transactions entered into by the Company with related parties, were in ordinary course of business and on arms' length basis.

#### A List of related party

##### Holding Company

- 1 Reliance Innoventures Private Limited (up to February 6, 2019)

##### Subsidiaries

- 2 Reliance Realty Limited (Formerly Reliance Infocomm Infrastructure Limited) (Refer Note 2.44.1)
- 3 Independent TV Limited (Formerly Reliance Big TV Limited) (Refer Note 2.44.2)

##### Fellow subsidiary

- 2 Reliance Big Entertainment Private Limited
- 3 Reliance Big Broadcasting Private Limited
- 4 Big Animation (India) Private Limited
- 5 Big Flicks Private Limited
- 6 Zapak Digital Entertainment Limited
- 7 Zapak Mobile Games Private Limited
- 8 Ralston Trading Private Limited
- 9 Nationwide Communications Private Limited

##### Person having control during the year

- 10 Shri Anil D. Ambani

##### Enterprises over which individual described in Sr. No. 10 above having control

- 11 Reliance Capital Limited
- 12 Reliance Nippon Life Asset Management Limited
- 13 Reliance General Insurance Company Limited
- 14 Reliance Commodities Limited
- 15 Reliance Money Precious Metals Private Limited
- 16 Reliance Home Finance Limited
- 17 Reliance Securities Limited
- 18 Reliance Financial Limited
- 19 Reliance Money Solutions Private Limited
- 20 Reliance Infrastructure Limited
- 21 HK Toll Road Private Limited
- 22 GF Toll Road Private Limited
- 23 KM Toll Road Private Limited
- 24 DS Toll Road Limited
- 25 Reliance Defence Limited
- 26 Vidarbha Industries Power Limited
- 27 Reliance Power Limited
- 28 BSES Kerala Power Limited
- 29 Sasan Power Limited
- 30 Reliance Cleangen Limited
- 31 SU Toll Road Private Limited

##### Enterprises over which individual described in Sr. No. 10 above having control

- 32 TD Toll Road Private Limited
- 33 BSES Rajdhani Power Limited
- 34 Reliance Wealth Management Limited
- 35 Reliance Nippon Life Insurance Company Limited (Formerly Reliance Life Insurance Company Limited)
- 36 BSES Yamuna Power limited
- 37 Reliance Commercial Finance Limited
- 38 Reliance Health Insurance Limited
- 39 Reliance Defence Systems and Tech Limited
- 40 Reliance Naval and Engineering Limited
- 41 Reliance Communications Enterprises Private Limited
- 42 TK Toll Road Private Limited
- 43 Rosa Power Supply Company Limited
- 44 Rajasthan Sun Technique Energy Private Limited

##### Key Managerial Personnel (KMP)

- 45 Shri Punit Garg - Executive Director (w.e.f. 02.10.2017 till 05.04.2019)
- 46 Shri Manikantan V. - Director and Chief Financial Officer
- 47 Shri Prakash Shenoy - Company Secretary

##### Employee Benefits Trust

- 48 Reliance Infocomm Limited Employees Provident Fund
- 49 Reliance Communications Infrastructure Limited Employees Provident Fund
- 50 Reliance Telecom Limited Employees Provident Fund
- 51 Reliance Infocomm Limited Employees Superannuation Scheme
- 52 Reliance Communications Infrastructure Limited Employees Superannuation Scheme
- 53 Reliance Telecom Limited Employees Superannuation Scheme
- 54 Chemical and Fiber of India Limited Provident Fund
- 55 Reliance Infocomm Limited Employees Gratuity Fund
- 56 Reliance Communications Infrastructure Limited Employees Gratuity Fund
- 57 Reliance Telecom Limited Employees Gratuity Fund
- 58 Reliance Globalcom Limited Employees Group Gratuity Assurance Scheme
- 59 Reliance Globalcom Limited Employees Superannuation Scheme
- 60 Reliance Tech Services Private Limited Employees Group Gratuity Assurance Scheme

Notes on Accounts to the Consolidated Financial Statements

**B Transactions during the year with related parties**

(Figures in bracket represent Previous year)

(₹ in crore)

|  | Subsidiaries<br>(not<br>consolidated) | Fellow<br>Subsidiaries | Enterprises over<br>which person<br>having control | Employee<br>Benefits<br>Trust | KMP/<br>Others | Total         |
|--|---------------------------------------|------------------------|--|-------------------------------|----------------|---------------|
| (i) <b>Investments</b>                             |                                       |                        |  |                               |                |               |
| <b>Balance as at March 31, 2019</b>                | <b>12,000</b>                         | -                      | -  | -                             | -              | <b>12,000</b> |
|  | (-)                                   | (-)                    | (-)  | (-)                           | (-)            | (-)           |
| (ii) <b>Trade Receivable</b>                       | -                                     | <b>1</b>               | <b>11</b>  | -                             | -              | <b>12</b>     |
|  | (-)                                   | (1)                    | (17)   | (-)                           | (-)            | (18)          |
| (iii) <b>Loans and Advances</b>                    | <b>93</b>                             | -                      | -  | -                             | -              | <b>93</b>     |
|  | (-)                                   | (-)                    | (1)  | (-)                           | (-)            | (1)           |
| (iv) <b>Other Current Assets</b>                   | -                                     | -                      | <b>2</b>   | -                             | -              | <b>2</b>      |
|  | (-)                                   | (-)                    | (-)  | (-)                           | (-)            | (-)           |
| (v) <b>Other Financial Assets</b>                  | -                                     | -                      | <b>1</b>   | -                             | -              | <b>1</b>      |
|  | (-)                                   | (-)                    | (-)  | (-)                           | (-)            | (-)           |
| (vi) <b>Trade Payable</b>                          | <b>384</b>                            | -                      | <b>22</b>  | -                             | -              | <b>406</b>    |
|  | (-)                                   | (-)                    | (16)   | (-)                           | (-)            | (16)          |
| (vii) <b>Borrowings - Current</b>                  | -                                     | -                      | 4,607  | -                             | -              | <b>4,607</b>  |
|  | (-)                                   | (-)                    | (641)  | (-)                           | (-)            | (641)         |
| (viii) <b>Other Current Liabilities</b>            | <b>1,116</b>                          | <b>2</b>               | <b>21</b>  | -                             | -              | <b>1,139</b>  |
|  | (-)                                   | (-)                    | (-)  | (-)                           | (-)            | (-)           |
| (ix) <b>Loans Taken</b>                            |                                       |                        |  |                               |                |               |
| Opening Balance as on April 1, 2018                | -                                     | -                      | 1,630  | -                             | -              | <b>1,630</b>  |
|  | (-)                                   | (-)                    | (861)  | -                             | -              | (861)         |
| Add: Taken/Adjusted during the year                | -                                     | -                      | -  | -                             | -              | -             |
|  | (-)                                   | (-)                    | (776)  | -                             | -              | (776)         |
| Less: Repayment during the year                    | -                                     | -                      | -  | -                             | -              | -             |
|  | (-)                                   | (-)                    | (7)  | -                             | -              | (7)           |
| Less: Reclassified as current Borrowings           | -                                     | -                      | <b>1,630</b>                                       | -                             | -              | <b>1,630</b>  |
|  | (-)                                   | (-)                    | (-)  | (-)                           | (-)            | (-)           |
| Balance as on March 31, 2019                       | -                                     | -                      | -  | -                             | -              | -             |
|  | (-)                                   | (-)                    | (1,630)  | -                             | -              | (1,630)       |
| (x) <b>Income</b>                                  |                                       |                        |  |                               |                |               |
| Service Income                                     | -                                     | -                      | <b>32</b>  | -                             | -              | <b>32</b>     |
|  | (-)                                   | (-)                    | (44)   | -                             | -              | (44)          |
| (xi) <b>Expenditure</b>                            |                                       |                        |  |                               |                |               |
| Network Operation Expenses                         | <b>42</b>                             | -                      | <b>2</b>   | -                             | -              | <b>44</b>     |
|  | (-)                                   | (-)                    | (12)   | (-)                           | (-)            | (12)          |
| General and Administration Expenses                | <b>77</b>                             | -                      | <b>16</b>  | -                             | -              | <b>93</b>     |
|  | (-)                                   | (-)                    | (35)   | (-)                           | (-)            | (35)          |
| (xii) <b>Employee Benefit Expenses</b>             | -                                     | -                      | -  | <b>6</b>                      | -              | <b>6</b>      |
|  | (-)                                   | (-)                    | (-)  | (3)                           | -              | (3)           |
| (xiii) <b>Corporate Guarantee</b>                  | 1                                     | -                      | -  | -                             | -              | 1             |
|  | (-)                                   | (-)                    | (-)  | (-)                           | (-)            | (-)           |
| (xiv) <b>Person having control during the year</b> |                                       |                        |  |                               |                |               |
| Shri Anil D. Ambani - Sitting fees                 | -                                     | -                      | -  | -                             | -              | -             |
| ₹ 1,20,000 (Previous year ₹ 4,40,000)              | (-)                                   | (-)                    | (-)  | (-)                           | (-)            | (-)           |
| (xv) <b>Key Managerial Personnel*</b>              |                                       |                        |  |                               |                |               |
| Managerial Remuneration                            |                                       |                        |  |                               |                |               |
| Shri Punit Garg                                    | -                                     | -                      | -  | -                             | <b>2</b>       | <b>2</b>      |
|  | (-)                                   | (-)                    | (-)  | (-)                           | (1)            | (1)           |
| Shri Manikantan V.                                 | -                                     | -                      | -  | -                             | <b>2</b>       | <b>2</b>      |
|  | (-)                                   | (-)                    | (-)  | (-)                           | (1)            | (1)           |
| Shri Prakash Shenoy                                | -                                     | -                      | -  | -                             | -              | -             |
|  | (-)                                   | (-)                    | (-)  | (-)                           | (1)            | (1)           |

\* within the limit approved by shareholders.

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

|   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Salaries and other benefits                 | 3,78,19,726                          | 2,74,96,566                          |
| Contributions to defined contribution plans | 23,68,525                            | 15,32,247                            |
| Commission to directors                     | -                                    | -                                    |
| Share-based payments expense                | -                                    | -                                    |
| <b>Total</b>                                | <b>4,01,88,251</b>                   | <b>2,90,28,813</b>                   |

Some of the key management personnel of the Company are also covered under the Company's Gratuity Plan along with the other employees of the Company. Proportionate amounts of gratuity accrued under the Company's Gratuity Plan have not been separately included in the above disclosure.

### Note 2.48

#### Employee Stock Option Scheme

The Company was operating two Employee Stock Option Plans; ESOS Plan 2008 and ESOS Plan 2009, which cover eligible employees of the Company and its Subsidiaries. ESOS Plan 2008 was operational till previous year whereas ESOS Plan 2009 was operational till January 16, 2019 in the current year. ESOS Plans are administered through an ESOS Trust. The Vesting of the options was on the expiry of one year from the date of Grant as per Plan under the respective ESOS(s). In respect of Options granted, the accounting value of Options (based on market price of the share on the date of the grant of the option) was accounted as deferred employee compensation, which was amortised on a straight line basis over the Vesting Period. Each Option entitles the holder thereof to apply for and be allotted/ transferred one Equity Share of the Company of ₹ 5 each upon payment of the Exercise Price during the Exercise Period. The maximum Exercise Period was 10 years from the date of Grant of Options.

The Company has established a Trust for the implementation and management of ESOS for the benefit of its present and future employees. Advance of ₹ 387 crore (Previous year ₹ 387 crore) has been granted to the Trust and the said amount has been utilised by the Trust for purchasing 2.13 crore ( Previous year 2.13 crore ) Equity Shares during the earlier years. The fall in the value of these underlying shares on account of market volatility and the loss, if any, can be determined upon sale of shares by Trust.

Amortization of compensation includes write back of ₹ Nil (Previous year ₹ 1 crore ) based on intrinsic value of Options which has been vested under ESOS Plan 2008 and reflected in Statement of Profit and Loss under Employees Benefits Expenses. No amount is chargeable in respect of Options granted under ESOS Plan 2009.

| Particulars  | Employees Stock Option Plans<br>ESOS Plan 2009 |   |
|--|--|---|
|  | Number of Options                              | Weighted average<br>exercise price<br>[₹] |
| Number of Options Outstanding at the beginning of the year | 3 93 536                                       | 206                                       |
| Number of Options granted                                  | Nil  | -   |
| Total number of Options surrendered                        |  | -   |
| Number of Options vested during the year                   | Nil  | -   |
| Total number of Options exercised                          | Nil  | -   |
| Total number of Options forfeited/ lapsed                  | 3 93 536                                       | 206                                       |
| Number of Options outstanding at the end of the year       | -  | -   |

There is no options outstanding at the end of the year and no remaining contractual life available

### Note 2.49

#### Employee Benefits

The gratuity plan is governed by the Payment of Gratuity Act, 1972 (Gratuity Act). The Company is bound to pay the statutory minimum gratuity as prescribed under Gratuity Act. There are no minimum funding requirements for a gratuity plan in India. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of underfunding of the plan vis-à-vis settlements. The management is responsible for the overall governance of the plan. The management has outsourced the investment management of the fund to insurance company which in turn manages these funds as per the mandate provided to them by the trustees and applicable insurance and other regulations.

The Company operates its gratuity and superannuation plans through separate trusts which is administered and managed by the Trustees. As on March 31, 2019 and March 31, 2018, the contributions towards the plans have been invested in Insurer Managed Funds.

**Notes on Accounts to the Consolidated Financial Statements**

The plan is in the nature of defined benefit plan which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any significant change in salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future.

The defined benefit plan exposes the Group to actuarial risk such as longevity risk, interest risk and market (Investment) risk. The following table set out the status of the Gratuity Plan as required under Ind AS 19 "Employee Benefits":

| Particulars  | (₹ in crore)            |                |
|--|-------------------------|----------------|
|  | As at<br>March 31, 2019 | March 31, 2018 |
| <b>(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b> |                         |                |
| Obligation at beginning of the year  | 41                      | 57             |
| Service cost   | 3                       | 6              |
| Interest cost  | 2                       | 4              |
| Actuarial (gain)/ loss recognised in other comprehensive income  | 7                       | (17)           |
| Change in financial assumption   | -                       | -              |
| Experience Adjustment  |                         |                |
| Benefits paid  | (18)                    | (9)            |
| Liabilities Extinguished on Settlement   | -                       | -              |
| Obligation at year end   | 31                      | 41             |
| Defined benefit obligation liability is wholly funded by the Company   |                         |                |
| <b>(ii) Change in plan assets</b>  |                         |                |
| Plan assets at beginning of the year, at fair value  | 8                       | 10             |
| Expected return on plan assets   | 1                       | 1              |
| Actuarial (gain)/ loss recognised in other comprehensive income  | -                       | -              |
| Contributions  | 25                      | 13             |
| Benefits paid from the fund  | (6)                     | (15)           |
| Assets distributed on settlement   | -                       | -              |
| Plan assets at year end, at fair value   | 28                      | 8              |
| <b>(iii) Reconciliation of present value of the obligation and the fair value of the plan assets</b>             |                         |                |
| Fair value of plan assets at the end of the year   | 28                      | 8              |
| Present value of the defined benefit obligations at the end of the year  | 31                      | 41             |
| Liability recognised in the Balance Sheet  | 3                       | 33             |
| <b>(iv) Expense recognised in Profit or Loss</b>   |                         |                |
| Service Cost   | 3                       | 6              |
| Interest Cost  | 2                       | 4              |
| Total  | 5                       | 10             |
| <b>(v) Amount recognised in other comprehensive income</b>   |                         |                |
| Actuarial (gain)/ loss recognised in other comprehensive income  | -                       | (4)            |
| Expected return on plan assets   | -                       | 1              |
| Total  | -                       | (3)            |
| <b>(vi) Experience adjustment</b>  |                         |                |
| On Plan Liabilities (Gain)/Loss  | -                       | 1              |
| On Plan Assets Gain / (Loss)   | -                       | -              |
| <b>(vii) Investment details of plan assets</b>   |                         |                |
| 100% of the plan assets are invested in balanced Fund Instruments  |                         |                |

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

| Particulars  | (₹ in crore)  |   |
|--|---|---|
|  | As at<br>March 31, 2019   | As at<br>March 31, 2018                                     |
| <b>(viii) Actual return on plan assets ₹ 1.28 crore</b> (Previous year ₹ 1,00,832) |   |   |
| <b>(ix) Assumptions</b>  |   |   |
| Interest rate  | <b>7.64%</b>  | 7.65%   |
| Estimated return on plan assets  | <b>7.64%</b>  | 7.65%   |
| Salary Growth rate   | <b>8.00%</b>  | 8.00%   |
| Employee Turnover Rate   | <b>For Service 4<br/>year and below<br/>18% and 5%<br/>thereafter</b> | For Service 4<br>year and below<br>35% and 2%<br>thereafter |

Mortality in Retirement: LIC Buy-out Annuity Rates & UK Published PA (90) Annuity Rates suitably adjusted for Indian Lives. The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

### (x) Particulars of the amounts for the year and previous years

|   | Gratuity<br>for the year ended March 31, |      |      |      |      |
|---|--|------|------|------|------|
|   | 2019                                     | 2018 | 2017 | 2016 | 2015 |
| Present Value of benefit obligation                                   | <b>31</b>                                | 41   | 57   | 48   | 41   |
| Fair value of plan assets   | <b>28</b>                                | 8    | 10   | 9    | 10   |
| Excess of (obligation over plan assets) / plan assets over obligation | <b>3</b>                                 | (33) | (47) | (39) | (31) |

The expected contribution is based on the same assumptions used to measure the company's gratuity obligations as of March 31, 2019.

### ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

|   | (₹ in crore)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| Discount rate (+1% movement)                      | <b>(1)</b>              | (2)                     |
| Discount rate (-1% movement)                      | <b>2</b>                | 2                       |
| Future salary growth (+1% movement)               | <b>2</b>                | 2                       |
| Future salary growth (-1% movement)               | <b>(1)</b>              | (2)                     |
| Employee Turnover (+ 1% movement) (amount in Rs.) | <b>(6,69,381)</b>       | (21,44,992)             |
| Employee Turnover (- 1% movement) (Amount in Rs.) | <b>9,12,854</b>         | 22,81,974               |

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.

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

|  |    |    |
|--|----|----|
| Project benefit payable in future from the date of reporting |    |    |
| 1 <sup>st</sup> following year                               | 3  | 8  |
| 2 <sup>nd</sup> following year                               | 2  | 2  |
| 3 <sup>rd</sup> following year                               | 2  | 2  |
| 4 <sup>th</sup> following year                               | 3  | 3  |
| 5 <sup>th</sup> following year                               | 3  | 3  |
| sum of 6 to 10 years   | 14 | 15 |
| sum of years above 11 years                                  | 26 | 20 |

Provident Fund: Under this scheme, the employee and employer each make monthly contribution to the plan equal to 12% of

**Notes on Accounts to the Consolidated Financial Statements**

the covered employee's salary. Contributions are made to the trust established by the Company. As at March 31, 2019, Fair value of plan assets is ₹ 138 crore (Previous year ₹ 210 crore), the present value of defined benefit obligation is ₹ 110 crore (Previous year ₹ 186 crore). For the year ended March 31, 2019, the Company has contributed ₹ 3 crore (Previous year ₹ 12 crore) towards Provident Fund. The Employee Benefits as disclosed herein pertain to the Company and its significant subsidiaries.

The assumptions made for the above are Discount rate of 7.64%, average remaining tenure of Investment Portfolio is 5 years and guaranteed rate of return is 8.65%.

**Note 2.50**

**Capital Management**

Capital of the Company, for the purpose of capital management, includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The 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 a gearing ratio, which is net debt divided by total capital plus net debt.

|                                     | <b>As at<br/>March 31, 2019</b> | As at<br>March 31, 2018 |
|-------------------------------------|---------------------------------|-------------------------|
| (a) Equity                          | <b>(4,180)</b>                  | 2,783                   |
| (b) Debt                            | <b>47,607</b>                   | 47,234                  |
| (c) Equity and Debt ( a + b )       | <b>43,427</b>                   | 50,017                  |
| (d) Capital Gearing Ratio ( b / c ) | <b>110%</b>                     | 94%                     |

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

**Note 2.51**

**Post Reporting Events**

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

**Note 2.52**

**Discontinued Operations:**

The assets pertaining to Wireless Spectrum, Towers, Fiber and Media Convergence Nodes (MCNs) continued to be classified as assets held for sale at the value ascertained at the end of previous year, along with liabilities and disclosed separately as discontinued operations in line with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". Assets held for sale are recorded at lower of carrying amount and fair value less selling cost as per Ind AS 105 and during the year, certain intangible assets of ₹ 1,797 crore have been impaired and represented as exceptional items as a part of Discontinued Operations.

Financial Performance of discontinued operations forming part of India Operations is presented hereunder:

|  | <b>For the year ended<br/>March 31, 2019</b> | For the year ended<br>March 31, 2018 |
|--|--|--------------------------------------|
|  |  | (₹ in crore)                         |
| <b>Income</b>  |  |                                      |
| Revenue from Operations  | <b>1,129</b>                                 | 4,196                                |
| Other Income   | <b>737</b>                                   | 341                                  |
| <b>Total Income</b>  | <b>1,866</b>                                 | 4,537                                |
| <b>Expenses</b>  |  |                                      |
| Access Charges, License Fee and Network Expenses                                   | <b>1,376</b>                                 | 4,061                                |
| Employee Benefit Expenses  | <b>96</b>                                    | 374                                  |
| Finance Costs  | <b>1,083</b>                                 | 1,153                                |
| Depreciation, Impairment and Amortisation  | <b>43</b>                                    | 2,146                                |
| Sales and General Administrative Expenses  | <b>108</b>                                   | 1,359                                |
| Provision / Impairment of Capital Advance  | <b>2,296</b>                                 | -                                    |
| <b>Total Expenses</b>  | <b>5,002</b>                                 | 9,093                                |
| <b>Profit/(Loss) before exceptional items and tax from discontinued operations</b> | <b>(3,136)</b>                               | (4,556)                              |
| <b>Cashflow from discontinued operations</b>                                       |  |                                      |
| - Operating activities   | <b>382</b>                                   | (98)                                 |
| - Investing activities   | <b>1,000</b>                                 | (117)                                |
| - Financing activities   | <b>(679)</b>                                 | (787)                                |

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Note 2.53

#### Non Provision of Interest and Foreign Exchange Variation on Borrowings

Considering various factors including admission of the Company and its two subsidiaries; Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL) to debt resolution process under the IBC with effect from May 15, 2018 and pursuant to the commencement of Corporate Insolvency Resolution (CIR) Process of the Company and its two subsidiaries 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 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 CIR Process. Further, prior to May 15, 2018, the Company and its said subsidiaries were under Strategic Debt Restructuring (SDR) and asset monetization and debt resolution plan was being worked out. The Company and some of its subsidiaries have not provided Interest of ₹4,389 crore calculated based on basic rate of interest as per terms of loan and foreign exchange variation of ₹ 984 crore loss for year ended March 31, 2019. Had the Company provided Interest and foreign exchange variation, the Loss would have been higher by ₹5,373 crore for year ended March 31, 2019.

### Note 2.54

#### Disclosure pursuant to Ind AS 115 Revenue from Contracts with Customers

Continued Operations Revenue for the year from sale of services includes ₹ 3,945 crore pertains to revenue from contract with customers. Out of which one time revenue recognised is ₹ 81 crore and over a period of time is ₹ 3,864 crore. The Company has not given any volume discounts, service level credits, etc during the year. The revenue is further disaggregated as Revenue pertains to India Operations ₹ 1,484 crore and Global Operation ₹ 2,461 crore.

Discontinued Operations Revenue for the year from sale of services includes ₹ 1,129 crore pertains to revenue from contract with customers recognised over a period of time. The Company has not given any volume discounts, service level credits, etc during the year. The revenue is no further disaggregated.

The Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to pending performance obligations which are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc). No consideration from contracts with customers is excluded from the amount mentioned above.

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue if revenues is accrued. Receivable and unbilled revenue are a right to consideration that is unconditional upon passage of time. Receivable is presented net of impairment in the Balance Sheet. Unbilled revenue as at April 1, 2018, was ₹ 85 crore and it was billed during the year. Unbilled Revenue as at March 31, 2019 is ₹ 87 crore.

Invoicing in excess of earnings are classified as unearned revenue. Unearned revenue as at April 1, 2018, was ₹ 4,055 crore and out of which ₹ 2,827 crore was recorded as revenue during the year. Unearned Revenue as at March 31, 2019 is ₹ 4,230 crore and out of which ₹ 1,156 crore and ₹ 1,854 crore shall be accounted as revenue within one year and between next two to five years respectively and balance after five years. Unearned revenue relating to discontinued operations at March 31, 2019, was ₹ 1,802 crore (net of unbilled revenue of ₹ 969 crore pending reconciliation)

### Note 2.55

#### Consolidated Segment Information:

The Company has identified and disclosed segment information, as "India Operations" and "Global Operations". The segment has been identified and reported taking into account its internal financial reporting, performance evaluation and organisational structure by geographical locations of its operations, where its service rendering activities are based. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

- Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- Segment assets and liabilities represent the assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

#### Segment Information

| Particulars                  | (₹ in crore)        |                      |             |              |       |
|------------------------------|---------------------|----------------------|-------------|--------------|-------|
|                              | India<br>Operations | Global<br>Operations | Unallocable | Eliminations | Total |
| <b>Segment Revenue</b>       |                     |                      |             |              |       |
| External Revenue             | 1,607               | 2,587                | -           | -            | 4,194 |
|                              | 2,195               | 2,489                | -           | -            | 4,684 |
| <b>Inter Segment Revenue</b> | 201                 | 234                  | -           | (435)        | -     |
|                              | 339                 | 444                  | -           | (783)        | -     |

Notes on Accounts to the Consolidated Financial Statements

| Segment Information<br>Particulars   | (₹ in crore)        |                      |                |                |                |
|--|---------------------|----------------------|----------------|----------------|----------------|
|  | India<br>Operations | Global<br>Operations | Unallocable    | Eliminations   | Total          |
| <b>Total</b>   | <b>1,808</b>        | <b>2,821</b>         | -              | <b>(435)</b>   | <b>4,194</b>   |
|  | 2,534               | 2,933                | -              | (783)          | 4,684          |
| <b>Segment Result before Exceptional and non recurring items, taxes</b>      | <b>(255)</b>        | <b>(5)</b>           | -              | -              | <b>(260)</b>   |
|  | 220                 | (42)                 | -              | -              | 178            |
| Less: Finance Expenses   | -                   | -                    | <b>192</b>     | -              | <b>192</b>     |
|  | -                   | -                    | 186            | -              | <b>186</b>     |
| Less: Exceptional Item   | -                   | -                    | <b>(2,008)</b> | -              | <b>(2,008)</b> |
|  | -                   | -                    | -              | -              | -              |
| <b>Segment Result after Exceptional and non recurring items before taxes</b> | <b>(255)</b>        | <b>(5)</b>           | <b>1,816</b>   | -              | <b>1,556</b>   |
|  | 220                 | (42)                 | (186)          | -              | (8)            |
| Less: Provision for Taxation   | -                   | -                    | <b>2,425</b>   | -              | <b>2,425</b>   |
|  | -                   | -                    | 16             | -              | 16             |
| Segment Result after Tax   | <b>(255)</b>        | <b>(5)</b>           | <b>(609)</b>   | -              | <b>(869)</b>   |
|  | 220                 | (42)                 | (202)          | -              | (24)           |
| Total Profit/(Loss) before Tax from Discontinued Operation                   | <b>(6,358)</b>      | -                    | -              | -              | <b>(6,358)</b> |
|  | (25,811)            | -                    | -              | -              | (25,811)       |
| <b>Other Information</b>   |                     |                      |                |                |                |
| Segment Assets   | <b>48,300</b>       | <b>7,690</b>         | <b>13,492</b>  | <b>(1,923)</b> | <b>67,558</b>  |
|  | 60,827              | 11,645               | 4,924          | (2,818)        | 74,578         |
| Segment Liabilities  | <b>18,733</b>       | <b>6,402</b>         | <b>48,912</b>  | <b>(2,630)</b> | 71,416         |
|  | 17,734              | 6,291                | 49,758         | (2,320)        | 71,463         |
| Capital Expenditure  | <b>10</b>           | <b>184</b>           | -              | -              | 194            |
|  | 2,225               | 191                  | -              | -              | 2,416          |
| Depreciation   | <b>223</b>          | <b>597</b>           | -              | -              | 820            |
|  | 66                  | 655                  | -              | -              | 721            |

(Figures relating to current period are reflected in Bold, relating to previous year are reflected in italic.)  
Indian Operations includes assets held for sale

**(c) The reportable Segments are further described below:**

- The India Operations includes operations of the Company and its subsidiaries in India, Globalcom IDC Limited and Reliance Realty Limited
- The Global Operations includes the retail operations outside India of Reliance Communications (UK) Limited, Reliance Communications International Inc., Reliance Communications Canada Inc., Reliance Communications (Australia) Pty. Limited, Reliance Communications (New Zealand) Pte. Limited and wholesale operations outside India of its subsidiary viz. Reliance Globalcom BV and its subsidiaries.

**Note 2.56**

**Note on Disqualification of Directors**

On the basis of written representations from the Directors and based on legal opinion, none of the Directors are disqualified under section 164(2) of the Companies Act 2013 for default in payment of interest and principal of debentures.



# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

### Note 2.57

#### Authorisation of Financial Statements

The Hon'ble NCLT admitted the application by pronouncing on May 15, 2018 which came to be delivered on May 17, 2018 and appointed Mr. Pardeep Kumar Sethi as the Interim Resolution Professional (IRP) of the Company on May 18, 2018. However, the Hon'ble NCLAT by an order dated May 30, 2018 stayed the order passed by the Hon'ble NCLT for initiating the Corporate Insolvency Resolution (CIR) process of the Company and allowed the management of the Company to function. In accordance with the order of the Hon'ble NCLAT, Mr. Pardeep Kumar Sethi 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 CIR process to be vacated and directed the Hon'ble NCLT to pass necessary orders on May 07, 2019. On the basis of the orders of the Hon'ble NCLAT, Mr. Pardeep Kumar Sethi, 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. Pardeep Kumar Sethi has in his capacity as IRP has taken control and custody of the management and operations of the Company from May 02, 2019. For the information set out in the financial statements for the year ended March 31, 2019, the IRP has relied upon the accuracy and veracity of any and all information and data provided by the officials of the Company and the records of the Company made available by such officials. For all such information and data, the IRP 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 Company as of the dates and period indicated therein. Accordingly, the IRP is not making any representations regarding accuracy, veracity or completeness of the data or information in the financial statements.

### Note: 2.58

#### Additional Informations of Subsidiaries/ Associates as required under Schedule III to the Companies Act, 2013

| Sr.                         | Name of the Company                            | Net Assets i.e. total assets minus total liabilities |                     | Share in profit or loss             |                     | Share in Other Comprehensive Income (OCI) |                     | Share in Total Comprehensive Income (TCI) |                     |
|-----------------------------|--|--|---------------------|-------------------------------------|---------------------|---|---------------------|---|---------------------|
|                             |  | As % of consolidated net assets                      | Amount (₹ in crore) | As % of consolidated profit or loss | Amount (₹ in crore) | As % of consolidated OCI                  | Amount (₹ in crore) | As % of consolidated TCI                  | Amount (₹ in crore) |
| <b>Parent Company</b>       |  |  |                     |                                     |                     |   |                     |   |                     |
| 1                           | Reliance Communications Limited                | (296.34)   | 12,386.00           | (39.44)                             | 2,847.00            | -   | -                   | (39.51)                                   | 2,847.00            |
| <b>Indian Subsidiaries</b>  |  |  |                     |                                     |                     |   |                     |   |                     |
| 2                           | Reliance WiMax Limited                         | (0.09)   | 3.95                | 0.00                                | (0.06)              | -   | -                   | 0.00                                      | (0.06)              |
| 3                           | Reliance Bhutan Limited                        | (0.00)   | 0.00                | 0.00                                | (0.00)              | -   | -                   | 0.00                                      | (0.00)              |
| 4                           | Reliance Webstore Limited                      | 15.30  | (639.56)            | 0.40                                | (29.12)             | -   | -                   | 0.40                                      | (29.12)             |
| 5                           | Campion Properties Limited                     | 1.40   | (58.31)             | 0.07                                | (5.22)              | -   | -                   | 0.07                                      | (5.22)              |
| 6                           | Reliance Tech Services Limited                 | 0.30   | (12.72)             | 0.04                                | (2.59)              | (3.08)                                    | (0.37)              | 0.04                                      | (2.96)              |
| 7                           | Reliance Telecom Limited                       | 162.21   | (6,779.72)          | 4.63                                | (334.35)            | (0.25)                                    | (0.03)              | 4.64                                      | (334.32)            |
| 8                           | Reliance Communications Infrastructure Limited | 54.24  | (2,267.13)          | 28.99                               | (2,092.90)          | -   | -                   | 29.04                                     | (2,092.90)          |
| 9                           | Globalcom IDC Limited                          | (0.44)   | 18.20               | (0.02)                              | 1.46                | -   | (0.06)              | (0.02)                                    | 1.40                |
| 10                          | Reliance Infratel Limited                      | (29.21)  | 1,221.00            | 1.83                                | (132.00)            | (8.34)                                    | (1.00)              | 1.85                                      | (133.00)            |
| 11                          | Globalcom Mobile Commerce Limited              | (0.00)   | 0.15                | 0.00                                | (0.00)              | -   | -                   | 0.00                                      | (0.00)              |
| 12                          | Reliance BPO Private Limited                   | 0.19   | (8.08)              | 0.01                                | (0.50)              | -   | -                   | 0.01                                      | (0.50)              |
| 13                          | Reliance Globalcom Limited                     | (0.24)   | 10.20               | (0.12)                              | 8.451               | 4.84                                      | 0.58                | (0.11)                                    | 7.83                |
| 14                          | Reliance Communications Tamilnadu Limited      | 0.04   | (1.64)              | 0.00                                | (0.00)              | -   | -                   | 0.00                                      | (0.00)              |
| 15                          | Globalcom Realty Limited                       | (0.00)   | 0.04                | 0.00                                | (0.00)              | -   | -                   | 0.00                                      | (0.00)              |
| 16                          | Internet Exchangenext.com Ltd.                 | (0.00)   | 0.06                | 0.00                                | (0.00)              | -   | -                   | 0.00                                      | (0.00)              |
| 17                          | Realsoft Cyber Systems Private Limited         | 0.02   | (0.90)              | 0.00                                | (0.02)              | -   | -                   | 0.00                                      | (0.02)              |
| 18                          | Worldtel Tamilnadu Private Limited             | 2.42   | (101.27)            | 0.00                                | (0.00)              | -   | -                   | 0.00                                      | (0.00)              |
| 19                          | Towercom Infrastructure Private Limited        | 0.00   | (0.02)              | -                                   | 0.00                | -   | -                   | (0.00)                                    | 0.00                |
| <b>Foreign Subsidiaries</b> |  |  |                     |                                     |                     |   |                     |   |                     |
| 20                          | Reliance Globalcom BV                          | (4.21)   | 175.83              | 0.64                                | (46.15)             | -   | (3.44)              | 0.69                                      | (49.59)             |
| 21                          | Aircom Holdco B.V                              | 0.00   | (0.13)              | 0.00                                | (0.05)              | -   | -                   | 0.00                                      | (0.05)              |
| 22                          | Reliance Communications (U.K.) Limited         | (0.03)   | 1.17                | 2.49                                | (179.93)            | -   | -                   | 2.50                                      | (179.93)            |
| 23                          | Reliance Communications (Hong Kong) Limited    | (0.24)   | 9.97                | 0.01                                | (0.54)              | -   | -                   | 0.01                                      | (0.54)              |

## Notes on Accounts to the Consolidated Financial Statements

| Sr. | Name of the Company                                | Net Assets i.e. total assets minus total liabilities |                     | Share in profit or loss             |                     | Share in Other Comprehensive Income (OCI) |                     | Share in Total Comprehensive Income (TCI) |                     |
|-----|--|--|---------------------|-------------------------------------|---------------------|---|---------------------|---|---------------------|
|     |  | As % of consolidated net assets                      | Amount (₹ in crore) | As % of consolidated profit or loss | Amount (₹ in crore) | As % of consolidated OCI                  | Amount (₹ in crore) | As % of consolidated TCI                  | Amount (₹ in crore) |
| 24  | Reliance Communications (Singapore) Pte. Limited   | (41.61)  | 1,739.15            | (0.09)                              | 6.64                | -   | -                   | (0.09)                                    | 6.64                |
| 25  | Reliance Communications (New Zealand) Pte. Limited | (0.00)   | 0.16                | (0.02)                              | 1.18                | -   | -                   | (0.02)                                    | 1.18                |
| 26  | Reliance Communications (Australia) Pty. Limited   | (0.06)   | 2.43                | 0.00                                | (0.04)              | -   | -                   | 0.00                                      | (0.04)              |
| 27  | Anupam Globalsoft (U) Limited                      | (0.05)   | 2.04                | -                                   | -                   | -   | -                   | -   | -                   |
| 28  | Gateway Net Trading Pte. Limited                   | 4.78   | (199.79)            | 0.00                                | (0.09)              | -   | -                   | 0.00                                      | (0.09)              |
| 29  | Global Cloud Xchange Limited                       | (56.17)  | 2,347.86            | (0.00)                              | 0.23                | (0.08)                                    | (0.01)              | (0.00)                                    | 0.22                |
| 30  | GCX Limited  | (42.88)  | 1,792.01            | 2.48                                | (179.25)            | (159.51)                                  | (19.78)             | 2.76                                      | (199.03)            |
| 31  | Reliance Globalcom Limited, Bermuda                | (160.48)   | 6,707.70            | (2.14)                              | 154.31              | 2,082.38                                  | 249.79              | (5.61)                                    | 404.09              |
| 32  | FLAG Telecom Singapore Pte. Limited                | 2.33   | (97.35)             | (0.02)                              | 1.39                | (47.59)                                   | (5.71)              | 0.06                                      | (4.32)              |
| 33  | FLAG Atlantic UK Limited                           | 18.83  | (787.17)            | (0.04)                              | 2.89                | (379.31)                                  | (45.50)             | 0.59                                      | (42.61)             |
| 34  | Reliance FLAG Atlantic France SAS                  | 48.02  | (2,006.95)          | 12.01                               | (866.91)            | (472.96)                                  | (56.73)             | 12.82                                     | (923.65)            |
| 35  | FLAG Telecom Taiwan Limited                        | (2.29)   | 95.81               | 0.05                                | (3.31)              | 6.26                                      | 0.75                | 0.04                                      | (2.56)              |
| 36  | Reliance FLAG Pacific Holdings Limited             | 11.17  | (466.72)            | 0.00                                | (0.00)              | (223.97)                                  | (26.87)             | 0.37                                      | (26.87)             |
| 37  | FLAG Telecom Group Services Limited                | (16.53)  | 691.10              | 0.01                                | (0.49)              | 331.86                                    | 39.81               | (0.55)                                    | 39.31               |
| 38  | FLAG Telecom Deutschland GmbH                      | 0.03   | (1.41)              | 0.00                                | (0.05)              | (0.72)                                    | (0.09)              | 0.00                                      | (0.14)              |
| 39  | FLAG Telecom Hellas AE                             | 0.05   | (2.02)              | (0.00)                              | 0.00                | (1.14)                                    | (0.14)              | 0.00                                      | (0.14)              |
| 40  | FLAG Telecom Asia Limited                          | (3.17)   | 132.50              | (0.03)                              | 2.24                | 62.27                                     | 7.47                | (0.13)                                    | 9.71                |
| 41  | FLAG Telecom Nederland BV                          | 0.06   | (2.41)              | (0.00)                              | 0.00                | (1.21)                                    | (0.15)              | 0.00                                      | (0.14)              |
| 42  | Reliance Globalcom (UK) Limited                    | (1.98)   | 82.74               | 0.00                                | (0.25)              | 39.84                                     | 4.78                | (0.06)                                    | 4.53                |
| 43  | Yipes Holdings Inc.                                | 0.00   | (0.20)              | 0.00                                | (0.06)              | (1,014.08)                                | (125.75)            | 1.75                                      | (125.81)            |
| 44  | Reliance Globalcom Services Inc.                   | (1.19)   | 49.59               | 0.01                                | (0.78)              | (919.97)                                  | (114.08)            | 1.59                                      | (114.86)            |
| 45  | YTV Inc.   | (0.00)   | 0.00                | -                                   | -                   | -   | -                   | 0.00                                      | -                   |
| 46  | Reliance Infocom Inc.                              | 0.47   | (19.63)             | 0.08                                | (6.06)              | -   | -                   | 0.08                                      | (6.06)              |
| 47  | Reliance Communications Inc.                       | (0.81)   | 33.87               | 1.58                                | (113.81)            | -   | -                   | 1.58                                      | (113.81)            |
| 48  | Reliance Communications International Inc.         | (1.28)   | 53.37               | (0.02)                              | 1.20                | -   | -                   | (0.02)                                    | 1.20                |
| 49  | Reliance Communications Canada Inc.                | 0.01   | (0.26)              | (0.00)                              | 0.07                | -   | -                   | (0.00)                                    | 0.07                |
| 50  | Bonn Investment Inc.                               | 0.23   | (9.76)              | 0.02                                | (1.73)              | -   | -                   | 0.02                                      | (1.73)              |
| 51  | FLAG Telecom Development Limited                   | (0.11)   | 4.72                | -                                   | -                   | 2.22                                      | 0.27                | (0.00)                                    | 0.27                |
| 52  | FLAG Telecom Development Services Company LLC      | 0.04   | (1.63)              | (0.00)                              | 0.07                | (0.87)                                    | (0.10)              | 0.00                                      | (0.04)              |
| 53  | FLAG Telecom Network Services DAC                  | 0.15   | (6.45)              | -                                   | -                   | (3.10)                                    | (0.37)              | 0.01                                      | (0.37)              |
| 54  | Reliance FLAG Telecom Ireland DAC                  | (0.39)   | 16.41               | (0.03)                              | 2.22                | 6.61                                      | 0.79                | (0.04)                                    | 3.02                |
| 55  | FLAG Telecom Japan Limited                         | 12.48  | (521.81)            | (0.06)                              | 4.09                | (252.97)                                  | (30.34)             | 0.36                                      | (26.26)             |
| 56  | FLAG Telecom Ireland Network DAC                   | 0.62   | (25.92)             | (0.01)                              | 1.00                | (13.00)                                   | (1.56)              | 0.01                                      | (0.56)              |
| 57  | FLAG Telecom Network USA Limited                   | 9.61   | (401.84)            | (0.08)                              | 5.46                | (195.89)                                  | (23.50)             | 0.25                                      | (18.04)             |
| 58  | FLAG Telecom Espana Network SAU                    | 1.68   | (70.26)             | 0.00                                | (0.04)              | (33.87)                                   | (4.06)              | 0.06                                      | (4.11)              |
| 59  | Reliance Vanco Group Limited                       | (11.03)  | 460.92              | 0.67                                | (48.19)             | (46.16)                                   | (5.54)              | 0.75                                      | (53.73)             |
| 60  | Euronet Spain SA                                   | (0.34)   | 14.07               | 0.03                                | (2.33)              | 2.85                                      | 0.34                | 0.03                                      | (1.99)              |
| 61  | Net Direct SA (Proprietary) Limited                | 0.06   | (2.53)              | 0.00                                | (0.06)              | 3.37                                      | 0.40                | 0.00                                      | 0.34                |
| 62  | Vanco (Shanghai) Co. Ltd.                          | 0.01   | (0.37)              | 0.00                                | (0.01)              | 0.24                                      | 0.03                | (0.00)                                    | 0.02                |
| 63  | Vanco (Asia Pacific) Pte. Limited                  | 0.18   | (7.43)              | 0.10                                | (7.03)              | (0.93)                                    | (0.11)              | 0.10                                      | (7.15)              |
| 64  | Vanco Australasia Pty Limited                      | 0.75   | (31.33)             | 0.11                                | (7.97)              | 12.58                                     | 1.51                | 0.09                                      | (6.46)              |
| 65  | Vanco Sp Zoo                                       | (0.02)   | 0.71                | (0.00)                              | 0.08                | (0.26)                                    | (0.03)              | (0.00)                                    | 0.04                |
| 66  | Vanco GmbH   | 3.01   | (125.76)            | 0.27                                | (19.70)             | 49.97                                     | 5.99                | 0.19                                      | (13.71)             |
| 67  | Vanco Japan KK                                     | (0.03)   | 1.36                | (0.00)                              | 0.01                | 0.06                                      | 0.01                | (0.00)                                    | 0.02                |
| 68  | Vanco NV   | 1.34   | (55.82)             | 0.03                                | (1.97)              | 21.19                                     | 2.54                | (0.01)                                    | 0.57                |
| 69  | Vanco SAS (France)                                 | 9.46   | (395.31)            | 0.45                                | (32.17)             | 140.23                                    | 16.82               | 0.21                                      | (15.35)             |

# Reliance Communications Limited

## Notes on Accounts to the Consolidated Financial Statements

| Sr.   | Name of the Company                                       | Net Assets i.e. total assets minus total liabilities |                     | Share in profit or loss             |                     | Share in Other Comprehensive Income (OCI) |                     | Share in Total Comprehensive Income (TCI) |                     |
|---|---|--|---------------------|-------------------------------------|---------------------|---|---------------------|---|---------------------|
|   |   | As % of consolidated net assets                      | Amount (₹ in crore) | As % of consolidated profit or loss | Amount (₹ in crore) | As % of consolidated OCI                  | Amount (₹ in crore) | As % of consolidated TCI                  | Amount (₹ in crore) |
| 70  | Vanco South America Ltda                                  | 0.72   | (30.05)             | 0.06                                | (4.16)              | 29.76                                     | 3.57                | 0.01                                      | (0.59)              |
| 71  | Vanco SRL (Italy)   | 1.03   | (42.85)             | 0.11                                | (8.21)              | 16.77                                     | 2.08                | (0.09)                                    | (6.13)              |
| 72  | Vanco Sweden AB   | (0.01)   | 0.27                | 0.01                                | (0.71)              | 0.01                                      | 0.00                | 0.01                                      | (0.71)              |
| 73  | Vanco Switzerland A.G.                                    | (0.20)   | 8.44                | (0.00)                              | 0.06                | 0.46                                      | 0.06                | (0.00)                                    | 0.12                |
| 74  | Vanco Deutschland GmbH                                    | 2.02   | (84.31)             | 0.05                                | (3.40)              | 29.76                                     | 3.57                | (0.00)                                    | 0.17                |
| 75  | Vanco BV (Holland)  | 1.53   | (63.96)             | 0.11                                | (7.79)              | 25.43                                     | 3.05                | 0.07                                      | (4.74)              |
| 76  | Vanco UK Limited  | 9.02   | (377.06)            | 0.04                                | (2.72)              | 79.43                                     | 9.53                | (0.09)                                    | 6.81                |
| 77  | Vanco International Limited                               | (0.23)   | 9.44                | 0.04                                | (2.73)              | (1.48)                                    | (0.18)              | 0.04                                      | (2.91)              |
| 78  | Vanco ROW Limited   | (0.16)   | 6.54                | 0.06                                | (4.48)              | (1.26)                                    | (0.15)              | 0.06                                      | (4.63)              |
| 79  | Vanco Global Limited                                      | 0.13   | (5.39)              | (0.01)                              | 0.94                | 1.38                                      | 0.16                | (0.02)                                    | 1.11                |
| 80  | VNO Direct Limited  | 0.73   | (30.38)             | 0.00                                | (0.04)              | 6.03                                      | 0.72                | (0.01)                                    | 0.69                |
| 81  | Vanco US LLC  | 3.08   | (128.55)            | (0.01)                              | 0.73                | (58.39)                                   | (7.00)              | 0.09                                      | (6.28)              |
| 82  | Vanco Solutions Inc.                                      | 0.44   | (18.54)             | 0.05                                | (3.48)              | (5.95)                                    | (0.71)              | 0.06                                      | (4.20)              |
| 83  | Seoul Telenet Inc.  | 2.22   | (92.81)             | (0.10)                              | 7.36                | (56.21)                                   | (6.74)              | (0.01)                                    | 0.61                |
| 84  | FLAG Holdings (Taiwan) Limited                            | (0.79)   | 33.01               | (0.00)                              | 0.24                | (2.15)                                    | (0.26)              | 0.00                                      | (0.02)              |
| 85  | Reliance Telecom Infrastructure (Cyprus) Holdings Limited | (0.69)   | 29.03               | 0.00                                | (0.36)              | -   | -                   | 0.00                                      | (0.36)              |
| 86  | Lagerwood Investments Limited                             | (0.05)   | 2.27                | (0.00)                              | 0.14                | -   | -                   | (0.00)                                    | 0.14                |
| <b>Minority Interests in all subsidiaries</b> |   | 7.70   | (321.85)            | -                                   | (11.99)             | -   | -                   | 0.16                                      | (11.99)             |
| <b>Indian</b>                                 |   |  |                     |                                     |                     |   |                     |   |                     |
| 1   | Mumbai Metro Transport Private Limited                    | 0.00   | (0.00)              | -                                   | -                   | -   | -                   | -   | -                   |
| <b>Foreign</b>                                |   |  |                     |                                     |                     |   |                     |   |                     |
| 2   | Warf Telecom International Private Limited                | (0.67)   | 28.07               | (0.03)                              | 2.43                | -   | -                   | (0.03)                                    | 2.43                |

As per our report of even date  
For **Pathak H.D. & Associates**  
Chartered Accountants  
Firm Reg. No.: 107783W

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

Mumbai  
May 27, 2019

For **Reliance Communications Limited**

Interim Resolution Professional

Director

Director & Chief Financial Officer

Company Secretary

**Pardeep Kumar Sethi**

**Suresh Rangachar**

**Manikantan V.**

**Prakash Shenoy**

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019  
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

| I | Sr. No. | Particulars   | Audited Figures<br>(as reported before<br>adjusting for<br>qualifications) | Audited Figures<br>(audited figures<br>after adjusting for<br>qualifications) |
|---|---------|---|--|---|
|   | 1       | Turnover / Total income   | 4,194  | 4,194   |
|   | 2       | Total Expenditure   | 5,061  | 5,061   |
|   | 3       | Net Profit/(Loss)   | (867)  | (867)   |
|   | 4       | Net Profit/ (Loss) from Discontinued Operations                     | (6,351)  | (11,724)  |
|   | 5       | Earnings Per Share  | (26.26)  | (42.72)   |
|   | 6       | Total Assets  | 67,558   | 67,558  |
|   | 7       | Total Liabilities   | 71,738   | 77,111  |
|   | 8       | Net worth   | (4,180)  | (9,553)   |
|   | 9       | Any other financial item(s) (as felt appropriate by the management) |  |   |

**II Audit Qualification (each audit qualification separately):**

- a. Details of Audit Qualification: Non Provision of Interest and Foreign Exchange variation
  - b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion Qualified Opinion
  - c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing Second Time
  - d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Impact is not ascertainable as the Company is under IBC and CIR process initiated
  - e. For Audit Qualification(s) where the impact is not quantified by the auditor:
    - (i) Impairment review of tangible and intangible assets, assets held for sale, investments and other assets and reconciliation of credits relating to GST and TDS
    - (ii) Qualification on Going Concern in some of Subsidiaries
- (i) Management's estimation on the impact of audit qualification:
- (ii) If management is unable to estimate the impact, reasons for the same: Impact is not ascertainable as the Company is under IBC and CIR process initiated
- (iii) Auditors' Comments on (i) or (ii) above:

**III Signatories:**

|                                 |                     |
|---------------------------------|---------------------|
| Interim Resolution Professional | Pardeep Kumar Sethi |
| Director                        | Suresh Rangachar    |
| CFO                             | Manikantan V.       |
| Statutory Auditor               | Parimal Kumar Jha   |

Place : Mumbai  
Date : May 27, 2019

# Reliance Communications Limited

## Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures (Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

| Sl. No. | Name of the Subsidiary  | Date from which they became subsidiary companies | Share Capital | Reserves and Surplus | Total Assets   | Total Liabilities | Investment | Turnover *  | Profit / (Loss) before Taxation* | Provision for Taxation* | Profit / (Loss) after Taxation* | Proposed Dividend | % of Shareholding |
|---------|---|--|---------------|----------------------|----------------|-------------------|------------|-------------|----------------------------------|-------------------------|---------------------------------|-------------------|-------------------|
| 1       | Reliance WinMax Limited   | 1 <sup>st</sup> January 2006                     | 68.71         | 325.49               | 511.95         | 117.75            | -          | -           | (6.88)                           | -                       | (6.88)                          | -                 | 100.00            |
| 2       | Reliance Bhutan Limited   | 1 <sup>st</sup> January 2006                     | 5.00          | (4.89)               | 20,005.83      | 20,005.72         | -          | 0.21        | (0.08)                           | -                       | (0.08)                          | -                 | 90.45             |
| 3       | Reliance Weibstore Limited  | 1 <sup>st</sup> January 2006                     | 5.00          | (63.961.00)          | 26,999.00      | 90,955.00         | -          | 1,258.00    | (2,912.00)                       | -                       | (2,912.00)                      | -                 | 100.00            |
| 4       | Campion Properties Limited  | 1 <sup>st</sup> January 2006                     | 356.36        | (6,187.59)           | 9,760.11       | 15,591.34         | -          | 0.53        | (522.22)                         | -                       | (522.22)                        | -                 | 100.00            |
| 5       | Reliance Tech Services Limited                                    | 30 <sup>th</sup> July 2007                       | 5.00          | (1,277.00)           | 27,429.00      | 28,701.00         | -          | 4,015.00    | (259.00)                         | -                       | (259.00)                        | -                 | 100.00            |
| 6       | Reliance Telecom Limited  | 1 <sup>st</sup> January 2006                     | 8,500.00      | (686.472.00)         | 385,812.00     | 1,063,784.00      | -          | 2,340.00    | (33,435.00)                      | -                       | (33,435.00)                     | -                 | 100.00            |
| 7       | Reliance Communication Infrastructure Limited                     | 1 <sup>st</sup> January 2006                     | 93,800.00     | (320.512.82)         | 398,789.55     | 625,502.37        | 1.00       | 44,384.19   | (209,290.97)                     | -                       | (209,290.97)                    | -                 | 100.00            |
| 8       | Globalcom IDC Limited   | 1 <sup>st</sup> January 2006                     | 210.00        | 1,609.99             | 47,559.22      | 45,739.23         | -          | 31,411.92   | 145.90                           | 63.75                   | 82.15                           | -                 | 100.00            |
| 9       | Reliance Infratel Limited   | 1 <sup>st</sup> January 2006                     | 279,300.00    | (157,200.00)         | 1,281,900.00   | 1,159,800.00      | -          | 145,000.00  | (13,200.00)                      | -                       | (13,200.00)                     | -                 | 90.45             |
| 10      | Globalcom Mobile Commerce Limited                                 | 6 <sup>th</sup> December, 2010                   | 200.00        | (184.78)             | 40.94          | 25.73             | -          | -           | (0.22)                           | -                       | (0.22)                          | -                 | 100.00            |
| 11      | Reliance BPO Private Limited                                      | 30 <sup>th</sup> April, 2012                     | 1.00          | (811.66)             | 103.11         | 913.77            | -          | -           | (52.28)                          | -                       | (52.28)                         | -                 | 100.00            |
| 12      | Reliance Globalcom Limited  | 17 <sup>th</sup> March, 2008                     | 5.00          | 1,014.64             | 6,003.26       | 4,983.62          | -          | 13,146.97   | 1,122.42                         | 281.44                  | 840.98                          | -                 | 100.00            |
| 13      | Reliance Communications Tamilnadu Limited                         | 15 <sup>th</sup> November, 2013                  | 5.00          | (168.55)             | 26,003.97      | 26,167.52         | -          | -           | (0.34)                           | -                       | (0.34)                          | -                 | 100.00            |
| 14      | Globalcom Realty Limited (Formerly Reliance Infra Realty Limited) | 11 <sup>th</sup> November 2014                   | 5.00          | (1.31)               | 4.17           | 0.47              | -          | -           | (0.30)                           | -                       | (0.30)                          | -                 | 100.00            |
| 15      | Internet Exchanges.net Ltd.                                       | 10 <sup>th</sup> November 2015                   | 15.07         | (9.36)               | 65.10          | 59.39             | -          | -           | (0.28)                           | -                       | (0.28)                          | -                 | 100.00            |
| 16      | Reasoft Cyber Systems Private Limited                             | 10 <sup>th</sup> November 2015                   | 1.00          | (91.24)              | 4.70           | 94.94             | -          | -           | (2.04)                           | -                       | (2.04)                          | -                 | 100.00            |
| 17      | Worldtel Tamilnadu Private Limited                                | 10 <sup>th</sup> November 2015                   | 1.00          | (10,128.09)          | 5.70           | 10,132.79         | -          | -           | (0.35)                           | -                       | (0.35)                          | -                 | 100.00            |
| 18      | Towercom Infrastructure Private Limited                           | 17 <sup>th</sup> November, 2016                  | 1.00          | (2.57)               | 13.71          | 15.28             | -          | 0.76        | 0.30                             | -                       | 0.30                            | -                 | 100.00            |
| 19      | Reliance Globalcom BV   | 1 <sup>st</sup> January 2006                     | 1,440.40      | 16,142.29            | 362,750.01     | 345,167.31        | 460.91     | -           | (4,614.84)                       | -                       | (4,614.84)                      | -                 | 100.00            |
| 20      | Unit of Currency - USD  | 18 <sup>th</sup> July 2016                       | 2,082,861     | 23,342,195           | 524,546,322    | 499,212,266       | 666,483    | -           | (6,600,578)                      | -                       | (6,600,578)                     | -                 | 100.00            |
| 21      | Alicom Holdco BV  | 1 <sup>st</sup> January 2006                     | 0.78          | (15.36)              | 0.91           | 0.91              | -          | -           | (5.56)                           | -                       | (5.56)                          | -                 | 100.00            |
| 22      | Units of currency - Euro  | 1 <sup>st</sup> January 2006                     | 1,000         | (19,779)             | 1,167          | 19,946            | -          | -           | (6,869)                          | -                       | (6,869)                         | -                 | 100.00            |
| 23      | Reliance Communications (U.K.) Limited                            | 1 <sup>st</sup> January 2006                     | 15.21         | 11,027.44            | 13,286.74      | 2,244.09          | -          | 6,443.65    | (17,992.63)                      | -                       | (17,992.63)                     | -                 | 100.00            |
| 24      | Unit of Currency - GBP  | 1 <sup>st</sup> January 2006                     | 16,807        | 12,181,652           | 14,677,429     | 2,478,970         | -          | 7,021,415   | (19,605,932)                     | -                       | (19,605,932)                    | -                 | 100.00            |
| 25      | Reliance Communications (Hong Kong) Limited                       | 1 <sup>st</sup> January 2006                     | 0.00          | (996.65)             | 6,871.56       | 7,868.21          | -          | 5,121.68    | (54.48)                          | -                       | (54.48)                         | -                 | 100.00            |
| 26      | Unit of Currency - USD  | 22 <sup>nd</sup> August 2006                     | 0.00          | (1,441,181)          | 9,936,461      | 11,377,642        | -          | 7,325,514   | (77,919)                         | -                       | (77,919)                        | -                 | 100.00            |
| 27      | Reliance Communications (Singapore) Pte. Limited                  | 1 <sup>st</sup> January 2006                     | 0.00          | 173,915.07           | 173,918.52     | 3.45              | -          | 674.63      | 663.81                           | -                       | 663.81                          | -                 | 100.00            |
| 28      | Unit of Currency - USD  | 17 <sup>th</sup> August 2006                     | 0.00          | 20.56                | 29.28          | 4.995             | -          | 964,919     | 949,446                          | -                       | 949,446                         | -                 | 100.00            |
| 29      | Reliance Communications (New Zealand) Pte. Limited                | 29 <sup>th</sup> August 2006                     | 1             | 43,729               | 62,272         | 18,542            | -          | 123.15      | 121.65                           | -                       | 121.65                          | -                 | 100.00            |
| 30      | Unit of Currency - NZD  | 29 <sup>th</sup> August 2006                     | 0.00          | 253.30               | 289.56         | 36.26             | -          | 258,802     | 255,647                          | -                       | 255,647                         | -                 | 100.00            |
| 31      | Reliance Communications (Australia) Pty. Limited                  | 1 <sup>st</sup> January 2006                     | 560.16        | 516,732              | 590,692        | 73,960            | -          | 5,661       | (7,925)                          | -                       | (7,925)                         | -                 | 90.00             |
| 32      | Unit of Currency - AUD  | 5 <sup>th</sup> March, 2008                      | 3,000,000.00  | (346.67)             | 1,946.52       | 1,733.03          | -          | -           | -                                | -                       | -                               | -                 | 100.00            |
| 33      | Anupam Globalsoft (U) Limited                                     | 1 <sup>st</sup> Oct. 2008                        | 18,050.15     | (1,856,651,920)      | 10,424,885,846 | 9,281,537,766     | -          | -           | -                                | -                       | -                               | -                 | 100.00            |
| 34      | Unit of Currency - US\$   | 26 <sup>th</sup> March, 2014                     | 26,101,000    | (54,990,708)         | 22             | 19,978.69         | -          | -           | (9.37)                           | -                       | (9.37)                          | -                 | 100.00            |
| 35      | Gateway Net. Trading Pte. Limited                                 | 26 <sup>th</sup> March, 2014                     | 162,737.48    | 72,048.46            | 234,793.87     | 7.94              | -          | 50.34       | 22.69                            | -                       | 22.69                           | -                 | 100.00            |
| 36      | Global Cloud Xchange Limited                                      | 26 <sup>th</sup> March, 2014                     | 235,322,790   | 104,184,027          | 339,518,292    | 11,475.00         | -          | 72,000      | 32,457                           | -                       | 32,457                          | -                 | 100.00            |
| 37      | Unit of Currency - USD  | 26 <sup>th</sup> March, 2014                     | 162,737.48    | 16,547.08            | 424,513.00     | 245,228.44        | -          | 156.01      | (17,925.24)                      | -                       | (17,925.24)                     | -                 | 100.00            |
| 38      | Unit of Currency - USD  | 1 <sup>st</sup> January 2006                     | 218,567.94    | 49,272,332           | 613,857,283    | 354,606,961.00    | -          | 223,137     | (25,638,384)                     | -                       | (25,638,384)                    | -                 | 100.00            |
| 39      | Reliance Globalcom Limited, Bermuda                               | 1 <sup>st</sup> January 2006                     | 316,055.153   | 652,202.30           | 1,266,000,888  | 595,230.63        | -          | 131,131.00  | 15,336.63                        | (93.92)                 | 15,430.55                       | -                 | 100.00            |
| 40      | Unit of Currency - USD  | 1 <sup>st</sup> January 2006                     | 19.71         | (9,754.52)           | 1,830,671,501  | 860,719,591       | -          | 187,555,069 | 21,935,794                       | (134,326)               | 22,070,120                      | -                 | 100.00            |
| 41      | FLAG Telecom Singapore Pte. Limited                               | 1 <sup>st</sup> January 2006                     | 28,505        | (14,105,296)         | 7,339,975      | 14,810.76         | -          | 1,957.07    | 138.94                           | -                       | 138.94                          | -                 | 100.00            |
| 42      | Unit of Currency - USD  | 1 <sup>st</sup> January 2006                     | 0.00          | (78,717.19)          | 20,439,975     | 21,416,767        | -          | 2,799,169   | 198,719                          | -                       | 198,719                         | -                 | 100.00            |
| 43      | Unit of Currency - USD  | 1 <sup>st</sup> January 2006                     | 2             | (113,827,184)        | 29,556,184     | 143,383,366       | -          | 4,477,168   | 288.60                           | -                       | 288.60                          | -                 | 100.00            |

**Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures**  
(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

| (Rs. In lakh unless otherwise stated) |   |  |               |                      |              |                   |            |             |                                  |                         |                                 |                   |                   |
|---------------------------------------|---|--|---------------|----------------------|--------------|-------------------|------------|-------------|----------------------------------|-------------------------|---------------------------------|-------------------|-------------------|
| Sl. No.                               | Name of the Subsidiary                                      | Date from which they became subsidiary companies | Share Capital | Reserves and Surplus | Total Assets | Total Liabilities | Investment | Turnover *  | Profit / (Loss) before Taxation* | Provision for Taxation* | Profit / (Loss) after Taxation* | Proposed Dividend | % of Shareholding |
| 33                                    | Reliance FLAG Atlantic France SAS<br>Unit of Currency - USD | 1 <sup>st</sup> January, 2006                    | 25.64         | (200,720.81)         | 23,514.30    | 224,209.47        | -          | 15,299.36   | (85,579.42)                      | 1,111.90                | (86,691.32)                     | -                 | 100.00            |
|                                       | FLAG Telecom (Taiwan) Limited                               | 1 <sup>st</sup> January, 2006                    | 37,080        | (290,247.18)         | 34,002.317   | 324,212.955       | -          | 21,882.490  | (122,403,197)                    | 1,590,336               | (123,993,533)                   | -                 | 60.00             |
| 34                                    | Unit of Currency - USD                                      |  | 8,667.02      | 914.19               | 24,025.33    | 14,444.12         | -          | 2,598.73    | (151.94)                         | 178.67                  | (330.62)                        | -                 |                   |
| 35                                    | Reliance FLAG Pacific Holdings Limited                      | 1 <sup>st</sup> January, 2006                    | 12,532.745    | 1,321,944            | 34,741,272   | 20,886,582        | -          | 3,716,939   | (21,7324)                        | 255,556                 | (472,881)                       | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 8.30          | (46,680.23)          | 468.75       | 47,140.68         | -          | -           | (0.16)                           | -                       | (0.16)                          | -                 |                   |
| 36                                    | Reliance FLAG Telecom Group Services Limited                | 1 <sup>st</sup> January, 2006                    | 12,000        | (67,500,869)         | 677,832      | 68,146,701        | -          | -           | (224)                            | -                       | (224)                           | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 0.00          | 69,110.29            | 73,575.05    | 4,464.76          | -          | -           | (49.32)                          | -                       | (49.32)                         | -                 |                   |
| 37                                    | Reliance FLAG Telecom Deutschland GmbH                      | 1 <sup>st</sup> January, 2006                    | 15.79         | (156.65)             | 12.33        | 153.19            | -          | 56.74       | (70,544)                         | -                       | (70,544)                        | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 22,835        | (226,516)            | 17,832       | 221,513           | -          | 81,161      | (5.40)                           | -                       | (5.40)                          | -                 |                   |
| 38                                    | Reliance FLAG Telecom Helix AE                              | 1 <sup>st</sup> January, 2006                    | 35.27         | (237.69)             | 57.65        | 260.07            | -          | 13.21       | 0.16                             | -                       | 0.16                            | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 50,996        | (34,370.1)           | 83,360       | 376,064           | -          | 18,887      | 227                              | -                       | 227                             | -                 |                   |
| 39                                    | Reliance FLAG Telecom Asia Limited                          | 1 <sup>st</sup> January, 2006                    | 6.96          | 13,243.19            | 53,317.67    | 40,067.52         | -          | 12,478.78   | 278.91                           | 54.84                   | 224.07                          | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 10,064        | 19,150,009           | 77,098.92    | 57,938.719        | -          | 17,848,248  | 398,927                          | 78,444                  | 320,483                         | -                 |                   |
| 40                                    | Reliance FLAG Telecom Nederland BV                          | 1 <sup>st</sup> January, 2006                    | 10.57         | (251.62)             | 98.66        | 339.72            | -          | 19.49       | 0.43                             | -                       | 0.43                            | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 15,282        | (363,851)            | 142,669      | 491,238           | -          | 27,878      | 620                              | -                       | 620                             | -                 |                   |
| 41                                    | Reliance Gobacom (UK) Limited                               | 1 <sup>st</sup> January, 2006                    | 0.00          | 8,274.37             | 15,320.99    | 7,046.62          | -          | 3,865.29    | (25.15)                          | -                       | (25.15)                         | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 3             | 11,964,958           | 22,154,560   | 10,189,599        | -          | 5,528,472   | (35,971)                         | -                       | (35,971)                        | -                 |                   |
| 42                                    | Yipes Holdings Inc.   | 17 <sup>th</sup> December, 2007                  | 0.00          | (13.17)              | -            | 13.17             | -          | -           | (5.16)                           | -                       | (5.16)                          | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 1             | (20.201)             | -            | 20.200            | -          | -           | (8,000)                          | -                       | (8,000)                         | -                 |                   |
| 43                                    | Reliance Gobacom Services Inc.                              | 17 <sup>th</sup> December, 2007                  | 0.00          | 5,090.87             | 6,279.58     | 1,189             | 0.00       | 217.21      | 55.29                            | -                       | 55.29                           | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 1             | 7,361,536            | 9,080,445    | 1,718,908         | 1          | 310,671     | 79,082                           | -                       | 79,082                          | -                 |                   |
| 44                                    | YTV Inc.  | 17 <sup>th</sup> December, 2007                  | 0.00          | 0.00                 | 0.00         | 0.00              | -          | -           | -                                | -                       | -                               | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 1             | -                    | 1            | -                 | -          | -           | -                                | -                       | -                               | -                 |                   |
| 45                                    | Reliance Infocom Inc.                                       | 1 <sup>st</sup> January, 2006                    | 622.40        | (2,585.21)           | 3,521.47     | 5,484.28          | -          | -           | (606.02)                         | 0.83                    | (606.85)                        | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 900,000       | (3,738,283)          | 5,092,137    | 7,930,420         | -          | -           | (866,793)                        | 1,186                   | (867,979)                       | -                 |                   |
| 46                                    | Reliance Communications Inc.                                | 1 <sup>st</sup> January, 2006                    | 3,457.75      | (70.62)              | 156,567.11   | 153,179.98        | -          | 19,254.32   | (11,381.33)                      | 8.66                    | (11,390.00)                     | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 5,000,000     | (102,115)            | 226,400,281  | 221,502,396       | -          | 27,539,370  | (16,278,670)                     | 12,389                  | (16,291,059)                    | -                 |                   |
| 47                                    | Reliance Communications International Inc.                  | 1 <sup>st</sup> January, 2006                    | 6.92          | 5,330.51             | 10,975.25    | 5,637.92          | -          | 4,296.00    | 119.87                           | 9.30                    | 110.57                          | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 10,000        | 7,708,063            | 15,870,510   | 8,152,447         | -          | 6,144,554   | 171,450                          | 13,308                  | 158,142                         | -                 |                   |
| 48                                    | Reliance Communications Canada Inc.                         | 1 <sup>st</sup> January, 2006                    | 6.92          | (32.65)              | 171.24       | 196.98            | -          | 150.54      | 7.28                             | 1.09                    | 6.19                            | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 10,000        | (47,218)             | 247,617      | 284,835           | -          | 215,323     | 10,413                           | 1,566                   | 8,847                           | -                 |                   |
| 49                                    | Bonn Investment Inc.  | 1 <sup>st</sup> January, 2006                    | 6.92          | (982.83)             | 3,894.49     | 4,870.41          | -          | 3.50        | (172.89)                         | 0.07                    | (172.95)                        | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 10,000        | (1,421,201)          | 5,631,539    | 7,042,741         | -          | 5,000       | (247,282)                        | 94                      | (247,376)                       | -                 |                   |
| 50                                    | Reliance FLAG Telecom Development Limited                   | 1 <sup>st</sup> January, 2006                    | 8.30          | 463.62               | 471.92       | -                 | -          | -           | -                                | -                       | -                               | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 12,000        | 670,414              | 682,414      | -                 | -          | -           | -                                | -                       | -                               | -                 |                   |
| 51                                    | Reliance FLAG Telecom Development Services Company LLC      | 1 <sup>st</sup> January, 2006                    | 9.13          | (172.60)             | 506.09       | 669.56            | -          | 148.24      | 6.55                             | 0.01                    | 6.55                            | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 13,201        | (249,585)            | 731,816      | 968,200           | -          | 212,023     | 9,371                            | 9                       | 9,362                           | -                 |                   |
| 52                                    | Reliance FLAG Telecom Network Services DAC                  | 1 <sup>st</sup> January, 2006                    | 0.01          | (645.25)             | 0.01         | 645.25            | -          | 0.71        | -                                | -                       | -                               | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 18            | (933,049)            | 18           | 933,049           | -          | 1,010       | -                                | -                       | -                               | -                 |                   |
| 53                                    | Reliance FLAG Telecom Ireland DAC                           | 1 <sup>st</sup> January, 2006                    | 0.01          | 1,640.52             | 200,837.84   | 199,197.31        | -          | 77,095.43   | (737.47)                         | (959.85)                | 222.39                          | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 18            | 2,372,231            | 290,416,944  | 288,044,696       | -          | 110,268,652 | (1,054,790)                      | (1,372,865)             | 318,075                         | -                 |                   |
| 54                                    | Reliance FLAG Telecom Japan Limited                         | 1 <sup>st</sup> January, 2006                    | 63.21         | (52,244.49)          | 18,177.61    | 70,358.89         | -          | 4,015.34    | 402.13                           | (6.77)                  | 408.90                          | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 91,405        | (75,546,945)         | 26,285,310   | 101,740,850       | -          | 5,743,088   | 575,166                          | (9,680)                 | 584,846                         | -                 |                   |
| 55                                    | Reliance FLAG Telecom Ireland Network DAC                   | 1 <sup>st</sup> January, 2006                    | 0.01          | (2,591.86)           | 33,658.08    | 36,249.92         | -          | 7,916.57    | 99.81                            | -                       | 99.81                           | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 18            | (3,747,893)          | 48,670,490   | 52,418,366        | -          | 11,322,971  | 142,751                          | -                       | 142,751                         | -                 |                   |
| 56                                    | Reliance FLAG Telecom Network USA Limited                   | 1 <sup>st</sup> January, 2006                    | 0.00          | (40,184.35)          | 18,219.24    | 58,403.59         | -          | 14,440.29   | 545.79                           | -                       | 545.79                          | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 1             | (58,107,650)         | 26,345,515   | 84,453,164        | -          | 20,653,773  | 780,641                          | -                       | 780,641                         | -                 |                   |
| 57                                    | Reliance FLAG Telecom Espana Network SAU                    | 1 <sup>st</sup> January, 2006                    | 36.92         | (7,063.40)           | 475.10       | 7,501.58          | -          | 215.80      | (4.34)                           | -                       | (4.34)                          | -                 | 100.00            |
|                                       | Unit of Currency - USD                                      |  | 53,389        | (10,213,862)         | 687,014      | 10,847,487        | -          | 308,662     | (6,206)                          | -                       | (6,206)                         | -                 |                   |

**Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures**  
 Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

| Sl. No. | Name of the Subsidiary  | Date from which they become subsidiary companies | Share Capital | Reserves and Surplus | Total Assets | Total Liabilities | Investment | Turnover * | Profit / (Loss) before Taxation* | Provision for Taxation* | Profit / (Loss) after Taxation* | Proposed Dividend | % of Shareholding |
|---------|---|--|---------------|----------------------|--------------|-------------------|------------|------------|----------------------------------|-------------------------|---------------------------------|-------------------|-------------------|
| 58      | Reliance Vanco Group Limited<br>Unit of Currency - USD        | 25 <sup>th</sup> May, 2008                       | 99.52         | 45,992.11            | 119,199.28   | 73,107.65         | 438.89     | 73.86      | (4,819.48)                       | -                       | (4,819.48)                      | -                 | 100.00            |
| 59      | Euroret Spain SA<br>Unit of Currency - USD                    | 25 <sup>th</sup> May, 2008                       | 143.908       | 66,505.833           | 172,365.383  | 105,715.642       | 634.654    | 105.37     | (6,893.243)                      | (4.41)                  | (6,893.243)                     | -                 | 100.00            |
| 60      | Net Direct SA (Proprietary) Limited<br>Unit of Currency - USD | 25 <sup>th</sup> May, 2008                       | 140.424       | 1,894.642            | 4,197.956    | 2,162.889         | -          | 3,150.299  | (33,982.2)                       | (6.309)                 | (33,351.3)                      | -                 | 100.00            |
| 61      | Vanco (Shanghai) Co. Ltd.<br>Unit of Currency - USD           | 25 <sup>th</sup> May, 2008                       | 0.00          | (366.471)            | 877.34       | 1,130.77          | -          | -          | (8,619)                          | -                       | (8,619)                         | -                 | 100.00            |
| 62      | Vanco (Asia Pacific) Pte. Limited<br>Unit of Currency - USD   | 25 <sup>th</sup> May, 2008                       | 1,020.75      | (1,763.36)           | 2,456.43     | 3,199.04          | -          | 28,922     | (1,771)                          | -                       | (1,771)                         | -                 | 100.00            |
| 63      | Vanco Ausaiada Pty Limited<br>Unit of Currency - USD          | 25 <sup>th</sup> May, 2008                       | 1,521.45      | (4,654.67)           | 2,188.61     | 4,625.902         | -          | 8,848.613  | (1,006.027)                      | -                       | (1,006.027)                     | -                 | 100.00            |
| 64      | Vanco Sp.Zoo<br>Unit of Currency - USD                        | 25 <sup>th</sup> May, 2008                       | 18.09         | 52.74                | 3,164.790    | 5,321.83          | -          | 6,144.69   | (797.34)                         | -                       | (797.34)                        | -                 | 100.00            |
| 65      | Vanco GmbH<br>Unit of Currency - USD                          | 25 <sup>th</sup> May, 2008                       | 695.19        | (13,271.24)          | 6,442.65     | 19,018.71         | -          | 17,494.77  | (1,970.16)                       | 0.04                    | (1,970.20)                      | -                 | 100.00            |
| 66      | Vanco Japan KK<br>Unit of Currency - USD                      | 25 <sup>th</sup> May, 2008                       | 56.22         | 80.12                | 305.54       | 27,501.569        | -          | 25,022.556 | (2,817.902)                      | 58                      | (2,817.959)                     | -                 | 100.00            |
| 67      | Vanco NV<br>Unit of Currency - USD                            | 25 <sup>th</sup> May, 2008                       | 436.22        | (6,018.43)           | 773.79       | 6,356.00          | -          | 1,282.26   | (1,971.13)                       | (2.26)                  | 1,309                           | -                 | 100.00            |
| 68      | Vanco SAS (France)<br>Unit of Currency - USD                  | 25 <sup>th</sup> May, 2008                       | 630.783       | (8,702.806)          | 1,118.927    | 9,190.950         | -          | 1,834.007  | (281.948)                        | -                       | (281.948)                       | -                 | 100.00            |
| 69      | Vanco South America Ltda<br>Unit of Currency - USD            | 25 <sup>th</sup> May, 2008                       | 141.81        | (3,146.74)           | 31.88        | 61,306.835        | -          | 14,918.074 | (4,600.723)                      | 7.38                    | (4,600.723)                     | -                 | 100.00            |
| 70      | Vanco SRL (Italy)<br>Unit of Currency - USD                   | 25 <sup>th</sup> May, 2008                       | 76.91         | (4,362.37)           | 46.103       | 4,391.304         | -          | 73.747     | (584.261)                        | 10.562                  | (594.822)                       | -                 | 100.00            |
| 71      | Vanco Sweden AB<br>Unit of Currency - USD                     | 25 <sup>th</sup> May, 2008                       | 37.25         | (10.01)              | 1,642.55     | 1,615.31          | -          | 1,703.15   | (70.99)                          | -                       | (70.99)                         | -                 | 100.00            |
| 72      | Vanco Switzerland A.G.<br>Unit of Currency - USD              | 25 <sup>th</sup> May, 2008                       | 83.33         | 760.82               | 847.69       | 3,355             | -          | 2,435.995  | (101.534)                        | (5.26)                  | 6.00                            | -                 | 100.00            |
| 73      | Vanco Deutschland GmbH<br>Unit of Currency - USD              | 25 <sup>th</sup> May, 2008                       | 19.42         | (8,450.19)           | 682.27       | 9,113.04          | -          | 25.677     | (340.13)                         | (7.524)                 | 8.581                           | -                 | 100.00            |
| 74      | Vanco BV (Holland)<br>Unit of Currency - USD                  | 25 <sup>th</sup> May, 2008                       | 28.084        | (1,221.9206)         | 986.581      | 13,177.703        | -          | 981.48     | (486.487)                        | -                       | (486.487)                       | -                 | 100.00            |
| 75      | Vanco UK Limited<br>Unit of Currency - USD                    | 25 <sup>th</sup> May, 2008                       | 22.468        | (9,271.747)          | 7,377.708    | 16,626.988        | -          | 6,749.322  | (1,114.885)                      | -                       | (1,114.885)                     | -                 | 100.00            |
| 76      | Vanco International Limited<br>Unit of Currency - USD         | 25 <sup>th</sup> May, 2008                       | 47.969        | (54,571.843)         | 13,593.77    | 51,299.75         | 107.03     | 30,189.83  | (272.08)                         | -                       | (272.08)                        | -                 | 100.00            |
| 77      | Vanco ROW Limited<br>Unit of Currency - USD                   | 25 <sup>th</sup> May, 2008                       | 0.00          | 653.90               | 1,858.55     | 1,204.64          | -          | 6,726.344  | (391.144)                        | -                       | (391.144)                       | -                 | 100.00            |
| 78      | Vanco Global Limited<br>Unit of Currency - USD                | 25 <sup>th</sup> May, 2008                       | 244.23        | (783.72)             | 2,786.67     | 3,326.16          | 43.05      | 5,451.227  | (640.142)                        | -                       | (640.142)                       | -                 | 100.00            |
| 79      | VNO Direct Limited<br>Unit of Currency - USD                  | 25 <sup>th</sup> May, 2008                       | 353.163       | (1,133.283)          | 4,029.603    | 4,809.723         | 62.257     | 7,039.473  | 134.536                          | -                       | 134.536                         | -                 | 100.00            |
| 80      | Vanco US LLC<br>Unit of Currency - USD                        | 25 <sup>th</sup> May, 2008                       | 679.848       | (5,072.290)          | 1,762        | 4,394.204         | -          | 243        | (5,260)                          | -                       | (5,260)                         | -                 | 100.00            |
| 81      | Vanco Solutions, Inc.<br>Unit of Currency - USD               | 25 <sup>th</sup> May, 2008                       | 2,099.999     | (20,689.106)         | 14,401.492   | 32,990.598        | -          | 17,525.845 | 103.775                          | -                       | 103.775                         | -                 | 100.00            |
| 82      | Seoul Telenet, Inc.<br>Unit of Currency - USD                 | 1 <sup>st</sup> January 2006                     | 1,566.72      | (10,848.13)          | 5,796.64     | 15,078.05         | -          | 3,332.47   | (498.441)                        | -                       | (498.441)                       | -                 | 49.00             |
| 83      | FLAG Holdings (Taiwan) Limited<br>Unit of Currency - USD      | 1 <sup>st</sup> January 2006                     | 3,721.91      | (15,686.695)         | 8,382.099    | 21,803.275        | -          | 4,766.386  | 319.247                          | (512.47)                | 1,052.225                       | -                 | 50.00             |
|         |   |  | 5,381.988     | (609.236)            | 10,220.325   | 5,447.573         | -          | 37.624     | 1,698                            | (32.068)                | 33.727                          | -                 |                   |

**Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures**  
(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

(Rs. In lakh unless otherwise stated)

| Sl. No. | Name of the Subsidiary  | Date from which they became subsidiary companies | Share Capital          | Reserves and Surplus           | Total Assets                   | Total Liabilities          | Investment | Turnover * | Profit / (Loss) before Taxation* | Provision for Taxation* | Profit / (Loss) after Taxation* | Proposed Dividend | % of Shareholding |
|---------|---|--|------------------------|--------------------------------|--------------------------------|----------------------------|------------|------------|----------------------------------|-------------------------|---------------------------------|-------------------|-------------------|
| 84      | Reliance Telecom Infrastructure (Cyprus) Holdings Limited<br>Unit of Currency - USD | 15 <sup>th</sup> June, 2007                      | 1.55                   | 2,768.03                       | 3,184.15                       | 414.57                     | -          | 0.44       | (35.78)                          | -                       | (35.78)                         | -                 | -                 |
| 85      | Lagewood Investments Limited<br>Unit of Currency - USD                              | 15 <sup>th</sup> June, 2007                      | 2,246<br>1.57<br>2,268 | 4,195.911<br>225.37<br>325,889 | 4,885.532<br>262.41<br>379,455 | 687,375<br>35.48<br>51,298 | -          | 6.80       | (51,173)<br>(13,90)<br>(19,883)  | -                       | (51,173)<br>(13,90)<br>(19,883) | -                 | -                 |

**Notes**

- The Financial Year of the Subsidiaries is for 12 months from April 1, 2018 to March 31, 2019
- Investment exclude investment in Subsidiaries
- Exchange rate as of March 31, 2019 1 USD = ₹ 69.155 1 GBP = ₹ 90.525 1 AUD = ₹ 49.77 1 NZD = ₹ 46.89 1 UShs = ₹ 0.0179 (\* converted at average rate)

Name of subsidiaries which are yet to commence operations

- Gobalcom Mobile Commerce Limited
- Globalcom Realty Limited

**Name of subsidiaries which have been liquidated or sold during the year - Nil**

**Part 'B' : Associates**

(₹ in lakh otherwise stated)

| Sr.No. | Name of Associates                          | Date from which they became associate | Latest audited Balance Sheet Date | Shares of Associate held by the company on the year end |                                    | Neworth attributable to Shareholding as per latest audited Balance Sheet | Profit / (Loss) for the year |                                 | Description of how there is significant influence | Reason why the associate is not consolidated |
|--------|---|---------------------------------------|-----------------------------------|---|------------------------------------|--|------------------------------|---------------------------------|---|--|
|        |   |                                       |                                   | No.   | Amount of Investment in Associates |  | Considered in Consolidation  | Not Considered in Consolidation |   |  |
| 1      | Mumbai Metro Transport Private Limited      | 18 <sup>th</sup> January, 2010        | 31.03.2019                        | 13000   | -                                  | (2.81)   | -                            | (2.15)                          | Refer not A below                                 |  |
| 2      | Wafiq Telecom International Private Limited | 1 <sup>st</sup> January, 2006         | 31.12.2018                        | 65025000  | 2,230.00                           | 2,806.82   | 243.00                       | 972.00                          |   |  |

**Name of associates which are yet to commence operations - Nil**

**Name of associates which have been liquidated or sold during the year - Nil**

**Notes :**

- There is significant influence due to percentage (%) of Share Capital.
- The Company does not have any Joint Venture during the year.















## Route Map to the AGM Venue

Venue : Rama & Sundri Watumull Auditorium, Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai – 400020



Landmark : K.C. Collage

Distance from Churchgate Station : 0.7 km

Distance from Chhatrapati Shivaji Terminus : 1.9 km

**RELIANCE****Communications****Reliance Communications Limited**

CIN: L45309MH2004PLC147531

Registered Office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

Tel. no.: +91 22 3038 6286, Fax no.: +91 22 3037 6622

Website: www.rcom.co.in • E-mail id: rcom.investors@relianceada.com

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HAL

**ATTENDANCE SLIP**

|                      |  |  |
|----------------------|--|--|
| *DP Id./ *Client Id. |  | Name & Address of the registered Shareholder |
| Regd. Folio No.      |  |  |
| No. of Share(s) held |  |  |

(Applicable for Members holding share(s) in electronic form\*)

I hereby record my presence at the **15<sup>th</sup> ANNUAL GENERAL MEETING** of the Members of Reliance Communications Limited held on Monday, September 30, 2019 at 4.00 p.m. at Rama & Sundri Watumull Auditorium, Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai – 400020.

Member's / Proxy's Signature

TEAR HERE

**PROXY FORM****RELIANCE****Communications****Reliance Communications Limited**

CIN: L45309MH2004PLC147531

Registered Office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

Tel. no.: +91 22 3038 6286, Fax no.: +91 22 3037 6622

Website: www.rcom.co.in • E-mail id: rcom.investors@relianceada.com

**FORM NO. MGT-11**

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

|                        |  |
|------------------------|--|
| Name of the Member(s): |  |
| Registered Address:    |  |
| E-mail Id:             |  |
| *DP Id. / *Client Id.  |  |
| Regd. Folio No.        |  |

(\*Applicable for Members holding Shares in electronic form)

I/ We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint:

- (1) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail id: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him;
- (2) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail id: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him;
- (3) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail id: \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **15<sup>th</sup> ANNUAL GENERAL MEETING** of the Company, to be held on Monday, September 30, 2019 at 4.00 p.m. at Rama & Sundri Watumull Auditorium, Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai – 400020, and at any adjournment thereof in respect of such resolution are indicated below:

| Resolution No. | Matter of Resolution   | For | Against |
|----------------|--|-----|---------|
| 1.             | To consider and adopt:<br>a. the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon; and<br>b. the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Auditors thereon. |     |         |
| 2.             | To appoint a Director in place of Shri Punit Garg (DIN: 00004407), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.  |     |         |
| 3.             | Ratification of remuneration payable to Cost Auditor for the financial year ending March 31, 2020.   |     |         |

Signed this ..... day of ..... 2019.

Signature of Shareholder(s) : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

**Note:**

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Affix  
Revenue  
Stamp



If undelivered please return to :

**Karvy Fintech Private Limited**  
**(Unit: Reliance Communications Limited)**

Karvy Selenium Tower – B, Plot No. 31 & 32

Survey No. 116/22, 115/24, 115/25

Financial District, Nanakramguda

Hyderabad 500 032

Tel. no.: +91 40 6716 1500 Fax no.: +91 40 6716 1791

Email: rcom@karvy.com, Website: www.karvyfintech.com

**RELIANCE****Communications****Reliance Communications Limited**

CIN: L45309MH2004PLC147531

Registered Office: H Block, 1<sup>st</sup> Floor

Dhirubhai Ambani Knowledge City

Navi Mumbai 400 710

Tel. no.: +91 22 3038 6286, Fax no.: +91 22 3037 6622

E-mail id: [rcom.investors@relianceada.com](mailto:rcom.investors@relianceada.com)Website: [www.rcom.co.in](http://www.rcom.co.in)

Despatch Ref. No.:

Reference No.

- 1 Name and registered address :  
of the sole / first named  
Member (IN BLOCK LETTERS)
  
- 2 Name(s) of the joint :  
Member(s), if any,  
(IN BLOCK LETTERS)
  
- 3 Registered Folio Number / :  
DP ID No. / Client ID No. \*
  
- 4 Number of Share(s) held :

(\*Applicable to investors holding share(s) in dematerialized form)

Dear Member,

**Sub.: Voting through electronic means**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Reliance Communications Limited ("RCOM" or "the Company") is providing e-voting facility (remote e-voting) to its Members in respect of the items of business to be transacted at the 15<sup>th</sup> Annual General Meeting scheduled to be held on Monday, September 30, 2019 at 4.00 p.m. at Rama & Sundri Watumull Auditorium, Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020.

The Company has engaged the services of Karvy Fintech Private Limited ("Karvy") as the authorised agency to provide e-voting facility. The remote e-voting particulars are set out below:

| EVEN (E-Voting Event Number) | User ID | Password / PIN |
|------------------------------|---------|----------------|
|                              |         |                |

The remote e-voting facility will be available during the following period:

Commencement of remote e-voting : From 10:00 A.M. (IST) on Thursday, September 26, 2019.

End of remote e-voting : Up to 5:00 P.M. (IST) on Sunday, September 29, 2019.

The facility of remote e-voting will not be available beyond the aforesaid date and time and it will be disabled by Karvy upon expiry of aforesaid period. **The cut-off date for the purpose of remote e-voting for the 15<sup>th</sup> Annual General Meeting is Monday, September 23, 2019.**

**Please read the instructions printed overleaf before exercising your vote.** This communication forms an integral part of the Notice of the Company dated May 27, 2019 for the 15<sup>th</sup> Annual General Meeting scheduled to be held on Monday, September 30, 2019 which is being mailed to you with this communication.

The Notice for the 15<sup>th</sup> Annual General Meeting and this communication are also available on the website of the Company at [www.rcom.co.in](http://www.rcom.co.in)

Yours faithfully,

**For Reliance Communications Limited**

Mumbai  
May 27, 2019

**Prakash Shenoy**  
**Company Secretary**

**Instructions and other information relating to e-voting are as under:**

1. The Company is pleased to provide remote e-voting facility for its Members to enable them to cast their votes electronically. The procedure and instructions for the same are as follows:

- i) Open your web browser during the remote e-voting period and navigate to “<https://evoting.karvy.com>”.
- ii) Enter the login credentials (i.e., user-id and password) mentioned in the letter. Your Folio No. / DP ID No. / Client ID No. will be your User-ID.

|           |   |
|-----------|---|
| User – ID | For Members holding shares in Demat Form:-  |
|           | For NSDL :- 8 Character DP ID followed by 8 Digits Client ID  |
|           | For CDSL :- 16 digits beneficiary ID  |
|           | For Members holding shares in Physical Form:- Event Number followed by Folio No. registered with the Company                  |
| Password  | Your unique password is printed overleaf / sent via e-mail forwarded through the electronic notice                            |
| Captcha   | Please enter the Verification code i.e. the alphabets and numbers in the exact way as they are displayed for security reasons |

iii) Members can cast their vote on-line from Thursday, September 26, 2019 at 10:00 A.M. (IST) to Sunday, September 29, 2019 till 5:00 P.M.(IST).

iv) After entering these details appropriately, click on “LOGIN”.

v) Members holding shares in Demat / Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #,\$, etc.). Kindly note that this password can be used by the Demat holders for voting in any other Company on which they are eligible to vote, provided that the other company opts for e-voting through Karvy e-Voting platform. System will prompt you to change your password and update your contact details like mobile number, e-mail ID, etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi) You need to login again with the new credentials.

vii) On successful login, system will prompt you to select the ‘Event’ i.e. ‘**Company Name**’.

viii) If you are holding shares in Demat form and had logged on to “<https://evoting.karvy.com>” and have cast your vote earlier for any company, then your existing login ID and password are to be used.

ix) On the voting page, you will see Resolution Description and against the same the option ‘FOR / AGAINST / ABSTAIN’ for voting. Enter the number of shares (which represents the number of votes) under ‘FOR / AGAINST / ABSTAIN’ or alternatively you may partially enter any number in ‘FOR’ and partially in ‘AGAINST’, but the total number in ‘FOR / AGAINST’ taken together should not exceed your total shareholding. If you do not wish to vote, please select ‘ABSTAIN’.

x) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

xi) Once you ‘CONFIRM’ your vote on the resolution whether partially or otherwise, you will not be allowed to modify your vote.

xii) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant board resolution / authority letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to ‘[evoting@karvy.com](mailto:evoting@karvy.com)’. The file / scanned image of the board resolution / authority letter should be in the naming format ‘Corporate Name Event no.’.

2. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently.

3. The voting rights of the Members shall be in proportion to the number of shares held by them in the equity share capital of the Company as on the cut-off date being Monday, September 23, 2019.

**4. The facility for voting shall also be available at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their vote again at the meeting.**

5. In case of any query pertaining to e-voting, please visit Help and FAQs section available at Karvy’s website <https://evoting.karvy.com> OR contact our toll free no. **1800 4250 999**.