

*Annual Report for the Period  
01.04.2005 to 31.12.2005*

6

RELIANCE COMMUNICATION VENTURES LIMITED

**Reliance Communication Ventures Limited**

**NOTICE**

Notice is hereby given that the 2<sup>nd</sup> Annual General Meeting of the Members of Reliance Communication Ventures Limited will be held on Tuesday, the 24<sup>th</sup> day of January 2006 at 3.00 p.m. at 4<sup>th</sup> Floor, Maker Chambers-IV, 222, Nariman Point, Mumbai 400 021, to transact the following businesses:

**Ordinary Business:**

To consider and adopt the audited Balance Sheet as at December 31, 2005, Profit and Loss Account for the nine months period ended on that date and the Reports of the Board of Directors and Auditors thereon.

- 2 To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. RSM & Co., Chartered Accountants, be and hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors".

**Special Business:**

3. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Sandeep Tandon, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company subject to retirement by rotation under the provisions of Articles of Association of the Company".

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri L.V. Merchant, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company subject to retirement by rotation under the provisions of Articles of Association of the Company".

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Gautam Doshi, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company subject to retirement by rotation under the provisions of Articles of Association of the Company".

By Order of the Board of Directors

Sd/-

Director

Mumbai  
January 23, 2006

Registered Office:  
3<sup>rd</sup> Floor, Maker Chambers-IV  
222, Nariman Point  
Mumbai 400 021

## **NOTES**

An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.

2. Members are requested to bring their Attendance Slip alongwith their copy of Annual Report to the Meeting.
3. All the members entitled to vote at the meeting have consented to hold the meeting at shorter notice.

**Explanatory Statement Pursuant to Section 173(2) of the Companies Act,  
1956**

**Item Nos.3 to 5**

The Board of Directors of the Company ("The Board"), at its meeting held on August 9, 2005 appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and Article of Association of the Company, Shri Sandeep Tandon, Shri L.V. Merchant and Shri Gautam Doshi, as Additional Directors of the Company.

In terms of the provisions of Section 260 of the Act, Shri Sandeep Tandon, Shri L.V. Merchant and Shri Gautam Doshi will hold the Office upto the date of this Annual General Meeting.

/The Company has received notices in writing from a member alongwith deposit of Rs.500 proposing the candidature of Shri Sandeep Tandon, Shri L.V. Merchant and Shri Gautam Doshi, for the office of Director of the Company under provisions of Section 257 of the Act.

The Board recommends reappointment of Shri Sandeep Tandon, Shri L.V. Merchant and Shri Gautam Doshi as Directors of the Company.

Shri Sandeep Tandon, Shri L.V. Merchant and Shri Gautam Doshi may be deemed to be concerned or interested in the resolution(s) relating to their respective appointment.

The Board commends the resolution(s) set out at Item Nos.3 to 5 of the Notice for your approval.

By Order of the Board of Directors

Sd/-

Director

Mumbai  
January 23, 2006

Registered Office:  
3<sup>rd</sup> Floor, Maker Chambers-IV  
222, Nariman Point  
Mumbai 400 021

## DIRECTORS' REPORT

To the Members,

Your Directors present the Annual Report and the audited accounts for the nine months period ended December 31, 2005.

### FINANCIAL RESULTS :

	<u>Period ended (Nine months ended) 31<sup>st</sup> December, 2005</u>	<u>Year ended 31<sup>st</sup> March, 2005</u>
Profit before Tax	88,555,680	-
Provision for Deferred Taxation	25,700,000	-
Provision for Current Taxation	6,317,003	-
Balance carried to Balance Sheet	56,538,677	-

### FINANCIAL YEAR:

The current financial year of the Company was changed to a period of nine months beginning from April 1, 2005 and ending on December 31, 2005. Previous financial year of the Company was for a period beginning from July 15, 2004 that is the date of Incorporation and ending on 31<sup>st</sup> March 2005.

### DIVIDEND

Your Directors have not recommended an dividend on equity shares for the financial year under review.

### SCHEME OF ARRANGEMENT WITH RELIANCE INDUSTRIES LIMITED

The Hon'ble High Court of Judicature at Bombay by its Order dated December 9, 2005 had approved the Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956 (the "Scheme") for acquisition of the Telecommunication Undertaking of Reliance Industries Limited (RIL). The Scheme has become effective from December 21, 2005 and the appointed date under the Scheme was September 1, 2005.

In terms of the Scheme 122,3 30,422 Equity Shares of the Company w be

allotted in the ratio of 1(one) equity share of the face value of Rs. 5 /- (Rupees Five) each credited as fully paid-up for every 1 (one) equity share of Rs. 10/- (Rupees Ten) each fully paid-up held by members of RIL (except to the Specified Shareholders as defined in Clause 1.37 of the Scheme) on the Record Date i.e 25<sup>th</sup> January 2006.

Equity shares of the Company so issued shall, be listed and admitted for trading on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

#### **CHANGE OF NAME :**

The name of the Company was changed from Reliance Infrastructure Developers Private Limited to Reliance Infrastructure Developers Limited with effect from July 25, 2005. The name of the Company was further changed from Reliance Infrastructure Developers Limited to Reliance Communication Ventures Limited with effect from August 3, 2005.

#### **CHANGE IN THE OBJECT CLAUSE OF THE COMPANY :**

During the year under review the objects clause of the Memorandum of Association was altered to carry on the business of telecommunication, infrastructure, telecommunication system, telecommunication network and telecommunication services.

#### **AUTHORISED CAPITAL:**

During the year under review, the Company has subdivided its Rs.10/- paid up equity share into Rs.5/- paid up

The Authorised Capital of the Company has been, from time to time, increased from Rs.1,00,000 divided into 10,000 Equity Shares of Rs. 10/- each to Rs.650 Crores divided into 130 Crore Equity Shares of Rs.5/- each.

#### **DIRECTORS**

During the year under review Shri Ramesh Shenoy and Shri Hasit Shukla resigned as Directors of the Company. Shri Surendra Pipara who was appointed as an Additional Director in terms of Section 260 of the Companies Act, 1956, has resigned as the Director of the Company

Shri Sandeep Tandon, Shri L V Merchant, and Shri Gautam Doshi were appointed as Additional Directors during the year in terms of Section 260 of the Companies Act, 1956. They shall hold office upto the date of the next Annual General Meeting. The Company has received notice in writing from a member proposing the candidature of Shri Sandeep Tandon, Shri L V Merchant and Shri Gautam Doshi for the office of Director.

## **STATUS OF THE COMPANY :**

Your Company has become wholly owned subsidiary of Reliance Industries Limited (RIL) with effect from August 11, 2005. In terms of the Scheme, on allotment of the Equity Shares of the Company to the members of RIL, the existing shareholding of RIL in the Company will stand cancelled and the Company will cease to be a subsidiary of RIL.

## **PROMOTER GROUP COMPANIES:**

Pursuant to an intimation from Reliance Consolidated Enterprises Private Limited, Promoter of Reliance Industries Limited (RIL), their name as also names of other promoters of RIL have been disclosed as "group" within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 in the Annual Report of the Company.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility statement, it is hereby confirmed that:

- (i) in the preparation of the accounts for nine months period ended 31<sup>st</sup> December, 2005, the applicable accounting standards have been followed;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period under review;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the accounts for nine months period ended 31<sup>st</sup> December, 2005 on a 'going concern' basis.

## **AUDITORS**

The statutory auditors M/s RSM & Co., Chartered Accountants retire at the conclusion of the next Annual General Meeting. The Company has received a letter from them to the effect that their appointments if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub section (3) of section 226 of the Companies Act, 1956 for such appointment.

## **PERSONNEL**

The Company has not paid any remuneration attracting the provisions of the Companies (Particulars of Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956. Hence, no information is required to be appended to this



report in this regard.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption are not given as the Company has not undertaken any manufacturing activities. There were no foreign exchange earnings or outgo during the period under review.

**FIXED DEPOSITS :**

The Company has not accepted any deposit from the public.

**ACKNOWLEDGEMENT :**

Your Directors wish to place on record their appreciation for the continued support and cooperation of the shareholders and various Regulatory authorities and Government authorities.

**For and on behalf of the Board of Directors**

Sd/-  
**Chairman**

Place : Mumbai

Date January 23, 2006

Persons constituting group coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 include the following:

Anadha Enterprise Private Limited	Aavaran Textiles Private Limited
Anumati Mercantile Private Limited	Amur Trading Private Limited
Bahar Trading Private Limited	Dainty Investments And Leasings Private Limited
Bhavan Mercantile Private Limited	Florentine Trading Private Limited
Bhumika Trading Private Limited	Jogiya Traders Private Limited
Clarion Investments And Trading Company Private Limited	Kudrat Investment And Leasing (India) Private Limited
Ekansha Enterprise Private Limited	Lazor Syntex Private Limited
Eklavya Mercantile Private Limited	Madhuban Merchandise Private Limited
Fiery Investments & Leasing Private Limited	Ornate Traders Private Limited
Hercules Investments Private Limited	Pratiksha Finance & Leasing Company Private Limited
Jagdanand Investments And Trading Company Private Limited	Pururava Traders Private Limited
Jagdishvar Investments And Trading Company Private Limited	Radharaman Textiles Trading Private Limited
Kankhal Investments And Trading Company Private Limited	Rajniketan Traders Private Limited
Kedareshwar Investments And Trading Company Private Limited	Rashi Trading Company Private Limited
Nikhil Investments Company Private Limited	Reliance Enterprises Limited
Orson Trading Private Limited	Reliance Industrial Infrastructure Limited
Pams Investments And Trading Company Private Limited	Reliance Welfare Association
Real Fibres Private Limited	Rishiraj Merchandise Private Limited
Reliance Consolidated Enterprises Private Limited	Riyaz Trading Private Limited
Sanatan Textrade Private Limited	Sanchayita Mercantile Private Limited
Tresta Trading Private Limited	Shangrila Investments And Trading Company Private Limited
Velocity Trading Private Limited	Silkina Trading Private Limited
Vita Investments And Trading Company Private Limited	Silvassa Hydrocarbons & Investments Private Limited
Yangste Trading Private Limited	Sumiran Investments Private Limited
Akshar Traders Private Limited	Swarag Traders Private Limited
Soumya Finance And Lessing Company Private Limited	

**Auditors' Report**  
**to the members of**  
**Reliance Communication Ventures Limited**  
[Formerly known as Reliance Infrastructure Developers Private Limited]

We have audited the attached balance sheet of Reliance Communication Ventures Limited [Formerly known as Reliance Infrastructure Developers Private Limited] ('the Company') as at December 31, 2005 and also the profit and loss account and the cash flow statement of the Company for the period April 1, 2005 to December 31, 2005 annexed thereto (together referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order 2003, (the said Order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered necessary and appropriate, and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;  
  
the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the balance sheet and profit and loss account comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - e. on the basis of the written representations received from the directors, we report that none of the directors is disqualified as on December, 31, 2005 from being appointed as a director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

in our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2005;

- ii. in the case of the profit and loss account, of the profit of the Company for the period ended on that date; and
- iii. in case of the Cash Flow statement, of the cash flows of the Company for the period ended on that date.

**For RSM & Co.**  
Chartered Accountants

Sd/-  
**Vijay N. Bhatt**  
Partner  
Membership No.: F-36647

Place: Mumbai  
Date: January 23, 2006

**Annexure to the Auditors' Report of  
Reliance Communication Ventures Limited**  
Referred to in paragraph 3 of our report of even date attached

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. As informed to us, fixed assets have been physically verified by the management during the period and no material discrepancies were noticed on such verification. In our opinion the frequency of physical verification of fixed assets is reasonable.

In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of fixed assets during the year thereby affecting the going concern.

Since the Company did not carry any inventories anytime during the year, we are not required to comment on clauses (a), (b), and (c) of Paragraph 4(ii) of the said Order relating to its physical verification, procedures of physical verification, and maintenance of proper records and discrepancy on physical verification.

In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

- a) According to information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured to/from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956, except loan given to company which was vested in the Company pursuant to the scheme of arrangement. The said loan has been recovered during the period and maximum outstanding balance was Rs. 40,366,700,000:-
  - b) In our opinion and according to the information and explanations given to us, the aforesaid loan is interest free and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- 4 In our opinion, and according to the information and explanations given to us, the Company has adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
  - 5 According to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 and therefore we do not have to comment on clause 4(v)(b) of the said Order regarding reasonability of the prices.
  - 6 In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
  - 7 The Company does not have paid-up capital and reserves exceeding Rs. 50 lacs as at the commencement of the financial year or its average annual turnover did not exceed Rs. 5 crore for a period of three consecutive financial years immediately preceding the financial year concerned and therefore, Paragraph 4(vii) of the Order relating to internal audit system is not

applicable to the Company.

8. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the activities of the Company.
9.
  - a. According to the information and explanations given to us, Company is regular in depositing undisputed statutory dues of income-tax and any other statutory dues as applicable with the appropriate authorities during the period, and there were no such outstanding dues as at December 31, 2005 for a period exceeding six months from the date they became payable. As explained to us, the provision of investors education and protection fund, provident fund, employees' state insurance, sales tax, service tax, wealth tax, cess, custom duty and excise duty are currently not applicable to the Company.
  - b. According to the information and explanations given to us, there are no dues of sales tax, income-tax, customs duty, service tax and excise duty which have not been deposited on account of any dispute.
10. The Company does not have accumulated losses as at the period-end, and has not incurred any cash losses during the financial year. Immediately preceding financial year being in pre operative stage, no profit and loss account was prepared, hence provisions of paragraph 4(x) of the said Order relating to cash losses in immediate preceding period is not applicable to the Company.

In our opinion and according to the information and explanations given to us, the Company has not made any borrowings during the period apart from borrowings which were vested in the Company pursuant to the scheme of arrangement. The Company has not defaulted in repayment of dues to banks, financial institutions and debenture holders as per paragraph 4(xi) of the said Order.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore paragraph 4(xii) of the said Order relating to maintenance of documents and records is not applicable.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of paragraph 4(xiii) of the said Order relating to compliance with the provisions of special statute relevant to chit fund and nidhi/mutual benefit/societies are not applicable to the Company.
14.
  - a. The Company does not deal or trade in shares, securities, debentures and other investments. Therefore the provisions of paragraph 4(xiv) of the said Order relating to maintenance of proper records of the transactions and contracts and timely entries made are not applicable to the Company.
  - b. All investments are held by the Company in its own name except 69,524 equity shares of US\$ 0.05 each of WorldTel Holding Limited, Bermuda vested in the Company pursuant to the scheme of arrangement. We are informed that the Company has initiated necessary steps for transfer of shares in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank, or financial institutions.
16. According to the information and explanations given to us, the Company has not raised any term loans and therefore paragraph 4(xvi) of the said Order relating to application of term loan for the purpose for which it was obtained is not applicable.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis during the year have been used for long-term investments by the Company.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company has not issued any debentures and accordingly paragraph 4(xix) of the said Order relating to creation of security in respect of debentures issued is not applicable.
20. According to the information and explanations given to us, the Company has not made any public issue during the period and accordingly paragraph 4(xx) of the said Order relating to end use of money raised is not applicable.
21. To the best of our knowledge and belief, and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the period.

**For RSM & Co.**  
Chartered Accountants

Sd/-  
**Vijay N. Bhatt**  
Partner  
Membership No.: F-36647

Place: Mumbai  
Date: January 23, 2006

**RELIANCE COMMUNICATION VENTURES LIMITED**  
(Formerly known as Reliance Infrastructure Developers Private Limited)

**Balance Sheet as at 31st December, 2005**

	Schedule	As at 31-12-2005 Rupees	As at 31-03-2005 Rupees
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	500,000	100,000
Share Capital - pending allotment [Refer note 3(c) to schedule 6]		6,115,652,110	
Reserves and Surplus	2	147,834,266,930	-
		153,950,419,040	100,000
Deferred tax liability		6,317,003	
<b>Total</b>		<b>153,956,736,043</b>	<b>100,000</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Asset	3		
Gross Block		1,980,875,416	-
Less : Accumulated depreciation		318,512,870	-
Net Block		1,662,362,546	-
Investments	4	120,741,011,832	27,000
<b>Current Assets, Loans and Advances</b>			
Cash and Bank Balance:			
- Balance with Scheduled Bank in Current Account		464,035	
Loans and advances	5	31,589,107,559	-
		31,589,571,594	72,400
<b>Less: Current Liabilities and Provisions</b>			
Other Liabilities		10,509,929	11,570
Provision for income tax		25,700,000	
<b>Net Current Assets</b>		<b>31,553,361,665</b>	<b>60,830</b>
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Pre-operative expenditure			12,170
<b>Total</b>		<b>153,956,736,043</b>	<b>100,000</b>
Notes to account	6		

As per our report of even date attached  
For RSM & Co.  
Chartered Accountants

Sd/-  
Vijay N. Bhatt  
Partner  
Membership No.: F-36647

Mumbai: January 23, 2006

For and on behalf of the Board

Sd/-  
Sandeep Tandon

Sd/-  
Gautam Doshi } Directors  
}

Sd/-  
L.V. Merchant

Mumbai: January 23, 2006



**RELIANCE COMMUNICATION VENTURES LIMITED**  
(Formerly known as Reliance Infrastructure Developers Private Limited)

**Statement of Profit and Loss account for the period 1st April, 2005 to 31st December, 2005**

	Schedule	For the period ended 31-12-2005 Rupees	For the period ended 31-03-2005 Rupees
<b>Income</b>			
Rent		41,883,096	
Lease rent income		22,773,317	
Interest received on advances/deposits		67,919,625	
(Tax deducted at source Rs.Nil, previous year Rs. Nil)			
		<b>132,576,038</b>	<b>-</b>
<b>Expenditure</b>			
Employee related cost		11,099,057	
Rates and taxes		918,805	
Legal and professional fees		94,000	
Electricity		3,243,708	
Travelling and conveyance		217,944	
Telephone expenses		12,614	
Repairs and maintenance			
- Buildings		821,338	
- Equipments		20,164	
- Others		36,000	
Depreciation		27,365,962	
Audit fees (including service tax)		165,300	
General expenses		13,296	
Pre-operative expenses written off		12,170	
		<b>44,020,358</b>	<b>-</b>
<b>Profit before tax</b>		<b>88,555,680</b>	
<b>Provision for tax</b>			
- Current		(25,700,000)	
- Deferred		(6,317,003)	
<b>Profit for the period carried to Balance Sheet</b>		<b>56,538,677</b>	
Basic earnings per share (Rupees)		849.62	N.A.
Diluted earnings per share (Rupees)		0.10	N.A.
[Refer note 9 of schedule 6]			

**Notes to Accounts**

**6**

As per our report of even date attached  
For RSM & Co.  
Chartered Accountants

Sd/-  
Vijay N. Bhatt  
Partner  
Membership No.: F-36647

For and on behalf of the Board

Sd/-  
Sandeep Tandon

Sd/-  
Gautam Doshi } Directors

Sd/-  
L.V. Merchant

Mumbai: January 23, 2006

Mumbai: January 23, 2006

**RELIANCE COMMUNICATION VENTURES LIMITED**  
(Formerly known as Reliance Infrastructure Developers Private Limited)

Schedules annexed to and forming part of the accounts for the period ended 31st December, 2005

**SCHEDULE 1: SHARE CAPITAL**

	As at 31-12-2005 Rupees	As at 31-03-2005 Rupees
<b>Authorised</b>		
1,250,000,000 Equity Shares of Rs.5 each	6,500,000,000	100,000
(Previous year 10,000 Equity Shares of Rs.10 each)		
	<u>6,500,000,000</u>	<u>100,000</u>
 <b>Issued,Subscribed and Paid up</b>		
100,000 Equity Shares of Rs.5 each	500,000	100,000
(Previous year 10,000 Equity Shares of Rs.10 each)		
[All the above shares (Previous year Nil) are held by Reliance Industries Limited, the holding Company]		
[Refer note 2 and 3(c) to schedule 6]		
	<u>500,000</u>	<u>100,000</u>

**SCHEDULE 2: RESERVES AND SURPLUS**

<b>General Reserve - added during the period</b>	147,777,728,253
[Refer note 3(d) to schedule 6]	
 <b>Balance in Profit and loss account</b>	56,538,677
	<u>147,834,266,930</u>

**RELIANCE COMMUNICATION VENTURES LIMITED**  
(Formerly known as Reliance Infrastructure Developers Private Limited)

Schedule annexed to and forming part of the accounts for the period ended 31st December, 2005

**SCHEDULE 3: FIXED ASSETS**  
[at cost less depreciation]

Description	Gross Block			Depreciation			Net Block	
	As at 01-04-2005	Additions [Refer note 1]	As at 31-12-2005	Additions [Refer note 1]	For the period	As at 31-12-2005	As at 31-12-2005	As at 31-03-2005
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold Land [Refer Note: 2]	-	123,376,903	123,376,903	-	-	-	123,376,903	-
Leasehold Land [Refer Note: 2]	-	40,286,858	40,286,858	2,084,127	185,954	2,270,081	38,016,777	-
Building [Refer Note: 2]	-	850,510,963	850,510,963	65,722,877	6,731,202	72,454,079	778,056,884	-
Plant and Machinery	-	651,003,328	651,003,328	52,133,234	10,424,334	62,557,568	588,445,760	-
Vehicles [Refer Note: 2]	-	315,697,364	315,697,364	171,206,670	10,024,472	181,231,142	134,466,222	-
<b>Total</b>	-	1,980,875,416	1,980,875,416	291,146,908	27,365,962	318,512,870	1,662,362,546	-
Previous Year	-	-	-	-	-	-	-	-

Note 1: Additions represent assets acquired pursuant to scheme of demerger.

Note 2: Assets acquired pursuant to the scheme of demerger are being transferred in the name of the Company.

**RELIANCE COMMUNICATION VENTURES LIMITED**  
(Formerly known as Reliance Infrastructure Developers Private Limited)

Schedules annexed to and forming part of the accounts for the period ended 31st December, 2005

**SCHEDULE 4 : INVESTMENTS**

[Long Term, Non-Trade, at Cost]

	As at 31-12-2005 Rupees	As at 31-03-2005 Rupees
<b><u>Unquoted</u></b>		
<i>In Equity Shares, fully paid up</i>		
2,700 (Previous year: 2,700) equity shares of Reliance Energy Transmission Limited of Rs. 10 each	27,000	27,000
900,000,000 (Previous year: Nil) equity shares of Reliance Communications Infrastructure Limited of Re.1 each	23,310,000,000	
3,192,585,350 (Previous year: Nil) equity shares of Reliance Infocomm Limited of Re.1 each	92,397,731,179	
7,095,130 (Previous year: Nil) equity shares of Reliance Telecom Limited of Rs.10 each	570,522,916	
* 69,524 (Previous year: Nil) equity shares of WorldTel Holding Limited., Bermuda of US\$ 0.05 each	19,342,141	
<i>In Preference Shares, fully paid up</i>		
45,000,000 (Previous year: Nil) 1% Non convertible cumulative preference shares of Reliance Telecom Limited of Re.1 each	4,443,388,596	
	<b>120,741,011,832</b>	<b>27,000</b>
Pending transfer in the name of the Company		

Note : A negative lien on 16,06,50,000 equity shares of Reliance Infocomm Limited has been extended to the banks for loans extended to Reliance Infocomm Limited.

**SCHEDULE 5 : LOANS AND ADVANCES**

[Unsecured, considered good]

Advances recoverable in cash or in kind or for value to be received	31,586,208,985	
Deposit	2,898,574	
	<b>31,589,107,559</b>	<b>-</b>

[Advances include (a) loans recoverable of Rs. 31,000,000,000 and interest receivable of Rs. 67,744,549 from Reliance Power Ventures Limited, a company under the same management; and (b) net investment in finance leases of Rs. 447,547,753]

**RELIANCE COMMUNICATION VENTURES LIMITED**  
(Formerly known as Reliance Infrastructure Developers Private Limited)

Schedule annexed to and forming part of accounts for the period ended 31<sup>st</sup> December, 2005

**Schedule 6: Notes to account**

**Significant accounting policies**

**a. Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention, on accrual basis of accounting and in conformity with the accounting principles generally accepted in India. The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**b. Owned fixed assets**

Fixed assets are stated at Cost net of MODVAT / CENVAT less accumulated depreciation and impairment loss, if any.

**c. Leased fixed assets:**

All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Initial direct costs are expensed in the year in which such costs are incurred. Income from leased assets is accounted by applying the interest rate implicit in the lease to the net investment.

**d. Depreciation:**

Depreciation on fixed assets other than those acquired under finance lease has been provided on straight line method as on the appointed date at the rate and manner as prescribed in schedule XIV to the Companies Act, 1956.

**e. Impairment of Assets:**

An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**Investments**

Current investments carried at lower of cost or net realizable value. Long Term Investments are stated at cost. Provision in diminution in value of investment is made only if such a decline is other than temporary in the opinion of the management.

**g. Taxation**

Provision for current income tax is measured based on the amount expected to be paid to the taxation authorities using the applicable tax rates and tax laws.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets other than on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is a reasonable certainty of their realization. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognized only to the extent that there is virtual certainty of their realization supported by convincing evidence.

h. Pre-operative Expenditure

All expenditure incurred prior to commencement of business is carried forward as pre-operative expenditure, which is capitalised/written off on commencement of business.

2. The equity shares of the Company were acquired by Reliance Industries Limited ("RIL") and its nominees on 11<sup>th</sup> August, 2005, pursuant to which the Company has become wholly owned subsidiary of RIL.
3. In terms of the scheme of arrangement under section 391 to 394 of the Companies Act, 1956 ("the Scheme") between RIL, the Company and other three transferee Companies, RIL has re-organized and segregated by way of a demerger, its business and undertaking engaged in Coal based Energy undertaking, Gas based Energy Undertaking, Financial service Undertaking and Telecommunication Undertaking to four separate transferee Companies. All the assets and liabilities are transferred pursuant to approval order of the Honourable High Court of Mumbai dated 9<sup>th</sup> December, 2005 and same has been filed with Registrar of Companies on 21<sup>st</sup> December, 2005 and the appointed date as per the Scheme is September 1, 2005.

As per the said Scheme:

- a. All the properties, investments, assets and liabilities relating to 'Telecommunication Undertaking' of RIL are transferred and vested in the Company on a going concern basis.
  - b. The said transfer has been effected at the values appearing in the books of RIL as at 31<sup>st</sup> August, 2005 and recorded as such in book of accounts of the Company. The book value of assets over liabilities as on that date aggregates to Rs. 153,893,380,363/-.
  - c. In consideration of the demerger, the Company will issue and allot its shares to the shareholders of RIL (except the specified shareholders) in the ratio of one equity share of face value of Rs. 5 each fully paid up in the Company for every one equity share of Rs. 10 each fully paid up held by the shareholders of RIL. Pending allotment of these shares, the amount of Rs. 6,115,652,110 is disclosed as 'Share Capital – pending allotment'. Consequent to the allotment of the new shares as per the scheme, current share capital of the Company of Rs.500,000 shall stand cancelled and the Company shall cease to be the subsidiary of RIL.
  - d. Excess of net assets so recorded, over the amount of share capital to be issued amounting to Rs. 147,777,728,253 is recognized in these financial statements, and as stipulated in the Scheme, is disclosed as a reserve with the nomenclature 'General Reserve'.
4. Figures for the current year incorporate the transactions specified in the scheme, which has vested with the Company, and are therefore not comparable with those of the previous year, and the current financial year is for the period of nine month.

5. Consequent to fresh Certificates of Incorporation received from the Registrar of Companies Maharashtra, Mumbai name of the Company has been changed as under :

Certificate Dated	Change of name particulars
25-07-2005	From "Reliance Infrastructure Developers Private Limited" to "Reliance Infrastructure Developers Limited"
03-08-2005	From "Reliance Infrastructure Developers Limited" to "Reliance Communication Ventures Limited".

Related Party disclosures

a) Following are the names of related parties and description of relationship

Name of the party		Relationship
Mr. Anil D. Ambani	w.e.f. 25.07.2005 upto 11.08.2005	Person having control at anytime during the year
Reliance Industries Limited	w.e.f. 11.08.2005	Holding company
Reliance Industrial Investments and Holdings Limited	w.e.f. 11.08.2005	Fellow Subsidiary companies
Reliance Power Ventures Limited	w.e.f. 11.08.2005	
Reliance Ventures Limited	w.e.f. 11.08.2005	
Reliance Strategic Investments Limited	w.e.f. 11.08.2005	
Reliance Technologies LLC	w.e.f. 11.08.2005	
Reliance LNG Limited	w.e.f. 11.08.2005	
Gas Transport & Infrastructure Ltd.	w.e.f. 11.08.2005	
Reliance Brazil LLC	w.e.f. 11.08.2005	
Reliance Capital Ventures Limited	w.e.f. 11.08.2005	
Reliance Energy Ventures Limited	w.e.f. 11.08.2005	
Reliance Natural Resources Limited	w.e.f. 11.08.2005	
Reliance Thermal Energy Limited	w.e.f. 11.08.2005	
Jayamkondam Power Limited	w.e.f. 11.08.2005	
Reliance Power Limited	w.e.f. 11.08.2005	
Hirma Power Limited	w.e.f. 11.08.2005	
Reliance Patalganga Power Limited	w.e.f. 11.08.2005	
Reliance Industries (Middle East) DMCC	w.e.f. 11.08.2005	
Relene Petrochemicals Limited	w.e.f. 06.09.2005	
Reliance Petroleum Ltd	w.e.f. 24.10.2005	
Reliance Infrastructure Ltd	w.e.f. 01.10.2005	
Reliance Communication Infrastructure Limited	w.e.f. 01.09.2005	Associate Companies
Reliance Infocomm Limited	w.e.f. 01.09.2005	
Reliance Telecom Limited	w.e.f. 01.09.2005	

Following are the volume of transactions with related parties during the period and outstanding balances as at the end of the period

Nature of transaction	Name of the Party	Opening Balance as on 01.04.2005	Acquired on demerger	Transaction during the period	Balance outstanding as on 31.12.2005
		Rs	Rs	Rs	Rs
Interest received	Reliance Power Ventures Limited			67,744,549	
Lease rent	Reliance Communications Infrastructure Limited			16,494,187	
Rent received	Reliance Infocomm Limited			6,279,129	
	Reliance Communications Infrastructure Limited			33,024,096	
Contribution to equity share capital	Mr. Anil D. Ambani	-	-	400,000	-
Equity Share Capital (As Holding Company)	Reliance Industries Limited	-	-	-	500,000
Investments - Equity Share	Reliance Communications Infrastructure Limited	-	23,310,000,000	-	23,310,000,000
	Reliance Infocomm Limited	-	92,397,731,179	-	92,397,731,179
	Reliance Telecom Limited	-	570,522,916	-	570,522,916
- Preference share	Reliance Telecom Limited	-	4,443,388,596	-	4,443,388,596
Interest free Loans / Advances	Reliance Ventures Limited	-	40,366,700,000	(40,366,700,000)	-
Loans / Advances	Reliance Power Ventures Limited			31,000,000,000	31,000,000,000
Interest receivable	Reliance Power Ventures Limited			67,744,549	67,744,549
Lease rent recoverable (net investment in finance lease)	Reliance Communications Infrastructure Limited		333,373,578	(10,901,323)	322,472,255
Advances recoverable (Reimbursements)	Reliance Infocomm Limited		129,293,444	(4,217,946)	125,075,498
	Reliance Communications Infrastructure Limited			33,024,096	33,024,096
Other liabilities	Reliance Industries Limited			10,333,059	10,333,059

Figures in brackets represents inflow

There are no reportable segments under Accounting Standard 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

8. The following are lease rentals receivable as at December 31, 2005

Particulars	Amount in Rupees			
	Not later than one year	Later than one year but not later than five years	Later than five years	Total
Gross Investment	113,677,758 (--)	454,711,032 (--)	134,138,289 (--)	702,527,079 (--)
Less: Unearned Finance Income	63,494,143 (--)	171,944,906 (--)	19,540,277 (--)	254,979,326 (--)
Present Value of Minimum Lease Payments	50,183,615 (--)	282,766,126 (--)	114,598,012 (--)	447,547,753 (--)

Figures in bracket indicate previous year amounts.

General description of Lease terms:

- Lease rentals are charged on the basis of agreed rate of interest
- Assets are given on lease on a period of 10 years.

9. Earnings per Share

Particulars	For the period ended 31-12-2005 Rupees	For the period ended 31-03-2005 Rupees
Basic earnings per share (Rs)	849.62	N.A.
Net Profit attributable to equity shareholder's (Rs)	56,538,677	
Weighted average number of equity shares	66,546	
Nominal Value per Equity Share (Rs)	5	
Diluted earnings per share (Rs)	0.10	N.A.
Net Profit attributable to equity shareholder's (Rs)	56,538,677	
Weighted average number of equity shares to be issued pursuant to the scheme of demerger excluding shares to be cancelled on allotment	543,613,521	
Nominal Value per Equity Share (Rs)	5	

10. In terms of Accounting Standards (AS) 22, "Taxes on Income" the Company has provided deferred tax liability of Rs. 6,317,003. Details are as under:

Particulars	Timing differences arising during the period Rupees	As at 31-12-2005 Rupees
Deferred Tax Liability		
On account of timing difference of depreciation / finance lease	6,317,003	6,317,003
	6,317,003	6,317,003



11. Provision for income tax is based on profit for the period ended December 31, 2005. However, the ultimate tax liability will be determined on the basis of profit for the period April 1, 2005 to March 31, 2006 being the tax year for the Company as per the requirements of the Income-tax Act, 1961.
12. Based on the available information with the management, the Company does not owe any sum to a small scale industrial undertaking as defined in clause (j) to section 3 of the industries (Development and Regulation) Act, 1951.
13. In the opinion of the management, the Current Assets, Loans and Advances and Current Liabilities are approximately of the value stated, if realised/ paid in the ordinary course of business. The provision for all known liabilities is adequate and is not in excess of amounts considered reasonably necessary.
14. Previous Year's figures have been regrouped wherever necessary to conform to the current year's presentation.

**Signature to Schedule 1 to 6**

For and on behalf of the Board

Sd/-		
Sandeep Tandon	}	
	}	
Sd/-	}	
Gautam Doshi	}	Directors
	}	
Sd/-	}	
L.V. Merchant	}	

Mumbai : January 23, 2006

**RELIANCE COMMUNICATION VENTURES LIMITED**  
(Formerly known as Reliance Infrastructure Developers Private Limited)

Cash Flow Statement for the period ended 31st December, 2005

	For the period ended 31-12-2005 Rupees	For the period ended 31-03-2005 Rupees
<b>A Cash Flow from Operating Activities</b>		
Net Profit before tax as per Profit and Loss Account	88,555,680	
Adjusted for :		
Pre-operative expenditure written off / (carried forward)	12,170	(12,170)
Depreciation	27,365,962	
Interest on advance/deposit	(67,919,625)	
Rent	(41,883,096)	
	<u>(82,424,589)</u>	<u>(12,170)</u>
<b>Operating Profit / (Loss) before working capital changes</b>	6,131,091	(12,170)
Adjusted for :		
Trade and other receivables	(126,440,536)	
Trade payables	10,498,359	11,570
	<u>(115,942,177)</u>	<u>11,570</u>
<b>Net Cash used in operating activities</b>	<u>(109,811,086)</u>	<u>(600)</u>
<b>B Cash flow from Investing Activities</b>		
Purchase of Investment		(27,000)
<b>Net Cash used in investing activities</b>		<u>(27,000)</u>
<b>C Cash flow from financing Activities</b>		
Proceeds form Share Capital	400,000	100,000
Interest on advance/deposit	67,919,625	
Rent	41,883,096	
<b>Cash generated from financing activities</b>	<u>110,202,721</u>	<u>100,000</u>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>	391,635	72,400
<b>Opening Balance of Cash and Cash equivalents</b>	72,400	
<b>Closing Balance of Cash and Cash equivalents</b>	464,035	72,400

Note : Transaction arising out of scheme of demerger, as stated in note 3 to Schedule 6 is a non cash transaction and not considered in above cash flow workings.

As per our report of even date attached  
For RSM & Co.  
Chartered Accountants

Sd/-  
Vijay N. Bhatt  
Partner  
Membership No.: F-36647

Mumbai: January 23, 2006

For and on behalf of the Board

Sd/-  
Sandeep Tandon  
  
Sd/-  
Gautam Doshi } Directors  
Sd/-  
L.V. Merchant }

Mumbai: January 23, 2006

**RELIANCE COMMUNICATION VENTURES LIMITED**  
(Formerly known as Reliance Infrastructure Developers Private Limited)

Balance Sheet Abstract and Company's General Business Profile as per Part IV of Schedule VI to the Companies Act, 1956

**1. Registration Details**

Registration No.	147531	State Code	11
Balance Sheet Date	31.12.05		

**2. Capital raised during the year : (Rs.in thousands)**

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private placement	400

**3. Position of mobilisation and deployment of fund : (Rs. in thousands)**

Total Liabilities	153,956,736	Total Assets	153,956,736
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Source of Funds:

Paid up Capital	500	Share capital - pending allotment	6,115,652
Reserves and Surplus	147,834,267	Secured Loans	NIL
Unsecured Loan	NIL	Deferred Tax Liability	6,317

Application of Funds:

Net Fixed Assets	1,662,362	Investments	120,741,012
Net Current Assets	31,553,362	Miscellaneous exp.	NIL
Accumulated Losses	NIL		

**4. Performance of Company: (Rs. in thousands)**

Turnover	132,576	Total Expenditure	44,020
Profit before tax		Profit after tax	56,539
Earnings per Share - Basic (Rs)		Dividend per Share (Rs)	NIL

**5. Generic Names of principal products, services of the Company:**

Item Code	NA
Product Description	NA

For and on behalf of the Board

Sd/-  
Sandeep Tandon

Sd/-  
Gautam Doshi } Directors

Sd/-  
L.V. Merchant

Mumbai: January 23, 2006