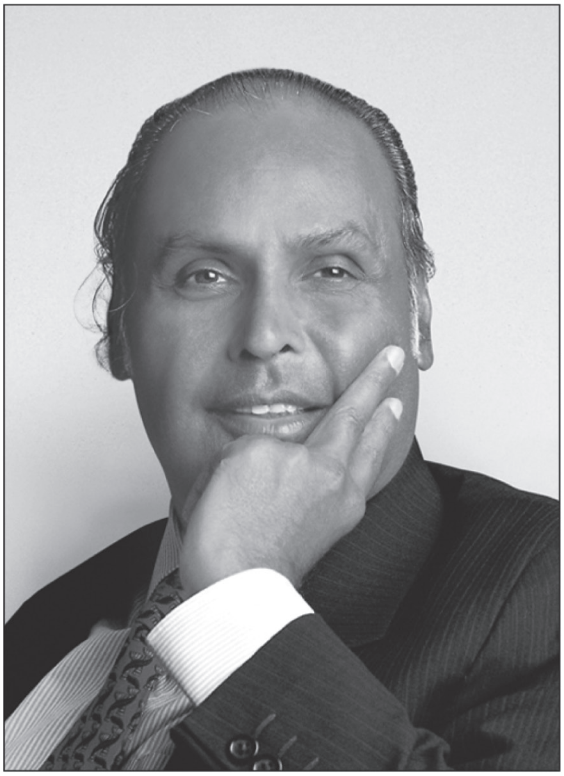
Reliance Communications

Annual Report
2012-13
(Abridged)



Dhirubhai H. Ambani

(28th December, 1932 – 6th July, 2002)

Reliance Group – Founder and Visionary

Profile

Reliance Communications Limited is the flagship Company of Reliance Group, one of the leading business houses in India.

Reliance Communications is India's foremost and truly integrated telecommunications service provider. The Company, with a customer base of over 131 million including 123 million wireless customers, 1.24 million wireline customers, 2.5 million overseas retail customers and 4.6 million Reliance Digital TV customers, ranks among the Top 6 Telecom companies in the world by number of customers in a single country. Reliance Communications corporate clientele includes over 39,000 Indian and multinational corporations including small and medium enterprises and over 830 global, regional and domestic carriers.

Reliance Communications has established a pan-India, next generation, integrated (wireless and wireline), convergent (voice, data and video) digital network that is capable of supporting best-of-class services spanning the entire communications value chain, covering over 24,000 towns and 600,000 villages. Reliance Communications owns and operates the world's largest next generation IP enabled connectivity infrastructure, comprising over 2,77,000 kilometers of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region.

Mission: Excellence in Communication Arena

- To attain global best practices and become a world-class communication service provider – guided by its purpose to move towards greater degree of sophistication and maturity.
- To work with vigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer care as the ultimate goal.
- To earn the trust and confidence of all stakeholders, exceeding their expectations and make the Company a respected household name.
- To consistently achieve high growth with the highest levels of productivity.
- To be a technology driven, efficient and financially sound organisation.
- To contribute towards community development and nation building.
- To be a responsible corporate citizen nurturing human values and concern for society, the environment and above all, the people.
- To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

This Report is printed on environment friendly paper.

Business Mix

RELIANCE Communications

Wireless
- Mobile (CDMA, GSM and 3G)
- VAS (Mobile World)
- Wireless Data
- Fixed Wireless
- Public Access Business

Telecom Infrastructure
- Multi tenancy towers
- Pan-India coverage
- Backhaul
- Support systems

Globalcom
- Submarine cable
- Ethernet Data services
- Global Managed Network Services
- Long Distance (NLD/ILD)
- Global Call

Enterprise
- Internet Data Center
- Broadband
- Leased Line
- Office Centrex
- MPLS and VPN
- WiMax

Home
- DTH
- IPTV

Other businesses

Tech Services
- Leveraging Internal IT Development Capabilities

BPO
- Expertise in Telecom BFSI, Utilities and Media

Retail
- Reliance World

Board of Directors

Shri Anil Dhirubhai Ambani – Chairman
Prof. J. Ramachandran
Shri S. P. Talwar
Shri Deepak Shourie
Shri A. K. Purwar

Company Secretary and Manager

Shri Prakash Shenoy

Auditors

M/s. Chaturvedi & Shah
M/s. B S R & Co.

Registered Office

H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Maharashtra, India

Registrar and Transfer Agent

Karvy Computershare Private Limited
Madhura Estates, Municipal No. 1-9/13/C
Plot No. 13 & 13C, Madhapur Village
Hyderabad 500 081
Andhra Pradesh, India
Website: www.karvy.com

Investor Helpdesk

Toll free no (India)	:	1800 4250 999
Telephone no.	:	+91 40 4030 8000
Fax no.	:	+91 40 2342 0859
Email	:	rcom@karvy.com
Post your request	:	http://kcpl.karvy.com/adag

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9th Annual General Meeting on Tuesday, August 27, 2013 at 12.00 noon or soon after conclusion of the Annual General Meeting of Reliance Capital Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020

The Annual Report can be accessed at www.rcom.co.in

Letter to Shareowners

My dear fellow Shareowners,

It gives me great pleasure that Reliance Communications (RCOM) has reported another year of steady performance, despite challenging macro-economic environment in India and globally. The telecom industry has witnessed positive structural changes in terms of a reduction in the number of players, resulting in a move towards more rational tariffs, data services gaining traction, and improvement in the 3G ecosystem allowing affordable adoption and meaningful consumption of services. During the year under review, the Government of India came out with a progressive and forward looking "New Telecom Policy". The policy envisions providing secure, reliable, affordable and high quality converged telecommunication services anytime, anywhere for accelerated inclusive socio-economic development. The main thrust of the Policy is on the multiplier effect and transformational impact of telecommunication services on the overall economy.

The first phase of exponential growth in the telecom industry was led by voice. The next big opportunity will be led by data and broadband services. India has voice penetration of over 70 per cent, whereas broadband penetration is less than 1 per cent. Till a few months back, there were few wireless networks capable of offering broadband services, the smart-phone prices were too steep and usage charges also acted as a deterrent for mass scale adaption. Now, the wireless broadband eco-system is improving fast. Most operators with 3G spectrum have rolled out networks, smart-phone suppliers have become more competitive resulting in device prices coming down, and applications and content are being generated to target specific user segments with significant increase in adaption. This positive change in the eco-system is creating huge opportunity in data and wireless broadband services. 3G services are finally starting to take-off, primarily for high speed mobile internet usage, and for a plethora of data applications like live mobile TV, video and music streaming, video calling and conferencing, among others.

RCOM is India's most integrated and fully converged telecommunications service provider. We operate across the full spectrum of wireless, wireline, voice, data, video, internet and IT infrastructure services and have an extensive international presence through the provision of long distance voice, data and internet services, and submarine cable network infrastructure. With a customer base of over 131 million (including 123 million wireless customers, 1.24 million wireline customers, 2.5 million overseas retail customers and 4.6 million Reliance Digital TV customers) as on March 31, 2013, our corporate clientele includes over 39,000 Indian and multinational corporations, including small and medium enterprises and over 830 global, regional and domestic carriers. The enterprise customer base of the Company includes 880 of the top 1,000 enterprises in India.

Performance review

The key financial highlights for the year under review on a consolidated basis are:

a) Total revenues of ₹ 21,778 crore (US$ 4,012 million).

b) Net profit after tax ₹ 672 crore (US$ 124 million).

c) Total operating expenditure ₹ 14,618 crore (US$ 2,693 million).

d) Total assets of ₹ 90,182 crore (US$ 16,613 million).

e) Stakeholders equity was ₹ 33,850 crore (US$ 6,236 million), while net debt (excluding cash and cash equivalents) was ₹ 38,858 crore (US$ 7,158 million), giving a net debt to equity ratio of 1.15 times.

Segments

1) Wireless

RCOM offers CDMA and GSM based wireless services on a nationwide basis. We are among the top telecom service providers of wireless communication services in the country, with a wireless subscriber base of 123 million as of March 31, 2013 representing a market share of 14.17 per cent.

RCOM is continuously working towards creating a healthy ecosystem for data services through 3G and High Speed Data networks, forging relationship with leading global brands for bundling of data products and services on both GSM and CDMA platforms, and entering into exclusive partnership with social media networks.

Our network is "Built for the Internet". Our 3G network has the capacity to provide speeds up to 28 Mbps. Our common packet core will deliver a seamless experience across 1x, 2G, HSD and 3G. We have deployed end-to-end IP enabled across our transport + access and backhaul including microwave i.e. "Ethernet Super Highway". RCOM continues to provide nationwide seamless Wireless Broadband experience on its own network, in over 1,300 top towns across the country. Coupled with our extensive 1X Data presence offering high quality internet connectivity

Letter to Shareowners

in 20,000 towns, this has positioned RCOM extremely well to take advantage of the expected rapid increase in data consumption across the country.

2) Global Enterprise

RCOM offers the most comprehensive portfolio of Enterprise, IT infrastructure, National and International long distance voice, video and data network services on an integrated and highly scalable platform. Our business segments comprise Carrier, Enterprise and Consumer business units. We have the largest optic fibre network of 2,77,000 km and the largest internet data centre ("IDC") space of 4,50,000 sq ft. We provide long distance business services including wholesale voice, bandwidth and infrastructure services, national and international private leased circuits, broadband internet access, audio and video conferencing, MPLS-VPN, remote access VPN, Centrex, toll-free services voice services for offices, voice VPN for corporates and managed IDC services. We offer unique, value-added products and services to large, medium and small enterprises for their communications, networking, and IT infrastructure needs across the country. We have a product range of more than 38 products to suit the needs of all customer segments.

3) Telecom Infrastructure

Reliance Infratel Limited (RITL), a subsidiary of RCOM, has a portfolio of nearly 50,000 multi-tenancy towers, which are being utilised for both CDMA and GSM technology based services as a part of our strategy to provide dual services on a pan India basis. RITL towers have the capacity of over 2,00,000 slots, the most extensive in the country. We now own 1,90,000 route kilometres optical fibre network in India, providing a more economical and better quality linking for tenants compared to microwave.

4) Home

RCOM offers Nationwide Direct-To-Home (DTH) service through its wholly owned subsidiary, Reliance Big TV Limited in over 8,350 towns across the country. Reliance Digital TV was the first Company to introduce High Definition DVR. Using the state-of-the art MPEG 4 technology, it offers close to 250 channels in HD like quality. It also offers 10 Radio channels and a host of Interactive services. A unique combination of High Definition content and digital voice/picture quality deliver a vastly superior viewing experience to its subscribers.

Corporate Governance

RCOM has always maintained the highest governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group - Corporate Governance Policies and Code of Conduct". These Policies and Code prescribe a set of systems, processes and principles, which conform to the highest international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors, both local and global, and all other stakeholders.

Social Commitments

Embodied in the value system of the Reliance is a vision to give millions the power to shape their destiny, the means to realize their full potential and a commitment to being a socially responsible entity.

We as a corporate entity envisage to nourish and sustain the ecosystems in which we operate by aiming for growth through sustainable development. Our philosophy of corporate sustainability is founded on three pillars of our people, processes and products and services.

Our Commitment

Despite the challenging macro-economic environment, we remain optimistic on growth prospects. We believe India's economic slowdown will soon reverse direction. The government's recent reform measures have improved sentiment. The Company`s fundamentals remain strong and the opportunities at hand point to a strong growth path, supporting the positive outlook.

We intend to remain focussed on profitable growth and to improve operational efficiency. Our founder, the legendary Shri Dhirubhai Ambani, gave us a simple mantra: to aspire to the highest global standards of quality, efficiency, operational performance and customer care. We remain committed to upholding that vision and creating ever greater value for all our stakeholders.

Anil Dhirubhai Ambani
Chairman

Notice

Notice is hereby given that the 9th Annual General Meeting of the Members of **Reliance Communications Limited** will be held on Tuesday, August 27, 2013 at 12.00 noon or soon after conclusion of the Annual General Meeting of Reliance Capital Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020, to transact the following business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2013, the audited statement of Profit and Loss for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.

2. To declare dividend on equity shares.

3. To appoint a Director in place of Shri S. P. Talwar, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint Auditors and to 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. Chaturvedi & Shah, Chartered Accountants (Firm Registration No. 101720W) and M/s. B S R & Co., Chartered Accountants (Firm Registration No. 101248W), be and are hereby appointed as the 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:

5. **Issue of securities to the Qualified Institutional Buyers.**

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

   "a) RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants/ any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI ICDR, whether or not such QIBs are Members of the Company, on the basis of placement document(s), at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the Lead Managers, Advisors or other intermediaries, provided however that the aggregate amount raised by issue of QIP Securities as above shall not result in increase of the issued and subscribed equity share capital of the Company by more than 25 per cent of the then issued and subscribed equity shares of the Company.

   b) RESOLVED FURTHER THAT the relevant date for the determination of applicable price for the issue of the QIP Securities shall be the date on which the Board of the Company decide to open the proposed issue, or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").

   c) RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares shall rank pari passu with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.

   d) RESOLVED FURTHER THAT such of these QIP Securities to be issued as are not subscribed may be disposed of by the Board to such person or persons and in such manner and on such terms as the Board may in its absolute discretion thinks fit in accordance with the provisions of law.

Notice

e) RESOLVED FURTHER THAT the issue to the holders of the Securities with equity shares underlying such securities shall be inter alia, subject to suitable adjustment in the number of shares, the price and the time period, etc., in the event of any change in the equity capital structure of the Company consequent upon any merger, de-merger, amalgamation, takeover or any other re-organisation or restructuring in the Company.

f) RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of QIP Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion, deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and institution/ trustees/ agents and similar agreements/ and to remunerate the Managers, underwriters and all other agencies/ intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of Securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.

g) RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of QIP Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/ hypothecation/ charge on the Company's assets under Section 293(1)(a) of the said Act in respect of the aforesaid QIP Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

h) RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

By Order of the Board of Directors

Prakash Shenoy
Company Secretary

Registered Office:
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710

May 10, 2013

Notes :

1. **A member entitled to attend and vote at the Annual General Meeting (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 proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
3. Members/Proxies should fill in the Attendance Slip for attending the meeting and bring their Attendance Slips along with their copy of the Annual Report to the Meeting.
4. 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.
5. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares 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.
6. 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. The certificate from the Auditors of the Company confirming the compliance of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 with respect to the Company's ESOS Plans will be available for inspection at the Meeting.
7. a. The Company's Register of Members and Transfer Books will remain closed from Saturday, August 17, 2013 to Tuesday, August 27, 2013 (both days inclusive) for the purpose of Annual General Meeting

and for determining the names of members eligible for dividend, if declared, on equity shares for the year ended March 31, 2013.

b. The dividend on equity shares, as recommended by the Board of Directors, if declared at the Meeting, will be paid after the Meeting.

c. Members may please note that the dividend warrants shall be payable at par at the designated branches of the Bank for an initial period of three months only. Thereafter, the dividend warrants on revalidation shall be payable only at limited centres/ branches of the said Bank. The members are therefore, requested to encash dividend warrants within the initial validity period.

8. Members may please note that for shares in electronic form, bank particulars registered against their depository accounts will be used by the Company for payment of dividend. 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.

9. Members holding shares in physical form are requested to advise any change of address or bank mandates immediately to the Company/ Registrar and Transfer Agent, Karvy Computershare Private Limited.

10. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 4, 2012 (date of last Annual General Meeting) on the website of the Company (www.rcom.co.in), as also on the Ministry of Corporate Affairs website.

11. Non-resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:

    a. the change in the residential status on return to India for permanent settlement; and

    b. the particulars of the bank accounts maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.

12. Re-appointment of Director: At the ensuing Meeting, Shri S. P. Talwar, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. The details pertaining to Shri S. P. Talwar required to be provided pursuant to the requirements of Clause 49 of the listing agreement are furnished in the statements on Corporate Governance forming part of this Annual Report.

13. Members are advised to refer the section titled "Investor Information" provided in this Annual Report.

14. Members are requested to fill in and send the 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.

15. The statement containing the salient features of the balance sheet, statement of profit and loss, cash flow statement and auditors' report (Abridged Financial Statements), is sent to the members, along with Abridged Consolidated Financial Statements. Any member interested in obtaining a copy of the full Annual Report, may write to the Registrar and Transfer Agent of the Company.

16. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the Meeting is annexed hereto.

17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Transfer Agent.

18. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.

19. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Registrar and Transfer Agent, for consolidation into a single folio.

20. 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 communication from the Company electronically.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated May 10, 2013.

Item No. 5 Issue of securities to the Qualified Institutional Buyers.

The Company, in order to enhance its global competitiveness and its ability to compete with the peer group in the domestic and international markets, may need to strengthen its financial position and net worth by augmenting its long term resources.

For the above purposes as also for meeting the requirements for general corporate purposes, as may be decided by the Board from time to time, it is proposed to seek the enabling authorisation of the Members of the Company in favour of the Board of Directors ("Board" which expression for the purposes of this resolution shall include any committee of Directors constituted/ to be constituted by the Board), without the need for any further approval from the Members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("SEBI ICDR"), as set out in the special resolution at Item No. 5 of the accompanying Notice.

In view of above, the Board may, in one or more tranches, issue, offer and allot equity shares/ fully convertible debentures/ partly convertible debentures/ non convertible debentures with warrants/ any other securities, which are convertible into or exchangeable with equity shares on such date(s) as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"). The QIP Securities proposed to be issued by the Board shall be subject to the provisions of the SEBI ICDR including the pricing, which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. The Relevant Date for the determination of applicable price for the issue of the QIP Securities shall be the date of the meeting in which the Board of the Company decides to open the proposed issue or in case of securities which are convertible into or exchangable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be.

For the reasons aforesaid, an enabling special resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The QIP Securities issued pursuant to the offering would be listed on the Indian stock exchanges.

The proposed issue of QIP Securities as above may be made in one or more tranches such that the aggregate amount raised by the issue of QIP Securities shall not result in the increase of the issued and subscribed equity share capital of the Company by more than 25 per cent of the then issued and subscribed equity shares of the Company as on the Relevant Date. The proposed special resolution is only enabling in nature and the Board may from time to time consider the extent if any, to which the proposed securities may be issued.

The QIP Securities issued pursuant to the offer, if necessary, may be secured by way of mortgage/ hypothecation on the Company's assets as may be finalized by the Board in consultation with the Security Holders/ Trustees in favour of Security Holders/ Trustees for the holders of the said securities. The security that may have to be created for the purposes of this issue, as above may come within the purview of Section 293(1)(a) of the Companies Act, 1956. Necessary approval has already been accorded by Members of the Company for creation of such Security(ies) by passing of resolution through postal ballot on March 31, 2006.

Section 81(1A) of the Companies Act, 1956 and Listing Agreement entered into with the Stock Exchanges, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons, who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorisation of the Members to the Board of Directors to offer and issue the QIP Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries to offer and issue the QIP Securities to any persons, whether or not they are members of the Company.

The Board of Directors accordingly recommends the special resolution set out at Item No.5 of the accompanying Notice for the approval of the Members.

None of the Directors and Manager of the Company is, in any way, deemed to be concerned or interested in the said resolution, except to the extent of their shareholding in the Company.

By Order of the Board of Directors

Prakash Shenoy
Company Secretary

Registered Office:
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710

May 10, 2013

Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the 9th Annual Report and the audited accounts for the financial year ended March 31, 2013.

Financial Results

The standalone performance of the Company for the financial year ended March 31, 2013 is summarised below:

Particulars	**Financial Year ended March 31, 2013**		*Financial Year ended March 31, 2012	
	₹ in crore	**US$ in million****	₹ in crore	US$ in million**
Total income	**12,820**	**2,362**	11,863	2,332
Gross profit before depreciation, amortisation and exceptional items	**2,305**	**425**	1,896	373
Less:				
Depreciation and amortisation	**1,681**	**310**	1,741	342
Profit/(Loss)before tax	**624**	**115**	155	31
Less: Provision for:				
Current tax/ Excess provision for Tax of earlier years	**-**	**-**	(1)	-
Profit/(Loss) after tax	**624**	**115**	156	31
Add : Balance brought forward from previous year	**-**	**-**	-	-
Profit available for appropriation	**624**	**115**	156	31
Appropriations:				
Proposed Dividend on equity shares	**52**	**10**	52	10
Dividend Tax	**9**	**2**	8	2
Transfer (from) /to General Reserve	**-**	**-**	-	-
Transfer to Debenture Redemption Reserve	**246**	**45**	91	18
Balance carried to Balance Sheet	**317**	**58**	5	1

* Figures of previous year have been regrouped and reclassified, wherever required.
** Exchange Rate ₹ 54.285 = US$ 1 as on March 31, 2013 (₹ 50.875 = US$1 as on March 31, 2012).

Financial Performance

During the year under review, your Company has earned income of ₹ 12,820 crore against ₹ 11,863 crore for the previous year. The Company has earned Profit of ₹ 624 crore for the year as compared to profit of ₹ 156 crore in the previous year.

Dividend

Your Directors have recommended a dividend of ₹ 0.25 (5 per cent) per equity share each of ₹ 5 for the financial year ended March 31, 2013, which, if approved at the ensuing 9th Annual General Meeting (AGM), will be paid to (i) all those equity shareholders whose names appear in the Register of Members as on close of the day on August 16, 2013, and (ii) those equity shareholders whose names appear as beneficial owners as on close of the day on August 16, 2013, as furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

Business Operations

The Company together with its subsidiaries operates on a pan-India basis and offers the full value chain of wireless (CDMA and GSM including 3G services), wireline, national long distance, international, voice, data, video, Direct-To-Home (DTH) and internet based communications services under various business units organised into strategic customer facing business segments; Wireless, Global and Broadband. These strategic business units are supported by passive infrastructure connected to nationwide backbone of Optic Fibre Network as well as fully integrated network operation system and by the largest retail distribution and customer services facilities. The Company also owns through its subsidiaries, a global submarine cable network infrastructure and offers managed services, managed Ethernet and application delivery services.

Schemes of Arrangements

Re-organisation of subsidiary companies.

1. Scheme of Arrangement between Reliance BPO Private Limited and Reliance Communications Infrastructure Limited:

   During the year under review, the Hon'ble High Court of Judicature at Bombay sanctioned the Scheme of Arrangement by way of demerging BPO Division of Reliance BPO Private Limited into Reliance Communications Infrastructure Limited, a wholly owned subsidiary of the Company vide order dated December 20, 2012 effective from February 18, 2013. The appointed date of Scheme was April 1, 2012.

2. Scheme of Amalgamation between Netizen Rajasthan Limited and Reliance Infratel Limited:

As reported in the annual report of the previous year, Netizen Rajasthan Limited, a wholly owned subsidiary of Reliance Infratel Limited (RITL), a subsidiary of the Company, amalgamated with RITL in terms of the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated April 20, 2012 effective from May 15, 2012. The appointed date was March 1, 2012.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India is presented in a separate section forming part of this Annual Report.

Subsidiary Companies

During the year under review, Reliance BPO Private Limited, MP Network Private Limited, Kerala Communication Network Private Limited and Reliance Globalcom Limited became the subsidiaries of the Company. During the year under review, Reliance Wimax World Limited and its 18 subsidiaries ceased to be subsidiaries of the Company.

In accordance with the general circular issued by the Ministry of Corporate Affairs (MCA), Government of India (GOI), Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not attached with the Balance Sheet of the Company. The Company shall make available the copies of annual accounts of the subsidiary companies and related detailed information to the shareholders of the Company seeking the same. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and that of respective subsidiary companies.

Further, pursuant to Accounting Standard (AS)-21 prescribed under the Companies (Accounting Standards) Rules, 2006 and the Listing Agreement, Consolidated Financial Statements presented herein by the Company include financial information of subsidiary companies, which forms part of this Annual Report.

Directors

In terms of the provisions of the Companies Act, 1956, Shri S. P. Talwar, Director of the Company retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM).

A brief resume of the Director retiring by rotation at the ensuing AGM, nature of expertise in specific functional areas and names of the companies in which he holds directorship and/ or membership/ chairmanships of Committees of the respective Boards, shareholding and relationship between directors inter se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is given in the section on Corporate Governance Report forming part of this Annual Report.

Directors' Responsibility Statement

Pursuant to the requirements 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 annual accounts for financial year ended March 31, 2013, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

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, 2013 and of the Profit of the Company for the year under review;

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, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv. the Directors had prepared the annual accounts for financial year ended March 31, 2013 on a 'going concern' basis.

Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, the Auditors of the Company hold office until the conclusion of the ensuing AGM and are eligible for re-appointment.

The Company has received letters from M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

The observations and comments given by the Auditors in their report read together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

Consolidated Financial Statements

The Audited Consolidated Financial Statements, based on the financial statements received from subsidiaries, joint ventures and associates, as approved by their respective Board of Directors have been prepared in accordance with AS-21 on 'Consolidated Financial Statements' read with AS-23 on 'Accounting for Investments in Associates' and AS-27 on 'Financial Reporting of Interests in Joint Venture', notified under Section 211(3C) of the Companies Act, 1956 read with the Accounting Standards Rules as applicable.

Cost Auditors

Pursuant to the direction of the Central Government that the cost accounts maintained by the Company be audited by a cost auditor, the Company has appointed M/s. V J Talati & Company, Cost Accountants, as Cost Auditors for conducting the cost audit for the telecommunications businesses of the Company for the financial year ending March 31, 2014.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

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 employees under ESOS Plan 2008 and Plan 2009 in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines').

The particulars as required under Clause 12 of the SEBI Guidelines are as follows:

	Particulars	ESOS Plan 2008	ESOS Plan 2009
a)	Total Options granted	1,49,91,185 Options	1,32,17,975 Options
b)	No of Options surrendered	1,32,17,975 Options	–
c)	Pricing formula decided by ESOS Compensation Committee	Market Price or such other price as Board / Committee may determine. Different Exercise price may apply to different Plan(s).	Average of the weekly high and low of the closing price of the equity share of the Company at National Stock Exchange of India Limited during two weeks preceding the date of Grant i.e. January 16, 2009.
d)	Options vested	Nil	Nil
e)	Options exercised	Nil	Nil
f)	Total number of equity shares arising as a result of exercise of Options	Nil	Nil
g)	Options lapsed/forfeited during the year	1,77,729 Options	8,94,450 Options
h)	Variation of terms of Options	None	None
i)	Money realised by exercise of Options during the year	Nil	Nil
j)	Total number of Options in force at the end of the year	3,91,465 Options	30,17,764 Options
k)	Employee wise details of Options granted to:		
	i. Senior managerial personnel (i.e. Managing Director/Whole-time Director/Manager)	Nil	Nil
	ii. Employee who receives grant in any one year of Option amounting to 5 per cent or more of Option granted during the year	Nil	Nil
	iii. Identified employees who were granted options, during any one year equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil
l)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20	N.A. There would not be any fresh issue of equity shares of the Company upon exercise of Options by employees.	N.A. There would not be any fresh issue of equity shares of the Company upon exercise of Options by employees.
m)	The difference between employee compensation cost using intrinsic value method and fair value of the Options and impact of this difference on		
	Profits	₹ 3 crore	₹ 8 crore
	EPS of the Company	₹ 2.99	₹ 2.98
n)	Weighted- average exercise prices of Options granted during the year where exercise price is less than market price.	Company has not granted any option during the year.	
o)	Weighted- average fair values of Options granted during the year where exercise price is less than market price.	Company has not granted any option during the year.	
p)	Significant assumptions made in computation of fair value risk-free interest rate, expected life, expected volatility, expected dividends (yield) and the price of the underline share in market at the time of grant	Company has not granted any option during the year.	

The Company has received a certificate from the auditors of the Company that the ESOS Plan 2008 and 2009 have been implemented in accordance with the SEBI Guidelines and as per the resolution passed by the members of the Company authorising issuance of the said ESOS.

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

The particulars as required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure – A forming part of this Report.

Corporate Governance

The Company has adopted "Reliance Group-Corporate Governance Policies and Code of Conduct" which has set out the systems, process and policies conforming to the international standards. The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Annual Report.

A Certificate from the auditors of the Company M/s. Chaturvedi & Shah, Chartered Accountants and M/s. BSR & Co., Chartered Accountants conforming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is enclosed to this Report.

Business Responsibility Reporting

SEBI vide its Circular CIR/CFD/DIL/8/2012 dated August 13, 2012, has mandated the top 100 listed entities, based on market capitalisation on Bombay Stock Exchange and National Stock Exchange at March 31, 2012, to include Business Responsibility Report ("BRR") as part of the Annual Report. In view of FAQ's dated May 10, 2013 issued by SEBI, the BRR has been uploaded on the website of the Company www.rcom.co.in\investor relations\shareholders. Any shareholder interested in obtaining physical copy of BRR may write to the Company Secretary at the registered office of the Company.

Acknowledgements

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, debentureholders, debenture trustee, bankers, financial institutions, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors

Mumbai
May 10, 2013

Anil Dhirubhai Ambani
Chairman

Annexure – A

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

Your Company being a telecommunications service provider does not involve in any manufacturing activity, hence the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not applicable. However, the information as applicable is given hereunder:

(a) **Conservation of Energy:** The Company is making all efforts to conserve energy by monitoring energy costs and periodically reviews of the consumption of energy. It also takes appropriate steps to reduce the consumption through efficiency in usage and timely maintenance/ installation/ upgradation of energy saving devices.

(b) **Technology Absorption, Adoption and Innovation:** The Company has focused research and developmental activities and has been active in harnessing and tapping the latest and the best technology in the industry.

(c) **Foreign Exchange Earnings and Outgo:**

Activities related to exports, initiatives taken to increase exports; development of new export markets for products and services; and export plans:

The Company has taken series of initiatives for development of export markets for its international telecom services in the countries outside India and thereby increase its foreign exchange earnings.

Total foreign exchange earnings and outgo for the financial year is as follows:

a. Total Foreign Exchange earned: ₹ 1,286 crore

b. Total Foreign Exchange outgo : ₹ 1,531 crore

Management Discussion and Analysis

Forward looking statements

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

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

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 (the Act) and comply with the Accounting Standards notified under Section 211(3C) of the Act. The management of Reliance Communications Limited has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profit for the year.

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

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "Reliance", "RCOM", "RCOM Group" or "Reliance Communications" are to Reliance Communications Limited and its subsidiaries and associates.

Macroeconomic Overview

Indian Economic Environment

Economic activities in India in 2012-13 remained weak due to both domestic and global factors. The slowdown in the global growth along with continued recession in the Euro zone hurt sentiment. However, steady monetary easing, aided by fiscal austerity measures in developed economies helped to revive global growth towards the end of the year. India's GDP (Gross Domestic Product) growth decelerated continuously and steeply, moving from 9.2 per cent in the fourth quarter of 2010-11 to 4.5 per cent in third quarter of 2012-13, its slowest pace in four years.

GDP Growth

The GDP growth in the first nine months of 2012-13 was 5 per cent as compared to 6.6 per cent in the corresponding period in previous year. The slowdown in growth was broad-based across sectors. The manufacturing sector production fell from 3.6 per cent to 1.2 per cent. The growth slowdown was primarily due to the weakness in industrial activity aggravated by domestic supply bottlenecks, slowdown in the services sector reflecting weak external demand, high interest rates and low level of capital investments due to drop in overall demand. RBI expects a modest improvement in growth at 5.7 per cent in 2013-14 with a pick-up likely only in the second half of the year.

Industrial Production

In 2012-13, the Index of Industrial Production (IIP) grew at 0.9 per cent compared to 3.5 per cent in 2011-12 due to supply constraints (particularly in infrastructure), rising input costs and lower external and domestic demand.

Current Account Deficit (CAD)

Imbalance in the external accounts was one of the primary concerns for investors and regulators alike, in 2012-13. CAD to GDP ratio widened to an all-time high of 6.7 per cent in the third quarter of 2012-13. Although, non-oil and non-gold imports have moderated in the last few months and decline in the global prices of gold and oil provided temporary relief in the last quarter, structural impediments still remain. The government has already taken a range of initiatives to attract capital flows into the country to finance the large CAD, including liberalisation of FDI limit in various sectors, policy reforms to attract inflows from foreign investors, relaxation of FII debt limit, sharp cut in withholding tax to 5 per cent from 20 per cent on investments in domestic debt etc.

Inflation and Interest Rate

The headline wholesale price index (WPI) inflation moderated to an average of 7.3 per cent in 2012-13 from 8.9 per cent in 2011-12. WPI inflation of 6.0 per cent in March 2013 was the lowest in the last three years - much lower than RBI's expectation of 6.5 per cent. A combination of factors such as correction in the global commodity prices including oil and gold, range bound exchange rate and erosion of pricing power helped ease inflation pressure in last quarter of 2012-13. But fuel inflation averaged in double digits in 2012-13, largely due to upward revisions and deregulation of administered prices and the pass through of high international crude prices.

The retail inflation (CPI) still persists in double digits and remains a key concern. RBI expects the inflation to ease in the first half of the year on subdued pricing power of domestic producers and expected lower global commodity prices. However, upside risks to inflation in the near term are still significant in view of sectoral demand supply imbalances, the ongoing correction in diesel prices, incorporation of high coal, electricity prices and pressures from increases in minimum support prices. Inflation could inch upwards in the second half partly due to base effects and a reduction in the output gap. RBI expects WPI to be range-bound around 5.5 per cent during 2013-14. RBI will endeavour to bring inflation to a level of 5.0 per cent by March 2014.

RBI reduced policy interest rate and the statutory liquidity ratio (SLR) by 100 basis points in 2012-13. Also, the cash reserve ratio (CRR) was decreased by 75 basis points. The calibrated reduction in the policy rates and other liquidity easing measures were aimed at stemming the slowdown in growth, restraining inflationary pressures and stimulating demand. Muted growth and softening inflation provided the space for RBI for a third consecutive rate cut in May. However, in its forward guidance, RBI remained cautious and indicated that there is little space for further monetary easing.

Management Discussion and Analysis

Overall review

RCOM is India's truly integrated and fully converged telecommunications service provider operating across the full spectrum of wireless, wireline, voice, data, video, internet and IT infrastructure services and have an extensive international presence through the provision of long distance voice, data and internet services and submarine cable network infrastructure. With a customer base of over 131 million (including 123 million wireless customers, 1.24 million wireline customers, 2.5 million overseas retail customers and 4.6 million Reliance Digital TV customers) as on March 31, 2013, our corporate clientele includes over 39,000 Indian and multinational corporations including small and medium enterprises and over 830 global, regional and domestic carriers. The enterprise customer base of the Company includes 880 of the top 1,000 enterprises in India.

RCOM is India's first telecom service provider offering nationwide CDMA and GSM mobile services with digital voice clarity. The Company has established a pan-India, next generation, integrated (wireless and wireline), convergent (voice, data and video) digital network capable of supporting best-of-class services spanning the entire communications value chain, covering over 24,000 towns and 6,00,000 villages.

Our network is "Built for Internet". Our 3G network has the capacity to provide speeds up to 28 Mbps. Our common packet core delivers a seamless experience across 1x, 2G, HSD and 3G. We have deployed end-to-end IP enabled connectivity across our transport + access network and backhaul including microwave. i.e. "Ethernet Super Highway". RCOM continues to provide nationwide seamless Wireless Broadband experience on its network, in over 1,300 top towns across the country This, coupled with our extensive 1X Data presence offering high quality internet connectivity in 20,000 towns, has positioned RCOM extremely well to take advantage of the expected rapid increase in data consumption across the country.

We have adopted a spectrum based "Go to Market" strategy to maximize revenue growth. We have a differential approach in terms of products, services, and retail engagements for improving our reach and enhancing channel efficiency, for our 3G States 900 MHz Circles, 3G Metro 1800 MHz circles, and 3G Dark circles. We have adopted "Circle as a Country" approach rather than having a Pan India "Fit for All" approach.

RCOM offers the most comprehensive portfolio of Enterprise, IT infrastructure, National and International long distance voice, video and data network services on an integrated and highly scalable platform. Our business segments comprise Carrier, Enterprise and Consumer business units. We have the largest optic fibre network of 2,77,000 km and the largest IDC space of 4,50,000 sq ft.

In India, we provide long distance business services including wholesale voice, bandwidth and infrastructure services, national and international private leased circuits, broadband internet access, audio and video conferencing, MPLS-VPN, remote access VPN, Centrex, toll-free services voice services for offices, voice VPN for corporates and managed internet data centre ("IDC") services. We offer unique, value-added products and services to large, medium and small enterprises for their communications, networking, and IT infrastructure needs across the country. We have a product range of more than 38 products to suit the needs of all customer segments, more than any other service provider in India.

RCOM offers Nationwide Direct-To-Home (DTH) service through its wholly owned subsidiary, Reliance Big TV Limited about 8350 towns across the country. Reliance Digital TV was the first Company to introduce High Definition DVR. Using the state-of-the art MPEG 4 technology, it offers close to 250 channels in HD like quality. It also offers 10 Radio channels and a host of Interactive services. A unique combination of High Definition content and digital voice/picture quality deliver a vastly superior viewing experience to its subscribers.

New Initiatives

Launch of "All Share Post-paid" Plan

In order to continuously innovate new product development, RCOM has launched first of its kind, a new plan 'All Share Postpaid Plan'. This unique postpaid plan offers upto 10 customers owning multiple devices within the family or group to enjoy free sharing of Voice and Data on a single bill. Thus, "Share More = Save More" where in every customer can save upto 50 per cent on their postpaid bills every month. This plan is aimed to acquire high-value customers in the country including Corporate and SME customer segments along with HNI households.

Launch of New Reliance 3G Tab

To strengthen our data leadership and participate in the explosive growth in the Tab market, Reliance had previously introduced feature rich Reliance 3G and CDMA Tablets at very affordable price points. With these launches, Reliance became the first telecom operator in the country to offer Tablets on both 3G and CDMA networks. We have now launched a new 3G Android Tablet with exciting advanced features. The Reliance 3G Tab is attractively priced at ₹ 14,499 and comes with attractive plans providing data and voice benefits, and is available at over 350 Reliance exclusive stores, and in leading retail chains in 13, 3G circles and major e-commerce sites.

New partnerships

Exclusive partnership with Lenovo

In the past, we had launched proprietary GSM and CDMA tablets at a very attractive price points and tied up with leading handset providers to launch CDMA smart-phones at affordable prices. In continuation, this year RCOM entered into exclusive partnership with Lenovo to launch a complete range of smart-phones across screen sizes and processor speeds. These phones will be attractively priced and will work on CDMA and GSM network simultaneously using RCOM's 'Dual Core' network advantage that switch calls between the two networks automatically based on the strength and quality of RF signals.

New relationship with leading handset manufacturers

We have developed relationship with leading handset manufacturers like Samsung, HTC, Blackberry, etc. to provide innovative products and services on our "Built for Internet" network.

Partnership with WhatsApp, Facebook and Twitter

Subsequent to our exclusive partnership with Google for Android platform, we have entered into another exclusive partnership with WhatsApp in India and launched "WhatsApp Plan" for GSM subscribers. We are the first Telco in the country to offer unlimited social media access for subscribers. "WhatsApp Plan" offers unlimited access of WhatsApp to all prepaid Reliance GSM customers in the country for just ₹ 16 per month.

During the year under review, RCOM launched first of its kind prepaid plan 'Facebook Messenger Plan' for all Reliance GSM subscribers across the country. Reliance GSM customers can enjoy unlimited usage of Facebook messenger across the country at a nominal fee of ₹16 per month only without paying any extra data consumption charges.

RCOM partnered with Twitter in India to launch a first of its kind bundled prepaid plan 'Reliance Twitter Access Pack' for all Reliance GSM subscribers in the country. Through this partnership, Reliance GSM prepaid customers across the country can follow friends, family, news, cricket, entertainment and all their interests with unlimited Twitter access without paying any extra data consumption charges.

Long-term Agreements

Managed Services Agreements with Alcatel-Lucent and Ericsson

RCOM has entered into long term agreements with Alcatel-Lucent and Ericsson for end-to-end managed services contract. These partnerships will further improve network performance and customer experience by offering Next Generation telecom solutions across multiple devices and platforms. Through these agreements, we are aiming to achieve cost effectiveness by introduction of next gen processes, tools and integrated management. This will help us in creating a leaner organisation, moving certain employees to partner's rolls and providing them with global opportunities. This will also reduce Investment risks with pre-defined costs, targeted towards enhancing customer experience. The contracts will deliver world-class, seamless voice and data communications services to RCOM customers. Alcatel-Lucent and Ericsson will enhance RCOM's operations and synergize independent wireless and wireline teams to form a single network management organization.

Intra-Circle roaming agreements with other operators

Recently, RCOM unveiled plans to expand its network significantly through strategic 2G GSM Intra-Circle Roaming (ICR) agreements with existing operators, offering our customers wider coverage and uninterrupted service across the country. These arrangements will help in a fast-paced expansion of RCOM's GSM network footprint at no extra cost, optimize Capex and Opex spends and allow the Company's customers a seamless roaming experience on partner networks. In addition, increased capacities will significantly improve both outdoor and in-building coverage, providing RCOM customers with an enriched mobility and data experience.

The first such arrangement with Aircel offers RCOM customers seamless mobility and a wider footprint, while providing an impetus to the Company's yields, both in terms of revenue market share and customer market share.

These ICR agreements will increase RCOM's national 2G GSM network foot print by 10,000 base stations and bring in market of over 150 million addressable population, adding up to a market opportunity of over ₹ 10,000 crore. All agreements with existing telecom operators are likely to be completed by the end of the second quarter of Financial Year 2013 - 2014.

Reliance Infratel Limited (RITL) new agreements signed

RITL having Pan India presence across all 22 telecommunications circles, is the second largest private infrastructure provider in the country. RITL has signed agreements with most of the existing operators for providing passive infrastructure and services. All the agreements are long term in tenure for around 10 to 15 years. These agreements will result in incremental growth in the tenancy rates for RITL and thus, provide significant operating leverage. RITL has signed contracts with various Internet Service Providers (ISPs) also. BWA players are in process of finalizing their plans and we are in discussion with the operators who won the spectrum in BWA auction.

We have also signed an agreement with BWA service provider for approximately ₹ 1,200 crore as one time indefeasible right to use (IRU) fees for sharing RCOM's nationwide inter-city fiber optic network infrastructure.

Reliance Globalcom Network Expansion

Reliance Globalcom started the year with the completion of the Al-Faw cable landing station (CLS) in Iraq, built in alliance with the Iraqi Telecommunications and Post Company (ITPC), to be the first service provider to activate capacity and connect Iraq globally. The Al-Faw CLS connects Iraq to all the key Middle East countries – Oman, Iran, Kuwait, Saudi Arabia, Qatar, Bahrain, UAE, Yemen, and Egypt – through Reliance Globalcom's Falcon submarine cable. Built with an initial design capacity of 680 Gbps with two diverse routes, 50 Gbps was initially lit on each route to cater to the existing market demand. The two diverse routes are integrated into the Falcon network, thereby offering resiliency.

One of our biggest milestones achieved this year was the activation of our Hawk cable system in Egypt (interconnects with Falcon at Suez) and it's seamlessly integration with our global network. The 4-fiber submarine cable system spanning 3,600 kilometers has an initial lit capacity of 200 Gbps. Designed with two routes – an express route between Marseille in France and Alexandria in Egypt and a local route, with a spur to Yeroskipos in Cyprus, Hawk represents the first-of-its-kind global Mediterranean Gateway and Hub in Europe, connecting the Middle East like never before. It extends connectivity further to London, Paris and Frankfurt through our European terrestrial network and has the potential to enable 20 Tbps of capacity in the Mediterranean region, when fully lit. Hawk has the lowest latency connectivity offering high-speed diversity between Europe and the Middle East / Asia, supporting high bandwidth intensive applications. The Trans-Egypt backhaul in the form of two separate paths, fully diverse from FEA routes, ensures high reliability. The Hawk cable system demonstrated exceptional high resiliency, carrying 180 Gbps of data during the recent cable cut off between Egypt and India.

Reliance Globalcom Network Upgrades

We successfully upgraded our global Transmission and IP backbones, spread over multiple cable systems and segments. Deployment of high-end carrier-grade Juniper MX and T series routers in key business markets in Asia, Europe, the US and the Middle East regions enabled us to offer economical and scalable services to our customers.

Management Discussion and Analysis

The upgrades across various segments of our global network enabled Reliance Globalcom to provide more cost effective 10 Gig Ethernet based solutions with improved manageability.

Reliance Globalcom new agreements signed

Reliance Globalcom continues to add Major National and International Customers in its list including major names like Mobily, Umniah, Lanka2bell, UIDAI, Webel, Corporation Bank, Radiall to name a few. We have doubled our government orders on year on year basis this year.

We continue to strengthen our focus on the SMB market through the success of Connect PrimeTM, this year. We added close to 6,000 orders of Connect PrimeTM including several big Logos like SBI, Godrej, ICICI Bank, Café Coffe Day to name a few. With 'Connect PrimeTM' we strive to provide the most cost optimized and efficient connectivity option to our growing SMB and Enterprise customer base.

We have migrated GE into our newly launched Pay per use model for IDC, the first of its kind in India. This is a first of its kind offering which will not only help us mitigate risk of power cost escalation, but also help customer scale up as per his business needs.

Reliance Global Call expansion

We have crossed 300 plus customers in Reliance Global Call (RGC) Enterprise segment and expecting to grow the numbers further. RGC Enterprise service is currently available in 11 countries - USA, UK, Canada, Australia, New Zealand, Singapore, Spain, Belgium, France, Netherlands and India. In addition our SIP Trunking calling option has been recently introduced to offer customers more convenient options for all their International calling needs. We have recently launched state of the art managed service platform for enterprise customers and migrated all of our customers to the new platform giving them best in class experience.

As part of our Consumer voice offering, we offer virtual international calling services to retail customers for calls to 200 international destinations including India under the brand Reliance Global Call. Our retail services are available to customers in 14 countries in Australia, Austria, Belgium, Canada, France, Hong Kong, India, Ireland, Netherlands, New Zealand, Singapore, Spain, United Kingdom and United States. We have over 2.5 million customers for our Reliance Global Call service.

Enterprise

We are in process of launching several innovative and first of its kind solutions in India for internet connectivity. Last year we launched two India's first – one for enterprise connectivity (ConnectPrimeTM) and second, pay per use model in Data Centre. Such launch will see an increasing trend as several of them are in pipeline. We set to differentiate our services from others in our journey towards becoming industry's undisputed leader. The Enterprise business has signed contracts of over ₹ 1,500 crore and added more than 150 new customers. We have won various prestigious Government orders like UID Authority of Iindia, India Post, Webel, Municipal Corporation of Greater Mumbai, Karnataka APDRP etc. Most of these are multi year contracts spread across multiple locations.

We have added significant capabilities in our managed security practice by collaborating with one of the global leaders viz. Dell SecureWorks. Our new Product ConnectPrimeTM has received tremendous response winning several contracts from big names of BFSI and Retail.

Home/ Direct-To-Home

Reliance Digital TV has launched India's fully Digital Home Entertainment Service on the world's most advanced MPEG4 Direct-To-Home (DTH) Platform. We were the first company to introduce HD DVR, all 250 channels in HD like quality and now launched an application for Microsoft windows 8 to manage customer account. The DTH industry in India added 11 million subscribers in financial year 2012-13. We are one of the six players in the industry, with a market share of 8 per cent. We are the only DTH service to launch a loyalty program wherein the Reliance Digital TV customers now earn reward points for every rupee spent, in turn redeem them towards any channel pack available on the platform.

Industry Structure and Regulatory Developments

Industry Structure

Wireless

The Indian telecom sector had a muted growth during the year under review on back of certain regulatory changes. Last year, Hon'ble Supreme Court of India cancelled 122 licenses and asked the Government of India to auction spectrum going forward. Due to high spectrum reserve price, many operators either reduced their footprint or shut down operations all together. The Department of Telecommunications regulation for tightening norms for "First Time Acquisition" made the process of acquiring customers cumbersome for the operators. This also led to reduction of multiple SIM phenomena and enhanced quality of customer acquisition. The number of telephone subscribers in India decreased to 898 million at the end of March, 2013 (Wireless and Wireline) as against 952 million as at March, 2012. Wireless subscribers reduced to 868 million in March, 2013 as compared to 919 million in March, 2012 and wireless tele-density stood at 71 per cent as compared to 76 per cent in previous year. The share of private sector in wireless connections touched 87.8 per cent as on March 31, 2013.

Internet and Broadband

Total internet subscriber base has increased to more than 26 million at the end of March, 2013. We have seen a tremendous growth in our wire line broadband subscriber base both in terms of quality and quantity. Our Internet subscriber base has crossed approximately 7 million. We command 25 per cent of market share at 2nd position. Customers now prefer higher bandwidth plans. Commensurate with the increasing bandwidth demand we are currently augmenting our capacity to provide better customer experience and further improve revenue.

Telecom Infrastructure

a) Telecom Industry structure is impacted due to cancellation of 122 licenses by the Hon'ble Supreme Court. Government had conducted 2 rounds of spectrum auction for both 1800MHz and 800MHz spectrum. All operators who have won the spectrum through auction are long term customers, which assures future revenue opportunities.

b) The demand for telecom infrastructure in India is driven by the subscriber growth in the mobile Industry and focus on expansion of rural market.

c) Hyper competition in the mobile industry, regulatory / legal uncertainty and falling revenues have put cost pressure on the Telecom industry, which has impacted the incremental towers and tenancies. Tower companies are now focusing on increasing tenancy on existing towers as against adding further towers.

d) With the completion of network footprint expansion, the focus will be on ensuring delivery of the best QoS to customers and also building up network capacity as traffic grows.

Global

We see the signs of consolidation in the industry with clear advantage to the Company. Going forward operators with integrated offerings in various services will have a clear advantage. Some operators who are providing only a particular type of service are struggling; some others are planning to merge businesses to provide a more complete offering. Several strategic initiatives like focus on SMB and Government vertical, which were pioneered by the Company is now being increasingly adopted by the industry. RCOM, has the largest private submarine cable network in the world, the largest National Long Distance (NLD) network in India and the largest and most advanced Data Centre facility in India. Our strong relationship helps us assess shifts in industry demands in advance and we can see industry shifting in favour of more integrated players.

We are a leading player in all 5 pillars of Enterprise Communication business namely wireline, wireless, Data Centre, voice and carrier business. Our unique asset combination makes us the best suited convergent player in the market.

Industry Trends

1. Weakening Competitive Intensity

Since February 2012, Hon'ble Supreme Court Judgment ordering cancellation of 122 licenses issued post-2008, eight telecom operators have either shut down completely or curtailed operations to fewer circles. Some of these players have shrunk their pan-India footprint to focus on operations in relatively fewer circles. This has led to reduction in competitive intensity, which was at it's peak during last year. This has also opened new revenue opportunities for Pan India players including RCOM to gain incremental revenue market share.

2. Hardening of Tariffs

The telecom industry has witnessed positive structural changes in terms of a reduction in the number of players, resulting in a move towards more rational tariffs, data services gaining traction, and improvement in the 3G ecosystem allowing affordable adoption and meaningful consumption of services. During the year under review, the Government of India came out with a progressive and forward looking "New Telecom Policy". The policy envisions providing secure, reliable, affordable and high quality converged telecommunication services anytime, anywhere for accelerated inclusive socio-economic development. The main thrust of the Policy is on the multiplier effect and transformational impact of telecommunication services on the overall economy.

3. Intra Circle 2G Roaming arrangements

With the high cost of expanding network coverage especially in rural areas, many operators are entering into Intra Circle Roaming (ICR) agreements which allows subscribers of one operator to latch on to the network of the other operator to make regular calls without roaming.

4. Data and Wireless Broadband

The first phase of exponential growth in the telecom industry was led by voice. The next big opportunity will be led by data and broadband services, which based on various market estimates, may grow from less than ₹ 5,000 crore currently to over ₹ 35,000 crore in the next 4 - 5 years.

India is the only country in the world, which has voice penetration of over 70 per cent, whereas broadband penetration is less than 1 per cent. Till few months back, there were few wireless networks capable of offering broadband services, the smart-phone prices were too steep and usage charges also acted as deterrent for mass scale adaption. Now, wireless broadband eco-system is improving fast. Most of the operators with 3G spectrum have rolled out networks, smart-phone suppliers have become more competitive resulting in device prices coming down and applications and content is being generated to target specific user segments with significant increase in apps adaption.

This positive change in the eco-system is creating huge opportunity in data and wireless broadband services. 3G services are finally starting to take-off, primarily for high speed mobile internet usage, and for a plethora of data applications like live mobile TV, video and music streaming, video calling and conferencing, among others.

5. Mobile Number Portability (MNP)

With intense competition in the telecom sector, there is enough choice for customers to choose a quality network provider by MNP. By the end of March, 2013, about 89.70 million subscribers have submitted their requests to different service providers for porting their mobile numbers. We are witnessing an increasing trend of high ARPU customers coming into our network compared to much lower ARPU customers leaving our network.

6. Rural Penetration

Rural area network coverage remains one of the key parameters for the growth of wireless business. While urban wireless teledensity is greatly saturated at 139.83 per cent, there is a lot of potential for rural growth with rural wireless teledensity still at 40.23 per cent as on March 31, 2013.

7. **Global Enterprise Business**

Enterprise Connectivity is one of the fastest growing segments specially Data connectivity, Data Centre and Enterprise Mobility. Comparatively higher growth of SME segment and their propensity to adopt cloud based services is driving Data and Cloud based services growth in SME segment. Government continues to focus on automation and digitisation driving Connectivity sales in Government sector. We see these trends to continue for next few years to come. Increasing power cost and regulations on ISP content provider interconnects contribute to high hosting cost in India. Lowering of access facilitation charges and providing SEZ benefit to IDCs will help the industry in further improving Enterprise connectivity market by bringing in efficiencies.

The global calling card market is experiencing extremely high competition. We have been able to maintain our margins despite the introduction of aggressive tariffs by other operators in the US, Canada and UK markets. We have focused on delivering more value to Reliance Global Call customers through event-based campaigns and digital affiliate programs. Reliance Global Call is now operational in USA, UK, Canada, Australia, New Zealand, Singapore, Hong Kong, Spain, Austria, Belgium, France, Ireland, the Netherlands and India taking the total to 14 countries.

Regulatory developments

1. **National Telecom Policy -2012 (NTP - 2012)**

The policy envisions providing secure, reliable, affordable and high quality converged telecommunication services anytime, anywhere for an accelerated inclusive socio-economic development. The main thrust of the Policy is on the multiplier effect and transformational impact of such services on the overall economy. The thrust areas of NTP – 2012 are-

a. Increase rural tele-density from the current level of around 39 per cent to 70 per cent by the year 2017 and 100 by the year 2020.

b. Repositioning of Mobile phone as an instrument of empowerment.

c. Provide affordable and reliable broadband-on-demand by the year 2015 and to achieve 175 million broadband connections by the year 2017 and 600 million by the year 2020 at minimum 2 Mbps download speed and making available higher speeds of at least 100 Mbps on demand.

d. Domestic Manufacturing- Making India a global hub.

e. Convergence of Network, Services and Devices.

f. Convergence of voice, data, video, Internet telephony (VoIP), value added services and broadcasting services in time bound manner to enable seamless delivery of converged services.

g. Liberalization of Spectrum- any Service in any Technology.

h. Simplification of Licensing regime- Unified Licensing, delinking of Spectrum from License, Online real time submission and processing.

i. Consumer Focus - Achieve One Nation - Full Mobile Number Portability and work towards One Nation - Free Roaming.

j. Recognizes futuristic roles of Cloud Computing, Next Generation Network including IPV6 and its applications in different sectors of Indian economy.

2. **TRAI recommendations on Auction of Spectrum**

In February 2012, the Hon'ble Supreme Court had directed TRAI to make fresh recommendations for grant of licence and allocation of spectrum in 2G band in 22 Service Areas by auction. In April, 2012, the following recommendations were issued as a result of consultation process -

a. The auction of spectrum in 1800 MHz and 800 MHz bands to be conducted immediately following these recommendations. It should be held in single stage with at least 5 MHz of spectrum to be offered, except where the spectrum available is less than 5 MHz. In respect of 800 MHz, the amount of spectrum available for auction in some Circles is less than 5 MHz. The Authority has recommended that spectrum in 1800/ 800 MHz band shall be offered in blocks of 1.25 MHz each.

b. The limit for acquisition of spectrum shall be 50 per cent of the spectrum assigned in each band in the respective service area and 25 per cent of the total spectrum assigned in all bands put together in each service area.

c. The Authority has recommended the Reserve price for the 700/ 800/ 900/ 1800/2100/ 2300 MHz bands.

d. Every auction shall be open to all those holding CMTS license/ UAS license / Unified license or eligible for grant of Unified License.

e. The Authority recommends that all spectrums to be assigned through the auction process in future shall be liberalized. In other words, spectrum in any band can be used for deploying any services in any technology.

f. The Authority recommends that the refarming of spectrum in the 800 MHz and 900 MHz bands should be carried out progressively at an early date but not later than the due date of renewal of the licences.

3. **Auction of Spectrum**

i. 1800 / 800 MHz

a. Government conducted auction for 1800 MHz spectrum band in November 2012. The auction allowed operators whose license has been cancelled by Hon'ble Supreme Court to participate and acquire spectrum in addition the existing operators were also allowed to acquire additional spectrum. There were no bidders for Spectrum in Delhi, Mumbai, Rajasthan and Karnataka.

b. There were no bidders for 800 MHz spectrum in any of the circles.

ii. 900/1800 / 800 MHz

a. Auction was held in the month of March 2013 for these 3 bands. Only 1 player put in the bid. The bid was for 800 MHz spectrum and the player participated only for 8 circles which were Delhi, Gujarat, Karnataka, Kerala, Kolkata, Tamil Nadu, UP (W) and West Bengal. There were no bidders in 900 MHz and 1800 MHz, which have been put up for auction.

b. Government has announced that another round of auction will take place in the Financial Year 2013-2014.

4. Unified License

Government has decided to move to Unified license regime. In this, the license will cover all the services including mobile, fixed line, NLD, ILD, ISP etc. Accordingly, the Department of Telecommunications (DoT) had sought TRAI's Recommendations on modalities and guidelines for enabling existing UAS/CMTS/ISP/NLD/ILD /GMPCS licensees including IP-I providers to migrate to National/ Service Area level Unified Licence. Based on analysis of the comments received from the stakeholders and its own analysis, in April 2012, the Authority has finalized its recommendations as –

a. In the new regime, spectrum has been delinked from the licence.

b. There shall be three levels of Unified Licences; National level, Service Area level and District level.

c. The one-time non-refundable Entry Fee for Unified Licence shall be (i) ₹ 15 crore for a National level Unified Licence; (ii) ₹ 1 crore for each Service area level Unified Licence except for Jammu and Kashmir and North East Service areas where Entry fee will be ₹ 50 lakh each, and (iii) ₹ 10 lakh for each District level Unified Licence.

Based on the TRAI recommendations, DoT is likely to issue guidelines for the same and for the migration path for existing operators to move to Unified License. ISP's with BWA spectrum would also be allowed to migrate to Unified License after paying a fee of ₹ 1658 crores and would be allow connectivity to PSTN and mobile networks.

5. One Time Spectrum Charge

a. Order for levying one time spectrum charge on spectrum holding by existing GSM operators beyond 6.2 MHz with effect from July 1, 2008 and beyond 4.4 MHz from January 1, 2013 till the expiry of respective licenses, have been issued by the DoT and accordingly demands have been issued to the operators.

b. Order for levying one time spectrum charge on spectrum holding by existing CDMA operators beyond 2.5 MHz from January 1, 2013 till the expiry of respective licenses have also been issued by the DoT and accordingly demands have been issued to the operators.

c. The orders and the demands have been challenged by the operators in various High Courts where the High Court's have ordered a stay on the demands.

6. EMF Norms

DoT has revised the EMF norms to one tenth of ICNIRP norms. Operators required to comply the new norms starting September 1, 2012.

7. Uniform License Fee

DoT has decided to move to uniform license fee for UASL/ NLD/ILD/ISP license as per details given below:

Service	July 1, 2012 to March 31, 2013	April 1, 2013 onwards
UASL– Metro & A category	9 per cent	8 per cent
B category	8 per cent	8 per cent
C category	7 per cent	8 per cent
NLD	7 per cent	8 per cent
ILD	7 per cent	8 per cent
ISP – under 1998* policy	4 per cent	8 per cent
under 2003 policy	7 per cent	8 per cent

* TDSAT has asked DoT to define the AGR for such licensees-TRAI has held a consultation exercise on this and is yet to submit its recommendations to DoT.

8. Preferential Market Access for Domestic Products

a. DoT issued Notification for preferential market access to domestically manufactured telecom products in government procurement for its own use and for all government funded telecom products. The Department has defined a list of products as well as the value addition required against each year for each item.

b. Notification for preferential market access to domestic products in the procurement of private operators is under discussion.

9. TRAI recommendations on Exit policy for various telecom licenses

The Department of Telecommunications (DoT) had sought TRAI's Recommendations on exit policy for all types of licenses. Based on analysis of the comments received on the draft response paper from the stakeholders and its own analysis, in April 2012, the Authority had recommended that "there is presently no need for a separate Exit Policy for telecom licences as the existing conditions in various licences provide for surrender of licence, whereby a licensee can surrender the licence by giving a notice of at least 60 calendar days (30 calendar days in case of ISP license) in advance."

10. TRAI recommendations on Application Services

On May 2012, to address the issues related to growth of Application Services including VAS, the Authority has recommended Licensing through Authorization for Application Service Providers (ASPs). Bringing application service providers under provisions of Section 4 of the Indian Telegraph Act, 1885, by covering them under Licensing through Authorization, ASPs will be able to seek interconnection with service providers and avail of dispute resolution mechanisms available to a licensee. Authority has recommended a framework for allocation of short code centrally through a short code council (SCC) in accordance with the National Numbering Plan. Short codes will be allotted to both ASPs and TSPs independently.

11. Enforcement of Regulations and Orders issued by TRAI - Prescription of Financial Disincentives

For better enforcement of various regulations and orders issued by TRAI, financial disincentives for infringements of following Regulations / Orders have been issued by the Authority;

a. Telecom service provider's poor 'Standards of Quality of Service of Basic/ Wireless/ broadband Service';

b. Wrong rejection of porting requests by Telecom service providers;

c. Telecom Service providers who fail to comply with tariff reporting requirements or levy excess charges on consumers and

d. Telecom service providers for delay in submission of, or for submission of false information in Accounting Separation Reports.

12. DoT guidelines on new subscriber acquisition

On August 9, 2012, the Department of Telecommunications (DoT) has issued revised guidelines for acquiring new subscribers, which have come into force on November 10, 2012. These require tele-verification of all post and pre-paid customers before SIM card is activated for making calls. The activation can be done only after the employee of the operator certify and sign the required documents and these documents need to be updated in the system.

13. DTH Regulatory and other issues

I. Twin Conditions governing Retail Prices for Channels on a-la-carte basis on Addressable Systems

TRAI has notified that DTH operators and other Distributors of TV channels using addressable systems offering channels as a part of a bouquet will charge such channels on a-la-carte basis subject to the following conditions:-

a) The sum of the a-la-carte rates of the channels forming part of a bouquet shall not exceed one and half times of the rate of that bouquet; and

b) The a-la-carte rate of each channel forming part of such a bouquet shall not exceed three times the average rate of channel of that bouquet.

DTH Association raised apprehensions to TRAI regarding implementation of the said twin conditions stating that the derived per channel a-la-carte retail pricing would be less than the RIO rate offered by the Broadcaster for the said Channel.

A Consultation paper on this matter was issued by TRAI on December 20, 2012 inviting comments from all Stakeholders. In the said Paper, the twin condition was modified as below:

(a) The ceiling on the a-la-carte rates of the Pay Channels forming part of the bouquet(s) which shall not exceed 3 times the ascribed value of the pay channel in the bouquet.

(b) The a-la-carte rates of Pay Channels forming part of the bouquet(s) shall not exceed 2 times the a-la-carte rates of the Channel offered by the Broadcaster at wholesale rates for addressable systems.

TRAI's recommendations have not yet been finalized.

II. Standard Tariff for CPEs for DTH

TRAI has issued a consultation paper to prescribe Standard Tariff Package for STBs meant for reception of Standard Definition TV signals for DTH service. TRAI has proposed two options to provide STBs on rent at ₹ 47.28 per month when security deposit is ₹ 500 and ₹ 41.03 per month against security deposit of ₹ 1000. TRAI's final decision in this matter is awaited.

III. Rules for Media Ownership

TRAI had issued a Consultation paper on Issues relating to Media Ownership. The key issues in the consultation paper are given below:

a) Media ownership rules within and across media segments

b) Devising rules/restrictions in case of mergers and acquisitions in the media sector

c) Devising ownership rules for vertical integration between broadcasting and distribution entities.

TRAI's recommendations have not yet been finalized.

IV. Digitalization of Cable TV- Phase II

The Central Government started implementing Phase II of Digitalisation of Cable TV in the 38 cities in 15 states. The sunset date was March 31, 2013.

The first phase of DAS implementation covering four metro cities of Mumbai, Delhi, Kolkatta and Chennai has already been successfully completed (except for Chennai Metropolitan area where the matter is sub-judice in the Madras High Court).

V. **Electronic and IT equipments Requirements for Compulsory Registration Order 2012**

Department of Electronic and Information Technology have issued an Order that those Set Top Boxes cannot be sold in India which does not bear the words "Self declaration- Conforming to IS 13252:2010". This order will come into force from July 3, 2013.

14. Green Telecom

To promote green telecommunications, DoT issued guidelines directing the adoption of renewable energy technologies and reducing the carbon footprint. As per the guidelines, the service providers should aim at Carbon emission reduction targets for the mobile network at 5 per cent by the year 2012-2013, 8 per cent by the year 2014-2015, 12 per cent by the year 2016-2017 and 17 per cent by the year 2018-2019.

Key Developments in the Company

Wireless business

Increase in Pre-paid Tariffs

The tariffs in the Indian Telecom market are lowest in the world. Moreover, the inflationary cost pressures have been consistently high and impacting the profitability of the industry. During the year under review, the Company raised pre-paid tariffs by 25 per cent across GSM and CDMA platforms. This decision is in line with our aim of maintaining a healthy RPM and improving average margin per user. We expect the full revenue impact of the tariff hike to reflect by next financial year.

Decrease in Post-paid Tariffs

Contrary to pre-paid tariffs, historically there is not much activity in the post-paid space, which is dominated by old GSM operators. There have been hardly any innovations on tariffs for post-paid customers over the last decade. These are high-end users including corporate customers and like any other large customers are also keen for a great 'value for money' proposition. RCOM being a late entrant in the GSM space, desires to be innovatively disruptive in the post-paid segment and this is one of the alternatives to target this high-end customer segment. During the year under review, the Company has reduced post-paid tariffs by 40 per cent compared to those offered by other GSM operators. This is going to be a win-win situation for both the customer and the Company as service provider, as the new call rates would reduce bills of high-end post-paid users by up to 60 per cent and RCOM will incrementally gain customer as well as revenue market share in post-paid segment.

Global Business

We have successfully completed migration of our Customers to new state of the art Managed service Platform. This will bring unparallel experience to our customers. We have also added significant number of new customers to our global Customers list. We have the capability to provide integrated network solution and the best in class SLAs have been widely appreciated by our Customers as well as analyst community like Gartner. We have added significant new customers in both the arms of our global business, earstlwhile VANCO and YIPES, including some big names. With upgradation of international network we are now all set to leverage our superior network to provide better connectivity to our customers and further increase our market share.

Carrier services

The compounding effect of rapid traffic growth requires carriers to make considerable investments to expand network capacity. In order to meet this demand, we successfully upgraded our global Transmission and IP backbones, spread over multiple cable systems and segments. Deployment of high-end carrier-grade Juniper routers in key business markets in Asia, Europe, the US and the Middle East regions enabled us to offer more economical and scalable services to our customers.

Enterprise services

Keeping our focus on providing the best services to the fast paced enterprise customers we introduced a unique solution called ConnectPrimeTM that encompasses our strengths of unmatched wireless connectivity and enterprise customer solutions. We added about 6,000 orders of Connect PrimeTM including several big Logos across industries including BFSI, Manufacturing and Hospitality. We added several new logos in the Enterprise space across business verticals including financials, IT and ITES, Manufacturing and Media and Electronics. We introduced Pay per use model, first of its kind in India. We intend to leverage unique value proposition of this model to further increase our market share and profitability.

Retail services

As part of our retail offering in voice, we offer virtual international calling services to retail customers for calls to 200 international destinations including India under the brand Reliance Global Call. Our retail services are available to the customers in 14 countries including United States, Canada, United Kingdom, Australia, New Zealand, Hong Kong, Singapore, EU 6 and India. We have over 2.5 million customers in our Reliance Global Call service segment.

In our International Voice business, our focus has been to increase the market share and leverage our network capacity. This market is now served by 13 operators, as a result of which margins are under pressure. However, we have been successful in maintaining the largest inbound traffic market share.

Enterprise Broadband

We provide internet services to enterprise customers and have about 1.15 million buildings connected. We have separate networks for internet connectivity and network connectivity ensuring maximum security to our customers. We offer unique, value-added products and services to large, medium and small enterprises. In next 3-5 years, we would be lining up a host of high end products for internet connectivity for specific industry segments, like BFSI and retail keeping in view varying needs of various segments. We are in advanced stage of launching our unique IPV6 solution in the market.

Infrastructure

RITL has signed contracts with almost all existing operators for providing passive infrastructure, which has been an effective strategy for our customers for cost effective network rollout and improvement in their quality of service.

a. RITL now owns 1,90,000 route kilometres optical fibre network, providing a more economical and better quality linking for tenants compared to microwave.

b. RCOM's current 50 per cent utilisation provides significant potential for 3rd party tenants for tower slots. It complements the existing passive infrastructure and provides an integrated solution to tenants.

c. As such, we offer our customers an extensive and diverse portfolio of well-positioned assets and we believe that our wide and expanding portfolio of tower sites positions us to be able to address the needs of national, regional, local and emerging wireless service providers in India.

Home/ DTH

As on March 31, 2013, Reliance Digital TV had 4.6 million customers with a national market share of 8 per cent. We are today present across 8,350 towns with a pan-India service and installation network. The DTH Industry in India added 11 million subscribers in year 2012-13. There are six players in the industry with an estimated market size of 55 million subscribers and a penetration rate of 34 per cent amongst homes using cable network service. Reliance Digital TV service boasts of over 250 channels and Service, including 5 interactive services and a rich bouquet of 'subscription video-on-demand/ pay per view' offerings. With its state of the art price packaging models, customer friendly entry/ subscription offers and sustained customer management programs, Reliance Digital TV commands 2nd highest ARPUs in the Industry.

As we move into our 5th full year of operations, we have the most comprehensive product line up inclusive of SD, HD and HD DVR STB. We have 9 full HD channels on our platform, leading to faster uptake of the HD and HD-DVR offerings. We have successfully brought down the STB failure rate from 0.8 per cent to 0.5 per cent which is the best amongst the Indian players and also internationally. On the anvil are plans to further increase the HD channel offerings, further enhancement of transponder efficiency and drive for reduction in suspension. We are the only DTH Company with a comprehensive STB retrieval / refurbishment / redeployment program and maximizing asset utilization.

Opportunities and Challenges

Opportunities

Telecom operators and equipment providers are focused on 3G wireless technologies, emerging 4G technologies, broadband and fiber-to-the-home/ premises networking. The telecommunications industry as a whole offers a number of attractive opportunities.

Telecommunications is a necessary utility

The need for telecom in both rural and urban areas, and its role in the infrastructure of both developed and developing markets, continues to grow. In addition, would boost service providers and equipment manufacturers. The National Telecom Policy – 2012 (NTP - 2012) rolled out by the Government this year envisions providing secure, reliable, affordable and high quality converged telecommunication services anytime, anywhere for accelerated inclusive socio-economic development.

Massive growth of smartphones

The past year has seen massive growth in the smartphone market, along with proliferation of tablets. This primarily reflects a shift in consumer preference toward feature-enhanced smart devices from ordinary feature phones used primarily for voice telephony. This opportunity provides scope for telecom service providers, equipment manufacturers, chipset developers and wireless tower operators to retain new users and grow revenue going forward.

Wire Free India

The wireless broadband eco-system is rapidly improving. Most of the operators with 3G spectrum have rolled out networks, smart-phone suppliers have become more competitive resulting in device prices coming down and applications and content is being generated to target specific user segments with significant increase in apps adaption. These changes in the eco-system are creating a huge opportunity in data and wireless broadband services. We are continuing with our data led strategy for future revenue growth by enhancing wireless broadband penetration and maintaining our leadership position in providing wireless broadband products and services in the country. RCOM continues to provide a nationwide seamless Wireless Broadband experience on its own network, in over 1,300 top towns across the country, including key metros. This includes 333 towns in 13 circles (including Delhi, Mumbai and Kolkata) in 3G, and over 1,000 towns on our High Speed Data Network. This, coupled with our extensive 1X Data presence offering high quality internet connectivity in 20,000 towns, has positioned RCOM extremely well to take advantage of the expected rapid increase in data consumption across the country. The key pillars of execution of our data strategy include leveraging our infrastructure, providing innovative products and solutions in narrow band to broadband, and forging preferred partnerships with application developers and device makers. We are witnessing exponential growth in data consumption and data customers on our network. As of March 31, 2013, we serve over 29.4 million data customers, including 7.2 million 3G customers.

Convergence

Our full fledged convergence model is driven both by technology and demand as together, they hold the key to the overall success of the value chains built to provide voice, data and video multi-media networks into a single unified packet based multi-services platform.

Passive Infrastructure

Nation-wide presence, long term contracts with all telecom service providers, strategic location of towers and Fibre connectivity makes RITL one of the leading Passive Infarstructure provider in India.

In Telecommunication Industry, next wave of growth is going to be driven by data services. Deployment of networks enabling high speed data services like 3G and 4G new technologies like LTE by operators is likely to create an additional boost for Passive Infrastructure Services.

Unique Position in India

a. Superior quality and the largest Pan India tower portfolio equally suitable for CDMA, GSM 900, GSM 1800 and 3G network, having nearly 50,000 telecommunication towers as on March 31, 2013. Best suited to cater BWA 4G rollout since majority of the towers has access to fibre backhaul.

b. RITL's telecommunication tower portfolio is one of the youngest portfolios in the market with an average age of ~ 5 years which has average capability to host 4 tenants on our towers.

c. Strategic location of towers (non overlapping towers) through superior RF planning i.e. balanced distribution of towers across pan India.

d. RITL has the largest fiber transmission network with over 190,000 route kilometres of national optic fibre network.

VAS Content

Our VAS services encompass multiple access channels to provide a comprehensive suite of entertainment, communication, gaming and utility services. Offered across Voice, SMS, USSD, WAP (Reliance Mobile World), there are hundreds of useful applications and services. Over 7,00,000 songs/tunes are available for consumption over IVR services, as Caller-Ring Back Tunes, as Ringtones, etc. Video-in-Demand for full length movies is now available in Reliance Mobile World to provide entertainment-on-the-go. In addition, we also offer services like Mobile TV, video downloads, cricket updates, news updates, lifestyle tips and guides, gaming, humour and entertainment. We are offering utility services like Missed Call Alerts, Exam Results, Phonebook transfers, Bill Payments and much more to our customers.

Retail

Reliance retail is a world class nationwide chain of retail stores comprising of more than 1,000 Reliance World and Reliance Mobile stores known as Reliance World and Reliance Mobile stores for GSM, CDMA and 3G voice and data products and services. They also offer a wide array of handsets and data devices and are a one stop shop for all customer sales and service needs. Through this Retail network, RCOM caters to 3.75 million customers every month. The retail network provides new postpaid and prepaid activations, prepaid recharges, postpaid bill payments, handles customers queries and requests. With nearly 100 video conferencing rooms across India with Reliance World stores, we are one of the world's largest network of video conferencing enabled telecom retail chain. Our Managed Video Conferencing Services can simultaneously connect 2 to 300 locations from virtually anywhere in the world, within and outside the network of Reliance World stores. RCOM facilitates 3,00,000 hours of video conferencing in a year and thus helps save over 35,000 tons of carbon emission annually by cutting down the need to travel.

DTH Digitisation

Reliance Digital TV will play a pivotal role in progressive step of digitization. While, we are an active member of the 6 players in DTH industry, our strategy has been to deliver sensible growth with long term profitability as the ultimate objective. We have been driving for quality subscribers leading to profitable growth. We have been able to achieve the same through sustained consumer delight based on better offerings - product as well as services. It will be our endeavor to maximize consumer value proposition thereby leading to better acquisitions as well as earnings. We will be approaching each of the Phase II and III markets with specific, localized strategies to leverage the opportunity.

Enterprise Connectivity

We set to take a leading position in Enterprise Communication business with unique asset combination. We are a dominant player in all the 5 pillars of enterprise connectivity, wireline, wireless, Data Centre, Voice and Carrier business. Going forward, players with presence in all segments will have an advantage over those present in a few of them as convergence is increasingly becoming a strong trend in Enterprise communication. We are geared up to take advantage of this trend and with our all IP Network, we are inherently built to provide seamless experience to our customers, over multiple channels, multiple devices and multiple locations. We continue to strengthen our focus on the SMB market. We strive to provide the most cost optimized and efficient connectivity option to our growing SMB and Enterprise customer base. Our strategy to setup a focused unit on Government segment has paid off well and will continue to be a growth driver. Government is expected to continue investing in automation and digitisation. Our strong relationship and leadership as an integrated player will help us to capture a major share of the same.

We introduced pay per use model, first of its kind in India. We intend to leverage unique value proposition of this model to further increase our market share and profitability. Going forward we would continue to focus on providing the best service, technology and products to our customers both in the Carrier and Enterprise space. We would leverage our proven expertise in India and outside India to gain more wallet share of existing customer and increased revenue share with new logos.

Challenges

Some of the telecom operators in the market have resorted to aggressive tariffs leading to intensified competition and downward pressure on prices. Our well planned capital investments, backed by a world class network, put us in a competitive position to meet the challenges in the telecom space.

Risks and concerns

a. Some of the operating licences are subject to regulatory compliance under the terms and conditions of licences granted over different parts of the world. The rules and regulations, issued by the respective governments and regulatory authorities, having jurisdiction over the Company's operations and licenses, schedules and obligations require it to meet specified conditions, network build-out requirements and tariff fixation. However, the Company does not perceive any default on this account.

b. Rapid technological changes may increase competition and render the Company's technologies, products or services obsolete. Our facilities are tuned to the next generation latest technology and we do not foresee obsolescence at present.

c. The telecommunication services industry is capital intensive. Capital Expenditure (CAPEX) on adaptation to the latest technology may put pressures on deliverables. However, the Company is constantly assessing such technological challenges and taking immediate remedial steps through timely CAPEX plans.

d. We are subject to market risks from changes in interest and foreign currency exchange rates. In managing exposure to these fluctuations, we may engage in various hedging transactions that have been authorized according to the laid out internal policies and procedures.

e. DTH market outlook can change completely if the mandatory digitization roll-out is deferred.

f. Draft TRAI Tariff Order on CPE, if implemented, increases risk of recovering Capex besides changing the business model.

g. Cable MSO aggressiveness could be a challenge.

h. Rising Power and fuel cost, High Landing access charges, Restricted regulations on ISP-Content provider inter connect are a few resistances to even higher growth of enterprise communication segment.

i. Traditional plain vanilla connectivity solution is likely to see increased commoditisation. However our unique solution capabilities and innovations are set to turn this challenge into an advantage for us by differentiating ourselves from competition. We have launched several innovative solutions for our customers last year. Going forward we plan to launch Innovative products even more aggressively in the market. Several such solutions are at final stages of development.

j. Lot of customers are adopting SIP trunking for Voice connectivity. We intend to provide various VAS services to customers in order to increase their wallet share. Cloud telephony is another area where we intend to launch several innovative solutions to increase our share of Voice revenue from VAS services.

Financial Performance - Overview

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

a. Revenues and operating expenses

On a consolidated basis, the Company earned total revenues of ₹ 21,778 crore (US$ 4,012 million). The net profit after tax recorded by the Company was ₹ 672 crore (US$ 124 million). Our total operating expenditure stood at ₹ 14,618 crore (US$ 2,693 million).

b. Operating profit before finance charges, depreciation and amortisation, exceptional items and provision against fixed assets (EBITDA).

The Company earned EBITDA of ₹ 7,159 crore (US$ 1,319 million). The EBITDA margin for the year was 32.87 per cent.

c. Depreciation and amortisation

The Depreciation and amortisation charges were ₹ 3,845 crore (US$ 708 million).

d. Profit before/ after tax

The profit before tax was ₹ 815 crore (US$ 150 million). The provision for taxes was to the tune of ₹ 71 crore (US$ 13 million). The net profit after tax was ₹ 672 crore (US$ 124 million).

e. Balance Sheet

As at March 31, 2013, the Company had total assets of ₹ 90,182 crore (US$ 16,613 million). Stakeholders equity was ₹ 33,850 crore (US$ 6,236 million), while net debt (excluding cash and cash equivalents) was ₹ 38,858 crore (US$ 7,158 million), giving a net debt to equity ratio of 1.15 times.

Segment Wise

1. Wireless Segment

Customer

As on March 31, 2013, the Company had 123 million wireless customers on its network.

Revenues and profit

The revenues for the financial year ended March 31, 2013 were ₹ 18,090 crore (US$ 3,332 million). The EBITDA during the same period was ₹ 4,828 crore (US$ 889 million), while the EBIT (Earnings before Interest and Tax) was ₹ 2,549 crore (US$ 469 million).

2. Global Enterprise Business Unit (GEBU) Segment

The Global Enterprise Business Unit offers the most comprehensive portfolio of Enterprise, IT infrastructure, National and International long distance voice, video and data network services on an integrated and highly scalable platform. Our business segments comprise Carrier, Enterprise and Consumer business units.

Revenues and profit

The Revenues for the financial year ended March 31, 2013 in this segment were ₹ 9,804 crore (US$ 1,806 million). While the EBITDA was ₹ 2,291 crore (US$ 422 million), the EBIT was ₹ 1,117 crore (US$ 206 million).

Strategic Business Units

Reliance Communications Infrastructure Limited (RCIL)

RCIL, a wholly owned subsidiary of the Company, offers Internet services and Broadband data services.

Operations

Revenues and operating expenses

RCIL earned total revenues of ₹ 4,259 crore (US$ 784 million) during the year as compared to ₹ 5,527 crore (US$ 1,086 million) for the previous year. RCIL incurred total operating expenses of ₹ 5,171 crore (US$ 953 million) as compared to ₹ 5,662 crore (US$ 1,113 million) in the previous year.

Net Profit/ Loss

The net loss after tax recorded by RCIL was ₹ 1,214 crore (US$ 224 million) as compared to ₹ 472 crore (US$ 93 million) in the previous year.

Balance Sheet

As on March 31, 2013, RCIL had total assets (net) of ₹ 9,272 crore (US$ 1,708 million) and shareholders' fund amounting to ₹ 479 crore (US$ 88 million).

Reliance Telecom Limited (RTL)

RTL, a wholly owned subsidiary of the Company, offers GSM services in Madhya Pradesh, West Bengal, Himachal Pradesh, Orissa, Bihar, Assam, Kolkata and North East service areas.

Charge Sheet filed by CBI in 2G matter

As reported in previous Annual Report, consequent to the investigations by an investigative agency (CBI) in relation to the entire telecom sector in India, certain preliminary charges have been framed by a Trial Court in October, 2011 against the Company and three of the executives of the Group. The charges so framed are preliminary in nature based on investigations only, and the persons name are presumed to be innocent, till their alleged guilt is established after a fair trial. Trial is continuing on a daily basis and the Prosecution Witnesses are being Cross-Examined by the Counsels for the Accused.

As legally advised, the persons so named deny all charges, and a writ petition for quashing the charges framed have been filed in October, 2011 in the Hon'ble High Court of Delhi has been objected by the Investigating Authority before Hon'ble Supreme Court for seeking stay thereagainst and transferring the matter thereto, which is pending for hearing.

These preliminary charges have no impact on the business, operations, and/ or licenses of RTL and RCOM and even more so, are not connected in any manner to any other listed group companies.

Operations

During the year, RTL expanded its network, specifically at the areas in the eastern region.

Revenues and operating expenses

RTL earned total revenues of ₹ 3,254 crore (US$ 599 million) during the year as compared to ₹ 2,644 crore (US$ 520 million) in the previous year. RTL incurred total operating expenses of ₹ 3,195 crore (US$ 589 million) as compared to ₹ 2787 crore (US$ 548 million) in the previous year.

Net Profit/ Loss

The net loss after tax recorded by RTL was ₹ 369 crore (US$ 68 million) as compared to net profit of ₹ 140 crore (US$ 28 million) in the previous year.

Balance Sheet

As on March 31, 2013, RTL had total assets of ₹ 6,254 crore (US$ 1,152 million) and shareholders' fund amounting to ₹ (269) crore (US$ (49) million).

Reliance Infratel Limited (RITL)

RITL, subsidiary of the Company, is in the business to build, own and operate telecommunication towers, optic fiber cable assets and related assets at designated sites and to provide these passive telecommunication infrastructure assets on a shared basis to wireless service providers and other communications service providers under long term contracts. These customers use the space on our telecommunication towers to install their active communication-related equipment to operate their wireless communications networks. The customers can also use our optic fiber network to connect the sites to the core network and the connectivity between circles.

RITL has a portfolio of nearly 50,000 multi-tenancy towers. Which are being utilised for both our CDMA and GSM technology based services as a part of our strategy to provide dual services on a pan India basis. RITL towers have the capacity of over 2,00,000 slots, the most extensive compared to any other telecom infrastructure provider with ability to increase capacity upto 7 tenants with relatively minimal capital expenditure. RITL has one of the best managed processes along-with technology solutions in the industry for optimisation of power and fuel costs.

Revenues and operating expenses

RITL earned total revenues of ₹ 7,072 crore (US$ 1,303 million) during the year as compared to ₹ 7,587 crore (US$ 1,491 million) in the previous year. The Company incurred total operating expenses of ₹ 3,771 crore (US$ 695 million) as compared to ₹ 3,903 crore (US$ 767 million) in the previous year.

Net Profit

The net profit after tax recorded by RITL was ₹ 801 crore (US$ 148 million) as compared to ₹ 681 crore (US$ 134 million) in the previous year.

Balance Sheet

As at March 31, 2013, RITL had total assets of ₹ 20,426 crore (US$ 3,763 million). Shareholders' fund was ₹ 8,124 crore (US$ 1,497 million).

Outlook

Telecom - Pivotal for future growth

Telecommunication, as an infrastructure, is pivotal to the socio-economic development. The global telecommunication industry is witnessing a fundamental change. It was voice segment that was dominant key driver of revenue and earnings to the operators, which also led equipment manufactures to concentrate on voice-enabled devices. Now, voice is shifting to a backseat and data and video are emerging as the core focus areas. A new network standard aims at faster data connectivity, quick video streaming with high resolution, and rich multimedia applications. We at RCOM are vibrant to this shift.

Telecom as a Catalyst

The telecommunications is one of the main catalysts of the accelerated growth and progress of different segments of the economy by narrowing access gaps and removing barriers to information. Our enhanced Network capabilities and global footprint makes us preferred carrier choice amongst other players.

Broadband penetration

India's broadband penetration is among the lowest in the Asia-Pacific with 15 Mn broadband subscribers. This was mainly due to low personal computer penetration and a lack of 3G and BWA services. Now with the proliferation of 3G services, wireless broadband penetration is expected to increase at a much faster rate. The NTP-2012 has targeted to achieve 175 million broadband connections by 2017 and 600 million by 2020 at minimum 2 Mbps download speed and making available higher speeds of at least 100 Mbps on demand.

Competition and Consolidation

Massive technology invention and innovation have resulted in significant competitive atmosphere within the telecommunications industry. Product life-cycle and upgrade-cycle has been reduced drastically since several firms are coming out with new types of products and services within a short span of time. As a result, hectic merger and acquisition activities to consolidate the market share would be the new buzz in the market place. We are open to new acquisitions and opportunities to consolidate.

Consolidation in the Indian wireless sector is already being seen, with the exit of operators whose licensees were cancelled. In quite a few circles, the numbers of operators has reduced from the earlier 10-12 down to 8-9 operators after the exit. This has resulted in reduced competitive intensity and lessening of downward pressure on tariffs.

Wireless Business

RCOM has further realized the vision of 'Wirefree India' by leading the second telecom revolution in India, the data revolution. RCOM was among the first to launch 3G services within almost 100 days of spectrum allocation, and was also the first private operator to soft launch 3G services in key metros of Delhi, Mumbai and Kolkata. Since then, we have expanded our wireless broadband reach by almost 15 times, to over 1,300 towns. RCOM also offers 1X data in CDMA in over 20,000 towns, making it the by far, the largest Data service provider in the country.

Value added Services (VAS)

Over the past years, VAS has seen strong growth of Voice, SMS, CRBT, USSD, Reliance Mobile World and other Value Added services. This growth has been led by services like Star Talk/Blog, Entertainment content - movies and music, Cricket and others. These services continue at a stable rate.

The next phase of VAS growth is seen from Data services and the apps that are becoming increasingly widespread. Reliance has tied-up with a number of marquee companies like Facebook, Twitter and Whatsapp to leverage our advanced data network. These tie-ups are expected to also provide a boost to our Smartphone offers and tablets launched in the market. More innovative apps are also planned to enable smartphones to become an indispensable part of people's lives. RCOM also sees large potential in emerging services like M-Commerce and Machine-to-Machine applications like LBS tracking and many more.

Customer Service

Innovation, 'Internetisation', Self Care, Customer Value and Efficiency enhancement and Process reengineering were the key focus areas for the year 2012-13. We have ensured that 'Customer Experience' is elevated through very high standards and quality in all customer interactions, while optimising the costs based on segmented approach.

Some of the key achievements were:

a. Increase in eBill penetration remained the best in the industry at 51 per cent.

b. 'Special Privileges', a first of its kind customer delight program in the country offering a host of exciting discounts on leading brands across categories exclusively for RCOM customers.

   This customer delight program brings a world of discounts on online shopping with deals across 15,000+ products from 10 different product categories and 332 product sub categories in an exclusive tie-up with Martjack Exchange.

c. Recharge on IVR and instant eBill – Industry-first initiatives.

d. Optimization and increasing execution efficiencies by automation, centralisation, agency consolidation and outsourcing.

e. Additional revenue generation through upselling and web e-recharge.

f. New subscriber activation post receipt of CAF and Tele-verification: Based on the August 9, 2012 DoT guidelines, SIM activation is done only after the subscriber details are updated in the licensee database, employee of the licensee verifies and signs the CAF. Services are activated only after tele-phonic verification. RCOM follows a digital CAF fulfillment process based on the scanned image processing of CAF from the distributor premises which enables faster activation and better regulatory governance.

g. 3G and Data: Premium services to meet the special needs of this segment.

All these have helped in enhancing overall customer experience to even higher levels.

Global Business

Going forward, customers will be looking much more than plain vanilla connectivity from telecom players. Customers will need end to end solutions and VAS solutions, and the game will be won on the premise of value added to our Enterprise customers. Our strong relationship with huge customer base makes us best positioned to understand their business needs and offer them complete business solutions rather than mere connectivity solutions. We have already launched several innovative solutions and continue to do so in a much more aggressive pace to differentiate us from others and capture greater share of wallet of our customers. We are adopting strategy of "Collaborative Innovation" and will partner with selected ecosystem players to enrich our offering and bring in fresh innovation. We are already working on several such initiatives and are at advanced stage of launching some of them. Our strategy to leverage our global terabit network together with leadership in Enterprise solutions is delivering success in the marketplace. Reliance Globalcom recognizes the rapidly changing needs of its target base; enterprise and service providers, both in capabilities and lowering cost of ownership. Through balancing selective technology investments with external sourcing of services and applications, Reliance Globalcom applies its own cost effective service delivery and assurance operations to deliver customized solutions and services.

We are recognized as the market leader in each of our product offering and will continue to grow from a position of strength; a few highlights:

a. World's largest private submarine cable system owner and capacity provider,

b. Among the Top 6 Global Ethernet Service providers with over 1,200 customers in US alone,

c. Among the Top 5 Managed Network Service providers with over 200 global corporate customers,

d. Amongst the Top 10 Data Centers in the world and # 1 in India (in terms of Saleable space),

e. Top 15 International Voice Carriage in terms of minutes carried (18 billion per annum),

f. Leading NLD Infrastructure provider in India.

Internet Data Centers (IDC)

We are industry leader in IDC segment both in terms of Capacity and market share. With completion of ongoing IDC–5 we will add significant capacity putting us way ahead of others. Construction of IDC-5 is at a very advanced stage with server readiness expected in September 2013. With this we will further strengthen our leadership position in IDC market with additional 300,000 sq ft of space. We have introduced Pay per use model, first of its kind in India. We intend to leverage unique value proposition of this model to further increase our market share and profitability. Currently, Infrastructure-as-a-Service (Virtual Host) and SaaS (Hosted Exchange and Business Identity Builder) are deployed as a part of the Cloud Services portfolio.

Other than cloud services, there are a bunch of other existing services including Co-location, Managed Hosting, IT Infrastructure, Managed Security, System Integration, Storage and back-up solutions are being offered to our Customers. We are the undisputed leader in IDC in India with the largest capacity and market share. We have tied up with a wide range of partners to provide advanced cloud service capabilities Going forward we plan to launch various SaaS based solutions for our SMB customer base.

Government

a. We have won several prestigious orders from both Government of India and at State level. Major orders include UIDAI, India Post, Webel (A Government of West Bengal Enterprise), Municipal Corporation of Greater Mumbai.

b. Our focus on government has paid off as we have more than doubled our sales from Government segment and we see this trend to continue with increasing spend by Government in ICT.

Telecom Infrastructure

We are leveraging our extensive capability to offer a wide range of services as an integrated service provider across the whole infrastructure value chain. Our aim is to provide a fast track solution to our clients, both for ongoing expansion of our existing telecom operators and the roll out plans of the new ones. We have achieved unique position vis-à-vis other infrastructure providers with better quality of our tower as well as carriage and transport infrastructure along with our unified approach as an integrated service provider.

RITL is best positioned to attract tenants

a. For High quality portfolio, capable of housing 4 tenants;

b. With marginal Capex, tower tenant capacity of 4 can be enhanced up to 7 tenants.

Home/ DTH Business

As Reliance Digital TV moves into its 5th full year of operations, we have the stand alone HD Set top box, completing the most comprehensive product line up inclusive of SD, HD and HD DVR STB. On the anvil are plans to further strengthen our channel offerings to the consumers. We will focus on 38 towns for Digitization in Phase II. We are also planning an application for Android phones and to maximize asset utilization further, we are exploring possibility of refurbishing smart cards.

Adequacy of internal control and Systems

The Company has built adequate systems of internal controls aimed at achieving efficiency in operations, optimum utilisation of resources, effective monitoring and compliance with all the applicable laws. The internal control mechanism comprises of a well defined organisational structure, documented policy guidelines, pre-determined authority levels and processes commensurate with the level of responsibility. Management Audit Team undertakes extensive checks; process reviews and also conducts internal audits at locations / NSHQ through external firms of Chartered Accountants, who provide independent and professional observations. Audit Committee of the Board reviews major findings in the internal audit reports as well as the adequacy of internal controls.

Risk Management Framework

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

Human resource and employees relations

The key focus areas have been on:

a. Enhancing effectiveness and efficiency of the organization

b. Nurturing a performance driven and customer centricity culture

Management Discussion and Analysis

We have restructured and realigned our organization to deliver high quality service to our customers more productively and to meet the market opportunities better. Thus, our Wireless Business is now focused on retail customers and Global Enterprise Business on enterprise customers, and they are enabled and supported by a common Shared Services organization. In our Wireless Business, the field organization has been strengthened with the Cluster as the 'Thumping Heart of Business' and Circle being treated as a unique entity. The focus on growth opportunity areas will be driven through new business verticals for data and emerging markets. In order to focus on its core business competencies, RCOM has outsourced its Network Management to Alcatel-Lucent and Ericsson. This transformation will enable RCOM to evolve from a network oriented performance management to customer centric performance management. We are also outsourcing our Contact Centre activities, which will make RCOM more efficient and agile.

One of the key developments towards a performance driven culture has been to introduce Pay for Performance for financial year 2012-13 to align and drive the entire Company towards the organizational goals of Revenue and EBIDTA. This coupled with the Monthly and Quarterly Sales Incentive plans are enabling superior performance. Capability and Competency Development has been an on-going activity with focus on functional and behavioral skills development. Cross functional competency development programs are enabling employees to grow and move both vertically and laterally across functions. Our senior executives are being taken through a customized Strategic Leadership Development Program, in association with Indian Institute of Management, Bangalore for developing as the future business leaders.

The Company has been organising, throughout the year, series of employee communication and engagement events involving all employees and their families to create a 'Happy People Organisation'. It has been also the Company's endeavour to make its policies, processes and procedures more transparent, employee friendly and objective, in line with the best industry practices. During the year, the Company has successfully met the manpower skill requirements emerging from our expanding and evolving business. The manpower as on March 31, 2013 was 18,653 across all businesses.

Corporate Governance

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

Information technology

Reliance Tech Services (RTS), while continuing to serve RCOM's business units, also provides application development and maintenance services to Group Companies like Reliance Big Entertainment, Reliance Infrastructure, Reliance Power, Reliance Capital and Reliance Health. RTS is the one of the leading Information Technology (IT) arm with Hi-Tech capabilities at par with global expertise. In order to optimally use our manpower and resources we have automated most of the major Business and IT processes, delivered the products at low cost and have reduced the time to market. Our next major initiative is focused on integration of the client processes and infrastructure. This integration will infuse intelligence bringing in more efficiency, productivity and responsiveness for Customer delight. RTS ensured that RCOM remains the frontrunner of 3G services in major metros of India. RTS is an active participant in various national and international industry recognized forums like NASSCOM, Telecom Management Forum etc.

RTS has been recognized by its peers in the International and Indian IT industry with a slew of awards and accolades like TM Forum's Global Excellence (Business Innovation) Award, Edge Award, Top 100 CISO and Transformers Awards 2013, CIO Masters etc. Industry has felt our strong presence in Technical forums, International Summits, etc that we continue to patronize in order to remain on the cutting edge of technology. Our leaders are regularly invited to be key note speakers.

BPO Services

Our BPO unit offers end-to-end solutions focusing on Telecom, Entertainment, BFSI and Utility verticals. The Groups thrust on Business Process Services support has increased over the years. The BPO unit with 8,500 seats across 13 Partners servicing from 24 service delivery locations and providing employment to about 15,000 people is today one of the largest Domestic BPO in the Country. The BPO services division provides voice as well as back office support. The division has developed unique competencies and demonstrated operational excellence in catering to 12 regional languages and 4 foreign languages. Quality and Cost are the two major differentiators in today's competitive era to succeed in BPO business.

Awards and Recognitions

During the year under review the Company received National level recognition and awards like

a. Prestigious TM Forum's Excellence Awards 2012 for commitment to industry transformation, innovation, operational excellence and leadership.

b. "Top Green IT Enterprise Award 2012" presented by IDG Media in the Large Enterprise category

c. "Top 100 CISO Awards 2012" presented by InfoSecurity for our strategies to build security layers following 'defense in depth ' concept.

d. "EDGE Awards 2012" presented by UBM for our innovative usage of Open source software while addressing major application needs, and uncompromising on Security.

e. "Transformers Award 2012" presented by EMC for our Big Data initiative and the change we brought in Indian enterprises though the smart and judicious use of our IT

f. CIO Masters Awards 2013 presented by Network 18 for our IT security initiative Deployment of Data Leakage Prevention Solution in RCOM

g. The 'Economic Times Telecom Award 2012' for 'Quality of Service Category' received by RBPO during May '2012 is testimony of the enhanced focus and improvement in quality of service.

h. The Company has been recognised at various forums for its CSR endeavour. Amity Global School acknowledged for Social endeavours by awarding CSR Excellence Award.

Corporate Social Responsibility

Embodied in the value system of the Reliance is a vision to give millions the power to shape their destiny, the means to realize their full potential and a commitment to being a socially responsible entity.

We as a corporate entity envisage to nourish and sustain the ecosystems in which we operate by aiming for growth through sustainable development. Our philosophy of corporate sustainability is founded on three pillars of our people, processes and products and services.

Below listed are key endeavours undertaken by Reliance Communication during the year 2012-13.

1. **PRAYAG-Providing Grassroot Advancement to Youth Aspiring Growth**

   Successfully trained 2,100 youth of which 45 per cent of them comprise of female students. RCOM shall by the end of the financial year 2013-14 establish 6 new PRAYAG centers in India with the objective to reach out to 20,000 youth by 2016.

2. **Project Swavlambhan**

   As part of our core agenda we focus on the need to create a pool of self-reliant and empowered women members through a series of interventions in the area of skill building, livelihood, awareness on women specific issues etc. The projects are based around RCOM areas of business operations and deliver value through the model of co-creation. The program since its inception in financial year 2011-12, has extended a helping hand to 90 women members by imparting skills on cutting, sewing and tailoring and thus empowering 90 families to learn skills to support themselves in an honourable manner.

3. **Reliance ASHA**

   Reliance ASHA is an RCOM endeavour to create comprehensive rehabilitation opportunities for individuals with disabilities, so as to facilitate their integration into the mainstream of the society.

4. **Blood Donation Campaigns**

   The campaigns are supported by national and state level Blood banks from across the country. Promoting the cause of Thalasseamic children was the key agenda in the Year 2012-13.

5. **Little Genius**

   Little Genius is an Internet literacy programs for underprivileged children to bridge the digital divide. The program has successfully groomed 15,000 Little Geniuses from government schools, orphanages and slums across 120 cities/ towns in 24 states across RCOM operations.

6. **Green Mile**

   Started in year 2011-12 on the occasion of 'World Environment Day', June 5, the objective has been to build in green process across our operations. Through our efforts in partnership with our customers, we have saved more-than 1,000 trees from felling.

7. **Employee Volunteering**

   Employee Volunteering is integrated with the RCOM CSR framework and focuses on selfless voluntary service offered by employees with enabling support motivation and facilitation from the company.

   In the year 2012-13 Reliance Communications has created an active volunteer base of 1,900 employees contributing 20,000 man hours in the areas of health, education, employability and environment.

Corporate Governance Report

Our corporate governance philosophy

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

Governance practices beyond regulatory requirements

Our governance practices go beyond the mere letter of statutory and regulatory requirements. With this in mind, we have formulated a number of policies and introduced the following set of governance practices:

A. **Values and commitments**

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

B. **Code of ethics**

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

C. **Business policies**

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

D. **Separation of the Board's supervisory role from the executive management**

In line with the best global practices, we have adopted the policy of separating the Board's supervisory role from the executive management. We have also split the posts of Chairman and CEO.

E. **Prohibition of insider trading policy**

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

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

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

G. **Whistle blower policy**

Our Whistle Blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action.

H. **Environment policy**

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

I. **Risk management**

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

J. **Boardroom practices**

a. **Chairman**

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

b. **Board charter**

The Board of Directors has adopted a comprehensive charter, which sets out clear and transparent guidelines on matters relating to the composition of the Board, the scope and function of various Board committees etc.

c. **Board committees**

The Board constituted Audit Committee, Nomination/ Remuneration Committee and Shareholders/ Investors Grievance Committee. The Board rotates the Chairman of these Committees after two years.

d. **Tenure of independent directors**

Tenure of independent directors on the Board of the Company shall not exceed nine years, subject to their re-appointment on retirement by rotation as per statutory provisions.

e. **Independent director's interaction with shareholders**

Member(s) of the Shareholders/ Investors Grievance Committee interact with shareholders on their suggestions and queries, if any, which are forwarded to the Company Secretary.

f. **Lead independent director**

Recognising the need for a representative and spokesperson for the independent directors, the Board designated Prof. J. Ramachandran, an independent director as the lead independent director. The position of the lead independent director is rotated.

g. **Training of Board Members**

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

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

h. **Meeting of independent directors with operating team**

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

i. **Commitment of directors**

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

K. **Governance practices being followed to promote the interests of our stakeholders**

We have introduced several trend setting governance practices to improve stakeholders satisfaction. Some of the major ones among them are:

1. **Customers**

We have taken various customer caring initiatives, which give various services to our subscribers at all times. We also have captive contact centers having one of the largest facilities accommodating approx. 8,500 personnel on round the clock shift basis. In addition to this, we have provided various on line measures on Reliance World platform which also gives ready access to the customers. Our customers can view and pay their bills online and manage their account information online.

2. **Employees**

Our endeavour has been to create a high performing and engaged organisation. Through the year, the Company has rolled out several employees initiatives towards this. Re-engineering of Organisation Design, re-visiting work flows and processes, enhancing automation has enabled us to be an efficient, productive and agile organisation.

One of the key factors of our success and achievement has been the capability and commitment of our employees.

On a periodic basis, the Company reviewed the HR policies, processes and procedures to make it more transparent, employee friendly and automated.

The continuous focus on learning and development and capability building of employees has led to developing and retaining our talent, and has facilitated in professional and personal growth and enrichment of our employees.

The Company has been organising, throughout the year, series of employee engagement events involving all employees and their families to create a 'Happy People Organisation'.

3. **Shareholders**

The Company recognises the importance of two-way communication with shareholders and of giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. To ensure this, the Company's corporate website, www.rcom.co.in has information for institutional and retail shareholders alike. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting. Shareholders can contact the Company via dedicated shareholders contact points as provided in this report or through any of Investor Service Centers of the Company's Registrar and Transfer Agent spread in more than 80 branches across India, details of which are available on the Company's website.

4. **Lenders**

The Company has been prompt in honoring all debt obligations to its lenders.

5 **Society**

The Company, in keeping with its Corporate Social Responsibility policy, focuses on healthcare, education, and other social initiatives.

L. **Role of the Company Secretary in Governance Process**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the directors of the Company have access to the advice and services of the Company Secretary.

M. **Independent Statutory Auditors**

The Company's accounts are audited by a panel of two leading independent audit firms namely:

1. M/s. Charturvedi & Shah, Chartered Accountants.
2. M/s. B S R & Co., Chartered Accountants.

Compliance with the code and rules of Luxembourg Stock Exchange

The Global Depository Receipts (GDRs) issued by the Company are listed on the Luxembourg Stock Exchange (LSE). The Company has reviewed the code on corporate governance of LSE, and the Company's corporate governance practices conform to these codes and rules.

Corporate Governance Report

Compliance with Clause 49 of the listing agreement

The Company is fully compliant with the mandatory requirements of Clause 49 of the listing agreement formulated by the Securities and Exchange Board of India.

We present our report on compliance of governance conditions specified in Clause 49 of the listing agreement:

I. Board of Directors

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

As on March 31, 2013, the Board consisted of five members. The composition of and the category of directors on the Board of the Company were as under:

Category	Names of directors
Promoter, non-executive and non-independent Director	Shri Anil D. Ambani, Chairman
Independent Directors	Prof. J. Ramachandran
	Shri S. P. Talwar
	Shri Deepak Shourie
	Shri A. K. Purwar

Notes:

a. None of the directors is related to any other director.

b. None of the directors has any business relationship with the Company.

c. None of the directors has received any loans and advances from the Company during the year.

All the independent directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations are placed before the Board.

The Company has appointed Shri Prakash Shenoy, Company Secretary as the Manager of the Company in terms of provisions of the Companies Act, 1956 for a period of five years with effect from June 1, 2011.

2. **Conduct of Board proceedings**

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

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

1. review, monitor and approve major financial and business strategies and corporate actions;
2. assess critical risks facing by the Company – review options for their mitigation;
3. provide counsel on the selection, evaluation, development and compensation of senior management;
4. ensure that processes are in place for maintaining the integrity of:
   a. the Company
   b. the financial statements
   c. compliance with law
   d. relationship with all the stakeholders
5. delegation of appropriate authority to the senior executives of the Company for effective management of operations of the Company.

3. **Board meetings**

The Board held five meetings during financial year 2012-13 on May 26, 2012, August 11, 2012, November 8, 2012, December 8, 2012 and January 23, 2013. The maximum time gap between any two meetings was 88 days and the minimum gap was 29 days. The meetings are normally held at Mumbai.

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

4. **Standards issued by ICSI**

The Institute of Company Secretaries of India (ICSI) has issued various 'Secretarial Standards' on key corporate functions like Board meetings, General meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolutions by Circulation, Affixing of Common Seal, Forfeiture of Shares and Board's Report.

Although these standards are not mandatory, the Company adheres to them voluntarily.

5. **Attendance of directors**

Attendance of directors at the Board meetings held during financial year 2012-2013 and the last Annual General Meeting held on September 4, 2012 and the details of directorships (calculated as per provisions of Section 275 and 278 of the Companies Act, 1956), Committee Chairmanships and the Committee memberships held by the directors as on March 31, 2013 are as under:

Name of the Director	Number of Board meetings attended out of five meetings held	Attendance at the last AGM held on 04.09.2012	Number of directorship (including RCOM)	Committee(s) [a] membership [b] (including RCOM)	
				Membership	Chairmanship
Shri Anil D. Ambani	5	Present	6	1	-
Prof. J. Ramachandran	5	Absent	7	6	2
Shri S. P. Talwar	5	Present	11	9	2
Shri Deepak Shourie	4	Present	1	2	1
Shri A. K. Purwar	5	Present	10	7	2

a. The information provided above pertains to the following committees in accordance with the provisions of Clause 49 of the listing agreement: (i) Audit Committee, and (ii) Shareholders/ Investors Grievance Committee.

b. Membership of Committees includes chairmanship, if any.

6. **Other directorships**

None of the directors hold directorships in more than 15 public limited companies.

7. **Membership of Board committees**

No director holds membership of more than 10 committees of Board nor any director is a chairman of more than 5 committees of Board.

8. **Details of directors**

The abbreviated resumes of all Directors are furnished hereunder:

Shri Anil D. Ambani

Regarded as one of the foremost corporate leaders of contemporary India, Shri Anil D. Ambani, 54, is the Chairman of Reliance Communications Limited, Reliance Capital Limited, Reliance Infrastructure Limited and Reliance Power Limited. He is also on the board of Reliance Infratel Limited and Reliance Anil Dhirubhai Ambani Group Limited. He is the President of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat. The Group companies are engaged in leading businesses that provide cutting edge services to empower and enrich the lives of one out of every five Indians. He is a member of Shareholders and Investors Grievance Committee of Reliance Communications Limited.

An MBA from the Wharton School of the University of Pennsylvania, Shri Ambani is credited with having pioneered several path breaking financial innovations in the Indian capital markets. He spearheaded the country's first forays into the overseas capital markets with international public offerings of global depository receipts, convertibles and bonds. Under his Chairmanship, the constituent companies of the Reliance Group had raised nearly US$ 7 billion from global financial markets in a period of less than 3 years.

Shri Ambani has been associated with a number of prestigious academic institutions in India and abroad. He is currently a member of:

- Wharton Board of Overseers, The Wharton School, USA.
- Executive Board, Indian School of Business (ISB), Hyderabad.

Shri Ambani is also recognized by the Indian government as a visionary and torch bearer for the overall growth and development of modern infrastructure in the country. He is a regular invitee to top level consultation programmes that the Prime Minister's Office and other key central ministries conduct with corporate leaders in India towards creating and reforming policies and regulatory frameworks for the infrastructural growth in the country. The Prime Minister has recently nominated Shri Ambani as the Co-Chair from the Indian side of the India-China CEO Forum. In recent years, Shri Ambani has also been a trend setter for Corporate India in achieving multi-billion dollar investments from leading financial institutions in the US and China for infrastructure development in India.

As on March 31, 2013, Shri Anil D. Ambani held 18,59,171 equity shares in the Company.

Prof. J. Ramachandran

Prof. J. Ramachandran, Director, 56 is the Chair Professor of Business Policy at the Indian Institute of Management, Bengaluru. He is a qualified Chartered Accountant and Cost Accountant and has obtained his doctorate from the Indian Institute of Management, Ahmedabad.

He is also director of Sasken Communication Technologies Limited, Redington (India) Limited, Bhoruka Power Corporation Limited, Indofil Industries Limited, Infotech Enterprises Limited, Antrix Corporation Limited and Easyaccess Financial Services Limited.

He is a member of Audit Committee and Shareholders/ Investors Grievance Committee of the Company. He is a Chairman of Share Transfer and Investors' Grievance Committee of Sasken Communication Technologies Limited and Redington (India) Limited. He is a member of Audit Committee of Redington (India) Limited and Infotech Enterprises Limited. He does not hold any share in the Company as of March 31, 2013.

Shri S. P. Talwar

Shri S. P. Talwar, Director, 74 was a former Deputy Governor of Reserve Bank of India. He was also former Chairman-cum-Managing Director of Bank of Baroda, Union Bank of India and Oriental Bank of Commerce. He is graduate in Arts and Law. He is also qualified as CAIIB. He has vast experience in financial services sector in the country.

He is also director of Crompton Greaves Limited, Reliance General Insurance Company Limited, Reliance Infratel Limited, Videocon Industries Limited, Reliance Life Insurance Company Limited, Housing Development and Infrastructure Limited, Kalpataru Power Transmission Limited, Uttam Galva Steels Limited, GTL Infrastructure Limited and Motherson Sumo Systems Limited.

He is Chairman of Audit Committee of Reliance Life Insurance Company Limited and Videocon Industries Limited. He is member of Audit Committee of Housing Development and Infrastructure Limited, Reliance General Insurance Company Limited, Crompton Greaves Limited, Reliance Infratel Limited and Motherson Sumo Systems Limited. He is member of Audit Committee and Shareholders'/ Investors' Grievance Committee of the Company. He does not hold any share in the Company as of March 31, 2013.

Shri Deepak Shourie

Shri Deepak Shourie, Director, 64 is a Bachelor of Arts in Economics with Honours and has more than 40 years' exposure with an emphasis on media, consumer goods, and corporate affairs.

He was the Executive Vice President and Managing Director of Discovery Communications of India and Director in South Asia for BBC Worlwide Media Private Limited (Formerly BBCW Channels Private Limited).

He is a member of Audit Committee and Chairman of Shareholders/ Investors Grievance Committee of the Company. He does not hold any share in the Company as of March 31, 2013.

Shri A. K. Purwar

Shri A. K. Purwar, Director, 67 was the former Chairman and Managing Director of State Bank of India (SBI). He was also former Managing Director of State Bank of Patiala. He is a graduate in Commerce and Diploma in Business Administration. Under his leadership, the State Bank of India had taken giant strides in technological innovations, all the 13800+ branches of the SBI were fully computerised by 2004.

He is also a Director of Vardhman Textiles Limited, Jindal Steel and Power Limited, Jindal Power Limited, India Infoline Limited, Apollo Tyres Limited, IL&FS Renewable Energy Limited, C & C Constructions Limited, Vardhman Chemtech Limited and Sri Kavery Medical Care (Trichy) Limited. Shri Purwar has been associated with a number of prestigious academic institutions, committees set up by various State and Central Governments and international institutions.

He is Chairman of Audit Committee and member of Shareholders/ Investors Grievance Committee of the Company. He is a Member of Audit Committee of Jindal Power Limited, Sri Kavery Medical Care (Trichy) Limited, PHL Capital Private Limited and PHL Finance Private Limited. He does not hold any share in the Company as of March 31, 2013.

9. **Insurance coverage**

The Company has obtained Directors and Officers liability insurance coverage in respect of any legal action that might be initiated against directors.

II. Audit Committee

In terms of Clause 49 of the listing agreement as well as Section 292A of the Companies Act, 1956, the Board has constituted the Audit Committee of the Board of Directors at its meeting held on February 8, 2006. At present, the Committee consists of all the four independent non executive directors of the Company. viz; Shri A. K. Purwar, Chairman, Prof. J. Ramachandran, Shri S. P. Talwar and Shri Deepak Shourie as members. Shri A. K. Purwar has wide experience on accounting, financial and business policies. All other members of the Committee are financially literate.

The Audit Committee, inter alia advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit can be improved. The minutes of the meetings of the Audit Committee are placed before the Board. The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49(II) of the listing agreement as follows:

i. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible;

ii. Recommending the appointment, reappointment and replacement/ removal of statutory auditor and fixation of audit fee;

iii. Approving payment for any other services by statutory auditors;

iv. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;

   a. Matters required to be included in the Directors' Responsibility Statement included in the report of the Board of Directors.

   b. Any changes in accounting policies and practices and reasons thereof.

   c. Major accounting entries based on exercise of judgment by management.

   d. Qualifications in draft audit report, if any.

   e. Significant adjustments arising out of audit.

   f. Compliance with listing and other legal requirements concerning financial statements.

   g. Disclosure of related party transactions.

v. Reviewing with the management the quarterly financial statements before submission to the Board for approval;

vi. Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter;

vii. Reviewing with the management, the performance of the external and internal auditors, the adequacy of internal control systems;

viii. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

ix. Discussion with internal auditors on any significant findings and follow up thereon;

x. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

xi. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xii. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;

xiii. To review financial statements of subsidiary companies, in particular its investments;

xiv. To review the functioning of the Whistle Blower mechanism;

xv. To approve appointment of Chief Financial Officer after assessing qualification, experience, and background etc.;

xvi. Carrying out all other functions as is mentioned in the terms of reference of the Audit committee;

xvii. Review the following information:

a. Management Discussion and Analysis of Financial Condition and Results of Operations.

b. Internal audit reports relating to internal control weaknesses.

c. Management letters/ letters of internal control weaknesses issued by statutory auditors.

d. Statement of significant related party transactions, and

e. The appointment, removal and terms of remuneration of the Chief internal auditor.

The Audit Committee has the following powers:

i. to investigate any activity within its terms of reference;

ii. to seek any information from any employee;

iii. to obtain outside legal and professional advice;

iv. to secure attendance of outsiders with relevant expertise, if it considers necessary.

Attendance at the meetings of the Audit Committee held during 2012-2013.

The Audit Committee held its meetings on May 26, 2012, August 11, 2012, November 8, 2012 and January 23, 2013. The maximum time gap between any two meetings was 88 days and the minimum gap was 75 days.

Members	Number of Meetings held	Number of Meetings attended
Shri A. K. Purwar	4	4
Prof. J. Ramachandran	4	4
Shri S. P. Talwar	4	4
Shri Deepak Shourie	4	3

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

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

Shri Prakash Shenoy, Company Secretary and Manager acts as the Secretary to the Audit Committee.

During the year, the Committee discussed with the Company's auditors the overall scope and plans for the independent audit. The Management represented to the Committee that the Company's financial statements were prepared in accordance with prevailing laws and regulations. The Committee discussed the Company's audited financial statements, the rationality of significant judgments and the clarity of disclosures in the financial statements. Based on the review and discussions conducted with the Management and the auditors, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with prevailing laws and regulations in all material aspects.

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

Based on the committee's discussion with the Management and the auditors and the committee's review of the representations of the Management, the Committee has recommended the following to the Board of Directors:

1. The audited annual financial statements of the Company for the year ended March 31, 2013, be accepted by the Board as a true and fair statements of the financial status of the Company.
2. The audited abridged financial statements of the Company for the year ended March 31, 2013, be accepted by the Board as a true and fair statements of the financial status of the Company.
3. The audited consolidated financial statements of the Company and its subsidiaries and Joint Ventures for the year ended March 31, 2013, be accepted by the Board as a true and fair statements of the financial status.
4. The audited abridged consolidated financial statements of the Company, its subsidairies and Joint Ventures for the year ended March 31, 2013, be accepted by the Board as a true and fair statement of the financial status.

III. Nomination/ Remuneration Committee

The Nomination/ Remuneration Committee of the Board is constituted to formulate from time to time (a) process for selection and appointment of new directors and succession plans and (b) recommend to the Board from time to time, a compensation structure for directors and the manager. Presently, the Company has no executive director.

The Nomination/ Remuneration Committee comprises of five directors, viz; Shri S. P. Talwar, Chairman, Shri Anil D. Ambani, Prof. J. Ramachandran, Shri Deepak Shourie and Shri A. K. Purwar as members. During the year, the Nomination/ Remuneration Committee met on May 26, 2012 wherein all the members attended the meeting.

Shri Prakash Shenoy, Company Secretary and Manager acts as the Secretary to the Nomination/ Remuneration Committee.

Managerial remuneration policy

The Nomination/ Remuneration Committee determine and recommends to the Board, the compensation of the Directors and the Manager.

The key components of the Company's Remuneration Policy are:

a. Compensation will be a major driver of performance.

b. Compensation will be competitive and benchmarked with a select group of companies from the service sector.

c. Compensation will be transparent, fair and simple to administer.

d. Compensation will be fully legal and tax compliant.

The Members at the 6th Annual General Meeting held on September 28, 2010, had approved payment of commission to non executive directors, who were not in the whole time employment, upto the limits laid down under the provisions of Section 309(4) of the Companies Act, 1956, computed in the manner specified in the Act. The Ministry of Corporate Affairs vide its Circular No. 4/2011 dated March 4, 2011 has decided that a Company can pay Commission upto 3 per cent of its net profit to the Non-Whole Time Director(s) without approval of the Central Government, if it does not have a Managing Director or Whole Time Director(s). In view of above Circular, the Company can pay Commission upto 3 per cent of net profit to the Non Whole Time Directors of the Company.

Criteria for making payments to non executive directors

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

Details of Sitting fees paid to the Directors during the Financial Year ended March 31, 2013.

Name of Directors	Sitting Fee (₹ in Lac)
Shri Anil D. Ambani	2.20
Prof. J. Ramachandran	2.80
Shri S. P. Talwar	3.00
Shri Deepak Shourie	2.40
Shri A. K. Purwar	3.00

Notes:

a. There were no other pecuniary relationships or transactions of non executive directors vis-à-vis the Company.

b. Pursuant to the limits approved by the Board, all directors being non executive, are paid sitting fees of ₹ 20,000 for attending each meeting of the Board and its committees.

c. No remuneration by way of Commission to the non executive directors are proposed for the Financial Year 2012-13.

IV. Shareholders/ Investors Grievance Committee

The Shareholders/ Investors Grievance Committee consist of five directors of the Company, viz; Shri Deepak Shourie, Chairman, Shri Anil D. Ambani, Shri S. P. Talwar, Prof. J. Ramachandran and Shri A. K. Purwar as members. The Company has appointed Karvy Computershare Pvt. Ltd. to act as Registrar and Transfer Agent of the Company.

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also monitors redressal of investor's grievances. Particulars of investors' grievances received and redressed are furnished in the Investor Information Section of this Report. The Committee oversees performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Attendance at the meetings of the Shareholders/ Investors Grievance Committee held during 2012-2013.

During the year, the Shareholders/ Investors Grievance Committee held its meetings on May 26, 2012, August 11, 2012, September 4, 2012, November 8, 2012 and January 23, 2013. The maximum time gap between any two meetings was 76 days and the minimum gap was 23 days.

Members	Number of Meetings held	Number of Meetings attended
Shri Deepak Shourie	5	4
Shri Anil D. Ambani	5	5
Prof. J. Ramachandran	5	4
Shri S. P. Talwar	5	5
Shri A. K. Purwar	5	5

Shri Prakash Shenoy, Company Secretary and Manager acts as the Secretary to the Shareholders/ Investors Grievance Committee.

V. Compliance Officer

Shri Prakash Shenoy, Company Secretary and Manager is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges.

VI. Employees Stock Option Scheme (ESOS) Compensation Committee

The ESOS Compensation Committee comprises of four independent directors, viz; Shri S. P. Talwar as the Chairman, Prof. J. Ramachandran, Shri Deepak Shourie and Shri A.

K. Purwar as members. Shri Prakash Shenoy, Company Secretary and Manager acts as the Secretary to the ESOS Compensation Committee.

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

VII. Employees Stock Option Scheme

In order to share the growth in value and reward the employees for having participated in the success of the Company, our Employee Stock Option Scheme (the Scheme) has been implemented by the Company to the eligible employees based on specified criteria, under Employee Stock Option Plans 2008 and 2009.

The Plans are prepared in due compliance of the Scheme, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws.

VIII. General Body Meetings

The Company held its last three Annual General Meetings as under:

Financial Year	Date and Time	Whether Special Resolution passed or not
2011-2012	September 4, 2012 12.00 noon	Yes 1. Qualified Institutional Placement (QIP) 2. Alteration of Articles of Association to increase authorised share capital
2010-2011	September 27, 2011 12.00 noon	Yes 1. Qualified Institutional Placement (QIP) 2. Raising of Resources through Issue of Securities in the International Markets
2009-2010	September 28, 2010 2.00 p.m.	Yes 1. Qualified Institutional Placement (QIP) 2. Approval for payment of commission to non-executive Directors

The above Annual General Meetings were held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020.

IX. Postal Ballot

The Company had not conducted any business through Postal Ballot during the financial year 2012-13.

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

X. Means of communication

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

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

c. **Website:** The Company's website contains a separate dedicated section 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and Annual Report of the Company, information on dividend declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered/ facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company as called for in terms of clause 54 of the Listing Agreement with the Stock Exchanges is provided on Company's website and the same is updated regularly.

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

The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies in terms of which a company would have ensured compliance with the provisions of Section 53 of the Act, if service of documents have been made through electronic mode. In such a case, the Company has to obtain e-mail addresses of its members for sending the notices/ documents through e-mail giving an advance opportunity to each shareholder to register their e-mail address and changes therein, if any, from time to time with the Company.

The Company has welcomed the Green Initiative and accordingly has e-mailed to all those Members whose e-mail IDs are available with the Company's Registrar and Transfer Agent, the soft copies of the Unabridged Financial Statements for the year ended March 31, 2013.

e. **Corporate Filing and Dissemination System (CFDS):** The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE and NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the Stock Exchanges.

f. **National Electronic Application Proceesing System(NEAPS):** The NEAPS is web based system designed by NSE for corporates. The Shareholding Pattern, Corporate Governance Report, Corporate announcement etc. are also filed Electronically on NEAPS.

g. **BSE Corporate Compliance and Listing Centre ("Listing Centre"):** The Listing Centre is web based application designed by BSE for corporates. The Shareholding Pattern, Corporate Governance Report, Corporate announcement etc. are also filed electronically on the Listing Centre.

h. **Unique Investor helpdesk:** Exclusively for investor servicing, the Company has set up a unique investor helpdesk with multiple access modes as under:

Toll free no. (India)	:	1800 4250 999
Telephone no.	:	+91 40 4030 8000
Fax no.	:	+91 40 2342 0859
Email	:	rcom@karvy.com
Post your request	:	http://kcpl.karvy.com/adag

i. **Designated email-id:**

The Company has also designated the email-id rcom.investors@relianceada.com exclusively for investor servicing.

j. **SEBI Complaints Redress System (SCORES):** The investors' complaints are also being processed through the centralized web base complaint redressal system. The salient features of SCORES are availability of centralised data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the actions taken and current status of the complaints.

XI. Compliance with other mandatory requirements

1. **Management Discussion and Analysis**

A Management Discussion and Analysis Report forms part of this Annual Report and includes discussions on various matters specified under Clause 49(IV)(F) of the listing agreement.

2. **Subsidiaries**

Reliance Infratel Limited (RITL) is a material non listed Indian subsidiary Company in terms of Clause 49 (III) of the listing agreement. Accordingly, Shri S. P. Talwar, Director has been appointed on the Board of RITL.

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

a. Financial statements, in particular the investments made by unlisted subsidiary companies are reviewed quarterly by the Audit Committee of the Company.

b. Minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Company's Board regularly.

c. A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies are placed before the Company's Board/ Audit Committee.

d. Quarterly review of Risk Management process by the Risk Management Committee/ Audit Committee/ Board.

3. **Disclosures**

a. There has been no instance of non compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory Authority.

b. **Related party transactions**

During the year 2012-13, no transactions of material nature had been entered into by the Company with the Promoters or Directors or Management or their relatives, their subsidiaries that may have a potential conflict with interest of the Company. The related party transactions with subsidiary companies and others are disclosed in Notes to Accounts.

c. **Accounting treatment**

In the preparation of financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standards) Rules, 2006, as applicable. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

d. **Risk management**

The Company has laid down a robust Risk Management Policy, defining Risk profiles involving Strategic, Technological, Operational, Financial, Organisational, Legal and Regulatory risks within a well defined framework. The Risk Management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

A Risk Management Committee (RMC) consisting of senior executives of the Company periodically reviews the robustness of the Risk Management Policy. The periodical update on the risk management practices and mitigation plan of the Company and subsidiaries are presented to the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved.

e. **Code of conduct**

The Company has adopted the code of conduct and ethics for directors and senior management. The code has been circulated to all the members of the Board and senior management and the same has been put on Company's website www.rcom.co.in. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Manager of the Company appointed in terms of the Companies Act, 1956 (i.e. the CEO within the meaning of Clause 49-V of the listing agreement) is given below:

"It is hereby declared that the Company has obtained from all members of the Board and senior management personnel affirmation that they have complied with the code of conduct for directors and senior management of the Company for the year 2012-13".

Prakash Shenoy
Manager

f. **CEO and CFO certification**

Shri Prakash Shenoy, Company Secretary and Manager, being the CEO and Shri Manikantan Iyer, CFO of the Company have provided certification on financial reporting and internal controls to the Board as required under Clause 49(V) of the Listing Agreement.

g. **Review of Directors' responsibility statement**

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2013 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

XII. Policy on insider trading

The Company has formulated a Code of Conduct for Prevention of Insider Trading (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Board has appointed Shri Prakash Shenoy, Company Secretary and Manager as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Company's Code, inter alia, prohibits purchase and/or sale of shares of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods. The Company's Code is available on the Company's website.

XIII. Compliance of Clause 5A of Listing Agreement

As per Clause 5A of the Listing Agreement, the details in respect of equity shares lying in "Unclaimed Suspense Account–Reliance Communications Limited" were as follows:

	Particulars	No. of Shareholders	No. of Shares
a.	Aggregate number of shareholders and the outstanding shares lying in suspense account as on April 1, 2012	109,399	4,130,313
b.	Number of shareholders who approached issuer for transfer of shares from suspense account during the year	278	34,968
c.	Number of shareholders to whom shares were transferred from suspense account during the year.	278	34,968
d.	Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2013	109,121	4,095,345

The voting rights on the shares outstanding in the suspense account as on March 31, 2013 shall remain frozen till the rightful owner of such shares claims the shares.

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

XIV. Compliance with non-mandatory requirements

1. **Tenure of independent directors on the Board**

The tenure of independent directors on the Board of the Company shall not exceed nine years in aggregate.

2. **Nomination/ Remuneration Committee**

The Board has set up a Nomination/ Remuneration Committee, details whereof are furnished at Sr. No. III of this report.

3. **Disclosures**

The quarterly financial results including summary of significant events of relevant period are published in newspapers and hosted on the website of the Company.

4. **Audit qualifications**

There are no audit qualifications on the financial statements of the Company for the year 2012-13.

5. **Training of Board members**

A programme has been devised to train Board members in the business model of the Company, risk profile of the business parameters and their responsibilities as directors.

6. **Whistle blower policy**

The Company has formulated a policy to prohibit managerial personnel from taking adverse action against employees, who are disclosing in good faith alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, gross waste or misappropriation of public funds, substantial and specific danger to public health and safety or an abuse of authority. The policy also lays down the mechanism for making enquiry into whistle blower complaint received by the Company.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee. Employees knowingly making false allegations of alleged wrongful conduct to the Audit

Committee shall be subject to disciplinary action. No personnel of the Company have been denied access to the grievance redressal mechanism of the Company.

XV. Corporate Governance Voluntary Guidelines 2009

The Company has ensured substantially compliance with most of the guidelines issued by the Ministry of Corporate Affairs on Corporate Governance in the year 2009, notwithstanding that they are subject to only voluntary compliance by corporates.

XVI. General shareholder information

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

Auditor's certificate on corporate governance

The Auditors' certificate on compliance of Clause 49 of the listing agreement relating to corporate governance is published elsewhere in this report.

Review of governance practices

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

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

Auditors' Certificate on Corporate Governance

To,

The Members of

Reliance Communications Limited

We have examined the compliance of conditions of Corporate Governance by Reliance Communications Limited ('the Company') for the financial year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No: 101720W

C. D. Lala
Partner
Membership No: 35671

For B S R & Co.
Chartered Accountants
Firm Reg. No: 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
May 10, 2013

Investor Information

IMPORTANT POINTS

Hold Securities in Dematerialised Form

Investors should hold their securities in dematerialised form as the same is beneficial due to following:-

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

Hold Securities in Consolidated form

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

Furnish Bank Details and get Dividend directly credited in Bank account

Investors should avail the Electronic Clearing Services for payment of dividend as the same reduces risk attached to physical dividend warrants. Some of the advantages of payment through electronic credit services are as under:

- Avoidance of frequent visits to banks for depositing the physical instruments;
- Prompt credit to the bank account of the investor through electronic clearing;
- Fraudulent encashment of warrants is avoided;
- Exposure to delays/ loss in postal service avoided;
- As there can be no loss in transit of warrants, issue of duplicate warrants is avoided.

Printing of bank account number, names and addresses of bank branch on dividend warrants provide protection against fraudulent encashment of dividend warrants. Members are requested to provide, the same to the Company's RTA for incorporating on dividend warrants.

Register for SMS alert Facility

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

Submit Nomination Form and avoid transmission hassle

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

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

Deal only with SEBI Registered Intermediaries

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

Corporate Benefits in Electronic Form

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

Register e-mail address

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

Facility for a Basic Services Demat Account (BSDA)

SEBI has stated that all the depository participants shall make available a BSDA for the shareholders who have only one demat account with (a) No Annual Maintenance charges if the value of holding is upto ₹ 50,000 and (b) Annual Maintenance charges not exceeding ₹ 100 for value of holding from ₹ 50,001 to ₹ 2,00,000. (Refer Circular CIR/MRD/DP/22/2012 dated August 22, 2012).

Dividend announcements

The Board of Directors of the Company have recommended a Dividend of ₹ 0.25 (5 per cent) per equity share of the Company for the financial year ended March 31, 2013, subject to the declaration by shareholders at the ensuing Annual General Meeting (AGM). The dividend, if declared, will be paid after the Meeting.

Book closure dates for the purpose of dividend and AGM

Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 17, 2013 to Tuesday, August 27, 2013 (both days inclusive) for the purpose of AGM as well as to determine the entitlement of shareholders to receive the Dividend, if declared, for the year ended March 31, 2013.

Dividend remittance

Dividend on Equity Shares as recommended by the Board of Directors for the financial year ended March 31, 2013, when

Investor Information

declared at the AGM will be paid to:

(i) all those equity shareholders whose names appear in the Register of Members as on the close of the day on August 16, 2013; and

(ii) those whose names appear as beneficial owners as on close of the day on August 16, 2013 as furnished by the National Securities Depository Ltd. and Central Depository Services (India) Ltd. for the purpose.

Modes of payment of dividend

The dividend is paid under two modes viz:

- Credit to the Bank account via
  - o ECS (Electronic Clearing Serivces)
  - o NECS (National Electronic Clearing Services)
  - o NEFT (National Electronic Fund Transfer)
  - o RTGS (Real Time Gross Settlement)
  - o Direct Credit
- Dispatch of physical dividend warrant

Shareholders are requested to avail the Electronic Clearing Services for payment of dividend as the same is immencely beneficial to them and considerably reduces risk attached to physical dividend warrants.

Annual General Meeting

The 9th Annual General Meeting (AGM) of the Company will be held on Tuesday, August 27, 2013 at 12.00 noon or soon after conclusion of the annual general meeting of Reliance Capital Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

Financial year of the company

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

Website

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

Dedicated e-mail id for investors

For the convenience of our investors, the Company has designated an e-mail id i.e. rcom.investors@relianceada.com

Registrar and Transfer Agent (RTA)

Karvy Computershare Private Limited,
Unit: Reliance Communications Limited,
Madhura Estates, Municipal No. 1-9/13/C
Plot No. 13 and 13C, Madhapur Village,
Hyderabad 500 081, Andhra Pradesh
Email: rcom@karvy.com
Toll free no. (India) : 1800 4250 999
Telephone no. : +91 40 4030 8000
Fax no. : +91 40 2342 0859
Post your request : http://kcpl.karvy.com/adag

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

Course of Action in case of Non-receipt of Dividend, Revalidation of Dividend Warrant etc.

Shareholders may write to the Company's RTA, furnishing the particulars of the dividend not received, quoting the folio number/ DP ID and Client ID particulars (in case of dematerialised shares). On expiry of the validity period, if the dividend warrant still appears as unpaid in records of the Company, duplicate warrant will be issued. The Company's RTA would request the concerned shareholder to execute an indemnity before issuing the duplicate warrant. However, duplicate warrants will not be issued against those shares wherein a 'stop transfer indicator' has been instituted either by virtue of a complaint or by law, unless the procedure for releasing the same has been completed. Shareholders are requested to note that they have to wait till the expiry of the validity of the original warrant before a duplicate warrant is issued to them, since the dividend warrants are payable at par at several centres across the country and the banks do not accept 'stop payment' instructions on the said warrants.

Unclaimed dividend

The Dividend for the following years remaining unclaimed for 7 years from the date of declaration are required to be transferred by the Company to Investor Education and Protection Fund (IEPF) and various dates for the transfer of such amounts are as under:

Financial Year ended	Dividend per share (₹)	Date of declaration	Due for transfer on
31.03.2007	0.50	17.07.2007	16.08.2014
31.03.2008	0.75	30.09.2008	30.10.2015
31.03.2009	0.80	31.07.2009	30.08.2016
31.03.2010	0.85	28.09.2010	28.10.2017
31.03.2011	0.50	27.09.2011	27.10.2018
31.03.2012	0.25	04.09.2012	04.10.2019

Members who have so far not encashed dividend warrant for the aforesaid years are requested to approach the Company's Registrar and Transfer Agent, Karvy Computershare Private Limited, immediately.

Ministry of Corporate Affairs has notified the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amount lying with the companies) Rules, 2012, whereby the Company inter alia will be required to upload the details of unpaid and unclaimed dividend on the website of the Company. The Company shall ensure to comply the same within the stipulated time frame.

Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date that it first became due for payment and no payment shall be made in respect of any such claim.

Investor Information

Share transfer system

Shareholders/ investors are requested to send share certificate(s) along with share transfer deed in the prescribed form 7B, duly filled in, executed and affixed with share transfer stamps, to the Company's RTA. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by Company's RTA.

Permanent Account Number (PAN) for transfer of shares in physical form mandatory

SEBI has stated that for securities market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company's RTA for registration of such transfer of shares.

Shareholding Pattern

	Category of Shareholders	As on 31.03.2013		As on 31.03.2012	
		Number of Shares	per cent	Number of Shares	per cent
(A)	Shareholding of Promoter and Promoter Group				
	(i) Indian	1400708557	67.86	1400708557	67.86
	(ii) Foreign	-	-	-	-
	Total shareholding of Promoter and Promoter Group	**1400708557**	**67.86**	1400708557	67.86
(B)	Public Shareholding				
	(i) Institutions	357311228	17.31	191555473	9.28
	(ii) Non-Institutions	300144784	14.55	464061559	22.49
	Total Public Shareholding	**657456012**	**31.86**	655617032	31.77
(C)	Shares held by Custodians and against which Depository Receipts have been issued	5862312	0.28	7701292	0.37
	GRAND TOTAL (A)+(B)+(C)	**2064026881**	**100.00**	2064026881	100.00

Distribution of shareholding

Number of Shares	Number of Shareholders as on 31.03.2013		Total Shares as on 31.03.2013		Number of Shareholders as on 31.03.2012		Total Shares as on 31.03.2012	
	Number	per cent	Number	per cent	Number	per cent	Number	per cent
Up to 500	1802339	95.89	133481524	6.47	1924009	98.53	170891091	8.28
501 to 5000	73450	3.91	86631328	4.20	27136	1.39	61715951	2.99
5001 to 100000	3430	0.18	52282609	2.53	1417	0.07	48812787	2.36
100001 and above	306	0.02	1791631420	86.80	198	0.01	1782607052	86.37
Total	**1879525**	**100.00**	**2064026881**	**100.00**	1952760	100.00	2064026881	100.00

Dematerialisation of Shares

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

Status of Dematerialisation of shares

As on March 31, 2013, 98.02 per cent of the Company's equity shares are held in dematerialised form.

Investors' grievances attended

Received from	Received during		Redressed during		Pending as on	
	2012-2013	2011-2012	2012-2013	2011-2012	31.03.2013	31.03.2012
SEBI	53	24	53	24	Nil	Nil
Stock Exchanges	11	19	11	19	Nil	Nil
NSDL/CDSL/RoC	0	9	0	9	Nil	Nil
Direct from investors	36	16	36	16	Nil	Nil
Total	**100**	68	**100**	68	**Nil**	Nil

Investor Information

Analysis of grievances

	2012-2013		2011-2012	
	Numbers	per cent	Numbers	per cent
Non-receipt of Annual Reports	13	13.00	21	30.88
Non-receipt of dividend warrants	73	73.00	32	47.06
Non-receipt of share certificates	14	14.00	15	22.06
Total	**100**	**100.00**	68	100.00

There was no complaint pending as on March 31, 2013.

Notes:

1. The shareholder base was 18,79,525 as of March 31, 2013 and 19,52,760 as of March 31, 2012.
2. Investors' queries/ grievances are normally attended within a period of three days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned. The queries and grievances received correspond to 0.005 per cent of the total number of members.

Legal proceedings

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

Equity capital build up

Sr. No.	Date	Particulars	Issue Price (₹)	No. of Shares	Cumulative (No. of Shares)
1	16.07.2004	Allotted upon Incorporation	10	10000	10000
2	25.07.2005	Additional issue of equity shares	10	40000	50000
3	11.08.2005	Sub division of equity shares of ₹ 10 into ₹ 5 per share	N.A.	100000	100000
4	27.01.2006	Allotment pursuant to Scheme of Arrangement	N.A.	1223130422	1223230422
5	27.01.2006	Cancelled pursuant to Scheme	N.A.	(100000)	1223130422
6	14.09.2006	Allotment pursuant to Scheme of Arrangement	N.A.	821484568	2044614990
7	18.10.2007 to 31.01.2008	Conversion of FCCBs	480.68/ 661.23	19411891*	2064026881

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

Stock price and volume

2012-13	BSE Limited			National Stock Exchange of India Limited		
	High ₹	Low ₹	Volume Nos.	High ₹	Low ₹	Volume Nos.
April, 2012	90.40	73.50	3,75,89,931	90.45	73.45	15,31,13,912
May, 2012	77.80	62.55	4,36,55,609	77.90	62.50	17,31,94,603
June, 2012	69.90	60.00	4,59,94,477	69.90	59.45	19,89,78,750
July, 2012	72.00	53.40	4,98,84,020	72.00	53.40	21,15,60,111
August, 2012	59.15	46.60	3,55,81,343	59.15	46.55	16,05,03,922
September, 2012	65.80	47.35	5,27,47,037	65.80	47.35	25,32,02,662
October, 2012	65.25	53.35	4,85,64,920	65.25	53.30	21,64,08,963
November, 2012	72.45	53.85	6,20,29,049	72.50	53.85	32,32,46,439
December, 2012	78.75	70.20	4,41,23,620	78.80	70.00	20,56,27,928
January, 2013	91.85	74.25	8,15,81,753	91.85	74.25	34,91,05,256
February, 2013	83.85	59.55	4,94,53,541	83.90	59.40	25,51,90,185
March, 2013	69.35	50.25	4,89,33,639	69.40	50.20	22,67,46,609

Stock Exchange listings

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

Investor Information

A. Stock Exchanges on which the shares of the Company are listed.

1. BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Website : www.bseindia.com

2. National Stock Exchange of India Limited
Exchange Plaza,
Plot no. C/1, G Block
Bandra-Kurla Complex
Bandra (East),
Mumbai 400 051
Website : www.nseindia.com

Stock Code and ISIN

	Stock Code	ISIN
BSE (Equity shares)	532712	INE330H01018
NSE (Equity shares)	RCOM	INE330H01018

An Index Scrip: Equity shares of the Company are included in CNX 100, S&P CNX500 and Futures and Options trading. BSE 100, BSE 200, BSE 500.

B. Global Depository Receipts (GDRs).

GDRs of the Company are listed on Luxembourg Stock Exchange (LSE) Société de la Bourse de Luxembourg
11, avenue de la Porte-Neuve, L-2227 Luxembourg
Website : www.bourse.lu

Depository for GDR holders

Deutsche Bank Trust
Company Americas
60 Wall Street
New York 10005

Security codes of GDRs

	Master Rule 144A GDRs	Master Regulation S GDRs
CUSIP	75945T106	75945T205
ISIN	US75945T1060	US75945T2050
Common Code	025317530	025317645

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

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

Outstanding GDRs as on March 31, 2013 represent 58,62,312 equity shares constituting 0.28 per cent of the paid-up equity share capital of the Company.

C. The Following Debt Securities are listed on the Wholesale Debt Market(WDM) Segment of BSE and NSE.

1. 11.20 per cent Secured Redeemable Non-Convertible Debentures
2. 11.25 per cent Secured Redeemable Non-Convertible Debentures, Series - 1
3. 11.60 per cent Secured Redeemable Non-Convertible Debentures, Series - 2

Debenture Trustee

Axis Trustee Services Limited
2nd Floor - E, Axis House
Bombay Dyeing Mills Compound
Pandurang Budhkar Marg
Worli, Mumbai 400 025

Payment of Lisitng Fees

Annual listing fees for the year 2012-13 (as applicable) has been paid by the Company to the stock exchanges.

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

Period	RCOM	Sensex	Nifty
FY 2012-13	-34.32 per cent	8.23 per cent	7.31 per cent
2 years	-48.75 per cent	-3.13 per cent	-2.59 per cent
3 years	-67.66 per cent	7.46 per cent	8.26 per cent

Key Financial Reporting Dates for the Financial Year 2013-14

Unaudited results for the first quarter ended June 30, 2013	:	On or before August 14, 2013
Unaudited results for the second quarter / half year ended September 30, 2013	:	On or before November 14, 2013
Unaudited results for the third quarter ended December 31, 2013	:	On or before February 14, 2014
Audited results for the financial year 2013-14	:	On or before May 30, 2014

Depository services

For guidance on depository services, shareholders may write to the Company's RTA or National Securities Depository Limited, Trade World, A Wing, 4th and 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai 400 013, website: www.nsdl.co.in or Central Depository Services (India) Limited, Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street, Mumbai 400 023, website: www.cdslindia.com.

Communication to members

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

Investor Information

Reconciliation of Share Capital

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

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

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

Karvy Computershare Private Limited
Unit: Reliance Communications Limited
Madhura Estates, Municipal No. 1-9/13/C
Plot No. 13 & 13C, Madhapur Village, Hyderabad 500 081
Andhra Pradesh, India

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

The Company Secretary
Reliance Communications Limited
H Block, 1st Floor, Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710.
Telephone no. : +91 22 3038 6286
Fax no. : +91 22 3037 6622
Email : rcom.investors@relianceada.com

Plant locations

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

Independent Auditors' Report on the Abridged Financial Statements

To
The Members of
Reliance Communications Limited

The accompanying abridged financial statements, which comprise the abridged balance sheet as at 31 March, 2013, the abridged statement of profit & loss, and abridged cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of Reliance Communications Limited ('the Company') for the year ended 31 March, 2013. Our opinion dated 10 May, 2013 on those financial statements contains a matter of emphasis.

The abridged financial statements do not contain all the disclosures required by the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") applied in the preparation of the audited financial statements of the Company. Reading the abridged financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

Management's Responsibility for the Abridged Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 read with Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2012 and are based on the audited financial statements for the year ended 31 March, 2013, prepared in accordance with Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") and accounting principles generally accepted in India.

Auditors' Responsibility

Our responsibility is to express an opinion on the abridged financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the abridged financial statements, prepared in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 read with Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2012 are derived from the audited financial statements of the Company for the year ended 31 March, 2013 and are a fair summary of those financial statements.

Emphasis of Matter

We draw your attention to Note 2.11 of the abridged financial statements regarding the Scheme of Arrangement ('the Scheme') sanctioned by the Hon'ble High Court of Judicature at Mumbai. The Scheme permits the Company to adjust expenses and/or losses identified by the Board of Directors, which are required to be debited to the Statement of profit and loss by a corresponding withdrawal from General Reserve, which is considered to be an override to the relevant provisions of Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. The Company has identified exchange variations of ₹ 91 crore (previous year ₹ 1,048 crore), provision for doubtful debt of ₹ Nil (previous year ₹ 220 crore), amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 546 crore (previous year ₹ 16 crore), provision for subsidy receivable of ₹ Nil (previous year ₹ 48 crore) and depreciation on exchange losses capitalised of ₹ 218 crore (previous year ₹ Nil), as in the opinion of the Board, such exchange loss, provision and depreciation are considered to be of an exceptional nature and accordingly, these expenses have been met by corresponding withdrawal from General Reserve. Had such write off of expenses and losses not been met from General Reserve, the Company would have reflected a loss after tax for the year of ₹ 231 crore (previous year ₹ 1,176 crore) and the consequential effect of this on the profit after tax for the year would have been of ₹ 855 crore (previous year ₹ 1,332 crore). Pending clarification from the Institute of Chartered Accountants of India (ICAI), the Company has credited such withdrawals to the Statement of profit and loss. Our opinion is not qualified in respect of this matter.

For **Chaturvedi & Shah**	For **B S R & Co.**
Chartered Accountants	Chartered Accountants
Firm's Reg. No: 101720W	Firm's Reg. No: 101248W
C. D. Lala	**Bhavesh Dhupelia**
Partner	Partner
Membership No: 35671	Membership No: 042070

Mumbai
10 May 2013

Independent Auditors' Report

To
The Members of
Reliance Communications Limited

Report on the financial statements

We have audited the accompanying financial statements of Reliance Communications Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that

Independent Auditors' Report – 31 March 2013

we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw your attention to Note 2.37 of the financial statements regarding the Scheme of Arrangement ('the Scheme') sanctioned by the Hon'ble High Court of Judicature at Mumbai. The Scheme permits the Company to adjust expenses and/ or losses identified by the Board of Directors, which are required to be debited to the Statement of profit and loss by a corresponding withdrawal from General Reserve, which is considered to be an override to the relevant provisions of Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. The Company has identified exchange variations of ₹ 91 crore (previous year ₹ 1,048 crore), provision for doubtful debt of ₹ Nil (previous year ₹ 220 crore), amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 546 crore (previous year ₹ 16 crore), provision for subsidy receivable of ₹ Nil (previous year ₹ 48 crore) and depreciation on exchange losses capitalised of ₹ 218 crore (previous year ₹ Nil), as in the opinion of the Board, such exchange loss, provision and depreciation are considered to be of an exceptional nature and accordingly, these expenses have been met by corresponding withdrawal from General Reserve. Had such write off of expenses and losses not been met from General Reserve, the Company would have reflected a loss after tax for the year of ₹ 231 crore (previous year ₹ 1,176 crore) and the consequential effect of this on the profit after tax for the year would have been of ₹ 855 crore (previous year ₹ 1,332 crore). Pending clarification from the Institute of Chartered Accountants of India (ICAI), the Company has credited such withdrawals to the Statement of profit and loss. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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;

   (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; as referred in Emphasis of Matter paragraph above, the Company has exercised the option available as per the Court Order which overrides the relevant provisions of the Accounting Standard 5 (AS 5) and

   (e) on the basis of written representations received from the directors of the Company as at 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Chaturvedi & Shah**
Chartered Accountants
Firm's Reg. No: 101720W

C. D. Lala
Partner
Membership No: 35671

For **B S R & Co.**
Chartered Accountants
Firm's Reg. No: 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
10 May 2013

Annexure to the Independent Auditors' Report – 31 March 2013

With reference to the Annexure referred to in the Independent Auditors' Report to the Members of Reliance Communications Limited ('the Company') on the financial statements for the year ended 31 March 2013, we report the following:

1. (a) The Company is in the process of updating its fixed asset register including, to give effect to the assets transferred on demerger of the optical fibre undertaking and the passive infrastructure to a subsidiary company.

   (b) We are informed that the Company physically verifies its assets over a three year period, except for base trans-receiver stations. We are informed that these assets are under continuous operational surveillance at National Network Operating Centre and are therefore not separately physically verified. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this policy, the Company has physically verified certain fixed assets during the year and we are informed that no material discrepancies were noticed on such verification.

   (c) The Company has not disposed off any fixed assets during the year.

2. (a) The inventory has been physically verified by management during the current year. In our opinion, the frequency of such verification is reasonable.

   (b) The procedures for the physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) The Company is maintaining proper records of inventory. Discrepancies identified on physical verification of inventories as compared to book records were not material.

3. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) of the Order is not applicable.

4. In our opinion, and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements for which suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of services. In our opinion, activities of the Company do not involve sale of goods. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in the internal control system.

5. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.

6. The Company has not accepted any deposits from the public.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of telecommunication activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Wealth Tax, Income Tax, Service Tax, Customs Duty, Sales Tax, Entry Tax, Employees' State Insurance and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of excise duty and Investor Education and Protection Fund. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Wealth Tax, Income Tax, Service Tax, Customs Duty, Sales Tax, Entry Tax, Employees' State Insurance and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of dues	Amount (Rs in Crore)	Period	Forum where dispute is pending
Central Sales Tax, West Bengal	Central Sales Tax	0.34	2007-08	West Bengal Tax revision board
	Central Sales Tax	1.73	2008-09	Joint Commissioner (Appeals)
Central Sales Tax, Uttar Pradesh	Central Sales Tax	0.24	2003-04	UP Trade Tax Tribunal
		0.93	2004-05	High Court of Uttar Pradesh
		0.02	2005-06	Additional Commissioner (Appeals)
		0.07	2006-07	UP Trade Tax Tribunal
		0.50	2006-07	Additional Commissioner (Appeals)
		0.20	2007-08	Additional Commissioner (Appeals)
		1.04	2008-09	Additional Commissioner (Appeals)
Central Sales Tax, Orissa	Central Sales Tax	0.02	Oct 06 - Mar 09	Joint Commissioner (Appeals)
		0.01	2009-10	Joint Commissioner (Appeals)
Central Sales Tax, Maharashtra	Central Sales Tax	4.79	2004-05	Joint Commissioner (Appeals)
Central Sales Tax, Delhi	Central Sales Tax	0.05	2010-11	VAT Officer (Remanded by the Commissioner)
Central Sales Tax, Bihar	Central Sales Tax	0.03	2005-06	Sales Tax Appellate Tribunal
Central Sales Tax, Assam	Central Sales Tax	0.05	2010-11	Deputy Commissioner (Appeals)
Entry Tax, Assam	Entry Tax	0.10	2007-08	Deputy Commissioner (Appeals)
Entry Tax, Bihar	Entry Tax	0.76	2007-08	Joint Commissioner (Appeals)
		0.20	2008-09	Joint Commissioner (Appeals)
Entry Tax, Chattisgarh	Entry Tax	0.05	2006-07	Dy. Commissioner (Appeals)
		0.57	2007-08	Dy. Commissioner (Appeals)

Annexure to the Independent Auditors' Report – 31 March 2013

Name of the Statute	Nature of dues	Amount (Rs in Crore)	Period	Forum where dispute is pending
Entry Tax, Madhya Pradesh	Entry Tax	0.29	2002-03	MP Taxation Board
		0.19	2003-04	MP Taxation Board
		0.12	2005-06	MP Taxation Board
		0.12	2006-07	MP Taxation Board
		0.52	2007-08	MP Taxation Board
		0.07	2008-09	MP Taxation Board
Entry Tax, Orissa	Entry Tax	0.05	Oct 06 - Mar 09	Joint Commissioner (Appeals)
	Entry Tax	0.08	2009-10	Joint Commissioner (Appeals)
Entry Tax, Rajasthan	Entry Tax	0.03	2005-06	High Court of Rajasthan
		6.64	2007-08	High Court of Rajasthan
		6.52	2008-09	High Court of Rajasthan
		0.96	2009-10	High Court of Rajasthan
		2.52	2010-11	High Court of Rajasthan
Entry Tax, Uttar Pradesh	Entry Tax	0.13	2003-04	UP Trade Tax Tribunal
Excise duty, Maharashtra	Excise duty	2.08	2002-04	CESTAT (Customs, Excise and Service Tax Appellate)
VAT, Bihar	VAT	0.68	2005-06	Joint Commissioner (Appeals)
VAT, Kerala	VAT	0.01	2006-07	Deputy Commissioner (Appeals)
VAT, Punjab	VAT	0.05	2010-11	Deputy Commissioner (Appeals)
VAT, Uttar Pradesh	VAT	0.17	2008-09	Addl. Commissioner (Appeals)
		0.18	2005-06	Addl. Commissioner (Appeals)
		0.23	2006-07	Addl. Commissioner (Appeals)
		0.12	2007-08	Addl. Commissioner (Appeals)
		0.34	Jan 08 - Mar 08	Addl. Commissioner (Appeals)
VAT, Uttarakhand	VAT	0.01	2005-06	Uttarakhand Sales Tax Tribunal
		0.03	2007-08	Joint Commissioner (Appeals)
VAT, West Bengal	VAT	1.49	2005-06	West Bengal Tax revision board
		1.80	2006-07	West Bengal Tax revision board
		2.34	2007-08	West Bengal Tax revision board
		2.75	2008-09	Joint Commissioner (Appeals)
		0.71	2009-10	Addl. Commissioner (Appeals)

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or debenture holders or to any financial institutions.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by wholly owned subsidiaries and other companies with whom the Company has business dealings, from banks or financial institutions are not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the term loans taken by the Company have been applied for the purpose for which they were raised except portion of term loans availed as at the end of the year is kept in bank, to be applied for the purpose for which it was obtained.
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 the funds raised on the short term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to companies/firms/parties 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 created security in respect of debentures issued except for certain debentures as mentioned in Note 2.03.1 for which the Company is in the process of creating the security.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no significant fraud on or by the Company, that causes a material misstatement to the financial statements, has been noticed or reported during the year.

For **Chaturvedi & Shah**
Chartered Accountants
Firm's Reg. No: 101720W

C. D. Lala
Partner
Membership No: 35671

For **B S R & Co.**
Chartered Accountants
Firm's Reg. No: 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
10 May 2013

Abridged Balance Sheet as at March 31, 2013
(Statement containing the salient features of Balance Sheet as per Section 219(1)(b)(iv) of the Companies Act, 1956)

(₹ in Crore)

		As at March 31, 2013		As at March 31, 2012
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Paid-up Share Capital				
(i) Equity Capital		**1,032**		1,032
(b) Reserves and Surplus				
(i) Capital Reserve ₹ 5,00,000 (Previous year ₹ 5,00,000)	-		-	
(ii) Debenture Redemption Reserve	419		173	
(iii) Securities Premium Account (Refer Note 2.03 (i), Notes on Accounts)	8,047		8,047	
(iv) General Reserve I (Refer Note 2.03 (ii) Notes on Accounts)	5,538		5,538	
(v) General Reserve II (Refer Note 2.03 (iii) Notes on Accounts)	2,785		2,785	
(vi) General Reserve III (Refer Note 2.03 (iv) and (vi) Notes on Accounts)	14,193		26,330	
(vii) Reserve for Business Restructuring (Refer Note 2.03 (v) Notes on Accounts)	1,287		1,287	
(viii) Foreign Currency Monetary Items Translation Difference Account (Refer Note 2.02 Notes on Accounts)	(481)		(299)	
(ix) Surplus in Statement of Profit and Loss	322	**32,110**	5	43,866
Non Current Liabilities				
(a) Long Term Borrowings	22,891		23,365	
(b) Other Long Term Liabilities	143		169	
(c) Long Term Provisions	4,370	**27,404**	4,339	27,873
Current Liabilities				
(a) Short Term Borrowings	7,436		4,506	
(b) Trade Payables	1,478		1,150	
(c) Other Current Liabilities	3,612		4,707	
(d) Short Term Provisions	2,864	**15,390**	2,572	12,935
TOTAL		**75,936**		85,706
ASSETS				
Non Current Assets				
(a) Fixed Assets				
(i) Tangible Assets (Original cost less depreciation)	16,761		16,464	
(ii) Intangible Assets (Original cost less depreciation/ amortisation)	19,297		20,920	
(iii) Capital Work in Progress	735		765	
	36,793		38,149	
(b) Non Current Investments - unquoted	21,013		31,889	
(c) Long Term Loans and Advances	4,508	**62,314**	4,317	74,355
Current Assets				
(a) Current Investments ₹ 29,07,000 (Previous year ₹ 27,26,726) Government Securities- Quoted (Book Value ₹ 30,52,000 (Previous year ₹ 30,52,000))	-		-	
(b) Inventories	304		329	
(c) Trade Receivables	2,066		1,940	
(d) Cash and Bank Balances (Refer Note 2.17, Notes on Accounts)	228		178	
(e) Short Term Loans and Advances	8,736		6,800	
(f) Other Current Assets	2,288	**13,622**	2,104	11,351
TOTAL		**75,936**		85,706

Refer Significant Accounting Policies
Refer Notes on Accounts
Compiled from the Audited Accounts of the Company referred to in our Report dated May 10, 2013

As per our Report of even date
For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No: 101720W

For **B S R & Co.**
Chartered Accountants
Firm Registration No: 101248W

For and on behalf of the Board
Chairman **Anil D. Ambani**

C. D. Lala
Partner
Membership No. 35671
Mumbai
May 10, 2013

Bhavesh Dhupelia
Partner
Membership No. 042070

Directors { **J. Ramachandran**, **Deepak Shourie**

Company Secretary and Manager **Prakash Shenoy**

Abridged Statement of Profit and Loss for the year ended March 31, 2013
(Statement containing the salient features of Statement of Profit and Loss as per Section 219(1)(b)(iv) of the Companies Act, 1956)

		(₹ in Crore)
	For the year ended March 31, 2013	For the year ended March 31, 2012
INCOME		
Sale of Service	**10,981**	11,107
Other Operating Income	**286**	3
Other Income (Refer Note 2.04 (ii), Notes on Accounts)	**1,553**	753
Total Income	**12,820**	11,863
EXPENDITURE		
Access Charges	**2,816**	2,664
License Fees and Network Expenses (Refer Note 2.12, Notes on Accounts)	**4,454**	4,247
Employee Benefits Expenses (Refer Note 2.12, Notes on Accounts)	**290**	476
Finance Costs	**1,976**	1,265
Depreciation and Amortisation Expenses	**2,957**	3,020
Depreciation adjusted against Provision for Business Restructuring (Refer Note 2.03 (vi), Notes on Accounts)	**(99)**	(102)
Depreciation/ Amortisation adjusted against General Reserve III (Refer Note 2.03 (vi), Notes on Accounts)	**(1,177)**	(1,177)
Selling Expenses and Provision for Doubtful Debts (Refer Note 2.12, Notes on Accounts)	**489**	714
General Administration Expenses (Refer Note 2.12, Notes on Accounts)	**490**	601
Total Expenditure	**12,196**	11,708
Profit before Exceptional items, Tax and Adjustments	**624**	155
Exceptional Items (Refer Note 2.11, Notes on Accounts)		
Provision for Bad debts and Subsidy	**-**	268
Equivalent amount withdrawn from General Reserve III	**-**	(268)
Depreciation on account of change in exchange rate	**218**	-
Equivalent amount withdrawn from General Reserve III	**(218)**	-
Foreign Currency Exchange Fluctuation Loss (net)	**637**	1,064
Equivalent amount withdrawn from General Reserve III	**(637)**	(1,064)
Profit before Tax	**624**	155
Tax Expense:		
Current Tax and Deferred Tax	**-**	-
Excess provision for tax of earlier years	**-**	(1)
Profit after Tax	**624**	156
Earnings per Share of face value of ₹ 5 each fully paid up (before and after exceptional items) (Refer Note 2.10, Notes on Accounts)		
Basic (₹)	**3.02**	0.76
Diluted (₹)	**3.02**	0.73

Refer Significant Accounting Policies

Refer Notes on Accounts

Compiled from the Audited Accounts of the Company referred to in our Report dated May 10, 2013.

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No: 101720W

C. D. Lala
Partner
Membership No. 35671

For **B S R & Co.**
Chartered Accountants
Firm Registration No: 101248W

Bhavesh Dhupelia
Partner
Membership No. 042070

Mumbai
May 10, 2013

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **Deepak Shourie**

Company Secretary and Manager **Prakash Shenoy**

Cash Flow Statement annexed to Abrigded Balance Sheet for the year ended March 31, 2013

(₹ in Crore)

		For the year ended March 31, 2013	For the year ended March 31, 2012
A	**Cash flow from Operating Activities**	**2,707**	3,338
B	**Cash flow used in Investing Activities**	**(736)**	(2,115)
C	**Cash flow used in Financing Activities**	**(1,922)**	(4,859)
	Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	**49**	(3,636)
	Opening Balance of Cash and Cash Equivalents	**178**	3,813
	Effect of Exchange Gain on Cash and Cash Equivalents	**1**	1
	Closing Balance of Cash and Cash Equivalents	**228**	178
	(Refer Note 2.17, Notes on Accounts)		

Notes:

(1) Figures in brackets indicate cash outgo.

(2) Cash and cash equivalents include cash on hand and bank balances including Fixed Deposits.

Note : Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Revised Schedule VI to the Companies Act, 1956 are available at the Company's website at link www.rcom.co.in.

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No: 101720W

C. D. Lala
Partner
Membership No. 35671

For **B S R & Co.**
Chartered Accountants
Firm Registration No: 101248W

Bhavesh Dhupelia
Partner
Membership No. 042070

Mumbai
May 10, 2013

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **Deepak Shourie**

Company Secretary and Manager **Prakash Shenoy**

Significant Accounting Policies to Abridged Balance Sheet as at March 31, 2013 and Abridged Statement of Profit and Loss for the year ended on that date

Note: 1

1.01 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention and fair valuation under a Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and provisions of the Companies Act, 1956 read with the Companies Accounting Standards Rules, 2006 (Accounting Standards Rules) as well as applicable pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates

The preparation and presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known/ materialised.

1.03 Fixed Assets

(i) Fixed Assets are stated at cost/ fair value net of Modvat/ Cenvat, Value Added Tax and include amount added on revaluation less accumulated depreciation, amortisation and impairment loss, if any.

(ii) All costs including financing cost of qualifying assets till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising up to March 31, 2007 from exchange rate variations, relating to borrowings attributable to fixed assets are capitalised.

(iii) Expenses incurred relating to project, prior to commencement of commercial operation, are considered as project development expenditure and shown under Capital Work in Progress.

(iv) Telecom Licenses are stated at fair value or at cost as applicable less accumulated amortisation.

(v) Indefeasible Rights of Connectivity (IRC) are stated at cost less accumulated amortisation.

(vi) In respect of accounting period commencing on or after April 1, 2011, consequent to the insertion of para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', related to acquisition of depreciable assets pursuant to notifications dated December 29, 2011 and August 9, 2012 issued by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standards) (Second Amendment) Rules, 2011, the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisitions of such assets.

1.04 Lease

In respect of Operating Leases, lease rentals are expensed on straight line basis with reference to lease terms and considerations except for lease rentals pertaining to the period up to the date of commencement of commercial operations, which are capitalised.

1.05 Depreciation/ Amortisation

(i) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except in case of the following assets which are depreciated as given below.

(a) Telecom Electronic Equipments - 18 years
(b) Furniture, Fixtures and Office Equipments - 10 years
(c) Customer Premises Equipments - 3 years
(d) Vehicles - 5 years

(ii) Leasehold Land is depreciated over the period of the lease term.

(iii) Intangible assets, namely Telecom Licenses and Brand License are amortised over the period of Licenses. IRC and Software are amortised from the date of acquisition or commencement of commercial services, whichever is later. The life of amortisation of the intangible assets are as follows.

(a) Telecom Licenses - 12.5 to 20 years
(b) Brand License - 10 years
(c) Indefeasible Right of Connectivity - 15, 20 years
(d) Software - 5 years

(iv) Depreciation on foreign exchange differences, capitalised pursuant to para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates' vide notifications dated December 29, 2011 and August 9, 2012 by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standards) (Second Amendment) Rules, 2011, is provided over the balance useful life of depreciable capital assets.

(v) Depreciation on additions is calculated pro rata from the following month of addition.

Significant Accounting Policies to Abridged Balance Sheet as at March 31, 2013 and Abridged Statement of Profit and Loss for the year ended on that date

1.06 Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is increased/ reversed where there has been change in the estimate of recoverable value. The recoverable value is the higher of the assets' net selling price and value in use.

1.07 Investments

Current Investments are carried at lower of cost and market value computed Investment wise. Long Term Investments are stated at cost or fair value as required under order of the High Court. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

1.08 Inventories of Stores and Spares

Inventories of stores and spares are accounted for at cost, determined on weighted average basis or net realisable value, whichever is less.

1.09 Employee Benefits

Short term employee benefits

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

Long term employee benefits

(i) Defined contribution plan

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

(ii) Defined benefit plans

Provident Fund

Provident Fund contributions are made to a Trust administered by the Trustees. Interest payable to the Provident Fund members, shall not be at a rate lower than the statutory rate. Liability is recognised for any shortfall in the income of the fund vis-à-vis liability of the interest to the members as per statutory rates.

Gratuity Plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any plan assets is deducted.

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

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

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

(iii) Other Long term employment benefits

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

1.10 Borrowing Cost

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

1.11 Issue Expenses and Premium on Foreign Currency Convertible Bonds (FCCBs)

The premium payable/ paid on redemption of Foreign Currency Convertible Bonds (FCCBs) is charged to Securities Premium Account over the period of the issue. Issue expenses are debited to Securities Premium account at the time of the issue.

1.12 Foreign Currency Transactions

(i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the time of the transaction.

Significant Accounting Policies to Abridged Balance Sheet as at March 31, 2013 and Abridged Statement of Profit and Loss for the year ended on that date

(ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the transaction rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

(iii) Non monetary foreign currency items are carried at cost.

(iv) Exchange difference arising either on settlement or on translation of monetary items other than those mentioned above is recognised in the Statement of Profit and Loss.

(v) Any loss arising out of marking of a class of derivative contracts to market price is recognised in the Statement of Profit and Loss. Income, if any, arising out of marking a class of derivative contracts to market price is not recognised in the Statement of Profit and Loss.

(vi) All long term foreign currency monetary items consisting of liabilities which relate to acquisition of depreciable capital assets at the end of the period/ year have been restated at the rate prevailing at the Balance Sheet date. The exchange difference, arising as a result has been added or deducted from the cost of the assets as per the notifications issued by the Ministry of Corporate Affairs (MCA) dated December 29, 2011 and August 9, 2012. Exchange difference on other long term foreign currency monetary items is accumulated in "Foreign Currency Monetary Items Translation Difference Account (FCMITDA)" which will be amortized over the balance period of monetary assets or liabilities.

1.13 Revenue Recognition

(i) Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods of one year or more are recognised over the estimated useful life of subscribers and specified fixed validity period, as appropriate. The estimated useful life is consistent with estimated churn of the subscribers.

(ii) Interest income on investment is recognised on time proportion basis. Dividend is considered when right to receive is established.

1.14 Provision for Doubtful Debts and Loans and Advances

Provision is made in the accounts for doubtful debts, loans and advances in cases where the management considers the debts, loans and advances to be doubtful of recovery.

1.15 Taxes on Income and Deferred Tax

Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.

1.16 Government Grants

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

1.17 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the Financial Statements.

1.18 Earning per Share

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

1.19 Employee Stock Option Scheme

In respect of stock Options granted pursuant to the Company's Employee Stock Options Scheme, the intrinsic value of the Options (excess of market price of the share over the exercise price of the Option) is treated as discount and accounted as employee compensation cost over the vesting period. Employee compensation cost recognised earlier on grant of Options is reversed in the period when the Options are surrendered by any employee.

Notes on accounts to the Abridged Balance Sheet as at March 31, 2013 and Abridged Statement of Profit and Loss for the year ended on that date

Note : 2.01 (Note 2.25 of Annual Accounts)
Previous year

The financial statements has been prepared as per Revised Schedule VI under the Companies Act, 1956. Figures of the previous year have been regrouped and reclassified, wherever required. Amount in abridged financial statements are presented in Rupee crore, except as otherwise stated.

Note : 2.02 (Note 2.26 of Annual Accounts)

Foreign Currency Monetary Items; Long Term

In view of the option allowed pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs (MCA) Government of India, for the year ended on March 31, 2013, the Company has added ₹ 888 crore (Previous year ₹ 1,499 crore) including ₹ Nil (Previous year ₹ 163 crore) regarded as an adjustment to interest cost on account of restating long term monetary items expressed in foreign currency at year end prevailing rates, of exchange differences on long term borrowing relating to the acquisition of depreciable capital assets to the cost of capitalized assets. Further, the Company has accumulated foreign currency variations of ₹ 496 crore (Previous year ₹ 315 crore) arising on other long term foreign currency monetary items in FCMITDA and ₹ 546 crore (Previous year ₹ 16 crore) has been amortised during the year, leaving balance which will be amortized over the balance period of loans.

In accordance with the notification issued by the Ministry of Corporate Affairs (MCA) on August 9, 2012, the Company has during the year, added ₹ 543 crore to the cost of capitalised assets and ₹ 232 crore to the FCMITDA by reversing the exchange difference regarded as an adjustment to interest cost on account of restating Long Term Monetary Items expressed in foreign currency at year end prevailing rates in accordance with para 4 (e) of Accounting Standared 16 "Borrowing Costs". The said interest was adjusted by withdrawal of an equivalent amount from General Reserve III during the previous year ended March 31, 2012 and hence, it has been credited to General Reserve III.

Note : 2.03 (Note 2.27 of Annual Accounts)

Schemes of Amalgamation and Arrangement of the earlier years

The Company, during the previous years, undertook various Schemes including restructuring of ownership structure of telecom business so as to align the interest of the shareholders. Accordingly, pursuant to the Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved by the Hon'ble High Court of respective Judicature, the Company, during the respective years, recorded all necessary accounting effects, along with requisite disclosure in the notes to the accounts, in accordance with the provisions of the said Schemes. Reserves, pursuant to the said Schemes, include:

(i) ₹ 8,047 crore, being Securities Premium Account, which was part of the Security Premium of erstwhile Reliance Infocomm Limited, the transferor company.

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

(iii) General Reserve II of ₹ 2,785 crore representing the unadjusted balance of the excess of assets over liabilities received by the Company relatable to Telecommunications Undertaking transferred and vested into the Company.

(iv) General Reserve III of ₹ 26,330 crore comprises of ₹ 4,159 crore transferred to General Reserve from Statement of Profit and Loss and ₹ 22,170 crore arising pursuant to Scheme of Amalgamation of erstwhile Reliance Gateway Net Limited and ₹ 1 crore of erstwhile Global Innovative Solutions Private Limited.

(v) Reserve for Business Restructuring of ₹ 1,287 crore representing the unadjusted balance of revaluation of investment in Reliance Communications Infrastructure Limited, the Holding company of Reliance Infratel Limited (RITL) after withdrawing an amount equivalent to writing off Passive Infrastructure assets, transferred to RITL, to the Statement of Profit and Loss. Balance in Reserve for Business Restructuring shall be available to meet the increased depreciation, costs, expenses and losses including on account of impairment of or write down of assets etc.

(vi) Additional depreciation arising on fair value of the assets has been adjusted from General Reserve III and Provision for Business Restructuring.

(vii) The Company had, during the year ended on March 31, 2009, revalued its investments in one of its subsidiaries Reliance Globalcom BV, the Netherlands at then fair value, and credited an amount of ₹ 15,120 crore to General Reserve. On a conservative and prudent basis, and to reflect the said investments at the present valuations, the Company has during the year adjusted a sum of ₹ 10,880 crore in the General Reserve III.

(viii) Premium of ₹ 357 crore paid on redemption of the FCCBs had been charged to Securities Premium Account during the previous year.

(ix) Pursuant to the Scheme of Amalgamation of Reliance Gateway Net Limited (RGNL), on account of the fair valuation, during an earlier year ended on March 31, 2009, opening gross block of fixed assets included increase in Freehold Land by ₹ 225 crore, Buildings by ₹ 130 crore and Telecom Licenses by ₹ 14,145 crore.

(x) Also refer note 2.11 "Exceptional Items" below.

Notes on accounts to the Abridged Balance Sheet as at March 31, 2013 and Abridged Statement of Profit and Loss for the year ended on that date

Note : 2.04 (Note 2.29 of Annual Accounts)
Provisions

(i) Provisions include, provision for disputed claims of verification of customers ₹ 9 crore (Previous year ₹ 9 crore), others of ₹ 1,206 crore (Previous year ₹ 1,353 crore) and reversal of disputed liabilities of ₹ 147 crore (Previous year ₹ 46 crore).

The aforesaid provisions shall be utilised on settlement of the claims, if any, there against.

(ii) Pursuant to the Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved by the Hon'ble High Court of Judicature at Mumbai vide orders dated July 21, 2006 and August 10, 2006 (revised) and by Hon'ble High Court of Gujarat vide order dated July 18, 2006, out of the excess of fair value of assets over liabilities, ₹ 3,000 crore was credited to and held as Provision for Business Restructuring (PBR) to meet increased depreciation cost, expenses and losses including on account of impairment or write down of assets which would be suffered by the Company, pursuant to the Scheme or otherwise in course of its business or in carrying out such restructuring of the operations of the Company or its Subsidiaries. The Company has reassessed the requirement for maintaining such PBR and based thereon, reversed ₹ 550 crore during the year as no longer required leaving balance of ₹ 488 crore for being dealt with in accordance with the said Scheme. The said amount on reversal of PBR has been reflected as part of Other Income.

Note : 2.05 (Note 2.30 of Annual Accounts)
Contingent Liabilities and Capital Commitment (as represented by the Management)

(₹ in Crore)

		As at March 31, 2013	As at March 31, 2012
(i)	Estimated amount of contracts remaining to be executed on capital accounts and not provided for	**199**	294
(ii)	Disputed Liabilities in Appeal		
	- Sales Tax and VAT	**23**	18
	- Excise and Service Tax	**2**	2
	- Entry Tax and Octroi	**32**	28
	- Other Litigations	**1,078**	373
(iii)	Guarantees given by the Company on behalf of its Subsidiaries	**5,065**	5,472
(iv)	Guarantees given by the Company on behalf of other companies for business purpose	**3**	51

(v) License Fees

The Hon'ble Supreme Court of India, vide its judgment dated October 11, 2011, has set aside the Order of the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) dated August 30, 2007 and allowed time to the licensees to raise their disputes before the Hon'ble TDSAT w.r.t. the demands already raised by Department of Telecommunications (DoT). The Hon'ble Supreme Court of India, in the meanwhile, also restrained DoT from enforcing its demands already raised. Subsequently, Hon'ble TDSAT granted all licensees/ operators the liberty to file additional affidavits thereby bringing on record the material facts including the subsequent events with respect to the petitions already pending before Hon'ble TDSAT which got revived post AGR judgment of Hon'ble Supreme Court of India dated October 11, 2011. On April 12, 2012, all the petitions (both old and new of all the operators including the Company's) were heard and interim order of protection, earlier passed by Hon'ble TDSAT were also extended to the new AGR petitions. The matter is now pending before Hon'ble TDSAT. Accordingly no additional provision is required in this regard.

(vi) Access Deficit Charges (ADC)

The Hon'ble TDSAT and Hon'ble Supreme Court of India vide its judgment dated January 17, 2006 and April 30, 2008 respectively upheld the circular of the Bharat Sanchar Nigam Limited (BSNL) dated January 14, 2005 whereby and where under the Company's Fixed Wireless Phone (FWP) service was declared as limited mobile service. The period of claim, which was raised before the Hon'ble Supreme Court of India was for the period from November 14, 2004 to August 26, 2005. As directed by the Hon'ble Supreme Court on April 30, 2008, the Company moved before the Hon'ble TDSAT for quantification of ADC for aforesaid period. The Hon'ble TDSAT vide its judgment dated April 17, 2012 confirmed the liability of the Company for the said period and for subsequent periods. The Company already has an adequate provision of ₹ 540 crore in the books for the liability which is determined to be payable. Further course of action including the financial impact, if any, for the balance amount, which is under dispute and shall be determined on completion of reconciliation with BSNL.

(vii) Special Audit

Pursuant to the Telecom License Agreement, DoT directed audit of various Telecom companies including of the Company. The Special Auditors appointed by DoT were required to verify records of the Company for the years ended March 31, 2007 and March 31, 2008 relating to license fees and revenue share. The Company has received show cause notices dated January 31, 2012 and subsequently received demand notice dated November 8, 2012 based on report of the Special Audit directed by DoT relating to alleged shortfall of license fees of ₹ 300 crore and interest thereon as applicable. The Company has challenged the said notices, inter alia demanding license fee on non telecom revenue based on Special Audit Report before the Hon'ble TDSAT and also before the Hon'ble High Court of Kerala. Both the Courts have stayed the operation of such impugned demand during the pendency of the Petitions before them. The Company is confident that based on advice and, inter alia, on current understanding of the regulation by the industry and judicial pronouncements directly applicable to the issues raised in the special audit report, there shall not be any liability in this regard and hence, no provision is required in the accounts of the Company.

(viii) Spectrum Charges

Department of Telecommunication (DoT) has, during the year, issued demand on the Company for ₹ 1,758 crore towards levy of one time Spectrum Charges, being the prospective charges for holding CDMA Spectrum beyond 2.5 MHz for the period from January 1, 2013 till the expiry of the initial terms of the Licenses. Based on a petition filed by the Company, the Hon'ble High Court of Kolkata, vide its order dated April 19, 2013, has stayed the operation of the impugned demand till further order. The Company is of the opinion that the said demand, inter alia, is an alteration of financial terms of the licenses issued in the past and has also been legally advised. Accordingly, no provision in this regard is required.

Note : 2.06 (Note 2.32 of Annual Accounts)
Operating Lease

The Company's significant leasing arrangements are in respect of operating leases for premises and network sites. These lease agreements provide for cancellation by either parties thereto as per the terms and conditions of the agreements. The Company is a lessee in respect of Optic Fibers and in respect of this lease, lease rent of ₹ 1,141 crore (Previous year ₹ 1,141 crore) including ₹ 1,129 crore (Previous year ₹ 1,129 crore) not leviable for the year as per the lease agreement, has been recognised on a straight line basis as Network Expenses and corresponding amount is provided for.

(₹ in Crore)

	As at March 31, 2013	As at March 31, 2012
Estimated future minimum payments under non cancellable operating lease		
(i) Not later than one year	**2,221**	12
(ii) Later than one year and not later than five years	**8,892**	8,888
(iii) Later than five years	**-**	2,225

Note : 2.07 (Note 2.33 of Annual Accounts)
Deferred Tax Assets and Liabilities

(₹ in Crore)

			As at March 31, 2013		As at March 31, 2012
	Deferred Tax Asset of the Company is as under				
(i)	Deferred Tax Assets				
	Related to carried forward losses	788		548	
	Disallowances, if any, under the Income Tax Act, 1961	685		678	
	Lease Rent Equalisation	1,839	**3,312**	1,389	2,615
(ii)	Deferred Tax Liabilities				
	Related to timing difference on depreciation on fixed assets	432		226	
	Interest Capitalised	75		72	
	Impairment/ Loss on sale of capital assets	883	**1,390**	841	1,139
	Net Deferred Tax Assets		**1,922**		1,476

In absence of virtual certainty of realisability of deferred tax assets, the Company on a conservative basis has restricted deferred tax asset to ₹ Nil.

Note : 2.08 (Note 2.34 of Annual Accounts)
Export Commitments

The Company has obtained licenses/ authorisations under the Export Promotion Capital Goods (EPCG) Scheme for importing capital goods at a concessional rate of customs duty against submission of bonds. Under the terms of the respective licenses/ authorisations, the Company is required to export goods of FOB value equivalent to or more than, eight times the amount of duty saved in respect of such licenses/ authorisations, where export obligation has been refixed by the order of Director General Foreign Trade (DGFT), Ministry of Commerce and Industry, Government of India, as applicable. The Company has fulfilled its export obligation under the aforesaid license as on March 31, 2013 and has submitted the necessary documents to DGFT for availing redemption letter for completion of export obligation amounting to ₹ 334 crore (Previous year ₹ 334 crore).

Notes on accounts to the Abridged Balance Sheet as at March 31, 2013 and Abridged Statement of Profit and Loss for the year ended on that date

Note : 2.09 (Note 2.35 of Annual Accounts)
Segment Performance

Disclosure as per Accounting Standard ("AS") 17 "Segment Reporting" is reported in Consolidated Accounts of the Company. Therefore, the same has not been separately disclosed in line with the provision of AS.

Note : 2.10 (Note 2.36 of Annual Accounts)
Earnings per Share (EPS)

		For the year ended March 31, 2013	For the year ended March 31, 2012
	Basic and Diluted EPS (before and after exceptional items)		
(a)	Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic EPS)	**624**	156
(b)	Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Diluted EPS)	**624**	156
(c)	Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	**2,06,40,26,881**	2,06,40,26,881
(d)	Add: Effect of potential Equity Shares to be issued under FCCBs	**-**	4,00,20,055
(e)	Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	**2,06,40,26,881**	2,10,40,46,936
(f)	Basic EPS of ₹ 5 each (₹)	**3.02**	0.76
(g)	Diluted EPS of ₹ 5 each (₹)	**3.02**	0.73

Note : 2.11 (Note 2.37 of Annual Accounts)
Exceptional Items

Pursuant to the direction of the Hon'ble High Court of Judicature of Mumbai and option exercised by the Board of the Company, in accordance with and as per the scheme of arrangement approved by the Hon'ble High Court vide order dated July 3, 2009 binding on the Company, expenses and/ or losses, identified by the Board of the Company as being exceptional or otherwise subject to the Accounting treatment prescribed in the Schemes of Arrangement sanctioned by the Hon'ble High Court and comprising of ₹ Nil (Previous year ₹ 268 crore) of debts due and subsidy claimed from the Government, ₹ Nil (Previous year ₹ 775 crore) regarded as an adjustment to interest cost, on account of restating Long Term Monetary Items expressed in foreign currency at year end prevailing rates, ₹ 218 crore (Previous year ₹ Nil) of depreciation consequent to addition of exchange differences on long term borrowing relating to capital assets to the cost of capitalised assets, as also ₹ 91 crore (Previous year ₹ 273 crore) of net losses on settlement of items recovered and/ or discharged in foreign currency, ₹ 546 crore (Previous year ₹ 16 crore) (Refer Note 2.02) being amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) excluding the portion added to the cost of fixed assets or carried forward as FCMITDA in accordance with Para 46 A inserted into Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates" in context of unprecedented volatility in exchange rates during the year, have been met by withdrawal from corresponding General Reserves, leaving no impact on profit for the year ended March 31, 2013. Such withdrawals have been included/ reflected in the Statement of Profit and Loss. While the Company has been legally advised that such inclusion in the Statement of Profit and Loss is in accordance with Revised Schedule VI of the Companies Act, 1956, the Company has also sought clarification from the ICAI that such inclusion in the Statement of Profit and Loss is not contrary to Revised Schedule VI. Had such write off of expenses and losses not been met from General Reserve, the Company would have reflected a loss after tax for the year of ₹ 231 crore (Previous year ₹ 1,176 crore) and the consequential effect of this on the profit after tax for the year would have been of ₹ 855 crore (Previous year ₹ 1,332 crore).

Note : 2.12 (Note 2.38 of Annual Accounts)
Recovery of Expenses

Expenses under the heads Provision for Employee Costs and Other Expenses are net of recoveries for common cost from Reliance Communications Infrastructure Limited, a Wholly Owned Subsidiary of the Company. Such amounts recovered for the year amounting to ₹ 104 crore (Previous year ₹ 84 crore) for Salaries, ₹ 235 crore (Previous year ₹ 409 crore) for Sales and General Administration Expenses comprising of ₹ 36 crore (Previous year ₹ 46 crore) for Advertising Expenses, ₹ 171 crore (Previous year ₹ 305 crore) for Customer Acquisition, Commission, Billing and Collection, Webstore expenses and Customer Care, ₹ 28 crore (Previous year ₹ 58 crore) for Hire Charges and ₹ 246 crore (Previous year ₹ Nil) for Network Expenses. Similarly, the amount recovered from Reliance Infratel Limited, a subsidiary of Reliance Communications Infrastructure Limited for the year includes ₹ 67 crore (Previous year ₹ 26 crore) for Salaries and ₹ 45 crore (Previous year ₹ 67 crore) for Sales and General Administration Expenses comprising of, ₹ 25 crore (Previous year ₹ 22 crore) for Hire Charges and ₹ 20 crore for Other General Administration Expenses (Previous year ₹ 45 crore). Similarly, the amount recovered from Reliance Big TV Limited, a Wholly Owned Subsidiary of the Company includes ₹ 3 crore (Previous year ₹ 4 crore) for Hire Charges and ₹ 16 crore (Previous year ₹ 26 crore) for Salaries. Similarly, the amount recovered from Reliance Telecom Limited, a Subsidiary of the Company includes ₹ 83 crore (Previous year ₹ 93 crore) for Salary, ₹ 29 crores (Previous year ₹ 14 crore) for Advertisement and marketing expenses, ₹ 90 crore (Previous year ₹ 111 crore) for General Administration Expenses and ₹ 14 crore towards Network Charges (Previous year ₹ 7 crore). Similarly, the amount recovered from Reliance Tech Services Private Limited, a Subsidiary of the Company includes ₹ 7 crore (Previous year ₹ Nil) for Salary and ₹ 12 crore (Previous year ₹ Nil) for Hire

Notes on accounts to the Abridged Balance Sheet as at March 31, 2013 and Abridged Statement of Profit and Loss for the year ended on that date

Charges. Similarly, the amount recovered from Reliance Webstore Limited (RWSL), a Wholly Owned Subsidiary of the Company includes ₹ 16 crore (Previous year ₹ Nil) for Salary and ₹ 56 crore (Previous year ₹ Nil) for Sales and General Administrative Expenses comprising of ₹ 4 crore (Previous year ₹ Nil) for Hire Charges, ₹ 10 crore (Previous year ₹ Nil) for Advertisement expenses, ₹ 24 crore (Previous year ₹ Nil) for Commission Expenses and ₹ 18 crore for Selling and Marketing expenses. Similarly, the amount recovered from Reliance Infocomm Infrastructure Private Limited, a Wholly Owned Subsidiary of the Company includes ₹ 8,32,121 (Previous year ₹ Nil) for Salary. Similarly, the amount recovered from Reliance IDC Limited, a Wholly Owned Subsidiary of the RCIL, includes ₹ 16 crore (Previous year ₹ Nil) for Hire charges.

Network expenses is net of remission of charges of ₹ 461 crore (Previous year ₹ 821 crore) for the deficiency in Passive Infrastructure Services by RITL, a subsidiary of the RCIL, pursuant to the Service Level Agreement between the parties.

Note : 2.13 (Note 2.41 of Annual Accounts)
Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to MSME. On the basis of the information and records available with the company, the following disclosures are made for the amounts due to Micro and Small Enterprises.

(₹ in Crore)

		As at March 31, 2013	As at March 31, 2012
(a)	Principal amount due to any supplier as at the year end	**46**	34
(b)	Interest due on the principal amount unpaid at the year end to any supplier	**16**	9
(c)	Amount of Interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	**-**	-
(d)	Payment made to the enterprises beyond appointed date under Section 16 of MSMED	**49**	53
(e)	Amount of Interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the year, but without adding the interest specified under MSMED	**3**	3
(f)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**20**	12
(g)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED.	**15**	9

Note : 2.14 (Note 2.42 of Annual Accounts)
Disclosures required by Clause 32 of the Listing Agreement.
Loans and Advances in the nature of Loans to Subsidiary Companies (₹ in Crore)

Sr. No.	Name of the Company	**As At March 31, 2013**	As At March 31, 2012	**Maximum Balance during the Current year**	Maximum Balance during the Previous year
(i)	Reliance Webstore Limited	**29**	87	**116**	335
(ii)	Netizen Rajasthan Limited	**-**	-	**-**	7
(iii)	Reliance Telecom Limited	**1,651**	1,839	**1,840**	2,140
(iv)	Campion Properties Limited	**153**	150	**153**	150
(v)	Reliance Communications Infrastructure Limited	**1,987**	1,827	**2,426**	3,110
(vi)	Reliance Infocomm Infrastructure Private Limited	**299**	358	**372**	406
(vii)	Reliance Big TV Limited	**689**	523	**869**	604
(viii)	Reliance Infratel Limited	**2,719**	2,719	**2,719**	2,719
(ix)	Reliance Tech Services Private Limited	**-**	-	**-**	35
		7,527	7,503	**8,495**	9,506

Loans and Advances to subsidiaries except Reliance Infratel Limited are interest free loans, where there is no repayment schedule and are repayable on demand.

Notes on accounts to the Abridged Balance Sheet as at March 31, 2013 and Abridged Statement of Profit and Loss for the year ended on that date

Note : 2.15 (Note 2.43 of Annual Accounts)
Employee Stock Option Scheme

The Company operates two Employee Stock Option Plans; ESOS Plan 2008 and ESOS Plan 2009, which cover eligible employees of the Company and its Subsidiaries. ESOS Plans are administered through an ESOS Trust. The Vesting of the Options is on the expiry of one year from the date of Grant as per Plan under the respective ESOS(s). In respect of Options granted, the accounting value of Options (based on market price of the share on the date of the grant of the Option) is accounted as deferred employee compensation, which is amortised on a straight line basis over the Vesting Period. Each Option entitles the holder thereof to apply for and be allotted one Equity Share of the Company of ₹ 5 each upon payment of the Exercise Price during the Exercise Period. The maximum Exercise Period is 10 years from the date of Grant of Options.

The Company has established a Trust for the implementation and management of ESOS for the benefit of its present and future employees. Advance of ₹ 387 crore (Previous year ₹ 389 crore) has been granted to the Trust and the said amount has been utilized by the Trust for purchasing 2.13 crore (Previous year 2.13 crore) Equity Shares during the period upto March 31, 2013.

Amortization of compensation includes write back of ₹ 2 crore (Previous year ₹ 5 crore) based on intrinsic value of Options which has been vested under ESOS Plan 2008 and reflected in Statement of Profit and Loss under Employees Benefit Expenses. No amount is chargeable in respect of Options granted under ESOS Plan 2009.

Note : 2.16 (Note 2.44 of Annual Accounts)
Particulars of Derivative Instruments

Particulars of Derivative Instruments acquired for hedging	**As at March 31, 2013**			As at March 31, 2012		
	No. of Instruments	**Value**		No. of Instruments	Value	
		(US $ Crore)	**(₹ in Crore)**		(US $ Crore)	(₹ in Crore)
Principal Only Swap	**1**	**1**	**54**	2	4	178
Interest Rate Swap-FC	**12**	**40**	**2,188**	14	44	2,228
Interest Rate Swap-INR	**10**	**5**	**250**	12	6	325
Options - Cross Currency	**2**	**13**	**684**	3	31	1,570

No derivative instruments are acquired for speculation purpose.

In respect of Foreign Currency Swap and Interest Rate Swap transactions, which are linked with LIBOR rates and exchange rate during the period of contract, gains/ losses, if any, are recognised on the settlement day or the reporting day, whichever is earlier, at the rate prevailing on respective day.

Foreign Currency exposures that are not hedged by derivative instruments or otherwise for Loans and Liabilities and assets are USD 383 crore (Previous year USD 428 crore), equivalent to ₹ 20,762 crore (Previous year ₹ 21,770 crore).

Above exposure status does not include the effects of accruals.

The unamortized premium of Buyers' Credit to be recognized is ₹ 2 crore (Previous year ₹ 2 crore) for one or more subsequent accounting periods.

Note : 2.17 (Note 2.16 of Annual Accounts)
Cash and Bank Balances

	As at March 31,2013	As at March 31,2012
Balances with Banks	**219**	50
Earmarked Balance- Unpaid Dividend	**9**	9
Balances held as Margin Money	**-**	119
	228	178

Notes on accounts to the Abridged Balance Sheet as at March 31, 2013 and Abridged Statement of Profit and Loss for the year ended on that date

Note: 2.18 (Note 2.45 of Annual Accounts)
Related Parties

As per Accounting Standard (AS) 18, 'Related Party Disclosures, prescribed under the Accounting Standard Rules, the disclosures of transactions with the related parties are given below.

A List of Related Parties : where control exists

Sr. No.	Name of the Subsidiary Companies (direct and step down subsidiaries)
1	Reliance WiMax Limited
2	Reliance Digital Home Services Limited
3	Reliance Webstore Limited
4	Reliance Infocomm Infrastructure Private Limited
5	Campion Properties Limited
6	Reliance Big TV Limited
7	Reliance Tech Services Private Limited
8	Reliance Telecom Limited
9	Reliance Communications Infrastructure Limited
10	Reliance IDC Limited (previously Reliance Communications Investment and Leasing Limited)
11	Reliance Infratel Limited
12	Reliance Mobile Commerce Limited
13	Reliance BPO Private Limited (w.e.f. April 30, 2012)
14	Reliance Globalcom Limited (w.e.f. July 3, 2012)
15	M. P. Network Private Limited (w.e.f. March 21, 2013)
16	Kerala Communication Network Private Limited (w.e.f. March 21, 2013)
17	Reliance Data Center Limited (Formerly Reliance Telephones Limited) (from April 1, 2012 to March 14, 2013)
18	Reliance Globalcom B.V.
19	Reliance Communications (UK) Limited
20	Reliance Communications (Hong Kong) Limited
21	Reliance Communications (Singapore) Pte. Limited
22	Reliance Communications (New Zealand) Pte Limited
23	Reliance Communications (Australia) Pty. Limited
24	Anupam Global Soft (U) Limited
25	Gateway Net Trading Pte. Limited
26	Reliance Globalcom Limited, Bermuda
27	FLAG Telecom Singapore Pte. Limited
28	FLAG Atlantic UK Limited
29	Reliance FLAG Atlantic France SAS
30	FLAG Telecom Taiwan Limited
31	Reliance FLAG Pacific Holdings Limited
32	FLAG Telecom Group Services Limited
33	FLAG Telecom Deutschland GmbH
34	FLAG Telecom Hellas AE
35	FLAG Telecom Asia Limited
36	FLAG Telecom Nederland B.V.
37	Reliance Globalcom (UK) Limited
38	Yipes Holdings Inc.
39	Reliance Globalcom Services Inc.
40	YTV Inc.
41	Reliance Infocom Inc.
42	Reliance Communications Inc.
43	Reliance Communications International Inc.
44	Reliance Communications Canada Inc.
45	Bonn Investment Inc.
46	FLAG Telecom Development Limited
47	FLAG Telecom Development Services Company LLC
48	FLAG Telecom Network Services Limited
49	Reliance FLAG Telecom Ireland Limited
50	FLAG Telecom Japan Limited

Sr. No.	Name of the Subsidiary Companies (direct and step down subsidiaries)
51	FLAG Telecom Ireland Network Limited
52	FLAG Telecom Network USA Limited
53	FLAG Telecom Espana Network SAU
54	Reliance Vanco Group Ltd.
55	Euronet Spain SA
56	Vanco (Shanghai) Co Ltd.
57	Vanco (Asia Pacific) Pte. Ltd.
58	Vanco Australasia Pty. Ltd.
59	Vanco Sp Zoo
60	Vanco Gmbh
61	Vanco Japan KK
62	Vanco NV
63	Vanco SAS
64	Vanco South America Ltda
65	Vanco Srl
66	Vanco Sweden AB
67	Vanco Switzerland AG
68	Vanco Deutschland GmbH
69	Vanco B.V.
70	Vanco Benelux B.V.
71	Vanco UK Ltd
72	Vanco International Ltd.
73	Vanco Row Limited
74	Vanco Global Ltd.
75	VNO Direct Ltd.
76	Vanco US LLC
77	Vanco Solutions Inc.
78	Net Direct SA (Properietary) Ltd.
79	Vanco EpE
80	Reliance WiMAX World B.V. (upto January 17, 2013)
81	Reliance WiMAX World Limited (upto January 17, 2013)
82	Reliance WiMAX Cameroon B. V. (upto January 17, 2013)
83	Equatorial Communications SARL (upto January 17, 2013)
84	Reliance WiMAX Congo Brazzaville B.V. (upto January 17, 2013)
85	Interconnect Brazzaville S. A. (upto January 17, 2013)
86	Reliance WiMAX Guinea B.V. (upto June 8, 2012)
87	Access Guinea SARL (upto June 8, 2012)
88	Reliance WiMAX Sierra Leone B. V. (upto June 8, 2012)
89	Equatorial Communications Limited (upto June 8, 2012)
90	Access Bissau LDA (upto June 8, 2012)
91	Reliance WiMAX World Limited BVI (upto January 17, 2013)
92	Reliance WiMAX World LLC (upto June 7, 2012)
93	Reliance WiMax D.R.C. B.V. (upto June 20, 2012)
94	Reliance WiMax Gambia B.V. (upto June 8, 2012)
95	Reliance WiMax Mauritius B.V. (upto September 14, 2012)
96	Reliance WiMax Mozambique B.V. (upto June 8, 2012)
97	Reliance WiMax Niger B.V. (upto September 14, 2012)
98	Reliance WiMax Zambia B.V. (upto June 8, 2012)
99	Seoul Telenet Inc.
100	FLAG Holdings (Taiwan) Limited

Notes on accounts to the Abridged Balance Sheet as at March 31, 2013 and Abridged Statement of Profit and Loss for the year ended on that date

Sr. No.	Name of the Subsidiary Companies (direct and step down subsidiaries)
101	Reliance Telecom Infrastructure (Cyprus) Holdings Limited
102	Lagerwood Investments Limited
	Joint Ventures
103	Alcatel Lucent Managed solutions India Private Limited (upto December 30, 2012)
	Holding company
104	Reliance Innoventures Private Limited
	Subsidiary of Holding Company
105	AAA Communication Private Limited
	Individuals Promoters
106	Shri Anil D. Ambani, the person having control during the year
	Key Managerial Personnel
107	Shri Prakash Shenoy
B.	**List of Other Related Parties where there have been transactions**
	Associate Companies
1	Warf Telecom International Private Limited
2	Mumbai Metro Transport Private Limited
	Fellow Subsidiaries
3	Reliance Capital Limited
4	Reliance General Insurance Company Limited

Disclosure in respect of transactions, which are more than 10% of the total transactions of the same type with a related party during the year ended March 31, 2013

1. Fixed assets acquired during the year include ₹ 100 crore from Reliance Tech Services Private Limited, ₹ 1,31,901 from Reliance Infratel Limited, ₹ 6 crore from Alcatel Lucent Managed Solutions India Private Limited. (*Previous year - Fixed assets acquired during the year include ₹ 86 crore from Reliance Tech Services Private Limited, ₹ 36 crore from Reliance Infratel Limited and ₹ 16 crore from Alcatel Lucent Managed Solutions India Private Limited*).

2. Loans and Advances include loans granted during the year of ₹ 4,256 crore to Reliance Communications Infrastructure Limited, ₹ 1,879 crore to Reliance Telecom Limited and repaid/ adjusted during the year ₹ 4,096 crore by Reliance Communications Infrastructure Limited, ₹ 2,066 crore by Reliance Telecom Limited. (*Previous year - Loans and Advances include loan granted during the year of ₹ 12,772 crore to Reliance Communications Infrastructure Limited, ₹ 2,509 crore to Reliance Telecom Limited and repaid/adjusted during the year ₹ 12,474 crore by Reliance Communications Infrastructure Limited and ₹ 2,137 crore by Reliance Telecom Limited).*

3. Trade receivables include ₹ 724 crore from Reliance Communications Infrastructure Limited, ₹ 108 crore from Reliance Telecom Limited and ₹ 4 crore from Reliance Webstore Limited. (*Previous year - Trade receivables include ₹ 39 crore from Reliance Communications Infrastructure Limited, ₹ 230 crore from Reliance Telecom Limited and ₹ 127 crore from Reliance Webstore Limited*).

4. Loans given include ₹ 1,987 crore to Reliance Communications Infrastructure Limited, ₹ 1,651 crore to Reliance Telecom Limited, ₹ 2,719 crore to Reliance Infratel Limited, Advances include ₹ 1,364 crore to Reliance Communications Infrastructure Limited, ₹ 134 crore to Reliance Telecom Limited and ₹ Nil to Reliance Webstore Limited and Long Term Loans and Advances include ₹ 1,005 crore of Dividend Yield on Preference Shares from Reliance Infratel Limited. (*Previous year - Loans given include ₹ 1,827 crore to Reliance Communications Infrastructure Limited, ₹ 1,839 crore to Reliance Telecom Limited, ₹ 2,719 crore to Reliance Infratel Limited and Advances include ₹ Nil to Reliance Communications Infrastructure Limited, ₹ 44 crore to Reliance Telecom Limited and ₹ 23 crore to Reliance Webstore Limited, Long Term Loans and Advances include ₹ 651 crore of Dividend Yield on Preference Share from Reliance Infratel Limited*).

5. Trade payables include ₹ 116 crore to Reliance Flag Atlantic France SAS, ₹ 425 crore to Reliance Communications Inc, ₹ 130 crore to Reliance Webstore Limited, ₹ 101 crore to Reliance Infratel Limited, ₹ 81 crore to Reliance Communications (UK) Limited and ₹ Nil to Reliance Tech Services Private Limited. (*Previous year - Trade payables include ₹ 39 crore to Reliance Flag Atlantic France SAS, ₹ Nil to Reliance Communications Inc, ₹ Nil to Reliance Webstore Limited, ₹ 7 crore to Reliance Infratel Limited, ₹ 69 crore to Reliance Communications (UK) Limited, ₹ 78 crore to Reliance Tech Services Private Limited and* ₹ 64 crore to Alcatel-Lucent Managed Solutions India Private Limited).

6. Other Current Assets include ₹ 51 crore of Unbilled revenue of Reliance Communications Inc. and Interest Receivable of ₹ 482 crore from Reliance Infratel Limited. (*Previous year - Other Current Assets include ₹ 51 crore of Unbilled revenue of Reliance Communications Inc. and Interest Receivable of ₹ 241 crore from Reliance Infratel Limited*).

7. Prepaid expenses includes ₹ 15 crore from Reliance Telecom Limited and ₹ 9 crore from Reliance FLAG Atlantic France SAS. (*Previous year-Prepaid expense includes ₹ 87 crore from Reliance Telecom Limited and ₹ 10 crore from Reliance FLAG Atlantic France SAS*).

8. Unearned Income includes ₹ 20 crore from Flag Telecom Ireland Network Limited and ₹ Nil from Reliance Flag Atlantic France SAS. (*Previous year- Unearned Income includes ₹ 15 crore from Flag Telecom Ireland Network Limited and ₹ 4 crore from Reliance Flag Atlantic France SAS*).

9. Other Current Liability includes Advance from customer ₹ 99 crore of Reliance Communications Inc.(*Previous year – Other Current Liability includes Advance from customer ₹ Nil of Reliance Communications Inc*). Other Current Liability also includes ₹ 217 crore to Reliance Infratel Limited for availing passive infrastructure services for 3G Operations.(*Previous year - Other Current Liability also includes ₹ 217 crore to Reliance Infratel Limited*).

Notes on accounts to the Abridged Balance Sheet as at March 31, 2013 and Abridged Statement of Profit and Loss for the year ended on that date

10. Corporate Guarantee issued includes ₹ 2,949 crore to Reliance Infratel Limited and ₹ 1,436 crore to Reliance Telecom Limited. Assurance for financial support to subsidiary. (*Previous year – Corporate Guarantee issued includes ₹ 3,508 crore to Reliance Infratel Limited and ₹ 1,463 crore to Reliance Telecom Limited*).

11. Turnover includes ₹ 1,234 crore from Reliance Communications Infrastructure Limited, ₹ 671 crore from Reliance Communications Inc. and ₹ 750 crore from Reliance Telecom Limited. (*Previous year – Turnover includes ₹ 1,182 crore from Reliance Communications Infrastructure Limited, ₹ 601 crore from Reliance Communications Inc. and ₹ 721 crore from Reliance Telecom Limited*).

12. Interest Income includes ₹ 595 crore received from Reliance Infratel Limited. (*Previous year – Interest Income includes ₹ 596 crore received from Reliance Infratel Limited*).

13. Expenditure includes Access Charges: ₹ 214 crore to Reliance Communications Inc. and ₹ 281 crore to Reliance Telecom Limited, Network Operation Expenses: ₹ 1,570 crore to Reliance Infratel Limited. Selling and Marketing expenses: ₹ 43 crore to Reliance Webstore Limited and ₹ 115 crore to Reliance Communications Infrastructure Limited. General and Administrative Expenses: ₹ 37 crore to Reliance Communications Infrastructure Limited, ₹ 24 crore to Reliance Infocomm Infrastructure Private Limited, ₹ 70 crore to Reliance IDC Limited and ₹ 10 crore to Reliance Tech Services Private Limited. (*Previous year – Expenditure includes Access Charges: ₹ 173 crore to Reliance Communications Inc. and ₹ 274 crore to Reliance Telecom Limited. Network Operation Expenses: ₹ 1,178 crore to Reliance Infratel Limited. Selling and Marketing expenses: ₹ 38 crore to Reliance Webstore Limited and ₹ 136 crore to Reliance Communications Infrastructure Limited. General and Administrative Expenses: ₹ 209 crore to Reliance Communications Infrastructure Limited, ₹ 51 crore to Reliance Infocomm Infrastructure Private Limited, ₹ Nil to Reliance IDC Limited and ₹ 40 crore to Reliance Tech Services Private Limited).*

14. Expenses under the heads Provision for Employee Costs and Other Expenses are net of recoveries for common costs from RCIL, a Wholly Owned Subsidiary of the Company. Such amounts recovered for the year amounting to ₹ 104 crore for Salaries, ₹ 235 crore for Sales and General Administration Expenses comprising of ₹ 36 crore for Advertising Expenses, ₹ 171 crore for Customer Acquisition, Commission, Billing and Collection, Webstore expenses, Insurance and Customer Care, ₹ 28 crore for Hire Charges and ₹ 246 crore for Network Expenses. Similarly, the amount recovered from RITL, a subsidiary of RCIL for the year includes ₹ 67 crore for Salaries and ₹ 45 crore for Sales and General Administration Expenses comprising of ₹ 25 crore for Hire Charges and ₹ 20 crore for Other General Administration Expenses. Similarly, the amount recovered from Reliance Telecom Limited (RTL), a subsidiary of the company includes ₹ 83 crore for salary, ₹ 29 crore for Advertisement and Marketing Expenses, ₹ 90 crore for General Administration Expenses and ₹ 14 crore towards Network charges. (*Previous year – Expenses under the heads Provision for Employee Costs and Other Expenses are net of recoveries for common cost from RCIL, a Wholly Owned Subsidiary of the Company. Such amounts recovered for the year amounting to ₹ 84 crore for Salaries, ₹ 409 crore for Sales and General Administration Expenses comprising of ₹ 46 crore for Advertising Expenses, ₹ 305 crore for Customer Acquisition, Commission, Billing and Collection, Webstore expenses and Customer Care, ₹ 58 crore for Hire Charges. Similarly, the amount recovered from RITL, a subsidiary of RCIL for the year includes ₹ 26 crore for Salaries and ₹ 67 crore for Sales and General Administration Expenses comprising of ₹ 22 crore for Hire Charges and ₹ 45 crore for Other General Administration Expenses. Similarly, the amount recovered from Reliance Telecom Limited (RTL), a subsidiary of the Company includes ₹ 93 crore for salary, ₹ 14 crore for Advertisement, Marketing Expenses, ₹ 111 crore for General Administration Expenses and ₹ 7 crore towards Network charges*).

Transactions with Related Parties during the year April 1, 2012 to March 31, 2013

(₹ in Crore)

Sr. No	Nature of Transactions	Subsidiaries	Joint Venture	Fellow Subsidiaries	Associates*/ Others	Total
(A)	**Investments**					
	Balance as at April 1, 2012	**31,867**	**-**	**-**	**22***	**31,889**
		(32,080)	-	-	*(22)**	*(32,102)*
	Diminution in value during the year	**10,880**	**-**	**-**	**-**	**10,880**
	(Refer Note 2.03 (vii))	-	-	-	-	-
	Sold/ adjusted during the year	**-**	**-**	**-**	**-**	**-**
		(223)	-	-	-	*(223)*
	Foreign Exchange Fluctuation	**4**	**-**	**-**	**-**	**4**
		(10)	-	-	-	*(10)*
	Balance as at March 31, 2013	**20,991**	**-**	**-**	**22***	**21,013**
		(31,867)	-	-	*(22)**	*(31,889)*
(B)	**Purchase of Assets**	**100**	**6**	**-**	**-**	**106**
		(122)	*(16)*	-	-	*(138)*
(C)	**Trade Receivables as at March 31, 2013**	**968**	**-**	**-**	**-**	**968**
		(542)	-	-	-	*(542)*
(D)	**Loans and Advances**					
	(i) Loans					
	Balance as at April 1, 2012	**7,503**	**-**	**-**	**-**	**7,503**
		(6,956)	-	-	-	*(6,956)*

Notes on accounts to the Abridged Balance Sheet as at March 31, 2013 and Abridged Statement of Profit and Loss for the year ended on that date

(₹ in Crore)

Sr. No	Nature of Transactions	Subsidiaries	Joint Venture	Fellow Subsidiaries	Associates/ Others	Total
	Given during the year	**6,910**	**-**	**-**	**-**	**6,910**
		(15,896)	–	–	–	*(15,896)*
	Repaid & Adjusted during the Year	**6,886**	**-**	**-**	**-**	**6,886**
		(15,349)	–	–	–	*(15,349)*
	Balance as at March 31, 2013	**7,527**	**-**	**-**	**-**	**7,527**
		(7,503)	–	–	–	*(7,503)*
	(ii) Advances	**2,697**	**-**	**1**	**-**	**2,698**
		(736)	–	–	–	*(736)*
	(iii) Other Current Assets	**533**	**-**	**-**	**-**	**533**
		(292)	–	–	–	*(292)*
	(iv) Prepaid Expenses	**24**	**-**	**-**	**-**	**24**
		(97)	–	–	–	*(97)*
(E)	**(i) Trade Payables as at March 31, 2013**	**861**	**-**	**-**	**-**	**861**
		(197)	*(64)*	*(1)*	–	*(262)*
	(ii) Unearned Income	**21**	**-**	**-**	**-**	**21**
		(19)	–	–	–	*(19)*
	(iii) Other Current Liability	**316**	**-**	**-**	**-**	**316**
		(217)	–	–	–	*(217)*
(F)	**Income**					
	Turnover	**2,783**	**-**	**-**	**-**	**2,783**
		(2,625)	–	–	–	*(2,625)*
	Interest and Yield Income	**595**	**-**	**-**	**-**	**595**
		(596)	–	–	–	*(596)*
(G)	**Expenditure**					
	Access Charges	**495**	**-**	**-**	**-**	**495**
		(448)	–	–	–	*(448)*
	Network Operation Expenses	**1,739**	**168**	**-**	**-**	**1,907**
		(1,353)	*(180)*	–	–	*(1,533)*
	Selling and Marketing Expenses	**158**	**-**	**-**	**-**	**158**
		(174)	–	–	–	*(174)*
	General and Administration Expenses	**143**	**-**	**2**	**-**	**145**
		(300)	–	*(2)*	–	*(302)*
	Recovery of Expenses	**1,039**	**-**	**-**	**-**	**1,039**
		(841)	–	–	–	*(841)*
(H)	**Corporate Guarantee**	**5,065**	**-**	**-**	**-**	**5,065**
		(5,472)	–	–	–	*(5,472)*
(I)	**Person having control during the year**	**-**	**-**	**-**	**-**	**-**
	Shri Anil D. Ambani - Sitting Fees ₹ 2,20,000 (Previous year ₹ 2,60,000)	–	–	–	–	–
(J)	**Managerial Remuneration**	**-**	**-**	**-**	**-**	**-**
	Shri Prakash Shenoy ₹ 22,42,618 (Previous year ₹ 21,56,178), Shri Hasit Shukla ₹ Nil (Previous year ₹ 6,58,398)	–	–	–	–	–

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No: 101720W

C. D. Lala
Partner
Membership No. 35671

For **B S R & Co.**
Chartered Accountants
Firm Registration No: 101248W

Bhavesh Dhupelia
Partner
Membership No. 042070

Mumbai
May 10, 2013

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **Deepak Shourie**

Company Secretary and Manager **Prakash Shenoy**

Independent Auditors' Report on Abridged Consolidated Financial Statements

To
The Board of Directors of Reliance Communications Limited

The accompanying abridged consolidated financial statements, which comprise the abridged consolidated balance sheet as at 31 March, 2013, the abridged consolidated statement of profit and loss, and abridged consolidated cash flow statement for the year then ended, and related notes, are derived from the audited consolidated financial statements of Reliance Communications Limited ('the Company') for the year ended 31 March, 2013. Our opinion dated 10 May 2013 on those consolidated financial statements contains matter of emphasis.

The abridged consolidated financial statements do not contain all the disclosures required by the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") applied in the preparation of the audited consolidated financial statements of the Company. Reading the abridged consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Company.

Management's Responsibility for the Abridged consolidated financial statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 read with Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2012 and are based on the audited consolidated financial statements for the year ended 31 March, 2013, prepared in accordance the requirements of Accounting Standard 21 - Consolidated Financial Statements, Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27 – Financial Reporting of Interest in Joint Ventures, prescribed by the Companies (Accounting Standards) Rules, 2006.

Auditors' Responsibility

Our responsibility is to express an opinion on the abridged consolidated financial statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion

In our opinion, the abridged consolidated financial statements, prepared in accordance with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 read with Companies (Central Government's) General Rules and Forms (Amendment) Rules, 2012 are derived from the audited consolidated financial statements of the Company for the year ended 31 March 2013 and are a fair summary of those consolidated financial statements.

Emphasis of Matter

1 We draw your attention to Note 2.12 of the abridged consolidated financial statements regarding the Schemes of Arrangement ('the Schemes') sanctioned by the Hon'ble High Court of Judicature at Mumbai, permit the Company and three of its subsidiaries, namely, Reliance Communication Infrastructure Limited, Reliance Infratel Limited and Reliance Telecom Limited to adjust expenses and/or losses identified by the respective Board of the Company and its three subsidiaries, which are required to be debited/ credited to the Statement of profit and loss by a corresponding withdrawal or credit from/ to General Reserve, which is considered to be an override to the relevant provisions of Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. The Company and its three subsidiaries have identified exchange variations incurred during the year of ₹ 203 crore (previous year ₹ 1,528 crore), fuel cost of ₹ 62 crore (previous year ₹ 70 crore), provision for doubtful debts and subsidy receivable of ₹ Nil (previous year ₹ 1,107 crore), depreciation on exchange losses capitalised of ₹ 275 crore (previous year ₹ Nil), capital work in progress written off of ₹ 325 crore (previous year ₹ Nil), amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 638 crore (previous year ₹ 45 crore), as in the opinion of the respective Boards, such exchange loss, provisions and costs are considered to be of an exceptional nature and accordingly, these expenses and deferred tax liability of ₹ 354 crore (previous year ₹ 651 crore) of one of its subsidiary have been met by corresponding withdrawal from General Reserve. Pending clarification from the Institute of Chartered Accountants of India (ICAI), the Company has credited such withdrawal to the Statement of profit and loss. Had such write off of expenses, losses and deferred tax liability not been met from General Reserve, the abridged consolidated financial statements would have reflected a loss after tax of ₹ 1,185 crore (previous year ₹ 2,473 crore) and the consequential effect of this on the consolidated profit after tax would have been of ₹ 1,857 crore (previous year ₹ 3,401 crore). Our opinion is not qualified in respect of this matter.

2 We draw your attention to Note 2.08 of the abridged consolidated financial statements regarding investigations by an investigating agency (CBI) and framing of certain preliminary charges by a Trial Court in October, 2011 against a director of Company's subsidiary and the subsidiary company, against which the subsidiary company has filed a writ petition in October, 2011 in Hon'ble High Court of Delhi, which is pending for hearing as set out in the aforesaid note. Our opinion is not qualified in respect of this matter.

Other matter

1. The Company has computed goodwill on consolidation by comparing the cost of investments with the equity of subsidiaries as on date on which investments were made by Reliance Industries Limited ('the transferor company') prior to demerger instead of considering the date of demerger as the date of investment.

2. We did not audit the financial statements and other financial information of certain subsidiaries. The financial statements of these subsidiaries for the year ended 31 March 2013 have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of subsidiaries, is based solely on these reports. The attached consolidated financial statements include assets of ₹ 8,299 crores as at 31 March 2013, revenues of ₹ 4,675 crores and cash inflows amounting to ₹ 61 crores in respect of the aforementioned subsidiaries for the year then ended.

3. The financial statements of certain subsidiaries for the year ended 31 March 2013 have been audited by one of the joint auditors, Chaturvedi & Shah, Chartered Accountants. The attached consolidated financial statements include assets of ₹ 17,380 crores as at 31 March 2013, revenues of ₹ 6,477 crores and cash inflows amounting to ₹ 48 crores in respect of the aforementioned subsidiaries for the year then ended.

4. We have relied on the unaudited financial statements of the subsidiaries, joint ventures and associates, whose financial statements reflect total assets of ₹ 3,654 crores as at 31 March 2013, total revenue of ₹ 128 crores and cash inflows amounting to ₹ 16 crores for the year ended 31 March 2013. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management, and our report in so far as it relates to the amounts included in respect of the subsidiaries is based solely on such approved financial statements.

For **Chaturvedi & Shah**	For **B S R & Co.**
Chartered Accountants	Chartered Accountants
Firm's Reg. No: 101720W	Firm's Reg. No: 101248W
C. D. Lala	**Bhavesh Dhupelia**
Partner	Partner
Membership No: 35671	Membership No: 042070

Mumbai
10 May 2013

Independent Auditors' Report on Consolidated Financial Statements

To
The Board of Directors of Reliance Communications Limited

We have audited the accompanying consolidated financial statements of Reliance Communications Limited ("the Company') and its subsidiaries, associates and joint ventures (collectively referred to as "the Group"), which comprise of the consolidated balance sheet as at 31 March 2013, the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS 21) on Consolidated Financial Statements, Accounting Standard (AS 23)- Accounting for Investments in Associates in Consolidated Financial Statements and (AS 27) on Financial reporting of interests in Joint Ventures as prescribed by the Companies (Accounting Standard's) Rules, 2006.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2013;

(ii) in the case of consolidated statement of profit and loss, of the profit for the year ended on that date; and

(iii) in the case of consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

1 We draw your attention to Note 2.39 of the consolidated financial statements regarding the Schemes of Arrangement ('the Schemes') sanctioned by the Hon'ble High Court of Judicature at Mumbai, permit the Company and three of its subsidiaries, namely, Reliance Communications Infrastructure Limited, Reliance Infratel Limited and Reliance Telecom Limited to adjust expenses and/or losses identified by the respective Board of the Company and its three subsidiaries, which are required to be debited/ credited to the Statement of profit and loss by a corresponding withdrawal or credit from/ to General Reserve, which is considered to be an override to the relevant provisions of Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. The Company and its three subsidiaries have identified exchange variations incurred during the year of ₹ 203 crore (previous year ₹ 1,528 crore), fuel cost of ₹ 62 crore (previous year ₹ 70 crore), provision for doubtful debts and subsidy receivable of ₹ Nil (previous year ₹ 1,107 crore), depreciation on exchange losses capitalised of ₹ 275 crore (previous year ₹ Nil), capital work in progress written off of ₹ 325 crore (previous year ₹ Nil), amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 638 crore (previous year ₹ 45 crore), as in the opinion of the respective Boards, such exchange loss, provisions and costs are considered to be of an exceptional nature and accordingly, these expenses and deferred tax liability of ₹ 354 crore (previous year ₹ 651 crore) of one of its subsidiary have been met by corresponding withdrawal from General Reserve. Pending clarification from the Institute of Chartered Accountants of India (ICAI), the Company has credited such withdrawal to the Statement of profit and loss. Had such write off of expenses, losses and deferred taxes not been met from General Reserve, the consolidated financial statements would have reflected a loss after tax of ₹ 1,185 crore (previous year ₹ 2,473 crore) and the consequential effect of this on the consolidated profit after tax would have been of ₹ 1,857 crore (previous year ₹ 3,401 crore). Our opinion is not qualified in respect of this matter.

2 We draw your attention to Note 2.35 of the consolidated financial statements regarding investigations by an investigating agency (CBI) and framing of certain preliminary charges by a Trial Court in October, 2011 against a director of Company's subsidiary and the subsidiary company, against which the subsidiary company has filed a writ petition in October, 2011 in Hon'ble High Court of Delhi, which is pending for hearing as set out in the aforesaid note. Our opinion is not qualified in respect of this matter.

Other matters

1. The Company has computed goodwill on consolidation by comparing the cost of investments with the equity of subsidiaries as on date on which investments were made by Reliance Industries Limited ('the transferor company') prior to demerger instead of considering the date of demerger as the date of investment.

2. We did not audit the financial statements and other financial information of certain subsidiaries. The financial statements of these subsidiaries for the year ended 31 March 2013 have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of subsidiaries, is based solely on these reports. The attached consolidated financial statements include assets of ₹ 8,299 crores as at 31 March 2013, revenues of ₹ 4,675 crores and cash inflows amounting to ₹ 61 crores in respect of the aforementioned subsidiaries for the year then ended.

3. The financial statements of certain subsidiaries for the year ended 31 March 2013 have been audited by one of the joint auditors, Chaturvedi & Shah, Chartered Accountants. The attached consolidated financial statements include assets of ₹ 17,380 crores as at 31 March 2013, revenues of ₹ 6,477 crores and cash inflows amounting to ₹ 48 crores in respect of the aforementioned subsidiaries for the year then ended.

4. We have relied on the unaudited financial statements of the subsidiaries, joint ventures and associates, whose financial statements reflect total assets of ₹ 3,654 crores as at 31 March 2013, total revenue of ₹ 128 crores and cash inflows amounting to ₹ 16 crores for the year ended 31 March 2013. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management, and our report in so far as it relates to the amounts included in respect of the subsidiaries is based solely on such approved financial statements.

For **Chaturvedi & Shah** Chartered Accountants Firm's Reg. No: 101720W	For **B S R & Co.** Chartered Accountants Firm's Reg. No: 101248W
C. D. Lala Partner Membership No: 35671	**Bhavesh Dhupelia** Partner Membership No: 042070

Mumbai
10 May 2013

Abridged Consolidated Balance Sheet as at March 31, 2013

(Statement containing the salient features of Consolidated Balance Sheet as per Section 219(1)(b)(iv) of the Companies Act, 1956)

(₹ in Crore)

		As at March 31, 2013		As at March 31, 2012	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a)	Paid-up Share Capital				
	(i) Equity Capital		**1,032**		1,032
(b)	Reserves and Surplus				
	(i) Capital Reserve (₹ 5,00,000 (Previous year ₹ 5,00,000))	-		-	
	(ii) Statutory Reserve Fund (₹ 6,13,000 (Previous year ₹ 6,13,000))	-		-	
	(iii) Securities Premium Account (Refer Note 2.04 (i), Notes on Accounts)	8,047		8,047	
(iv)	Debenture Redemption Reserve	441		173	
(v)	Exchange Fluctuation Reserve	377		543	
(vi)	General Reserve (Refer Note 2.13, Notes on Accounts)	10,788		13,418	
(vii)	Reserve for Business Restructuring (Refer Note 2.04 (iv), Notes on Accounts)	1,287		1,287	
(viii)	Foreign Currency Monetary Items Translation Difference Account	(686)		(425)	
(ix)	Surplus in Statement of Profit and Loss	12,564	**32,818**	12,221	35,264
Minority Interest			**725**		860
Non Current Liabilities					
(a)	Long Term Borrowings	28,678		29,646	
(b)	Deferred Tax Liability (Refer Note 2.19, Notes on Accounts)	1,372		1,018	
(c)	Other Long Term Liabilities	1,233		1,217	
(d)	Long Term Provisions	885	**32,168**	824	32,705
Current Liabilities					
(a)	Short Term Borrowings	8,800		5,539	
(b)	Trade Payables	2,364		2,318	
(c)	Other Current Liabilities	10,401		11,881	
(d)	Short Term Provisions	1,874	**23,439**	2,666	22,404
TOTAL			**90,182**		92,265
ASSETS					
Non Current Assets					
(a)	Fixed Assets				
	(i) Tangible Assets (Original cost less depreciation)	44,339		43,551	
	(i) Intangible Assets (Original cost less depreciation/ amortisation)	21,049		22,901	
	(iii) Capital Work in Progress	3,864		5,026	
		69,252		71,478	
(b)	Goodwill on Consolidation	5,125		5,009	
(c)	Non Current Investments - quoted	33		30	
	- unquoted	78		103	
(d)	Long Term Loans and Advances	3,210		2,482	
(e)	Other Non Current Assets	223	**77,921**	618	79,720
Current Assets					
(a)	Current Investments - unquoted	551		519	
(b)	Inventories	497		566	
(c)	Trade Receivables	3,911		3,584	
(d)	Cash and Bank Balances (Refer Note 2.18, Notes on Accounts)	731		550	
(e)	Short Term Loans and Advances	4,581		4,988	
(f)	Other Current Assets	1,990	**12,261**	2,338	12,545
TOTAL			**90,182**		92,265

Refer Significant Accounting Policies
Refer Notes on Accounts
Compiled from the Audited Consolidated Accounts of the Company referred to in our Report dated May 10, 2013.

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No: 101720W

C. D. Lala
Partner
Membership No. 35671

For **B S R & Co.**
Chartered Accountants
Firm Registration No: 101248W

Bhavesh Dhupelia
Partner
Membership No. 042070

Mumbai
May 10, 2013

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **Deepak Shourie**

Company Secretary and Manager **Prakash Shenoy**

Abridged Consolidated Statement of Profit and Loss for the year ended March 31, 2013

(Statement containing the salient features of Consolidated Statement of Profit and Loss as per Section 219(1)(b)(iv) of the Companies Act, 1956)

(₹ in Crore)

		For the year ended March 31, 2013		For the year ended March 31, 2012
INCOME				
Sale of Services		**19,294**		18,716
Other Operating Income		**1,267**		961
Other Income (Refer Note 2.07 (ii), Notes on Accounts)		**1,217**		705
Total Income		**21,778**		20,382
EXPENDITURE				
Access Charges		**2,676**		2,477
License Fees and Network Expenses		**7,692**		7,175
Employee Benefits Expenses		**1,189**		1,283
Finance Costs		**2,499**		1,630
Depreciation, Impairment and Amortisation	5,331		5,450	
Depreciation, Impairment adjusted by/ transfer from:				
Provision for Business Restructuring (Refer Note 2.04 (iii), Notes on Accounts)	(99)		(102)	
General Reserve (Refer Note 2.04 (vi), Notes on Accounts)	(123)		(113)	
General Reserve (Refer Note 2.04 (iii), Notes on Accounts)	(1,264)	**3,845**	(1,257)	3,978
Selling Expenses and Provision for Doubtful Debts		**1,962**		2,050
General and Administration Expenses		**1,100**		907
Total Expenditure		**20,963**		19,500
Profit Before Exceptional Items, Tax and Adjustments		**815**		882
Exceptional Items (Refer Note 2.12, Notes on Accounts)				
Bad Debts and Subsidy written off		**-**		1,107
Equivalent amount withdrawn from General Reserve		**-**		(1,107)
Capital Work in Progress written off		**325**		-
Equivalent amount withdrawn from General Reserve		**(325)**		-
Depreciation on account of change in exchange rate		**275**		-
Equivalent amount withdrawn from General Reserve		**(275)**		-
Foreign currency Exchange Fluctuation Loss (net)		**841**		1,573
Equivalent amount withdrawn from General Reserve		**(841)**		(1,573)
Fuel Expenses		**62**		70
Equivalent amount withdrawn from General Reserve		**(62)**		(70)
Profit Before Tax		**815**		882
Provision for				
- Current Tax	71		(106)	
- Deferred Tax	354		651	
- Equivalent amount withdrawn from General Reserve (Refer Note 2.19, Notes on Accounts)	(354)	**71**	(651)	(106)
Profit After Tax (before adjustment of Minority Interest / Associates)		**744**		988
Less: Share of Profit transferred to Minority		**73**		61
Less : Share of Loss/ (Profit) of Associates		**(1)**		(1)
Profit After Tax (after adjustment of Minority Interest / Associates)		**672**		928
Earning per Share of face value of ₹ 5 each fully paid up (Before and After Exceptional Items) (Refer Note 2.11, Notes on Accounts)				
- Basic (₹)		**3.26**		4.50
- Diluted (₹)		**3.26**		4.41

Refer Significant Accounting Policies

Refer Notes on Accounts

Compiled from the Audited Consolidated Accounts of the Company referred to in our Report dated May 10, 2013.

As per our Report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No: 101720W

C. D. Lala
Partner
Membership No. 35671

For **B S R & Co.**
Chartered Accountants
Firm Registration No: 101248W

Bhavesh Dhupelia
Partner
Membership No. 042070

Mumbai
May 10, 2013

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **Deepak Shourie**

Company Secretary and Manager **Prakash Shenoy**

Cash Flow Statement annexed to Abrigded Consolidated Balance Sheet for the year ended March 31, 2013

(₹ in Crore)

		For the year ended March 31, 2013	For the year ended March 31, 2012
A	**Cash flows from Operating activities**	**3,825**	5,751
B	**Cash flows used in Investing activities**	**(2,069)**	(4,571)
C	**Cash flows used in Financing activities**	**(1,576)**	(5,497)
	Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	**180**	(4,317)
	Opening Balance of Cash and Cash Equivalents	**550**	4,866
	Effect of Exchange Gain/ (Loss) on Cash and Cash Equivalents	**1**	1
	Closing Balance of Cash and Cash Equivalents	**731**	550

Notes:

(1) Figures in brackets indicate cash outgo.

(2) Cash and cash equivalents include cash on hand and bank balances including Fixed Deposits.

Note : Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Revised Schedule VI to the Companies Act, 1956 are available at the Company's website at link www.rcom.co.in.

As per our Report of even date
For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No: 101720W

C. D. Lala
Partner
Membership No. 35671
Mumbai
May 10, 2013

For **B S R & Co.**
Chartered Accountants
Firm Registration No: 101248W

Bhavesh Dhupelia
Partner
Membership No. 042070

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **Deepak Shourie**

Company Secretary and Manager **Prakash Shenoy**

Significant Accounting Policies to the Abridged Consolidated Balance Sheet and Abridged Consolidated Statement of Profit and Loss

Note: 1

1.01 Principles of Consolidation

The Consolidated Financial Statements relate to Reliance Communications Limited ('the Company') and all of its subsidiary companies and the companies controlled, that is, the companies over which the Company exercises control/ joint control over ownership and voting power and the associates and joint venture (hereinafter collectively referred to as the "Group"). The Consolidated Financial Statements have been prepared on the following bases.

(a) The financial statements of the Company and its subsidiaries are consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, incomes and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses in accordance with the Accounting Standard ("AS") 21 "Consolidated Financial Statements" as referred to in the Companies Accounting Standard Rules, 2006 (Accounting Standard Rules).

(b) In case of the foreign subsidiaries and companies controlled by the Company, revenue is consolidated at the average exchange rate prevailing during the year. All monetary assets and liabilities are converted at the exchange rate prevailing at the end of the year. While, non monetary assets and liabilities are recorded at the exchange rate prevailing on the date of the transaction or closing rate, as applicable. Any exchange difference arising on consolidation of integral foreign operation and non integral foreign operation is recognised in the Statement of Profit and Loss and Exchange Fluctuation Reserve respectively.

(c) Investments in subsidiaries are eliminated and differences between the cost of investment over the net assets on the date of investment or on the date of the financial statements immediately preceeding the date of investment in subsidiaries are recognised as Goodwill or Capital Reserve, as the case may be.

(d) The difference between the proceeds from disposal of investment in a subsidiary or in a company controlled by the Company and the proportionate carrying amount of its assets less liabilities as on the date of disposal, is recognised in the Consolidated Statement of Profit and Loss as profit or loss on disposal of investment in subsidiaries.

(e) Minority Interest's share of net profit or loss of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Equity Shareholders of the Company.

(f) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet as a separate item from liabilities and the Shareholders' Equity.

(g) In case of associates, where the Company directly or indirectly through subsidiaries holds 20% or more of Equity Shares, investments in associates are accounted for using equity method in accordance with Accounting Standard ("AS") 23 "Accounting for Investments in Associates in Consolidated Financial Statements" as referred to in the Accounting Standard Rules. The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss, based on available information.

(h) Interest in a jointly controlled entity is reported using proportionate consolidation in accordance with the Accounting Standard ("AS") 27 "Financial Reporting of Interests in Joint Ventures" as referred to in Accounting Standards Rules.

(i) As far as possible, the Consolidated Financial Statements are prepared using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented in the same manner as the standalone financial statements of the Company.

1.02 Investments other than in subsidiaries, associates and joint ventures are accounted as per Accounting Standard ("AS") 13 "Accounting for Investments" as referred to in the Accounting Standard Rules.

1.03 Other Significant Accounting Policies

(a) **Basis of Preparation of Consolidated Financial Statements**

The financial statements are prepared under historical cost convention / fair valuation under a Scheme approved by the High Court, in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956 read with the Companies Accounting Standard Rules as well as applicable pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

(b) **Use of Estimates**

The preparation and presentation of Consolidated Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates is recognised in the period in which the results are known/ materialised.

Significant Accounting Policies to the Abridged Consolidated Balance Sheet and Abridged Consolidated Statement of Profit and Loss

(c) **Fixed Assets**

Fixed Assets are divided into Tangible Assets and Intangible Assets

(i) Fixed Assets are stated at cost/ fair value net of Modvat/ Cenvat, Value Added Tax and include amount added on revaluation less accumulated depreciation, amortisation and impairment loss, if any.

(ii) All costs including financing cost of qualifying assets till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising up to March 31, 2007 from exchange rate variations, relating to borrowings attributable to fixed assets are capitalised.

(iii) Expenses incurred relating to project, prior to commencement of commercial operation, are considered as project development expenditure and shown under Capital Work-in-Progress.

(iv) Telecom Licenses are stated at fair value or at cost as applicable less accumulated amortisation.

(v) Indefeasable Right of Connectivity (IRC) are stated at cost less accumulated amortisation.

(vi) In respect of accounting period commencing on or after April 1, 2011, consequent to the insertion of para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', related to acquisition of depreciable assets are being capatalied pursuant to notifications dated December 29, 2011 and August 9, 2012 issued by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standards) (Second Amendment) Rules 2011, the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisitions of such assets.

(d) **Lease**

(i) In respect of Operating Leases, lease rentals are expensed on straight line basis with reference to the term of lease, except for lease rentals pertaining to the period up to the date of commencement of commercial operations, which are capitalised.

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

(ii) Finance leases prior to April 1, 2001: Rentals are expensed with reference to the term of lease and other considerations.

(iii) Finance Leases on or after April 1, 2001: The lower of the fair value of the assets and present value of the minimum lease rentals is capitalised as Fixed Assets with corresponding amount shown as liabilities for leased assets. The principal component in lease rental in respect of the above is adjusted against liabilities for leased assets and the interest component is recognised as an expense in the year in which the same is incurred except in case of assets used for capital projects where it is capitalised.

(e) **Depreciation/ Amortisation**

(i) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except in case of the following assets which are depreciated at the rates as given below.

(a) Telecom Electronic Equipments - 18 years

(b) Telecom Towers - 35 years

(c) Furniture, Fixtures and Office Equipments - 5, 10 years

(d) Customer Premises Equipments - 3 years

(e) Vehicles - 5 years

(f) Leasehold improvements - Shorter of the remaining lease term or useful life

(g) Cable Systems - Shorter of 15 years or remaining useful life

In case of Falcon project, the asset life of Sub Marine Cable Network and Terrestrial Network is estimated at 25 years and 15 to 25 years respectively.

(ii) Depreciation on assets, taken on finance lease on or after April 1, 2001, is provided over the remaining period of lease from commencement of commercial operations.

(iii) Expenditure of capital nature incurred on assets taken on operating lease is depreciated over the remaining period of the lease term.

(iv) Leasehold Land is depreciated over the period of the lease term.

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

(a) Telecom Licenses - 12.50 to 20 years

(b) Brand License - 10 years

(c) DTH License - 10 years

(d) Indefeasible Right of Connectivity - In the year of purchase, 15/ 20 years

(e) Software - 5 years

(f) Trade Names and Trademarks - 5 to 10 years

(g) Intellectual Property - 7 years

(h) Building access Rights - 5 years

(vi) Depreciation on foreign exchange differences, capitalised pursuant to para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates' vide notifications dated December 29, 2011 and August 9, 2012 by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standards) (Second Amendment) Rules, 2011, is provided over the balance useful life of depreciable capital assets.

(vii) Depreciation on additions is calculated pro rata from the following month of addition.

(f) **Asset Retirement Obligation (ARO)**

Asset Retirement Obligation (ARO) relates to the removal of cable systems and equipments when they will be retired from its active use. Provision is recognised based on the best estimate, of the management, of the eventual costs (net of recovery) that relates to such obligation and is adjusted to the cost of such assets.

(g) **Impairment of Assets**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is increased/ reversed where there is change in the estimate of recoverable value. The recoverable value is higher of net selling price and value in use.

(h) **Investments**

Current Investments are carried at lower of cost and market value computed Investment wise. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

(i) **Inventories of Stores, Spares and Communication Devices**

Inventories of stores, spares and communication devices are accounted for at costs, determined on weighted average basis or net realisable value, whichever is less, except in case of certain subsidiaries, where cost is determined on First In First Out basis.

(j) **Employee Benefits**

Short-term employee benefits

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

Long term employee benefits

(i) **Defined contribution plan**

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

(ii) **Defined benefit plans**

Provident Fund

Provident Fund contributions are made to a Trust administered by the Trustees. Interest payable to the Provident Fund members, shall not be at a rate lower than the statutory rate. Liability is recognized for any shortfall in the Income of the fund vis-à-vis liability of the Interest to the members as per statutory rates.

Gratuity Plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

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

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

Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

(iii) **Other Long term employment benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the Balance Sheet date, determined based on actuarial valuation using Projected Unit Credit Method. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

(k) **Borrowing Cost**

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

(l) **Issue Expenses and Premium on Foreign Currency Convertible Bonds (FCCBs)**

The Premium payable/ paid on redemption of Foreign Currency Bonds (FCCBs) is charged to Securities Premium Account over the period of the Issue. Issue expenses are debited to Securities Premium Account at the time of the issue.

(m) **Foreign Currency Transactions**

(i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the time of the transaction.

(ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

(iii) Non monetary foreign currency items are carried at cost.

(iv) Any income or expense on account of exchange difference in case of monetary items other than mentioned above, either on settlement or on translation, is recognised in the Statement of Profit and Loss.

(v) Any loss arising out of marking a class derivative contracts to market price is recognised in the Statement of Profit and Loss. Income, if any, arising out of marking a class of derivative contracts to market price is not recognised in the Statement of Profit and Loss.

(vi) All long term foreign currency monetary items consisting of liabilities which relate to acquisition of depreciable capital assets at the end of the period/ year have been restated at the rate prevailing at the Balance Sheet date. The exchange difference, arising as a result has been added or deducted from the cost of the assets as per the notifications issued by the Ministry of Corporate Affairs (MCA) dated December 29, 2011 and August 9, 2012. Exchange difference on other long term foreign currency monetary items is accumulated in "Foreign Currency Monetary Items Translation Difference Account (FCMITDA)" which will be amortized over the balance period of monetary assets or liabilities.

(n) **Revenue Recognition**

(i) Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods of one year or more are recognised over the estimated useful life of subscribers and specified fixed validity period, as appropriate. The estimated useful life is consistent with estimated churn of the subscribers.

(ii) The Company sells Right of Use (ROUs) that provide customers with network capacity, typically over a 10- to 15-year period without transferring the legal title or giving an option to purchase the network capacity. Capacity services revenues are accounted as operating lease and recognised in the Company's income statement over the life of the contract. Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue. Revenue on non cancellable ROUs are recognised upfront as licencing income on activation of services.

(iii) Standby maintenance charges are invoiced separately from capacity sales. Revenues relating to standby maintenance are recognised over the period in which the service is provided. Any amounts billed prior to providing of service are included in deferred revenue.

Significant Accounting Policies to the Abridged Consolidated Balance Sheet and Abridged Consolidated Statement of Profit and Loss

(iv) Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognised in the Company's income statement over the term of the contract.

(v) Sale of Handsets and accessories are recognised when goods are supplied and are recorded net of trade discounts, rebates, commissions to distributors and dealers and sales taxes. It does not include inter company transfers.

(vi) Interest income on investment is recognised on time proportion basis. Dividend is considered when right to receive is established. The Group recognises income from the units in the Fixed Income Schemes of Mutual Funds where income accrued is held, till the declaration or payment thereof, for the benefit of the unit holders.

(vii) Revenue is recognised net of taxes when the Base Transceiver Station (BTS) Tower is Ready For Installation of customer equipments and as per the terms of the agreements.

(viii) Activation fees in resepct of DTH is recognised on upfront basis at the time of activation of services in customers' premises. Subscription revenue and carriage fees towards initial customers are recognised upfront as and when it is realised and the monthly subscription is recognised on accrual basis, net of service tax, entertainment tax and trade discount.

(o) **Provision for Doubtful Debts and Loans and Advances**

Provision is made in the accounts for doubtful debts and Loans and Advances in cases where the management considers the debts, loans and advances, to be doubtful of recovery.

(p) **Miscellaneous Expenditure**

Miscellaneous Expenditure is charged to the Statement of Profit and Loss as and when it is incurred.

(q) **Taxes on Income and Deferred Tax**

Provision for income tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of assets. MAT credit is recognised as an asset only if there is convincing evidence that the Company will pay normal income tax during the specified period.

(r) **Government Grants**

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

(s) **Provisions and Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognised nor disclosed in the financial statements.

(t) **Earning per Share**

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

(u) **Employee Stock Option Scheme**

In respect of stock options granted pursuant to the Company's Employee Stock Options Scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period. Employee compensation cost recognised earlier on grant of options is reversed in the period when the options are surrendered by any employee.

Note : 2.01 (Note 2.27 in Consolidated Annual Accounts)

Previous Year

The consolidated financial statements has been prepared as per Revised Schedule VI under the Companies Act, 1956. Figures of the previous year have been regrouped and reclassified, whereever required. Amount in abridged consolidated financial statements are presented in Rupee in crore, except as otherwise stated.

Note : 2.02 (Note 2.28 in Consolidated Annual Accounts)

Consolidation

(a) The following subsidiary companies are included in the Consolidated Financial Statements.

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest
1	Reliance WiMax Limited	India	100.00%
2	Reliance Digital Home Services Limited	India	100.00%
3	Reliance Webstore Limited	India	100.00%
4	Reliance Infocomm Infrastructure Private Limited	India	100.00%
5	Campion Properties Limited	India	100.00%
6	Reliance Big TV Limited	India	100.00%
7	Reliance Tech Services Private Limited	India	89.00%
8	Reliance Telecom Limited	India	100.00%
9	Reliance Communications Infrastructure Limited	India	100.00%
10	Reliance IDC Limited (Formerly Reliance Communications Investment and Leasing Limited)	India	100.00%
11	Reliance Infratel Limited	India	89.71%
12	Reliance Mobile Commerce Limited	India	100.00%
13	Reliance Globalcom B.V.	The Netherlands	100.00%
14	Reliance Communications (UK) Limited	United Kingdom	100.00%
15	Reliance Communications (Hong Kong) Limited	Hong Kong	100.00%
16	Reliance Communications (Singapore) Pte. Limited	Singapore	100.00%
17	Reliance Communications (New Zealand) Pte Limited	New Zealand	100.00%
18	Reliance Communications (Australia) Pty Limited	Australia	100.00%
19	Anupam Global Soft (U) Limited	Uganda	90.00%
20	Gateway Net Trading Pte Limited	Singapore	100.00%
21	Reliance Globalcom Limited	Bermuda	99.95%
22	FLAG Telecom Singapore Pte. Limited	Singapore	99.95%
23	FLAG Atlantic UK Limited	United Kingdom	99.95%
24	Reliance FLAG Atlantic France SAS	France	99.95%
25	FLAG Telecom Taiwan Limited	Taiwan	59.97%
26	Reliance FLAG Pacific Holdings Limited	Bermuda	100.00%
27	FLAG Telecom Group Services Limited	Bermuda	100.00%
28	FLAG Telecom Deutschland GmbH	Germany	99.95%
29	FLAG Telecom Hellas AE	Greece	99.95%
30	FLAG Telecom Asia Limited	Hong Kong	99.95%
31	FLAG Telecom Nederland B.V.	The Netherlands	99.95%
32	Reliance Globalcom (UK) Limited	United Kingdom	99.95%
33	Yipes Holdings Inc.	USA	100.00%
34	Reliance Globalcom Services Inc.	USA	100.00%
35	YTV Inc.	USA	100.00%
36	Reliance Infocom Inc.	USA	100.00%
37	Reliance Communications Inc.	USA	100.00%
38	Reliance Communications International Inc.	USA	100.00%
39	Reliance Communications Canada Inc.	USA	100.00%

Notes on Accounts to the Abridged Consolidated Balance Sheet and Abridged Consolidated Statement of Profit and Loss

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest
40	Bonn Investment Inc.	USA	100.00%
41	FLAG Telecom Development Limited	Bermuda	99.95%
42	FLAG Telecom Development Services Company LLC	Egypt	99.95%
43	FLAG Telecom Network Services Limited	Ireland	99.95%
44	Reliance FLAG Telecom Ireland Limited	Ireland	99.95%
45	FLAG Telecom Japan Limited	Japan	99.95%
46	FLAG Telecom Ireland Network Limited	Ireland	99.95%
47	FLAG Telecom Network USA Limited	USA	99.95%
48	FLAG Telecom Espana Network SAU	Spain	99.95%
49	Reliance Vanco Group Ltd	United Kingdom	100.00%
50	Euronet Spain SA	Spain	100.00%
51	Net Direct SA (Properietary) Ltd. (Under liquidation)	South Africa	100.00%
52	Vanco (Shanghai) Co Ltd.	China	100.00%
53	Vanco (Asia Pacific) Pte. Ltd.	Singapore	100.00%
54	Vanco Australasia Pty. Ltd.	Australia	100.00%
55	Vanco EpE (Under Liquidation)	Greece	100.00%
56	Vanco Sp Zoo	Poland	100.00%
57	Vanco Gmbh	Germany	100.00%
58	Vanco Japan KK	Japan	100.00%
59	Vanco NV	Belgium	100.00%
60	Vanco SAS	France	100.00%
61	Vanco South America Ltda	Brazil	100.00%
62	Vanco Srl	Italy	100.00%
63	Vanco Sweden AB	Sweden	100.00%
64	Vanco Switzerland AG	Switzerland	100.00%
65	Vanco Deutschland GmbH	Germany	100.00%
66	Vanco BV	The Netherlands	100.00%
67	Vanco Benelux BV	The Netherlands	100.00%
68	Vanco UK Ltd	United Kingdom	100.00%
69	Vanco International Ltd	United Kingdom	100.00%
70	Vanco Row Limited	United Kingdom	100.00%
71	Vanco Global Ltd	United Kingdom	100.00%
72	VNO Direct Ltd	United Kingdom	100.00%
73	Vanco US LLC	USA	100.00%
74	Vanco Solutions Inc	USA	100.00%

(b) The Company also consolidates the following companies as it exercises control over ownership and/ or composition of Board of Directors.

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership interest
1	Seoul Telenet Inc.	Korea	48.98%
2	FLAG Holdings (Taiwan) Limited	Taiwan	49.97%
3	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	Cyprus	0.00%
4	Lagerwood Investments Limited	Cyprus	0.00%

(c) The associate companies considered in the Consolidated Financial Statements are :

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership interest
1	Warf Telecom International Private Limited	Maldives	20.00%
2	Mumbai Metro Transport Private Limied	India	26.00%

(d) The following subsidiary companies/ associates acquired during the year also form part of Consolidated Financial Statements

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership interest
1	Reliance Data Center Limited (Formerly known as Reliance Telephones Limited) (w.e.f April 1, 2012)	India	100.00%
2	Reliance BPO Private Limited (w.e.f. April 30, 2012)	India	100.00%
3	Reliance Globalcom Limited (w.e.f. July 3, 2012)	India	100.00%
4	Kerala Communication Network Private Limited (w.e.f. March 21, 2013)	India	100.00%
5	MP Network Private Limited (w.e.f. March 21, 2013)	India	100.00%

(e) The following subsidiary companies/ companies controlled/ companies consolidated/ joint venture ceased to remain subsidiaries/ controlled/ joint venture/ consolidated during the year.

Sr. No.	Name of the Company
1	Alcatel Lucent Managed Solutions India Private Limited has been ceased to be Joint Venture w.e.f. December 30, 2012
2	Reliance Data Center Limited (Formerly known as Reliance Telephones Limited) has been ceased to be subsidiary w.e.f. March 14, 2013
3	Reliance WiMAX World Limited BVI has been dissolved w.e.f. January 17,2013
4	Reliance WiMAX World B.V. has been ceased to be subsidiary w.e.f. January 17, 2013
5	Reliance WiMAX World Limited has been ceased to be subsidiary w.e.f. January 17, 2013
6	Reliance WiMAX World LLC has been dissolved w.e.f. June 7,2012
7	Reliance WiMAX Congo Brazzaville B.V. has been ceased to be subsidiary w.e.f. January 17, 2013
8	Interconnect Brazzaville S. A. has been ceased to be subsidiary w.e.f. January 17, 2013
9	Reliance WiMAX Guinea B.V. has been ceased to be subsidiary w.e.f. June 8, 2012
10	Acess Guinea SARL has been ceased to be subsidiary w.e.f. June 8, 2012
11	Reliance WiMAX Sierra Leone B. V. has been ceased to be subsidiary w.e.f. June 8, 2012
12	Equatorial Communications Limited has been ceased to be subsidiary w.e.f. June 8, 2012
13	Reliance WiMAX Cameroon B. V. has been ceased to be subsidiary w.e.f. January 17, 2013
14	Equatorial Communications SARL has been ceased to be subsidiary w.e.f. January 17, 2013
15	Reliance WiMax D.R.C. B.V. has been dissolved w.e.f. June 20, 2012
16	Reliance WiMax Gambia B.V. has been dissolved w.e.f. June 8, 2012
17	Reliance WiMax Mauritius B.V. has been dissolved w.e.f. September 14, 2012
18	Reliance WiMax Mozambique B.V.has been dissolved w.e.f. June 8, 2012
19	Reliance WiMax Niger B.V. has been dissolved w.e.f. September 14, 2012
20	Reliance WiMax Zambia B.V. has been dissolved w.e.f. June 8, 2012
21	Access Bissau LDA has been ceased to be subsidiary w.e.f. June 8, 2012

Note 2.03 (Note 2.29 in Consolidated Annual Accounts)

Foreign Currency Monetary Items; Long Term

In view of the Option allowed pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs (MCA), Government of India, for the year ended on March 31, 2013, the Company has added ₹ 1,084 crore (Previous year ₹ 1,749 crore), including ₹ Nil (Previous year ₹ 163 crore) regarded as an adjustment to interest cost on account of restating long term monetary items expressed in foreign currency at year end prevailing rates, of exchange differences on long term borrowing relating to acquisition of depreciable capital assets to the cost of capitalised assets. Further, the Company has accumulated foreign currency variations of ₹ 615 crore (Previous year ₹ 470 crore) arising on other long term foreign currency monetary items in FCMITDA, and ₹ 638 crore (Previous year ₹ 45 crore) has been amortised during the year, leaving balance to be amortised over the balance period of loans.

In accordance with the notification issued by the MCA on August 9, 2012, the Company has, during the year, added ₹ 705 crore to the cost of capitalised assets and ₹ 287 crore to the FCMITDA by reversing the exchange difference regarded as an adjustment to interest cost on account of restating long term monetary items expressed in foreign currency at year end prevailing rates in accordance with para 4(e) of Accounting Standard 16 "Borrowing Costs". The said interest was adjusted by withdrwal of an equivalent amount from General Reserve during the previous year ended March 31, 2012 and hence, it has been credited to General Reserve.

Note 2.04 (Note 2.30 in Consolidated Annual Accounts)

Schemes of Amalgamation and Arrangement of earlier years

The Company, during the past years, undertook various Schemes including restructuring of ownership structure of telecom business so as to align the interest of the shareholders. Accordingly, pursuant to the Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved by Hon'ble High Court of respective judicature, the Company, during the respective years, recorded all necessary accounting effects, along with requisite disclosure in the notes to the accounts, in accordance with the provisions of the said Schemes. Reserves, pursuant to the said Schemes, include;

(i) ₹ 8,047 crore being Securities Premium Account, which was part of the Securities Premium of erstwhile Reliance Infocomm Limited (RIC), the transferor company.

(ii) ₹ 12,345 crore, being part of General Reserve, on fair valuation of assets and liabilities of the Company in accordance with the Scheme of Amalgamation, amalgamating Reliance Gateway Net Limited (RGNL) into the Company.

(iii) Additional depreciation arising on fair value of the assets has been adjusted from General Reserve and from Provision for Business Restructuring.

(iv) ₹ 1,287 crore, being the balance was transferred to Reserve for Business Restructuring in accordance with the Scheme of Arrangement for demerger of passive infrastructure assets to RITL.

(v) ₹ 7 crore being Goodwill arising on consolidation pursuant to the Scheme of Amalgamation between subsidiaries was debited during the earlier year to General Reserve.

(vi) Additional depreciation of subsidiaries consequent upon revaluation of assets carried out has been adjusted to General Reserve.

(vii) Pursuant to the said Scheme of Amalgamation (Refer Note (ii) above), on account of the fair valuation during the year ended on March 31, 2009, additions/ adjustments to the fixed assets included increase in Freehold Land by ₹ 225 crore, Buildings by ₹ 130 crore and Telecom Licenses by ₹ 14,145 crore.

(viii) Pursuant to the demerger, the Company computed goodwill of ₹ 2,659 crore arising on consolidation using the step up method based on date of original investment by Reliance Industries Limited (RIL) prior to demerger instead of considering the date of demerger as the date of investment in absence of specific guidance in Accounting Standard (AS) 21 "Consolidated Financial Statements" in a demerged scenario.

(ix) Premium of ₹ 357 crore paid on redemption of the FCCBs was charged to Securities Premium Account during the previous year.

(x) Also refer note 2.12 "Exceptional Items" below.

Note 2.05 (Note 2.31 in Consolidated Annual Accounts)

Scheme of Arrangement

(i) Pursuant to the Scheme of Arrangement ("the Scheme") under Section 391 to 394, read with Sections 78, 100, 103 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Judicature at Mumbai vide Order dated December 20, 2012 with an Appointed Date being April 1, 2012, BPO Division of Reliance BPO Private Limited ("RBPO" or 'the Transferor Company'), a Wholly Owned Subsidiary of Reliance Communications Infratsructure Limited ("RCIL" or 'the Transferee Company'), a Wholly Owned Subsidiary of the Company, has been demerged into RCIL.

Upon the Scheme becoming effective on February 18, 2013, all the assets and liabilities as appearing in the books of account relating to BPO Division as on the Appointed Date have been recorded in the books of RCIL at their respective book values and investment in Preference Shares of RBPO is debited to Statement of Profit and Loss and adjusted by withdrawing an equivalent amount from Securities Premium Account. Excess of liabilities of ₹ 470 crore over assets has been charged to Securities Premium Account by RCIL and as required for consolidation to General Reserve.

Note 2.06 (Note 2.32 in Consolidated Annual Accounts)

Depreciation, Impairment and Amortisation and Change in Method of Depreciation

(i) During the previous year, pursuant to an approval by the Ministry of Corporate Affairs (MCA) under Section 205 (2) (d) of the Companies Act, 1956, Reliance Infratel Limited (RITL), a Subsidiary of the Company had provided depreciation on Telecom Towers at 2.72% under Straight Line Method (SLM) over the useful life of asset. As a result, depreciation charge in Consolidated Accounts for the previous year ended March 31, 2012 was lower by ₹ 173 crore and profit was higher by the said amount.

(ii) During the previous year, Reliance Telecom Limited, a Wholly Owned Subsidiary of the Company had also aligned policy of depreciation with the Company and accordingly, provided depreciation based on SLM. As a result, in Consolidated Accounts, excess depreciation of ₹ 306 crore accounted during the previous period up to September 30, 2011 had been reversed during the previous year ended March 31, 2012. As a consequence, depreciation charge was lower and profit was higher by the said amount for the previous year ended March 31, 2012.

Notes on Accounts to the Abridged Consolidated Balance Sheet and Abridged Consolidated Statement of Profit and Loss

Note 2.07 (Note 2.34 in Consolidated Annual Accounts)

Provisions

(i) Provisions include, provision for disputed claims for verification of customer ₹ 9 crore (Previous year ₹ 9 crore) and others of ₹ 1,206 crore (Previous year ₹ 1,353 crore) and reversal of disputed liabilities of ₹ 147 crore (Previous year ₹ 46 crore), provisions for Asset Retirement Obligation (ARO) made by the Company's subsidiary in respect of undersea cables and equipments of ₹ 812 crore (Previous year ₹ 761 crore).

The aforesaid provisions shall be utilised on settlement of the claims, if any, there against.

(ii) Pursuant to the Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved Hon'ble High Court of Judicature at Mumbai vide orders dated July 21, 2006 and August 10, 2006 (revised) and by Hon'ble High Court of Gujarat vide order dated July 18, 2006, out of the excess of fair value of assets over liabilities, ₹ 3,000 crore was credited to and held as Provision for Business Restructuring (PBR) to meet increased depreciation, cost, expenses and losses including on account of impairment or write down of assets which would be suffered by the Company, pursuant to the Scheme or otherwise in course of its business or in carrying out such restructuring of the operations of the Company or its Subsidiaries. The Company has reassessed the requirement for maintaining such PBR and based thereon, reversed ₹ 550 crore during the year as no longer required, leaving balance of ₹ 488 crore being dealt with in accordance with the said Scheme. The said amount on reversal of PBR has been reflected as part of Other Income.

Note 2.08 (Note 2.35 in Consolidated Annual Accounts)

Contingent Liabilities and Capital Commitment (as represented by the Management)

(₹ in Crore)

		As at March 31, 2013	As at March 31, 2012
(i)	Estimated amount of contracts remaining to be executed on capital accounts and not provided for	**638**	657
(ii)	Disputed Liabilities not provided for		
	- Sales Tax and VAT	**66**	35
	- Custom, Excise and Service Tax	**409**	12
	- Entry Tax and Octroi	**62**	62
	- Income Tax	**618**	16
	- Other Litigations	**1,103**	439
(iii)	Claims against the Company not acknowledged as debts	**306**	137
(iv)	Guarantees given including on behalf of other companies for business purpose	**3**	51

(v) Consequent to the investigations by an investigative agency (CBI) in relation to the entire telecom sector in India, certain preliminary charges have been framed by a Trial Court in October, 2011 against Reliance Telecom Limited (RTL), a Subsidiary of the Company, and three of the executives of the Group. The charges so framed are preliminary in nature based on investigations only, and the persons named are presumed to be innocent, till their alleged guilt is established after a fair trial. As legally advised, the persons so named deny all charges, and a writ petition for quashing the charges framed have been filed in October, 2011 in the Hon'ble High Court of Delhi has been objected by the investigative agency before Hon'ble Supreme Court for seeking stay thereagainst and transferring the matter thereto, which is pending for hearing. These preliminary charges have no impact on the business, operations, and/ or licenses of RTL and of the Company and, even more so, are not connected in any manner to any other listed group companies.

(vi) License Fees

The Hon'ble Supreme Court of India, vide its judgment dated October 11, 2011, has set aside the Order of the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) dated August 30, 2007 and allowed time to the licensees to raise their disputes before the Hon'ble TDSAT w.r.t. the demands already raised by Department of Telecommunications (DoT). The Hon'ble Supreme Court of India, in the meanwhile, also restrained DoT from enforcing its demands already raised. Subsequently, Hon'ble TDSAT granted all licensees/ operators the liberty to file additional affidavits thereby bringing on record the material facts including the subsequent events with respect to the petitions already pending before Hon'ble TDSAT which got revived post AGR judgment of Hon'ble Supreme Court of India dated October 11, 2011. On April 12, 2012, all the petitions (both old and new of all the operators including the Company's) were heard and interim order of protection, earlier passed by Hon'ble TDSAT were also extended to the new AGR petitions. The matter is now pending before Hon'ble TDSAT. Accordingly no additional provision is required in this regard.

(vii) Spectrum Charges

Department of Telecommunication (DoT) has, during the year, issued demand on the Company for ₹ 1,758 crore towards levy of one time Spectrum Charges, being the prospective charges for holding CDMA Spectrum beyond 2.5 MHz for the period from

January 1, 2013 till the expiry of the initial terms of the respective Licenses. DoT has also issued a demand on the Subsidiary of the Company for one time Spectrum Charges, being retrospective charges of ₹ 5 crore for holding GSM Spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012 and prospective charge of ₹ 169 crore for GSM spectrum held beyond 4.4 MHz for the period from January 1, 2013 till the expiry of the initial terms of the respective Licenses. Based on a petition filed by the Company and its subsidiary, the Hon'ble High Court of Kolkata, vide its orders dated February 14, and April 19, 2013 has stayed the operation of the impugned demand till further order. The Company is of the opinion that the said demand, inter alia, is an alteration of financial terms of the licenses issued in the past and has also been legally advised. Accordingly, no provision in this regard is required.

(viii) Access Deficit Charges (ADC)

The Hon'ble TDSAT and Hon'ble Supreme Court of India vide its judgment dated January 17, 2006 and April 30, 2008 respectively upheld the circular of the Bharat Sanchar Nigam Limited (BSNL) dated January 14, 2005 whereby and where under the Company's Fixed Wireless Phone (FWP) service was declared as limited mobile service. The period of claim, which was raised before the Hon'ble Supreme Court of India was for the period from November 14, 2004 to August 26, 2005. As directed by the Hon'ble Supreme Court on April 30, 2008, the Company moved before TDSAT for quantification of ADC for aforesaid period. The Hon'ble TDSAT vide its judgment dated April 17, 2012 confirmed the liability of the Company for the said period and for subsequent periods. The Company already has an adequate provision of ₹ 540 crore in the books for the liability which is determined to be payable. Further course of action including the financial impact, if any, for the balance amount, which is under dispute and shall be determined on completion of reconciliation with BSNL.

(ix) Special Audit

Pursuant to the Telecom License Agreement, DoT directed audit of various Telecom companies including of the Company. The Special Auditors appointed by DoT were required to verify records of the Company and some of its subsidiaries for the years ended March 31, 2007 and March 31, 2008 relating to license fees and revenue share. The Company and its subsidiary had received show cause notices dated January 31, 2012 and subsequently received demand notice dated November 8, 2012 based on report of the Special Audit directed by DoT relating to alleged shortfall of license fees of ₹ 313 crore and interest thereon as applicable. The Company has challenged the said demand notices, inter alia demanding license fee on non telecom revenue based on Special Audit Report before the Hon'ble TDSAT and also before the Hon'ble High Court of Kerala. Both the Courts have stayed the operation of such impugned demand during the pendency of the Petitions before them. The Company is confident that based on advice and, inter alia, on current understanding of the regulation by the industry and judicial pronouncements directly applicable to the issues raised in the special audit report, there shall not be any liability in this regard and hence, no provision is required in the accounts of the Company.

Note 2.09 (Note 2.36 in Consolidated Annual Accounts)

Leases

Operating Lease (₹ in Crore)

		As at March 31, 2013	At at March 31, 2012
Estimated future minimum payments under non cancellable operating leases.			
(i)	Not later than one year	**5**	1
(ii)	Later than one year and not later than five years	**14**	2
(iii)	Later than five years	**165**	165

Note 2.10 (Note 2.37 in Consolidated Annual Accounts)

Particulars of Derivative Instruments

Particulars of Derivative Instruments acquired for hedging	**As at March 31, 2013**			As at March 31, 2012		
	No. of Instruments	**Value (US $ Crore)**	**Value (₹ in Crore)**	No. of Instruments	Value (US $ Crore)	Value (₹ in Crore)
Principal Only Swap	**1**	**1**	**54**	2	4	178
Interest Rate Swaps FC	**19**	**80**	**4,359**	14	44	2,228
Interest Rate Swaps INR	**13**	**9**	**500**	14	8	425
Options FC	**2**	**13**	**684**	3	31	1,570

No derivative instruments are for speculation purpose.

In respect of Foreign Currency Swap and Interest Rate Swap transactions, which are linked with LIBOR rates and exchange rate during the binding period of contract, the gains/ losses, if any, are recognised on the settlement day or the reporting day, whichever is earlier, at the rate prevailing on respective day.

Foreign Currency exposures that are not hedged by derivative instruments or otherwise are US $ 481 crore (Previous year US $ 547 crore), equivalent to ₹ 26,119 crore (Previous year ₹ 27,819 crore), Euro 8,354 (Previous year Euro 76,822), equivalent to ₹ 5,80,561 (Previous year ₹ 1 crore) and Pounds 12,410 (Previous year Pounds Nil), equivalent to ₹ 10,20,442 (Previous year ₹ Nil)

The unamortised premium of Buyers' Line of Credit to be recognised is ₹ 2 crore (Previous year ₹ 3 crore) for one or more subsequent accounting periods.

Note 2.11 (Note 2.38 in Consolidated Annual Accounts)

Earnings per Share (EPS)		**For the year ended March 31, 2013**	For the year ended March 31, 2012
Basic and Diluted EPS before and after Exceptional Items			
(a)	Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic EPS)	**672**	928
(b)	Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	**2,06,40,26,881**	2,06,40,26,881
(c)	Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Diluted EPS)	**672**	928
(d)	Add: Effect of potential Equity Shares to be issued under FCCBs	**-**	4,00,20,055
(e)	Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	**2,06,40,26,881**	2,10,40,46,936
(f)	Basic Earnings per Share of ₹ 5 each (₹)	**3.26**	4.50
(g)	Diluted Earnings per Share of ₹ 5 each (₹)	**3.26**	4.41

Note 2.12 (Note 2.39 in Consolidated Annual Accounts)

Exceptional Items

Pursuant to the direction of the Hon'ble High Court of Judicature at Mumbai and option exercised by the Boards of the respective companies, in accordance with and as per the scheme of arrangements approved by the Hon'ble High Court under different Schemes of Arrangement binding on the Company and three of its subsidiaries, namely, RCIL, RITL and RTL, expenses and/ or losses, identified by the Boards of the respective companies as being exceptional or otherwise subject to the accounting treatment prescribed in the Schemes of Arrangement sanctioned by the Hon'ble High Court and comprising of ₹ Nil (Previous year ₹ 1,107 crore) of debts due and subsidy claimed from the Government, ₹ 325 (Previous year ₹ Nil) by writing off of capital work in progress, ₹ Nil (Previous year ₹ 951 crore) regarded as an adjustment to interest cost on account of restating long term monetary items expressed in foreign currency at year end prevailing rates, ₹ 275 crore (Previous year ₹ Nil) of depreciation consequent to addition of exchange differences on long term borrowing relating to capital assets to the cost of capitalised assets, as also ₹ 203 crore (Previous year ₹ 577 crore) of net losses on settlement of items recovered and/ or discharged in foreign currency, ₹ 638 crore (Previous year ₹ 45 crore) being amortisation of Foreign Currency Monetary Items Translation Difference Account (FCMITDA), excluding the portion added to the cost of fixed assets or carried forward as FCMITDA in accordance with Para 46 A inserted into Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates" in context of unprecedented volatility in exchange rates during the year, ₹ 62 crore (Previous year ₹ 70 crore) fuel cost considered to be incremental and arising from the non availability of contracted or expected power, ₹ 354 crore (Previous year ₹ 651 crore) deferred tax liability have been met by withdrawal from corresponding General Reserves, leaving no impact on profit for the year ended March 31, 2013. Such withdrawals have been included/ reflected in the Statement of Profit and Loss. While the Company has been legally advised that such inclusion in the Statement of Profit and Loss is in accordance with Revised Schedule VI of the Companies Act, 1956, the Company has also sought clarification from ICAI that such inclusion in the Statement of Profit and Loss is not contrary to Revised Schedule VI. Had such write off of expenses, losses and deferred tax (refer note no. 2.19) not been met from General Reserves, the consolidated financial statements would have reflected a loss after tax of ₹ 1,185 crore (Previous year ₹ 2,473 crore) and the consequential effect of this on consolidated profit after tax would have been of ₹ 1,857 crore (Previous year ₹ 3,401 crore).

Note 2.13 (Note 2.40 in Consolidated Annual Accounts)

General Reserve

The Company has, from the year ended on March 31, 2008 onwards, combined the balances of General Reserve I, II and III and disclosed as General Reserve in Consolidated Accounts. General Reserve I and II were arising pursuant to the Scheme of demerger of 'Telecommunication Undertaking' of RIL into the Company and the Schemes of Amalgamation and Arrangement of Group Companies respectively in earlier years. General Reserve III includes the reserve arising pursuant to the Scheme of Amalgamation with erstwhile Reliance Gateway Net Limited.

Notes on Accounts to the Abridged Consolidated Balance Sheet and Abridged Consolidated Statement of Profit and Loss

Note 2.14 (Note 2.41 in Consolidated Annual Accounts)

1 Related Parties

As per the Accounting Standard ("AS") 18 of "Related Party Disclosures" as referred to in Accounting Standard Rules, the disclosure of transactions with the related parties as defined therein are given below.

A List of related party

Name of the Related Party		Relationship
(i)	Reliance Innoventures Private Limited	Holding Company
(ii)	AAA Communication Private Limited	Subsidiary of Holding Company
(iii)	Reliance Capital Limited	Fellow subsidiary
(iv)	Reliance General Insurance Company Limited	Fellow subsidiary
(v)	Shri Anil D. Ambani	Person having control during the year
(vi)	Shri Prakash Shenoy	Key Managerial Personnel

B Transactions during the year with related parties
(Figures in bracket represent Previous year)

(₹ in Crore)

	Fellow Subsidiaries	Others	Total
1 Reliance Capital Limited			
(i) Advances			
Opening Balance as on April 1, 2012	–	–	–
₹ 30,89,108 (Previous year ₹ 29,60,936)	(–)	–	(–)
Add : Advances made during the year	–	–	–
₹ Nil (Previous year ₹ 1,28,172)	(–)	–	(–)
Less : Repayment during the year	–	–	–
	(–)	–	(–)
Closing Balance as on March 31, 2013	–	–	–
₹ 30,89,108 (Previous year ₹ 30,89,108)	(–)	–	(–)
(ii) Trade Receivables	2	–	2
	(2)	–	(2)
(iii) Income			
Service Income	–	–	–
₹ 3,78,371 (Previous year ₹ 4,48,788)	(–)	–	(–)
2 Reliance General Insurance Company Limited			
(i) Advances			
Balance as on April 1, 2012	–	–	–
	(1)	–	(1)
Add: Advances made during the year	–	–	–
	(3)	–	(3)
Less: Repayment during the year	–	–	–
	(4)	–	(4)
Balance as on March 31, 2013	–	–	–
	(–)	–	(–)
(ii) Trade Receivables	3	–	3
	(3)	–	(3)
(iii) Trade Payables	–	–	–
	(1)	–	(1)
(iv) Income			
Service Income	–	–	–
₹ 46,60,255 (Previous year ₹ Nil)	(–)	–	(–)
(v) General and Administration Expenses	2	–	2
	(2)	–	(2)
3 Person having control during the year			
Shri Anil D. Ambani – Sitting fees	–	–	–
₹ 2,20,000 (Previous year ₹ 2,60,000)	–	(–)	(–)
4 Key Managerial Personnel			
Managerial Remuneration			
Shri Prakash Shenoy ₹ 22,42,618 (Previous year ₹ 21,56,178)	–	–	–
Shri Hasit Shukla ₹ Nil (Previous year ₹ 6,58,398)	–	(–)	(–)

Note 2.15 (Note 2.42 in Consolidated Annual Accounts)

Employee Stock Option Scheme

The Company operates two Employee Stock Option Plans; ESOS Plan 2008 and ESOS Plan 2009, which cover eligible employees of the Company and its Subsidiaries. ESOS Plans are administered through an ESOS Trust. The Vesting of the options is on the expiry of one year from the date of Grant as per Plan under the respective ESOS(s). In respect of Options granted, the accounting value of Options (based on market price of the share on the date of the grant of the option) is accounted as deferred employee compensation, which is amortised on a straight line basis over the Vesting Period. Each Option entitles the holder thereof to apply for and be allotted/ transferred one Equity Share of the Company of ₹ 5 each upon payment of the Exercise Price during the Exercise Period. The maximum Exercise Period is 10 years from the date of Grant of Options.

The Company has established a Trust for the implementation and management of ESOS for the benefit of its present and future employees. Advance of ₹ 387 crore (Previous year ₹ 389 crore) has been granted to the Trust and the said amount has been utilised by the Trust for purchasing 2.13 crore (Previous year 2.13 crore) Equity Shares during the period upto March 31, 2013.

Amortization of compensation includes write back of ₹ 2 crore (Previous year ₹ 5 crore) based on intrinsic value of Options which has been vested under ESOS Plan 2008 and reflected in Statement of Profit and Loss under Employees Benefit Expenses. No amount is chargeable in respect of Options granted under ESOS Plan 2009.

Note 2.16 (Note 2.43 in Consolidated Annual Accounts)

Export Commitments

The Company and its subsidiaries have obtained licenses/ authorisations under the Export Promotion Capital Goods (EPCG) Scheme for importing capital goods at a concessional rate of customs duty against submission of bonds. Under the terms of the respective licenses/ authorisations, the Company and its subsidiaries are required to export goods of FOB value equivalent to or more than, eight times the amount of duty saved in respect of such licenses/ authorisations, where export obligation has been refixed by the order of Director General Foreign Trade, Ministry of Commerce and Industry, Government of India, as applicable. Balance export obligations outstanding as on March 31, 2013 in case of the Company and its subsidiaries namely; RCIL and RITL under the aforesaid licenses/ authorisations is ₹ 334 crore, ₹ 619 crore and ₹ 1,293 crore respectively (Previous year ₹ 334 crore, ₹ 619 crore and ₹ 2,030 crore respectively).

Note : 2.17 (Note 2.08 in Consolidated Annual Accounts)
Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to MSME. On the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro and Small Enterprises.

(₹ in Crore)

		As at March 31, 2013	As at March 31, 2012
(i)	Principal amount due to any supplier as at the year end	**141**	156
(ii)	Interest due on the principal amount unpaid at the year end to any supplier	**56**	38
(iii)	Amount of Interest paid by the Company in terms of Section 16 of the MSMED, alongwith the amount of the payment made to the supplier beyond the appointed day during the accounting year	**-**	-
(iv)	Payment made to the enterprises beyond appointed date under Section 16 of MSMED	**208**	252
(v)	Amount of Interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the year but without adding the interest specified under MSMED	**21**	7
(vi)	Amount of interest accrued and remaining unpaid at the end of each accounting year	**77**	46
(vii)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED	**45**	15

Note 2.18

Cash and Bank Balances (Note 2.18 in Consolidated Annual Accounts)

(₹ in Crore)

	As at March 31, 2013	As at March 31, 2012
Cash on hand (₹ 2,87,295, Previous year ₹ 2,05,851)	**-**	-
Cheques on hand	**79**	87
Balance with Banks	**637**	327
Earmarked Balances – Unpaid Dividend	**9**	9
Balances held as Margin Money	**-**	120
Balances held due to Repatriation Restrictions	**3**	7
Bank deposits with less than 3 months' maturity	**3**	-
	731	550

Note : 2.19 (Note 2.04 in Consolidated Annual Accounts)

Deferred Tax Assets and Liabilities

		As at March 31, 2013		As at March 31, 2012
The Deferred Tax Liabilities relating to subsidiary of the Company comprise of the following.				
(i) Deferred Tax Liabilities				
Lease Rent Equalisation	1,839		1,389	
Related to timing difference on depreciation/ Amortisation	372	**2,211**	274	1,663
(ii) Deferred Tax Assets				
Related to carried forward losses		**839**		645
Net Deferred Tax Liabilities		**1,372**		1,018
The Deferred Tax Assets of the Company and its subsidiaries comprise of the following.				
(i) Deferred Tax Assets				
Related to carried forward losses	2,175		1,230	
Related to timing difference on depreciation/ amortisation	675		678	
Disallowances, if any, under the Income Tax Act, 1961	778		760	
Lease Rent Equalisation	1,839	**5,467**	1,389	4,057
(ii) Deferred Tax Liabilities				
Related to timing difference on depreciation/ amortisation	748		433	
Interest capitalised	75		72	
Impairment/ Loss on sale of capital assets	883	**1,706**	841	1,346
Net Deferred Tax Assets *		**3,761**		2,711

* In absence of virtual certainity of realisability of deferred tax assets, the Company on a conservative basis has restricted deferred tax asset to ₹ Nil.

Deferred Tax Liability of ₹ 354 crore (Previous year ₹ 651 crore) has been provided by Reliance Infratel Limited (RITL) and adjusted by withdrawing an equivalent amount from General Reserve pursuant to the Scheme of Amalgamation between RITL and erstwhile Reliance Global IDC Limited (RGIDCL), a Wholly Owned Subsidiary of RITL into RITL sanctioned by the Hon'ble High Court of Bombay vide order dated May 6, 2011, leaving no impact on profit for the year.

Note 2.20 (Note 2.45 in Consolidated Annual Accounts)
Consolidated Segment Information:

The Company has identified three reportable segments viz. Wireless, Global Enterprise Business Unit (GEBU), and Others. The segments have been identified and reported taking into account the nature of services provided, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

Notes on Accounts to the Abridged Consolidated Balance Sheet and Abridged Consolidated Statement of Profit and Loss

(a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

(b) Segment assets and liabilities represent the assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

(i) **Primary Segment Information**

(₹ in Crore)

Particulars	Wireless	GEBU	Others	Unallocable	Eliminations	Total
Segment Revenue						
External Revenue	**13,983**	**6,681**	**1,114**	**-**	**-**	**21,778**
	13,562	*6,080*	*740*	-	-	*20,382*
Inter Segment Revenue	**4,107**	**3,123**	**348**	**-**	**(7,578)**	**-**
	4,134	*3,338*	*360*	-	*(7,832)*	-
Net Revenue	**18,090**	**9,804**	**1,462**	**-**	**(7,578)**	**21,778**
	17,696	*9,418*	*1,100*	-	*(7,832)*	*20,382*
Segment Result before Exceptional items, interest and taxes	**2,549**	**1,117**	**(352)**	**-**	**-**	**3,314**
	2,431	*1,093*	*(1,012)*	-	-	*2,512*
Less: Finance Costs	**-**	**-**	**-**	**2,499**	**-**	**2,499**
	-	-	-	*1,630*	-	*1,630*
Segment Result before Exceptional items and taxes	**2,549**	**1,117**	**(352)**	**(2,499)**	**-**	**815**
	2,431	*1,093*	*(1,012)*	*(1,630)*	-	*882*
Less:Provisions and Exceptional items	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-
Less: Provision for Taxation	**-**	**-**	**-**	**71**	**-**	**71**
	-	-	-	*(106)*	-	*(106)*
Segment Result after Tax	**2,549**	**1,117**	**(352)**	**(2,570)**	**-**	**744**
	2,431	*1,093*	*(1,012)*	*(1,524)*	-	*988*
Other Information						
Segment Assets	**69,111**	**26,847**	**4,934**	**20,696**	**(32,616)**	**88,972**
	69,059	*19,243*	*4,604*	*25,382*	*(26,882)*	*91,406*
Segment Liabilities	**12,450**	**11,534**	**1,686**	**7,360**	**(18,970)**	**14,060**
	12,707	*9,030*	*856*	*5,033*	*(11,840)*	*15,786*
Other Corporate Assets	**-**	**-**	**-**	**1,210**	**-**	**1,210**
	-	-	-	*1,284*	-	*1,284*
Other Corporate Liabilities	**-**	**-**	**-**	**41,547**	**-**	**41,547**
	-	-	-	*39,323*	-	*39,323*
Capital Expenditure	**2,221**	**1,526**	**174**	**-**	**-**	**3,921**
	2,735	*2,996*	*117*	-	-	*5,848*
Depreciation, Impairment and Amortisation	**2,279**	**1,174**	**392**	**-**	**-**	**3,845**
	2,303	*1,199*	*476*	-	-	*3,978*

(c) The reportable Segments are further described below:

- The Wireless segment includes wireless operations of the Company, Reliance Communications Infrastructure Limited, Reliance Telecom Limited, Reliance Infratel Limited, Reliance Webstore Limited, Alcatel Lucent Managed Solutions India Private Limited and the retail operations of Reliance Communications (UK) Limited, Reliance Communications International Inc., Reliance Communications Canada Inc., Reliance Communications (Australia) Pty. Limited, Reliance Communications (New Zealand) Pte. Limited.

Notes on Accounts to the Abridged Consolidated Balance Sheet and Abridged Consolidated Statement of Profit and Loss

- The GEBU segment includes Broadband operations, National Long Distance and International Long Distance operations, of the Company and the wholesale operations of its subsidiaries viz. Reliance Globalcom BV and its subsidiaries, Reliance Communications Infrastructure Limited, Reliance IDC Limited and Reliance Wimax Limited.
- The businesses, which were not reportable segments during the year, have been grouped under the "Others" segment. This mainly comprises of the marketing activities of Reliance Webstore Limited, Facility Usage activities of Reliance Infocomm Infrastructure Private Limited and DTH activities of Reliance Communications Infrastructure Limited and Reliance Big TV Limited.

(ii) **Secondary Segment Information**

The secondary segment relates to geographical segments viz. Operations within India and outside India.

(₹ in Crore)

		Within India	Outside India	Total
1.	Segment Revenue – External Turnover	**16,304**	**5,474**	**21,778**
		15,171	*5,211*	*20,382*
2.	Segment Assets	**72,497**	**16,475**	**88,972**
		76,098	*15,308*	*91,406*
3.	Segment Liability	**6,155**	**7,905**	**14,060**
		11,847	*3,939*	*15,786*
4.	Segment – Capital expenditure	**3,334**	**587**	**3,921**
		4,611	*1,237*	*5,848*

The reportable secondary segments are further described below.

- The "Within India" segment includes the operations of the Company and its subsidiaries in India.
- The "Outside India" segment includes the operations of the Company's subsidiaries viz. Reliance Globalcom BV and its subsidiaries.

As per our Report of even date
For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No: 101720W

C. D. Lala
Partner
Membership No. 35671

For **B S R & Co.**
Chartered Accountants
Firm Registration No: 101248W

Bhavesh Dhupelia
Partner
Membership No. 042070

Mumbai
May 10, 2013

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **Deepak Shourie**

Company Secretary and Manager **Prakash Shenoy**

Financial Information of Subsidiary Companies

(Rs. In lakh unless otherwise stated)

Sl. No.	Particulars	Country	Capital	Reserves	Total Assets	Total Liabilities	Investment (except in case of investment in subsidiaries)	Total Income	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
1	Reliance Communications Infrastructure Limited	India	20,102.00	27,739.90	927,204.37	927,204.37	1.00	425,860.87	(121,405.13)	-	(121,405.13)	-
2	Reliance Infratel Limited	India	283,314.19	529,116.41	2,042,644.45	2,042,644.45	-	707,228.08	80,141.07	-	80,141.07	-
3	Reliance WiMax Limited	India	168.71	10,358.91	10,538.65	10,538.65	-	-	(40.22)	-	(40.22)	-
4	Reliance IDC Limited	India	210.00	185.94	47,548.00	47,548.00	-	32,643.00	149.00	28.00	121.00	-
5	Reliance Digital Home Services Limited	India	5.00	(3.47)	4.23	4.23	-	0.32	(0.77)	-	(0.77)	-
6	Campion Properties Limited	India	356.36	(2,802.40)	13,407.48	13,407.48	-	406.75	3.97	-	3.97	-
7	Reliance Webstore Limited	India	5.00	343.01	119,322.57	119,322.57	498.41	97,516.92	119.30	25.01	94.29	-
8	Reliance Infocomm Infrastructure Private Limited	India	500.00	(118.05)	85,248.77	85,248.77	0.01	20,445.24	55.30	11.00	44.30	-
9	Reliance Telecom Limited	India	8,000.00	(34,865.99)	625,442.00	625,442.00	-	325,392.00	(36,869.00)	-	(36,869.00)	-
10	Reliance Big TV Limited	India	1,000.00	(62,786.00)	36,411.17	36,411.17	0.34	35,539.38	(12,522.30)	-	(12,522.30)	-
11	Reliance Tech Services Private Limited	India	1.82	68.23	17,424.40	17,424.40	0.23	28,651.00	142.37	27.15	115.22	-
12	Reliance Mobile Commerce Limited	India	200.00	27.79	240.38	240.38	-	21.71	21.48	6.75	14.73	-
13	Reliance Globalcom Limited	India	5.00	172.22	2,447.78	2,447.78	10.00	1,981.45	19.70	6.10	13.60	-
14	M P Network Private Limited	India	2.00	(1,898.67)	7.09	7.09	-	-	(1,896.51)	-	(1,896.51)	-
15	Reliance BPO Private Limited	India	1.00	55.78	763.67	763.67	-	0.11	(44.39)	-	(44.39)	-
16	Kerala Communication Network Private Limited	India	1.00	(0.23)	34.62	34.62	-	-	(0.14)	-	(0.14)	-
17	Gateway Net Trading Pte. Limited	Singapore	14,168.93	(18,932.76)	9,339.47	9,339.47	228.46	0.10	(609.61)	34.23	(643.84)	-
	Unit of Currency - USD		26,101,000.00	(34,876,604.48)	17,204,517.46	17,204,517.46	420,849.00	185.15	(1,122,980.47)	63,048.01	(1,186,028.48)	-
18	Reliance Globalcom BV	The Netherlands	1,146.11	220,220.87	615,559.64	615,559.64	64,385.75	63.22	(24,658.52)	-	(24,658.52)	-
	Unit of Currency - USD		2,111,282.00	405,675,367.70	1,133,940,565.00	1,133,940,565.00	118,606,891.00	116,457.00	(45,424,190.30)	-	(45,424,190.30)	-
19	Reliance Infocom Inc.	USA	488.57	(793.68)	3,292.44	3,292.44	-	-	(4.63)	1.87	(6.50)	-
	Unit of Currency - USD		900,000.00	(1,462,053.98)	6,065,108.07	6,065,108.07	-	-	(8,530.61)	3,441.00	(11,971.61)	-
20	Reliance Communications Inc.	USA	2,714.25	7,306.62	96,118.72	96,118.72	-	149,661.18	4,124.19	(244.16)	4,368.35	-
	Unit of Currency - USD		5,000,000.00	13,459,739.95	177,063,121.48	177,063,121.48	-	275,695,274.00	7,597,291.95	(449,771.00)	8,047,062.95	-
21	Reliance Communications International Inc.	USA	5.43	5,109.98	19,326.25	19,326.25	-	12,616.19	266.85	23.03	243.82	-
	Unit of Currency - USD		10,000.00	9,413,241.76	35,601,456.00	35,601,456.00	-	23,240,661.00	491,580.35	42,433.00	449,147.35	-
22	Reliance Communications Canada Inc.	USA	5.43	(73.05)	866.26	866.26	-	615.41	6.93	1.77	5.16	-
	Unit of Currency - USD		10,000.00	(134,562.41)	1,595,763.00	1,595,763.00	-	1,133,666.00	12,759.42	3,255.00	9,504.42	-
23	Bonn Investment Inc.	USA	5.43	(593.79)	4,012.19	4,012.19	-	195.43	45.36	2.52	42.84	-
	Unit of Currency - USD		10,000.00	(1,093,835.29)	7,390,972.66	7,390,972.66	-	360,000.00	83,562.47	4,651.00	78,911.47	-
24	Reliance Communications (U.K.) Limited	United Kingdom	11.94	16,229.15	18,376.55	18,376.55	-	63,959.38	836.04	-	836.04	-
	Unit of Currency - GBP		14,524.00	19,736,894.52	22,348,424.90	22,348,424.90	-	77,783,443.92	1,016,742.89	-	1,016,742.89	-
25	Reliance Communications (Hong Kong) Limited	Hong Kong	0.00	1,621.01	4,386.63	4,386.63	-	13,829.60	499.76	-	499.76	-
	Unit of Currency - USD		0.13	2,986,106.30	8,080,748.19	8,080,748.19	-	25,475,919.87	920,629.50	-	920,629.50	-
26	Reliance Communications (Australia) Pty. Limited	Australia	0.00	201.21	470.48	470.48	-	122.09	36.95	11.09	25.87	-
	Unit of Currency - AUD		1.00	355,306.84	830,797.94	830,797.94	-	215,594.84	65,251.18	19,575.35	45,675.84	-
27	Reliance Communications (New Zealand) Pte. Limited	New Zealand	0.00	(54.85)	18.95	18.95	-	4.93	(0.79)	-	(0.79)	-
	Unit of Currency - NZD		1.00	(120,662.06)	41,683.31	41,683.31	-	10,852.52	(1,748.67)	-	(1,748.67)	-
28	Reliance Communications (Singapore) Pte. Limited	Singapore	39.33	136,116.12	136,435.34	136,435.34	-	25.63	(4.36)	-	(4.36)	-
	Unit of Currency - USD		72,450.00	250,743,526.33	251,331,568.62	251,331,568.62	-	47,219.01	(8,040.77)	-	(8,040.77)	-
29	Anupam Globalsoft (U) Limited	Uganda	636.44	(394.42)	2,211.33	2,211.33	-	0.27	0.27	-	0.27	-
	Unit of Currency - U.shs		3,000,000,000.00	(1,859,191,748.30)	10,423,615,932.00	10,423,615,932.00	-	1,269,914.20	1,269,914.20	-	1,269,914.20	-
30	Reliance Globalcom Limited, Bermuda	Bermuda	147,454.24	151,473.28	1,587,231.90	1,587,231.90	-	150,592.25	78,847.28	-	78,847.28	-
	Unit of Currency - USD		271,629,797.00	279,033,405.50	2,923,886,706.61	2,923,886,706.61	-	277,410,422.18	145,246,902.46	-	145,246,902.46	-
31	FLAG Telecom Asia Limited	Hong Kong	5.46	1,466.84	35,557.32	35,557.32	-	6,581.42	1,193.50	57.96	1,135.54	-
	Unit of Currency - USD		10,063.87	2,702,102.12	65,501,182.48	65,501,182.48	-	12,123,819.39	2,198,581.50	106,776.11	2,091,805.39	-
32	FLAG Telecom Japan Limited	Japan	49.62	(44,051.96)	3,803.01	3,803.01	-	3,195.48	(837.69)	0.84	(838.53)	-
	Unit of Currency - USD		91,405.17	(81,149,409.52)	7,005,633.61	7,005,633.61	-	5,886,480.56	(1,543,139.06)	1,549.55	(1,544,688.61)	-
33	FLAG Telecom Singapore Pte. Limited	Singapore	15.47	(7,488.08)	3,539.81	3,539.81	-	376.70	(934.02)	-	(934.02)	-
	Unit of Currency - USD		28,504.68	(13,794,004.97)	6,520,796.27	6,520,796.27	-	693,928.69	(1,720,577.78)	-	(1,720,577.78)	-
34	Seoul Telenet Inc.	Korea	1,229.84	(8,479.22)	2,587.98	2,587.98	-	1,644.96	(139.96)	-	(139.96)	-
	Unit of Currency - USD		2,265,518.80	(15,619,826.40)	4,767,392.29	4,767,392.29	-	3,030,224.54	(257,817.36)	-	(257,817.36)	-

Financial Information of Subsidiary Companies

(Rs. In lakh unless otherwise stated)

Sl. No.	Particulars	Country	Capital	Reserves	Total Assets	Total Liabilities	Investment (except in case of investment in subsidiaries)	Total Income	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
35	FLAG Holdings (Taiwan) Limited	Taiwan	2,921.61	(295.00)	5,464.18	5,464.18	-	0.04	(14.94)	12.09	(27.02)	-
	Unit of Currency - USD		5,381,987.56	(543,419.46)	10,065,729.44	10,065,729.44	-	68.70	(27,519.87)	22,262.64	(49,782.51)	-
36	FLAG Telecom (Taiwan) Limited	Taiwan	6,803.40	(1,421.22)	15,996.72	15,996.72	-	2,330.37	836.05	0.55	835.51	-
	Unit of Currency - USD		12,532,745.19	(2,618,069.12)	29,468,038.46	29,468,038.46	-	4,292,834.17	1,540,117.08	1,005.64	1,539,111.44	-
37	Reliance Globalcom (UK) Limited	United Kingdom	0.00	4,476.75	8,370.19	8,370.19	-	7,949.42	4,160.88	(449.87)	4,610.75	-
	Unit of Currency - USD		3.00	8,246,751.35	15,418,972.61	15,418,972.61	-	14,643,852.13	7,664,874.97	(828,723.42)	8,493,598.39	-
38	FLAG Telecom Deutschland GmbH	Germany	12.40	(140.47)	645.60	645.60	-	33.18	20.66	0.83	19.82	-
	Unit of Currency - USD		22,835.00	(258,756.11)	1,189,287.05	1,189,287.05	-	61,129.84	38,055.73	1,537.41	36,518.32	-
39	FLAG Telecom Network Services Limited	Ireland	0.01	(501.52)	13.76	13.76	-	0.02	(3.29)	-	(3.29)	-
	Unit of Currency - USD		18.00	(923,855.72)	25,348.34	25,348.34	-	29.94	(6,067.19)	-	(6,067.19)	-
40	Reliance FLAG Telecom Ireland Limited	Ireland	0.01	51,135.93	222,162.96	222,162.96	-	50,277.36	18,306.22	1,736.07	16,570.14	-
	Unit of Currency - USD		18.00	94,199,013.49	409,252,933.86	409,252,933.86	-	92,617,413.06	33,722,422.82	3,198,073.65	30,524,349.17	-
41	FLAG Telecom Ireland Network Limited	Ireland	0.01	(6,004.75)	99,937.90	99,937.90	-	7,904.57	215.04	0.02	215.02	-
	Unit of Currency - USD		18.00	(11,061,528.90)	184,098,551.29	184,098,551.29	-	14,561,248.90	396,131.30	41.58	396,089.72	-
42	FLAG Atlantic UK Limited	United Kingdom	0.00	(65,530.52)	10,123.53	10,123.53	-	2,760.30	(393.41)	-	(393.41)	-
	Unit of Currency - USD		2.00	(120,715,711.64)	18,648,854.16	18,648,854.16	-	5,084,827.51	(724,703.66)	-	(724,703.66)	-
43	Reliance FLAG Atlantic France SAS	France	20.13	(81,408.77)	90,516.19	90,516.19	-	46,400.64	1,119.27	5,307.95	(4,188.67)	-
	Unit of Currency - USD		37,080.00	(149,965,495.32)	166,742,541.55	166,742,541.55	-	85,475,994.42	2,061,843.62	9,777,924.00	(7,716,080.38)	-
44	FLAG Telecom Nederland BV	The Netherlands	8.30	(191.26)	752.45	752.45	-	0.17	(14.25)	3.44	(17.69)	-
	Unit of Currency - USD		15,282.00	(352,321.74)	1,386,117.71	1,386,117.71	-	312.28	(26,249.92)	6,342.97	(32,592.89)	-
45	FLAG Telecom Hellas AE	Greece	27.68	(171.31)	91.85	91.85	-	-	(11.47)	-	(11.47)	-
	Unit of Currency - USD		50,996.00	(315,571.84)	169,194.75	169,194.75	-	-	(21,126.33)	-	(21,126.33)	-
46	FLAG Telecom Espana Network SAU	Spain	28.98	(5,414.65)	1,224.46	1,224.46	-	877.07	349.53	-	349.53	-
	Unit of Currency - USD		53,389.00	(9,974,487.87)	2,255,622.86	2,255,622.86	-	1,615,683.00	643,880.55	-	643,880.55	-
47	FLAG Telecom Development Services Company LLC	Egypt	7.17	(54.57)	959.43	959.43	-	260.94	27.04	0.85	26.19	-
	Unit of Currency - USD		13,201.00	(100,519.23)	1,767,397.62	1,767,397.62	-	480,676.36	49,815.11	1,565.00	48,250.11	-
48	Reliance FLAG Pacific Holdings Limited	Bermuda	131.51	97,366.18	222,586.43	222,586.43	-	3,446.93	(1,932.93)	-	(1,932.93)	-
	Unit of Currency - USD		242,250.00	179,361,109.65	410,033,029.73	410,033,029.73	-	6,349,690.48	(3,560,698.69)	-	(3,560,698.69)	
49	FLAG Telecom Network USA Limited	USA	0.00	(37,393.21)	26,391.15	26,391.15	-	6,795.37	(2,335.66)	11.70	(2,347.36)	-
	Unit of Currency - USD		1.00	(68,883,128.76)	48,615,912.42	48,615,912.42	-	12,517,957.85	(4,302,592.40)	21,545.40	(4,324,137.80)	-
50	FLAG Telecom Group Services Limited	Bermuda	6.51	3,570.17	294,652.37	294,652.37	-	-	(63.57)	-	(63.57)	-
	Unit of Currency - USD		12,000.00	6,576,707.27	542,787,821.20	542,787,821.20	-	-	(117,103.20)	-	(117,103.20)	-
51	FLAG Telecom Development Limited	Bermuda	6.51	324,695.26	457,861.05	457,861.05	-	5,237.18	(2,987.97)	-	(2,987.97)	-
	Unit of Currency - USD		12,000.00	598,130,710.74	843,439,348.39	843,439,348.39	-	9,647,568.00	(5,504,222.23)	-	(5,504,222.23)	-
52	Yipes Holdings Inc.	USA	171,511.60	(18.46)	171,511.87	171,511.87	-	-	(4.34)	-	(4.34)	-
	Unit of Currency - USD		315,946,575.00	(34,000.00)	315,947,080.65	315,947,080.65	-	-	(8,000.00)	-	(8,000.00)	-
53	Reliance Globalcom Services Inc.	USA	159,568.90	(41,926.40)	159,191.02	159,191.02	-	33,069.72	(10,077.82)	57.13	(10,134.95)	-
	Unit of Currency - USD		293,946,574.79	(77,233,850.35)	293,250,479.25	293,250,479.25	-	60,918,698.89	(18,564,640.35)	105,247.00	(18,669,887.35)	-
54	YTV Inc.	USA	0.00	-	0.00	0.00	-	-	-	-	-	-
	Unit of Currency - USD		1.00	-	1.00	1.00	-	-	-	-	-	-
55	Reliance Vanco Group Limited	United Kingdom	254.96	50,026.95	107,163.62	107,163.62	-	-	(1,364.80)	-	(1,364.80)	-
	Unit of Currency - GBP		310,072.00	60,839,686.00	130,325,773.00	130,325,773.00	-	-	(1,659,789.00)	-	(1,659,789.00)	-
56	Vanco UK Limited	United Kingdom	30.17	(33,890.45)	4,893.65	4,893.65	-	38,551.94	834.58	-	834.58	-
	Unit of Currency - GBP		36,690.00	(41,215,473.00)	5,951,359.00	5,951,359.00	-	46,884,484.00	1,014,969.00	-	1,014,969.00	-
57	Vanco (Asia Pacific) Pte. Limited	Singapore	873.27	(245.49)	2,078.45	2,078.45	-	7,027.32	343.27	-	343.27	-
	Unit of Currency - GBP		1,062,022.09	(298,549.60)	2,527,684.96	2,527,684.96	-	8,546,196.35	417,460.95	-	417,460.95	-
58	Vanco Sweden AB	Sweden	41.76	297.14	676.30	676.30	-	1,031.88	(0.20)	0.90	(1.09)	-
	Unit of Currency - GBP		50,783.08	361,360.00	822,480.05	822,480.05	-	1,254,905.82	(239.69)	1,091.06	(1,330.75)	-
59	Vanco GmbH	Germany	622.36	(12,640.86)	2,797.44	2,797.44	-	19,085.43	112.74	-	112.74	-
	Unit of Currency - GBP		756,872.20	(15,373,033.00)	3,402,075.00	3,402,075.00	-	23,210,520.35	137,107.16	-	137,107.16	-
60	Vanco Deutschland GmbH	Germany	17.39	(5,332.45)	1,298.15	1,298.15	-	4,725.17	(21.09)	-	(21.09)	-
	Unit of Currency - GBP		21,145.23	(6,484,990.60)	1,578,724.57	1,578,724.57	-	5,746,454.04	(25,650.35)	-	(25,650.35)	-

Financial Information of Subsidiary Companies

(Rs. In lakh unless otherwise stated)

Sl. No.	Particulars	Country	Capital	Reserves	Total Assets	Total Liabilities	Investment (except in case of investment in subsidiaries)	Total Income	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
61	Vanco SRL (Italy)	Italy	68.85	(1,016.43)	5,788.63	5,788.63	-	5,717.57	579.42	132.96	446.46	-
	Unit of Currency - GBP		83,735.09	(1,236,117.60)	7,039,771.92	7,039,771.92	-	6,953,350.18	704,651.77	161,692.86	542,958.92	-
62	Vanco BV (Holland)	The Netherlands	13.91	(4,342.91)	2,352.41	2,352.41	-	8,389.97	(294.55)	-	(294.55)	-
	Unit of Currency - GBP		16,916.18	(5,281,575.60)	2,860,856.30	2,860,856.30	-	10,203,365.95	(358,209.17)	-	(358,209.17)	-
63	Euronet Spain SA	Spain	86.94	966.35	1,224.48	1,224.48	-	2,880.26	501.66	-	501.66	-
	Unit of Currency - GBP		105,726.13	1,175,220.40	1,489,134.67	1,489,134.67	-	3,502,793.75	610,086.45	-	610,086.45	-
64	Vanco SAS (France)	France	208.65	(29,534.42)	3,416.26	3,416.26	-	16,964.19	(36.72)	-	(36.72)	-
	Unit of Currency - GBP		253,742.70	(35,917,941.00)	4,154,639.92	4,154,639.92	-	20,630,801.46	(44,659.86)	-	(44,659.86)	-
65	Vanco Sp Zoo	Poland	16.66	22.72	56.77	56.77	-	216.59	6.98	(3.84)	10.82	-
	Unit of Currency - GBP		20,256.04	27,636.00	69,037.69	69,037.69	-	263,397.97	8,484.53	(4,671.66)	13,156.20	-
66	Vanco EpE	Greece	25.04	(13.15)	38.11	38.11	-	-	-	-	-	-
	Unit of Currency - GBP		30,449.12	(15,998.00)	46,343.25	46,343.25	-	-	-	-	-	-
67	Vanco Australasia Pty Limited	Australia	1,750.60	(4,637.13)	2,516.33	2,516.33	-	11,404.34	265.90	24.87	241.03	-
	Unit of Currency - GBP		2,128,974.66	(5,639,393.00)	3,060,208.87	3,060,208.87	-	13,869,247.01	323,374.62	30,242.78	293,131.84	-
68	Vanco NV	Belgium	390.52	(5,483.25)	186.50	186.50	-	2,068.75	153.23	-	153.23	-
	Unit of Currency - GBP		474,920.76	(6,668,387.00)	226,810.92	226,810.92	-	2,515,889.72	186,354.05	-	186,354.05	-
69	Vanco Japan KK	Japan	51.85	45.51	121.88	121.88	-	210.24	12.30	-	12.30	-
	Unit of Currency - GBP		63,055.32	55,348.00	148,221.36	148,221.36	-	255,684.04	14,957.43	-	14,957.43	-
70	Vanco South America Ltda	Brazil	215.34	(488.23)	470.94	470.94	-	646.26	(377.90)	58.95	(436.85)	-
	Unit of Currency - GBP		261,882.94	(593,756.00)	572,723.58	572,723.58	-	785,947.32	(459,577.92)	71,692.52	(531,270.44)	-
71	Net Direct SA (Proprietary) Limited	South Africa	0.01	(95.62)	211.79	211.79	-	253.48	253.48	-	253.48	-
	Unit of Currency - GBP		7.18	(116,292.60)	257,570.58	257,570.58	-	308,262.99	308,262.99	-	308,262.99	-
72	Vanco (Shanghai) Co. Ltd.	China	97.88	(40.84)	37.46	37.46	-	37.09	(1.10)	(7.40)	6.30	-
	Unit of Currency - GBP		119,035.39	(49,668.00)	45,559.93	45,559.93	-	45,105.43	(1,337.36)	(8,995.51)	7,658.15	-
73	Vanco Solutions Inc.	USA	27.08	(1,126.34)	646.48	646.48	-	4,075.20	(92.05)	69.55	(161.60)	-
	Unit of Currency - GBP		32,935.91	(1,369,788.60)	786,214.24	786,214.24	-	4,956,006.12	(111,947.94)	84,581.65	(196,529.58)	-
74	Vanco US LLC	USA	1,137.46	(13,508.58)	4,104.90	4,104.90	-	21,184.91	1,031.04	-	1,031.04	-
	Unit of Currency - GBP		1,383,308.08	(16,428,303.60)	4,992,131.43	4,992,131.43	-	25,763,781.47	1,253,882.71	-	1,253,882.71	-
75	Vanco International Limited	United Kingdom	83.32	185.20	807.70	807.70	-	6,416.87	133.06	-	133.06	-
	Unit of Currency - GBP		101,325.00	225,231.00	982,278.00	982,278.00	-	7,803,796.00	161,819.00	-	161,819.00	-
76	Vanco Switzerland A.G.	Switzerland	57.19	23.00	131.23	131.23	-	303.80	3.41	16.58	(13.17)	-
	Unit of Currency - GBP		69,545.87	27,975.40	159,592.28	159,592.28	-	369,460.81	4,149.84	20,165.89	(16,016.05)	-
77	Vanco Benelux BV	The Netherlands	12.62	328.66	341.29	341.29	-	50.01	(19.12)	-	(19.12)	-
	Unit of Currency - GBP		15,352.28	399,702.00	415,054.27	415,054.27	-	60,813.58	(23,257.46)	-	(23,257.46)	-
78	Vanco Global Limited	United Kingdom	222.12	(2,216.73)	814.15	814.15	-	4,057.27	(209.98)	-	(209.98)	-
	Unit of Currency - GBP		270,126.00	(2,695,845.00)	990,116.00	990,116.00	-	4,934,195.00	(255,366.00)	-	(255,366.00)	-
79	Vanco ROW Limited	United Kingdom	0.00	813.16	1,272.36	1,272.36	-	3,683.10	75.33	-	75.33	-
	Unit of Currency - GBP		2.00	988,916.00	1,547,366.62	1,547,366.62	-	4,479,162.65	91,617.07	-	91,617.07	-
80	VNO Direct Limited	United Kingdom	427.58	(3,171.61)	-	-	-	-	(4.93)	-	(4.93)	-
	Unit of Currency - GBP		520,000.00	(3,857,113.00)	-	-	-	-	(6,000.00)	-	(6,000.00)	-
81	Lagerwood Investments Limited	Cyprus	1.23	(37.28)	91.02	91.02	-	-	(25.10)	-	(25.10)	-
	Unit of Currency - USD		2,268.00	(68,666.00)	167,674.00	167,674.00	-	-	(46,245.00)	-	(46,245.00)	-
82	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	Cyprus	1.22	2,779.68	3,142.38	3,142.38	-	1,391.05	1,389.24	0.01	1,389.23	-
	Unit of Currency - USD		2,246.00	5,120,522.00	5,788,664.00	5,788,664.00	-	2,562,500.00	2,559,158.00	11.00	2,559,147.00	-

Notes

1. The Financial year of the Subsidiaries is for 12 months from April 1, 2012 to March 31, 2013
2. Exchange Rate as of March 31, 2013 1 USD = ₹ 54.2850 1 GBP = ₹ 82.2275 1 AUD = ₹ 56.6301 1 NZD = ₹ 45.4536 1 Ushs = ₹ 0.0212

ATTENDANCE SLIP

Reliance Communications Limited

Registered Office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
Joint shareholders may obtain additional attendance slip on request.

DP. Id*			**Folio No.**	
Client Id*			**No. of Share(s) held**	

NAME AND ADDRESS OF THE SHAREHOLDER

I/we hereby record my/our presence at the **9TH ANNUAL GENERAL MEETING** of the Company held on Tuesday, August 27, 2013 at 12.00 noon or soon after conclusion of the annual general meeting of Reliance Capital Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

***Applicable for investors holding share(s) in electronic form.**

Signature of the shareholder or proxy

.... TEAR HERE ....

PROXY FORM

Reliance Communications Limited

Registered Office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

DP. Id*			**Folio No.**	
Client Id*			**No. of Share(s) held**	

I/We..
.... in the district of... being a member/members of Reliance Communications Limited hereby appoint...
.... in the district of...
or failing him/her ....of...
in the district of...as my/our proxy to vote for me/us and on my/our behalf at the **9TH ANNUAL GENERAL MEETING** of the Company to be held on Tuesday, August 27, 2013 at 12.00 noon or soon after conclusion of the annual general meeting of Reliance Capital Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020 or at any adjournment thereof.

Affix
Re. 1/-
revenue
stamp

Signed this..................day of..............................2013.

*** Applicable for investors holding shares in electronic form.**

Notes: (1) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

(2) Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.

Book Post

To

If undelivered please return to :

Karvy Computershare Private Limited
(Unit: Reliance Communications Limited)
Madhura Estate, Municipal No. 1-9/13/C
Plot No. 13 & 13 C, Madhapur Village
Hyderabad 500 081
Tel. : + 91 40 4030 8000
Fax : + 91 40 2342 0859
Email : rcom@karvy.com