

Limited Review Report on Standalone Unaudited Financial Results of Reliance Communications Limited for the quarter ended June 30, 2023 pursuant to Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

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

1. The Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") admitted an insolvency and bankruptcy petition filed by an operational creditor against Reliance Communications Limited ("the Company") and appointed Resolution Professional (RP) who has been vested with management of affairs and powers of the Board of Directors with direction to initiate appropriate action contemplated with extant provisions of the Insolvency and Bankruptcy Code, 2016 and other related rules.
2. We have reviewed the accompanying statement of standalone unaudited financial results of the Company for the quarter ended June 30, 2023 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations").
3. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company and taken on record by the RP in their meeting held on August 12, 2023, has been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 ("the Act") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
4. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
5. We draw attention to Note no. 4 & 6 of the Statement, "Assets Held for Sale (AHS)" including Wireless Spectrum, Towers, Fibre and Media Convergence Nodes (MCNs) along with liabilities continues to be classified as held for sale at the value ascertained at the end of March 31, 2018, for the reasons referred to in the aforesaid note and impact of the non payment of spectrum installments due to Department of Telecommunication (DOT). Non determination of fair value of Asset Held for Sale as on the reporting date is not in compliance with Ind AS 105 "Non Current Assets Held for Sale and Discontinued Operations". Accordingly, we are unable to comment on the consequential impact, if any, on the carrying amount of Assets Held for Sale and on the reported losses for the quarter ended June 30, 2023.
6. We draw attention to Note no. 5 of the Statement regarding admission of the Company and its two subsidiaries into Corporate Insolvency Resolution Process ("CIRP"), and pending determination of obligations and liabilities with regard to various claims submitted by the Operational/financial/other creditors and employees including interest payable on loans during CIRP. We are unable to comment the accounting impact there of pending reconciliation and determination of final obligation. The Company accordingly has not provided interest on borrowings amounting to Rs. 1,003 crore for the quarter ended June 30, 2023 and Rs. 24,037 crore up to the previous financial year calculated based on basic rate of interest as per terms of loan. The Company further has not provided for foreign exchange (gain/loss) amounting to Rs. (26) crore for the quarter ended June 30, 2023 and Rs. 3,428 crore of foreign exchange



up to the previous financial year. Had such interest and foreign exchange variation (gain)/ loss as mentioned above been provided, the reported loss for the quarter ended June 30, 2023 would have been higher by Rs.977 crore and Networth as on June 30, 2023 and March 31, 2023 would have been lower by Rs. 28,442 crore and Rs. 27,465 crore respectively. Non provision of interest and non-recognition of foreign exchange variation (gain)/ loss is not in compliance with Ind AS 23 "Borrowing Costs" and Ind AS 21 "The Effects of Changes in Foreign Exchange Rates" respectively.

7. We draw attention to Note no. 4&16 of the Statement, regarding pending comprehensive review of carrying amount of all assets (including investments, receivables and balances lying under Goods and Service Tax)& liabilities and non-provision for impairment of carrying value of the assets and write back of liabilities if any, pending completion of the CIRP and various irregularities reported by the forensic auditor M/s BDO India LLP, appointed by one of the lenders, in their forensic audit report for the period from April 01, 2013 to March 31, 2017 as communicated by a bank. In the absence of comprehensive review as mentioned above for the carrying value of all the assets and liabilities, we are unable to comment that whether any adjustment is required in the carrying amount of such assets and liabilities and consequential impact, if any, on the reported losses for the quarter ended June 30, 2023. Non determination of fair value of financial assets & liabilities and impairment of carrying amount for other assets and liabilities are not in compliance with Ind AS 109 "Financial Instruments", Ind AS 36 "Impairment of Assets" and Ind AS 37 "Provisions, Contingent Liabilities & Contingent Assets".
8. We draw attention to Note no. 10 of the Statement, regarding non adoption of Ind AS 116 "Leases" effective from April 01, 2019 and the consequent impact thereof. The aforesaid accounting treatment is not in accordance with the relevant Indian Accounting Standard Ind AS 116.
9. We draw attention to Note no.4 of the Statement, regarding continuous losses incurred by the Company, current liabilities exceeding its current assets, default in repayment of borrowings and default in payment of regulatory and statutory dues and pending application of renewal of Telecom License. These situation indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The accounts however have been prepared by the management on a going concern basis for the reason stated in the aforesaid note. We however are unable to obtain sufficient and appropriate audit evidence regarding management's use of the going concern basis of accounting in the preparation of the standalone financial results, in view of ongoing CIRP and matters pending before regulatory authorities, the outcome of which cannot be presently ascertained.
10. Based on our review conducted as above, except for the matters described in paragraphs 5 to 9 above, nothing has come to our attention that causes us to believe that the accompanying Statement of standalone unaudited financial results prepared in accordance with applicable Accounting Standards i.e. Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended including the manner in which it is to be disclosed, or that it contains any material misstatement.
11. We draw attention to Note no. 7 of the Statement, regarding provision of license fee and spectrum usage charges based on management estimates pending special audit from Department of Telecommunications, pursuant to the judgment of Hon'ble Supreme Court of India, vide its order dated October 24, 2019 and status of payment thereof which may undergo revision based on any development in the said matter. Our conclusion on the Statement is not modified in respect of this matter.



12. Pursuant to applications filed by Ericsson India Pvt. Ltd. before the National Company Law Tribunal, Mumbai Bench ("NCLT") in terms of Section 9 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder ("Code"), the NCLT had admitted the applications and ordered the commencement of corporate insolvency resolution process ("CIRP") of Reliance Communication Limited ("the Company") and two of its subsidiaries namely Reliance Infratel Limited (RITL, ceased w.e.f December 22, 2022) and Reliance Telecom Limited (RTL) (collectively, the "Corporate Debtors") vide its orders dated May 15, 2018. The committee of creditors ("CoC") of the Corporate Debtors, at the meetings of the CoC held on May 30, 2019, in terms of Section 22 (2) of the Code, resolved with the requisite voting share, to replace the Interim Resolution Professionals with the Resolution Professional ("RP") for the Corporate Debtors, which has been confirmed by the NCLT in its orders dated June 21, 2019 (published on the website of the NCLT on June 28, 2019).
13. As per Regulation 33 of the Listing Regulations, the standalone unaudited financial results of the Company submitted to the stock exchange shall be signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it shall be signed by any Director of the Company who is duly authorized by the Board of Directors to sign the standalone unaudited financial results. As mentioned in Note No 1 of the Statement, in view of the ongoing CIRP, the powers of the board of directors stand suspended and are exercised by the Resolution Professional.

For Pathak H. D. & Associates LLP

Chartered Accountants

Firm's Registration No:107783W/W100593

J. Shah

Jigar T. Shah

Partner

Membership No.: 161851

UDIN No.: 23161851BGSWZO4342



Date: August 12, 2023

Place: Mumbai

Reliance Communications Limited

website: www.rcom.co.in

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

CIN - L45309MH2004 PLC147531

Standalone Unaudited Financial Results for the Quarter ended June 30, 2023

					Rs. in crore			
Sr. No.	Particulars	Quarter ended			Year ended			
		30-Jun-23	31-Mar-23	30-Jun-22	31-Mar-23			
		Unaudited	Audited	Unaudited	Audited			
1	Income							
	(a) Revenue from Operations	76	85	80	332			
	(b) Other Income	2	4	1	8			
	(c) Total Income [(a) + (b)]	78	89	81	340			
2	Expenses							
	(a) Access Charges, License Fees and Network Expenses	41	40	42	151			
	(b) Employee Benefits Expenses	9	9	14	45			
	(c) Finance Costs	-	-	-	-			
	(d) Depreciation and Amortisation expenses	28	28	32	116			
	(e) Sales and General Administration Expenses	28	19	64	208			
	(f) Total Expenses [(a) to (e)]	106	96	152	520			
3	Profit/ (Loss) before Exceptional Items and Tax [1 (c) - 2 (f)]	(28)	(7)	(71)	(180)			
4	Exceptional Items	-	-	-	-			
5	Profit / (Loss) before Tax [3 - 4]	(28)	(7)	(71)	(180)			
6	Tax Expenses							
	(a) Current Tax	-	-	-	-			
	(b) Deferred Tax Charge/ (Credit)	-	-	-	-			
	(c) Tax Expenses (net) [(a) to (b)]	-	-	-	-			
7	Profit/ (Loss) after Tax [5 - 6]	(28)	(7)	(71)	(180)			
8	Profit/ (Loss) before Tax and Exceptional Item from Discontinued Operations	(135)	(130)	(130)	(526)			
9	Exceptional Items (Refer Note 7)							
	Loss on De-Subsidiarisation including Provision	-	-	-	(4,208)			
	Provision of Liability on account of License & Spectrum fee	(1,543)	(1,488)	(1,337)	(5,647)			
10	Profit/ (Loss) before Tax from Discontinued Operations [8-9]	(1,678)	(1,618)	(1,467)	(10,381)			
11	Tax Expenses of Discontinued Operations	-	-	-	-			
12	Profit/ (Loss) after Tax from Discontinued Operations [10-11]	(1,678)	(1,618)	(1,467)	(10,381)			
13	Other Comprehensive Income / (Expense) for the period / year	-	-	-	-			
14	Total Comprehensive Income / (loss) for the period / year [7+ 12 + 13]	(1,706)	(1,625)	(1,538)	(10,561)			
15	Earnings per Share (EPS) Basic and Diluted (Rs.)							
	(before exceptional items)) (not annualised for the quarter ended)							
	(a) Continuing Operations	(0.10)	(0.03)	(0.26)	(0.66)			
	(b) Discontinued Operations	(0.49)	(0.47)	(0.47)	(1.92)			
	(c) Continuing Operations and Discontinued Operations	(0.59)	(0.50)	(0.73)	(2.58)			
	(after exceptional items)) (not annualised for the quarter ended)							
	(a) Continuing Operations	(0.10)	(0.03)	(0.26)	(0.66)			
	(b) Discontinued Operations	(6.11)	(5.90)	(5.34)	(37.83)			
	(c) Continuing Operations and Discontinued Operations	(6.21)	(5.93)	(5.60)	(38.49)			
16	Paid-up Equity Share Capital (Face Value of Rs. 5 each)	1,383	1,383	1,383	1,383			

Notes:

1. Pursuant to an application filed by Ericsson India Pvt. Ltd before the National Company Law Tribunal, Mumbai Bench ("**NCLT**") in terms of Section 9 of the Insolvency and Bankruptcy Code, 2016 read with the rules and regulations framed thereunder ("**Code**"), the NCLT had admitted the application and ordered the commencement of corporate insolvency resolution process ("**CIRP**") of Reliance Communications Limited ("**Corporate Debtor**", "**the Company**") vide its order dated May 15, 2018. The NCLT had appointed Mr. Pardeep Kumar Sethi as the interim resolution professional ("**IRP**") for the Corporate Debtor vide its order dated May 18, 2018. The Hon'ble National Company Law Appellate Tribunal ("**NCLAT**") by an order dated May 30, 2018 had stayed the order passed by the Hon'ble NCLT for initiating the CIRP of the Corporate Debtor and allowed the management of the Corporate Debtor to function. In accordance with the order of the Hon'ble NCLAT, Mr. Pardeep Kumar Sethi handed over the control and management of the Corporate Debtor back to the erstwhile management of the Corporate Debtor on May 30, 2018. Subsequently, by order dated April 30, 2019, the Hon'ble NCLAT allowed stay on CIRP to be vacated. On the basis of the orders of the Hon'ble NCLAT, Mr. Pardeep Kumar Sethi, wrote to the management of the Corporate Debtor on May 02, 2019 requesting the charge, operations and management of the Corporate Debtor to be handed over back to IRP. Therefore, Mr. Pardeep Kumar Sethi had in his capacity as IRP taken control and custody of the management and operations of the Corporate Debtor from May 02, 2019. Subsequently, the committee of creditors ("**CoC**") of the Corporate Debtor pursuant to its meeting held on May 30, 2019 resolved, with requisite voting share, to replace the existing interim resolution professional, i.e. Mr. Pardeep Kumar Sethi with Mr. Anish Niranjana Nanavaty as the resolution professional for the Corporate Debtor in accordance with Section 22(2) of the Code. Subsequently, upon application by the CoC in terms of Section 22(3) of the Code, the NCLT appointed Mr. Anish Niranjana Nanavaty as the resolution professional for the Corporate Debtor ("**RP**") vide its order dated June 21, 2019, which was published on June 28, 2019 on the website of the NCLT. Accordingly, the IRP handed over the matters pertaining to the affairs of the Corporate Debtor to the RP as on June 28, 2019 who assumed the powers of the board of directors of the Corporate Debtor and the responsibility of conducting the CIRP of the Corporate Debtor.

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

With respect to the standalone financial results for the quarter ended June 30, 2023, the RP has signed the same solely for the purpose of ensuring compliance by the Corporate Debtor with applicable laws, and subject to the following disclaimers:

- (i) The RP has furnished and signed the report in good faith and accordingly, no suit, prosecution or other legal proceeding shall lie against the RP in terms of Section 233 of the Code;
- (ii) No statement, fact, information (whether current or historical) or opinion contained herein should be construed as a representation or warranty, express or implied, of the RP including, his authorized representatives and advisors;
- (iii) The RP, in review of the standalone financial results and while signing these standalone financial results, has relied upon the assistance provided by the directors of the Corporate Debtor, and certifications, representations and statements made by the directors of the

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Corporate Debtor, in relation to these standalone financial results. The standalone financial results of the Corporate Debtor for the quarter ended June 30, 2023 have been taken on record by the RP solely on the basis of and relying on the aforesaid certifications, representations and statements of the aforesaid directors and the erstwhile management of the Corporate Debtor. For all such information and data, the RP has assumed that such information and data are in conformity with the Companies Act, 2013 and other applicable laws with respect to the preparation of the standalone financial results and that they give true and fair view of the position of the Corporate Debtor as of the dates and period indicated therein. Accordingly, the RP is not making any representations regarding accuracy, veracity or completeness of the data or information in the standalone financial results.

- (iv) In terms of the provisions of the Code, the RP is required to undertake a review to determine avoidance transactions. Such review has been completed and the RP has filed the necessary applications with the adjudicating authority.
2. Figures of the previous period / year have been regrouped and reclassified, wherever required.
3. During the quarter ended June 30, 2019, the CIRP in respect of the Corporate Debtor and its subsidiaries; Reliance Telecom Limited (RTL) and Reliance Infratel Limited (RITL, ceased to be a subsidiary w.e.f December 22, 2022) was re-commenced, and interim resolution professionals had been appointed in respect of the aforesaid companies. Subsequently, appointment of Mr. Anish Niranjana Nanavaty as the Resolution Professional (RP) of the Corporate Debtor and its subsidiaries was confirmed by the NCLT vide its order dated June 21, 2019 which was published on June 28, 2019 on the NCLT's website.

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

4. Pursuant to strategic transformation programme, as a part of asset monetization and resolution plan of the Corporate Debtor, the Corporate Debtor and its subsidiary companies; RTL and RITL (ceased to be a subsidiary w.e.f December 22, 2022), with the permission of and on the basis of suggestions of the lenders, had entered into definitive binding agreements with Reliance Jio Infocomm Limited (RJio) for monetization of certain specified assets on December 28, 2017 for sale of Wireless Spectrum, Towers, Fibre and Media Convergence Nodes (MCNs). During an earlier year, the said asset sale agreements were terminated by mutual consent on account of various factors and developments including *inter alia* non receipt of consents from lenders and permission/ approvals from Department of Telecommunication (DoT).

On completion of the corporate insolvency resolution process, the Corporate Debtor will carry out a comprehensive review of all the assets including investments, balances lying in Goods and Service Tax, liabilities and accordingly provide for impairment of assets and write back of liabilities, if any. The Auditors have drawn qualification in this regard in their Limited review report for the quarter ended June 30, 2023.

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

In light of the urgency of the matter, the RP had filed an application before the NCLT praying that the DoT inter alia be restrained from taking any action which may interfere with the continued holding of the telecom spectrum of the Corporate Debtor. The NCLT had adjourned the matter following which the RP had thereafter filed a writ petition in the Delhi High Court seeking issuance of an appropriate writ, order or direction in the nature of mandamus directing the DoT to migrate the telecom licenses to UL without the insistence on the payment of the dues set out in DoT Letter. The High Court, on July 19, 2021, passed an interim order that *"till the next date, the respondent is directed to not take any coercive action against the petitioner for withdrawal of the telecom spectrum granted to the petitioner in respect of 18 service areas, as also to permit the petitioner to continue providing telecom services in the 18 service areas which are subject matters of the present petition."* On July 20, 2021, the writ petition hearing concluded and order was passed by the High Court permitting the withdrawal of the writ petition with direction that the issue on "current dues" should be decided by the NCLT and extending the protection under the July 19, 2021 order by further 10 days.

In view of the aforesaid, the NCLT was apprised of the order of the High Court and the NCLT has, as an interim measure, extended the ad interim protection granted by the Delhi High Court until the next date of hearing. Further, on August 12, 2021, the NCLT has directed that the interim orders shall continue until the next date of hearing. The issue under consideration by the NCLT relates to whether the dues being claimed by DoT in its letter of June 15, 2021 for the purposes of processing the license renewal/ migration applications of the Corporate Debtor are in the nature of "current dues" (within the meaning of the Explanation to Section 14(1) of the Code) and therefore, payable during the CIRP period. The application was listed on various occasions before the NCLT; however effective hearing did not take place due to paucity of time. Matter was last listed on August 8, 2023 and the next date of hearing is September 6, 2023.

Simultaneously, a petition has been filed before the TDSAT seeking directions for migration of the telecom licenses, in view of the Guidelines for Grant of Unified License dated March 28, 2016

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

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

Considering these developments including, in particular, the RP having taken over the management and control of the Corporate Debtor and its two subsidiaries, i.e. RTL and RCIL (Group inter alia with the objective of running them as going concerns, the standalone financial results continue to be prepared on going concern basis. Since the Company continues to incur loss, current liabilities exceed current assets and Group has defaulted in repayment of borrowings, payment of regulatory and statutory dues and pending renewal of telecom licenses, these events indicate that material uncertainty exists that may cast significant doubt on Company's ability to continue as a going concern. The Auditors have drawn qualification in their Limited review report for the quarter ended June 30, 2023.

5. Considering various factors including admission of the Corporate Debtor and its subsidiaries; RTL and RCIL to CIRP under the Code, there are various claims submitted by the operational creditors, the financial creditors, employees and other creditors. The overall obligations and liabilities including obligation for interest on loans and the principal rupee amount in respect of loans including foreign currency denominated loans shall be determined during the CIRP and accounting impact if any will be given on completion of CIRP.

Further, prior to May 15, 2018, the Corporate Debtor and its said subsidiaries were under Strategic Debt Restructuring (SDR) and asset monetization and debt resolution plan were being worked out. The Corporate Debtor and some of its subsidiaries have not provided Interest of Rs. 1,003 crore calculated based on basic rate of interest as per terms of loan for the quarter ended June 30, 2023

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and foreign exchange (gain)/loss aggregating to Rs. (26) crore for the quarter ended June 30, 2023 . Had the Corporate Debtor provided Interest and foreign exchange variation, the Loss would have been higher by Rs. 977 crore for the quarter ended June 30, 2023 and Net Worth of the Company as on June 30, 2023 and March 31, 2023 would have been lower by Rs.28,442 crore and Rs. 27,465 crore respectively . The Auditors have drawn qualification for non provision of interest and foreign exchange variations in their Limited review report for the quarter ended June 30, 2023. During the previous years, Interest of Rs. 24,037 crore and foreign exchange loss (net) aggregating to Rs. 3,428 crore were not provided and the Auditors had drawn qualification in their audit reports for the financial years ended March 31, 2018, March 31, 2019, March 31,2020 March 31,2021, March 31, 2022 and March 31, 2023.

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

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

The financial result of discontinued operations is as under:

Particulars	Quarter ended			Year Ended
	30-Jun-23	31-Mar-23	30-Jun-22	31-Mar-23
	Unaudited	Audited	Unaudited	Audited
Total Income	3	2	1	5
Total Expenses	138	132	131	531
Profit/ (Loss) before Exceptional Item tax	(135)	(130)	(130)	(526)
Exceptional Item	(1,543)	(1,488)	(1,337)	(9,855)
Tax	-	-	-	-
Profit/ (Loss) after tax	(1,678)	(1,618)	(1,467)	(10,381)

7. The Hon'ble Supreme Court of India, vide its order dated October 24, 2019 had dismissed the petition filed by the telecom operators and agreed with the interpretation of the Department of Telecommunications (DoT) to the definition of Adjusted Gross Revenue (AGR) under the license

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

The RP of the Corporate Debtor and Reliance Telecom Limited (RTL) had filed intervention applications before the NCLAT in the appeal filed by the Department of Telecommunications against the resolution plan approval orders of the Aircel companies (wherein the NCLAT was adjudicating on the questions framed by the Hon'ble Supreme Court in the SC Judgement). The RP had also filed written legal submissions in this regard with the NCLAT. The Hon'ble NCLAT has pronounced its judgement dated April 13, 2021 setting out its findings on the questions framed

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in the SC Judgment. The RP has filed appeals in respect of the Corporate Debtor and RTL against the judgement of the NCLAT before the Supreme Court. On August 2, 2021, the appeals were listed when the bench issued notice in the matter and tagged the same with Civil Appeal No 1810 of 2021 (being the appeal filed by the COC of Aircel companies) and also allowed the application seeking permission to file the civil appeal. On February 22, 2022, the Supreme Court granted a period of six weeks to the DoT to file counter affidavit. The matter was listed on May 2, 2022 wherein the SC directed the matter to be tentatively listed in the third week of July 2022. The matter was mentioned on August 5, 2022, for early listing for arguments, but the Supreme Court directed the matter to be listed after eight weeks. The matter was thereafter listed on October 11, 2022, on which date, the Supreme Court directed that the matter be listed after six weeks. Further, the Supreme Court stated that the parties were to file a common compilation post discussion with each other, and file brief written submissions within a period of six weeks. On July 18, 2023, the connected appeals were again mentioned by the senior counsel appearing for RCOM and RTL and it was prayed that a short date of next week may be given in the matter since urgent reliefs were being sought. The official website presently shows that the matter may tentatively be listed next on September 05, 2023.

The appeals are currently *sub judice*.

Further, in the SC Judgement, reiterating that AGR dues as per original decision should be paid, the Hon'ble Supreme Court had directed that DoT should complete the assessment in cases where demand had not been raised and raise demand if it has not been raised, to examine the correctness of self-assessment and raise demand, if necessary, after due verification. In case demand notice has not been issued, DoT should raise the demand within six weeks from date of judgement. The Corporate Debtor has not received any such demand in this regard till date.

The DoT had during the pendency of the various proceedings simultaneously directed Special Audit in relation to the computation of License fee, Spectrum fee, applicable interest and penalties thereon, which is under progress for the financial year 2015-16 onwards. In this regard, the Corporate Debtor had provided for estimated liability aggregating to Rs. 42, 603 crore up to the previous year ended March 31, 2023 and has provided additional charge of Rs.1,543 crore during the quarter ended June 30, 2023 and shown as exceptional items relating to discontinued operations which may undergo revision based on demands from DoT and/ or any developments in this matter.

Considering various factors including admission of the Corporate Debtor and its subsidiary RTL to resolution process under the Code and the moratorium applicable under Code, discharge of the aforesaid liability will be dealt with in accordance with the Code (subject to orders in the relevant judicial proceedings). This matter has been referred to by the Auditors in their Limited review report for the quarter ended June 30, 2023.

8. The listed Redeemable Non-Convertible Debentures (NCDs) of the Corporate Debtor aggregating to Rs.3,750 crore as on June 30, 2023 are secured by way of first pari-passu charge on the whole of the movable properties, plant and equipment and Capital Work in Progress, both present and future, including all insurance contracts relating thereto of the Borrower Group; comprising of the Corporate Debtor and its subsidiary companies namely; Reliance Telecom Limited (RTL), Reliance Infratel Limited (RITL) and Reliance Communications Infrastructure Limited (RCIL). RITL's implementation of resolution plan has been completed and RITL has ceased to be a subsidiary of the Company w.e.f December 22, 2022. Out of the above, in case of NCDs of Rs. 750 crore, the Corporate Debtor has also assigned Telecom Licenses, by execution of Tripartite Agreement with Department of Telecommunications (DoT). The asset cover in case of these NCDs exceeds 100% of the principal amount of the said NCDs.
9. The disclosure required as per the provisions of Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given below:

Registered Office:

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RELIANCE

Particulars	Quarter ended			Year Ended
	30-Jun-23	31-Mar-23	30-Jun-22	31-Mar-23
	Unaudited	Audited	Unaudited	Audited
Debt Equity ratio	-	-	-	-
Debt Service Coverage Ratio	-	-	-	-
Interest Service Coverage Ratio	-	-	-	-
Current Ratio	0.12	0.13	0.18	0.13
Long term debt to working capital	-	-	-	-
Bad debts to Accounts receivable ratio	0.0%	0.0%	0.0%	0.0%
Current Liability ratio	0.94	0.94	0.94	0.94
Total Debts to Total Assets	0.99	0.99	0.90	0.99
Debtors turnover (Days)	76	91	84	86
Networth	(57,116)	(55,409)	(46,385)	(55,409)
Operating margin (%) (Continuing operations)	(39.47)	(13.38)	(90.08)	(56.57)
Net Profit margin (%) (Continuing operations)	(36.84)	(8.69)	(88.75)	(54.46)

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

Formula used for computation of Ratios:

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

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10. The Corporate Debtor and some of its subsidiaries where assets are held for sale as per Ind AS 105 accordingly lease agreements are considered to be short term in nature and Ind AS 116 has not been applied. The Auditors have drawn qualification in their Limited review report for the quarter ended June 30, 2023.
11. Disclosure as per Ind AS 108 "Operating Segments is reported in consolidated financial results of the Company. Therefore the same has not been separately disclosed in line with the provisions of Ind AS.
12. During the quarter ended June 30, 2023, Reliance Communications (Australia) PTY Limited and Reliance Communications (New Zealand) PTE Limited, both step-down overseas subsidiary companies of the Corporate Debtor, having no operations, have been deregistered w.e.f June 04, 2023 and June 22, 2023 respectively by the authorities in the respective country pursuant to an application filed by the said companies in this regard. Accordingly, the Corporate Debtor has written off its receivable in the standalone financial results.
13. During the previous year, the Company received a notice from Axis Trustee Services Limited ("**Axis Trustee**" / "**Security Trustee**") on November 9, 2022 regarding invocation cum sale of pledged shares Globalcom IDC Limited ("**GIDC**"). Thereafter, the Company received a notice of invocation of pledge over such shares from Axis Trustee on December 14, 2022.

As a matter of background, it may be noted that Reliance Webstore Limited ("RWSL", "Parent Company") is a wholly owned subsidiary of RCOM, holding 100% of equity shares in GIDC. Accordingly, GIDC was a wholly owned step-down subsidiary of RCOM. *Vide* facilities agreement dated August 29, 2016, RCOM and RITL had availed a loan facility of Rs. 565 Crore and Rs. 635 Crore respectively from State Bank of India ("**Lender**"). *Vide* share pledge agreement dated September 23, 2016, RWSL had pledged 100% of its shareholding in GIDC comprising 20,99,994 equity shares to Axis Trustee (in its capacity as a security trustee for the Lender) for above loan facility.

Owing to defaults in the repayment of the facilities availed by RCOM and RITL, Axis Trustee first proceeded to issue a notice for the invocation cum sale of pledged shares on November 9, 2022, and thereafter, invoked the pledge on December 12, 2022.

14. Provision for Income Tax for the quarter ended June 30, 2023 is based on the estimate for the full financial year.
15. The Corporate Debtor has been served with copies of writ petitions filed by Mr. Punit Garg and certain others, being directors of the Corporate Debtor and its subsidiaries before the Hon'ble High Court of Delhi, challenging the provisions of the RBI Master Directions on Frauds- Classification and Reporting by commercial banks and select FIs bearing No. RBI/ DBS/ 2016-17/ 28 DBS. CO. CFMC. BC. No. 1/ 23.04.001/ 2016-17 dated July 1, 2016 ("Circular") and the declaration by certain banks classifying the loan accounts of the Company, Reliance Infratel Limited ("RITL") and Reliance Telecom Limited ("RTL") being fraudulent in terms of the Circular. (RITL's implementation of resolution plan has been completed and RITL has ceased to be a subsidiary of the Company w.e.f December 22, 2022).

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

It has further been made clear *vide* the Delhi High Court order, that if any FIR has been lodged, proceedings proceeded thereto will remain unaffected by the said order and that it will be open to concerned banks to proceed in accordance with law in light of the judgment of the Supreme Court.

16. During the earlier years, certain banks had issued show cause notices to the Corporate Debtor, certain subsidiaries and certain directors seeking reasons as to why the Corporate Debtor and its subsidiaries should not be classified as willful defaulter. Also, during the earlier year, a bank has served notice seeking explanation as to why the account of the Corporate Debtor and the subsidiary company RTL should not be declared as fraud in terms of applicable RBI regulations. The Corporate Debtor and its subsidiaries have responded to the show cause notices. The Corporate Debtor in its response has highlighted that the proceedings and the classification of the Corporate Debtor as a willful defaulter is barred during the prevailing moratorium under section 14 of the Code and protection is available in terms of section 32A of the Code and asserting that accordingly, no action can be said to lie against the Corporate Debtor for classification as fraud and requested the banks to withdraw the notices. Further, certain banks had issued notices seeking personal hearing by the authorized representative of the Corporate Debtor and its subsidiaries in respect of the aforesaid matter. Hearings were attended to and necessary submissions were made in accordance with the submissions made earlier in the responses to the show cause notices. No further response has been received from the banks since then.

Further, the Corporate Debtor has received a letter dated August 7, 2023 from one of the banks, *vide* which the bank has indicated, *inter alia*, that it has received a forensic audit report dated October 15, 2020 of M/s BDO India LLP wherein certain 'irregularities / anomalies / commissions / omissions' have been pointed out by the forensic auditor. The said letter and report were accordingly tabled at the meeting of the Board on August 12, 2023. In respect of the same, the bank has sought the views, *inter alia*, of the erstwhile management of the Corporate Debtor on the said report. The management had expressed that management views had not been sought prior to the issuance of the report. Further to receipt of a copy of the filings made before the Hon'ble Delhi High Court in the aforesaid matter, the Corporate Debtor had provided information to the forensic auditor during the period from March 2021 to November 2021 and it is not yet ascertained if the report incorporates and has considered such information. RP however has maintained that the Corporate Debtor is undergoing corporate insolvency resolution process in terms of the Code and the forensic audit report *prima facie* appears to pertain to the period prior to the corporate insolvency resolution process, the Corporate Debtor is in the process of responding to the letter that the proceedings and the classification of the Corporate Debtor as a fraud is barred during the prevailing moratorium under Section 14 of the Code and protection is available in terms of Section 32A of the Code and accordingly, no action should lie against the Corporate Debtor for classification as fraud and notice against the Corporate Debtor should be withdrawn and the RP and Corporate Debtor shall have a limited responsibility to only share any information sought from it. Currently, there is no impact of such notices/letter issued from banks, in the standalone financial results. The Auditors have drawn qualification in their Limited review report for the quarter ended June 30, 2023.

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17. After review by the Audit Committee, the Directors of the Corporate Debtor have approved the above results at their meeting held on August 12, 2023 which was chaired by Mr. Anish Niranjan Nanavaty, Resolution Professional ('RP') of the Corporate Debtor and RP took the same on record basis recommendation from the directors. The Statutory Auditors have done Limited review of the Standalone Financial Results for the quarter ended June 30, 2023.

For Reliance Communications Limited

**Anish Niranjan Nanavaty
(Resolution Professional)**

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

Place: Mumbai

Date: August 12, 2023

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