

RELIANCE

Communications

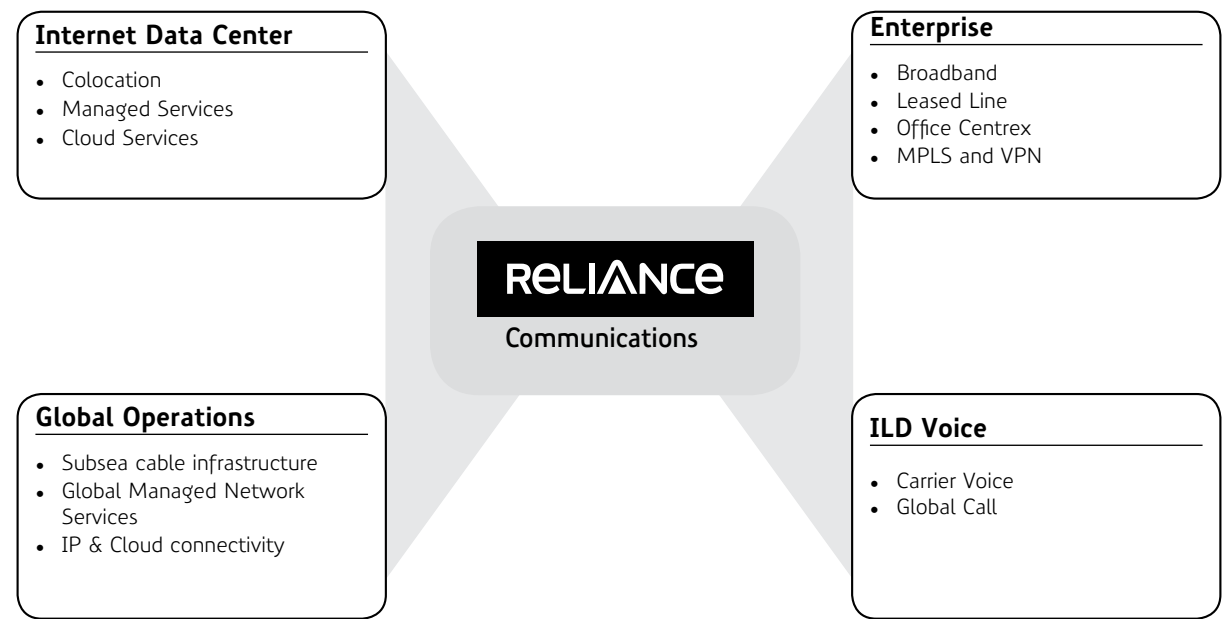
Annual Report 2018-19

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



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Financial District, Nanakramguda		
Hyderabad 500 032		
Website: www.karvyfintech.com		
Investor Helpdesk		
Toll free no (India) : 1800 4250 999		
Tel. : +91 40 6716 1500		
Fax : +91 40 6716 1791		
E-mail : rcom@karvy.com		

**15th 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

Reliance Communications Limited

Notice

Notice

Notice is hereby given that the 15th 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 15th 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 15th 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 30th May 2018 Hon'ble National Company Law Appellate Tribunal ("NCLAT Order") stayed NCLT Order referred above. However, Hon'ble NCLAT vide its Order dated 30th April, 2019 vacated the stay on NCLT Order and referred the matter back to NCLT, Mumbai Bench.

NCLT, Mumbai bench vide its Order dated 7th May, 2019 revived Corporate Insolvency Resolution Process against the Company w.e.f. 30th 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:

1. To consider and adopt:
 - 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
 - b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of the Auditors thereon.
2. To appoint a Director in place of Shri Punit Garg (DIN: 00004407), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
(His re-appointment 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:

3. **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, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
CIN:L45309MH2004PLC147531
Website: www.rcom.co.in

May 27, 2019

Notes:

1. 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.
2. **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.**
3. 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 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
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 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, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
CIN:L45309MH2004PLC147531
Website: www.rcom.co.in

May 27, 2019

Directors' Report

Dear Shareowners,

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

Pursuant to the Order dated 15th 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 15th 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 30th May 2018, of the Hon'ble National Company Law Appellate Tribunal ("NCLAT Order"), stayed NCLT Order refereed above. Hon'ble NCLAT vide its Order dated 30th April, 2019 vacated the stay on NCLT Order and referred the matter back to NCLT, Mumbai Bench.

As per Order passed on 7th May 2019, CIR Process was revived against the Company w.e.f. 30th 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 March 31, 2019		* Financial Year ended 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 7th 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 2nd June 2017 at its meeting held on 1st 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 12th 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 7th May 2019, CIR Process was revived against the Company w.e.f. 30th 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. 5th 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 into 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 12th 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 17th 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.

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](https://www.rcom.co.in/investor-relations-Annual%20Return).

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 31st 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.