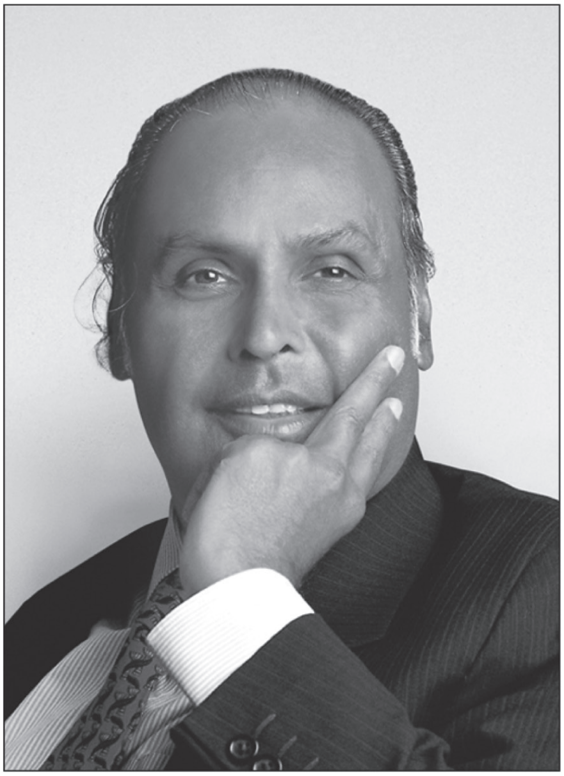
Reliance

Communications

Annual Report

2013-14



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 has a customer base of about 118 million including over 2.6 million individual overseas retail customers. Reliance Communications corporate clientele includes over 39,000 Indian and multinational corporations including small and medium enterprises and over 290 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 21,000 cities and towns and over 400,000 villages. Reliance Communications owns and operates the world's largest next generation IP enabled connectivity infrastructure, comprising over 280,000 kilometers of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region.

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 Deepak Shourie
Shri A. K. Purwar
Shri R. N. Bhardwaj

Company Secretary and Manager

Shri Prakash Shenoy

Auditors

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

Registered Office

H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710, India
CIN: L45309MH2004PLC147531
Phone: +91 22 3038 6286
Fax: +91 22 3037 6622
E-mail: Rcom.Investors@relianceada.com
Website: www.rcom.co.in

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, 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
E-mail	:	rcom@karvy.com
Post your request	:	http://kcpl.karvy.com/adag

Contents **Page No.**

10th Annual General Meeting on Tuesday, September 30, 2014 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,

The Indian telecom industry has entered into a new growth phase with positive developments on the policy framework, reduced competitive intensity and large data opportunity. During financial year 2013-14, the Government has taken progressive steps and provided clarity on most of the regulatory issues. The Government of India has also conducted successful spectrum auctions and released guidelines on mergers and acquisition and spectrum trading.

The positive steps by the government are however constrained due to certain limitations of economic factors. The industry continues to face inflationary cost pressure in terms of spectrum, power and fuel and manpower costs impacting financial performance. These factors have led to virtual consolidation in the industry, where top five operators hold nearly 85 per cent revenue market share. For the long term sustainability of the Indian telecom sector, the industry is focused on growing profitable and paid minutes. Hence, the industry is expected to increase the realisation per minute by increasing headline tariffs and by removing free and discounted minutes. RCOM has taken the lead in these initiatives.

Currently, the Industry has around 905 million wireless subscribers with approximately 75 per cent being unique users. With overall penetration of over 73 per cent and rural India penetration at 43 per cent, the voice market still provides an opportunity to add nearly 200 million new subscribers. Additionally, data market is going to be the next frontier of growth for the industry. India currently has approximately 233 million wireless data users and only 46 million wireless broadband users. The wireless data penetration is less than 26 percent while the wireless broadband penetration is merely 5 per cent of wireless subscribers. This clearly reflects that data has the potential to grow exponentially in the coming years.

These are very encouraging signs for the whole industry and in particular for RCOM. This is a great opportunity for RCOM as we are best positioned to leverage our "Built for Internet" network. Our unmatched Pan India access network deployed across technology platforms along with world's largest IP enabled backhaul network gives us a unique competitive advantage. RCOM has historically invested in creating robust backhaul network, fiberising most of urban centres and major cities, which are capable of high speed broadband services including providing 4G services.

Performance review

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

(1) Total revenue of ₹ 22,321 crore (US$ 3,725 Million)

(2) Net profit after tax ₹ 1,137 crore (US$ 190 Million)

(3) Total operating expenditure ₹ 19,130 crore (US$ 3,193 Million)

(4) Total assets of ₹ 90,352 crore (US$ 15,080 Million)

(5) Stakeholders equity was ₹ 32,409 crore (US$ 5,409 Million), while net debt (excluding cash and cash equivalents) was ₹ 40,869 crore (US$ 6,821 Million), giving a net debt to equity ratio of 1.26 times.

Fund raised

During the current financial year 2014-15, the Company has received overwhelming response in the Qualified Institutional Placement (QIP) Programme. Being the largest ever private sector QIP in the history of corporate India, the Company has raised ₹ 4,808 crore in the maiden QIP issue. It shows the confidence of the Investors, which will strengthen the financial position of our Company. The Promoters have subscribed to the securities of the Company for ₹ 1,300 crore under preferential issue.

Segments

RCOM is a fully integrated and converged telecommunications service provider and operates across the full spectrum of wireless, wireline, voice, data, video, internet and IT infrastructure services. It has an extensive international presence through the provision of long distance voice, data and internet services, and submarine cable network infrastructure. The Company has a customer base of around 119.4 million as on March 31, 2014. Our corporate customers includes over 39,000 Indian and multinational corporations, including small and medium enterprises and 290 global, regional and domestic carriers. We have over 650 enterprise customers globally in developed markets of the US, UK, France, Germany, Benelux, Singapore and Australia.

During the financial year 2013-14, the business of the Company has been re-organised into two strategic customer-facing geographical business units: India and Global Operations. This simplified segment reporting will lead to enhanced transparency and disclosures of the financial performance of the Company. This is in-line with the Company's endeavour for a more transparent and robust reporting structure which will benefit all the stakeholders.

1) India Operations

India operations primarily focus on wireless services, enterprise services and B2B infrastructure services. In India, RCOM provides nationwide wireless telecom services to the consumer segment. RCOM also provides wireline voice and data, long distance services and broadband access to enterprise customers. In addition, it owns and operates Internet Data Centers (IDCs) and provides Direct To Home (DTH) services as well.

RCOM holds a balanced portfolio of spectrum across various frequency bands. RCOM is the only player in the country offering both GSM and CDMA services on a nationwide basis.

Letter to Shareowners

The Company also provides 3G services in 13 circles including metros of Delhi, Mumbai and Kolkata. We are among the top telecom service providers of wireless communication services in the country. We have a wireless subscriber base of around 111 million as of March 31, 2014 representing a market share of 12.3 per cent. We currently serve 37.4 million data customers, out of which 12.9 million are 3G customers.

RCOM has always been at the forefront in innovation of new products and services for an enriched customer experience. In order to increase the data penetration, RCOM started a true internet revolution by offering 3G speeds @ 2G rates. In addition, we launched "Zero Plan" as a category, with tie-ups with some marquee smart-phone brands. RCOM has also entered into 2G and 3G Intra-Circle Roaming arrangements with various operators. This will help the Company to expand the network coverage and provide customers seamless connectivity advantage.

RCOM also caters to the enterprise business customers with various wireless and wireline technology solutions. RCOM provides long distance business services including wholesale voice, bandwidth and infrastructure services. We are one of the largest Internet Data Centre (IDC) provider in India with a total capacity of 11,00,000 sq ft including IDC 5, the fifth data center in Navi Mumbai, that is currently under final stage of completion.

As part of our B2B infrastructure business initiatives, RCOM has entered into a strategic partnership and comprehensive framework of business co-operation with Reliance Jio Infocomm. The partnership will provide for optimal utilization of the existing and future infrastructure of both companies on reciprocal basis, including inter-city fiber, intra-city fiber, towers and related assets. Reliance Jio will utilize RCOM's nationwide fiber network and tower infrastructure for accelerated roll-out of its 4G services across the country. Under this framework, we have now signed three agreements with Reliance Jio; an inter-city optic fiber sharing agreement, a nationwide telecom towers infrastructure sharing agreement and very recently, RCOM extended this framework by signing a Master Services Agreement with Reliance Jio for sharing of RCOM's extensive intra-city optic fiber infrastructure.

RCOM is free cash flow (FCF) positive and will see further improvement in FCF in the future. The company's capex intensity is low as RCOM has pre-invested in telecom network infrastructure. Unlike most of the GSM incumbents, the Company has low payout on regulatory front as the spectrum renewal for most of the circles is approximately 7 years away. Thus, all incremental revenue growth is likely to be value accretive to RCOM.

2) Global Operations

During the financial year 2013-14, Reliance Globalcom unveiled the Company's new brand and announced that it will begin operating as "Global Cloud Xchange". The launch of its new corporate identity aligns with the Company's strategic plan to deliver the world's first true cloud ecosystem globally. Today, we are living in an era where mobile applications, social media, key technology drivers and applications will exponentially boost volume of digital information being shared every second. Our new cloud ecosystem means delivering an interwoven portfolio of infrastructure and data center solutions with sophisticated cloud orchestration capabilities.

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

Our International Data business is supported by our ownership of one of the largest private submarine cable system in the world spanning 68,400 RKms., with 46 landing stations in 27 countries. The network seamlessly interconnects with our 190,000 route Kilometres fibre optic cables within India. As part of wholesale offering, we offer international (submarine cable) network infrastructure on both an Indefeasible Right of Use ("IRU") and leased circuit basis, internet bandwidth, IPLC to carriers, ISPs, content providers and enterprises globally.

We are among the leading Managed Ethernet services provider in the U.S. and have a strong position in the global enterprise data market. We also own 22,000 kms of metro fibre network in the U.S. in 14 metros allowing us to offer our customers seamless end-to-end connectivity to these key business markets.

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

"Relationship and Trust; this is the foundation of our growth". This belief of our Founder for the Reliance Group is the beacon guiding our Business and Social Policy at RCOM. The legacy of building long standing and equitable ties with all our stakeholders has been strengthened by each passing year with the Company promoting and practicing its socio-economic, health and environmental initiatives so as to foster inclusive growth.

Over the years our focus has been to work on key thematic areas as perceived by the stakeholders, which includes Education, Employability, Economic Empowerment, Environment and initiating Technology driven endeavours enabling us to make a greater impact on the quality of life of our stakeholder groups including the communities.

Our Commitment

Despite Indian economy facing varied challenges in sustaining growth, we remain optimistic on growth prospects. We believe India's economic slowdown will soon reverse direction and improve sentiments. The Company`s fundamentals remain strong and the opportunities at hand point to a strong growth path, supporting the positive outlook.

We continue to strive for innovation in order to offer unique value proposition to our customers in terms of product and service portfolio, network experience and customer service. 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 10th Annual General Meeting of the Members of **Reliance Communications Limited** will be held on Tuesday, September 30, 2014 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:

   a) the audited financial statement of the Company for the financial year ended March 31, 2014 and the reports of the Board of Directors and Auditors thereon.

   b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2014 and the reports of the Auditors thereon.

2. To appoint a Director in place of Shri Anil D. Ambani (DIN 00004878), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

3. 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. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), 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:

4. **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 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) ("the Act") and 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 Regulations"), 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 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 create, 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 predefined in the SEBI ICDR Regulations, 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, at 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 share capital 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 holders 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.

   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

Notice

equity capital structure of the Company consequent upon any merger, demerger, amalgamation, takeover or any other re-organisation or restructuring in the Company.

f) RESOLVED FURTHER THAT the Board may at its absolute discretion issue Equity Shares at a discount of not more than five per cent or such other discount as may be permitted under the applicable regulations to the QIP Floor Price as determined in accordance with the SEBI ICDR Regulations.

g) RESOLVED FURTHER THAT the QIP Securities shall be issued and allotted within twelve months from the date of this resolution or such other time as may be allowed under the SEBI ICDR Regulations.

h) 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.

i) 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 and 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 180(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.

j) RESOLVED FURTHER THAT the Board shall have the authority and power to accept any modifications in the proposal as may be required or imposed by the Government of India / Reserve Bank of India / Securities and Exchange Board of India / Stock Exchanges where the shares of the Company are listed or such other appropriate authorities at the time of according / granting their approvals, consents, permissions and sanctions to issue, allotment and listing thereof and as may be agreed to by the Board.

k) 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 this 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
CIN:L45309MH2004PLC147531
Website: www.rcom.co.in

August 14, 2014

Notes :

1. Statement pursuant to Section 102 (1) of the Companies Act, 2013, relating to the special business to be transacted at the Annual General Meeting (the "Meeting") is annexed hereto.
2. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of herself / himself and the proxy need not be a member of the Company. The instrument appointing the Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before commencement of the Meeting. A Proxy form is sent herewith.**
3. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder.
4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representatives to attend and vote on their behalf at the Meeting.
5. Members / Proxies are requested to bring their duly filled attendance slip sent herewith along with their copy of the annual report to the Meeting.
6. 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.
7. 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.

8. 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.
9. The Company's Register of Members and Transfer Books will remain closed from Saturday, September 20, 2014 to Tuesday, September 30, 2014 (both days inclusive) for the purpose of Annual General Meeting.
10. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
11. 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.
12. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company will be transferring the unpaid or unclaimed dividends for the financial year 2006-07, to the Investor Education and Protection Fund (IEPF) established by the Central Government within stipulated period of time. 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 August 27, 2013 (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.
13. 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 account(s) maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
14. Re-appointment of Director:

    At the ensuing Meeting, Shri Anil D. Ambani, Chairman of the Company retires by rotation under the provision of the Companies Act, 2013 and being eligible, offer himself for re-appointment. The details pertaining to Shri Anil D. Ambani 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.
15. Members are advised to refer the section titled "Investor Information" provided in this Annual Report.
16. 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.

    The Statement containing the salient features of the balance sheet, the statement of profit and loss and auditors' report (Abridged Financial Statements), is sent to the members, along with the 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.
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 can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form SH 13 duly filled in to Karvy Computershare Private Limited, Madhura Estate, Municipal No. 1-9/13/C Plot No. 13 & 13C, Madhapur Village, Hyderabad 500 081, or call on Tel: +91 40 4030 8000; Toll Free No. 1800 4250 999 / E-mail: rcom@karvy.com. The prescribed form in this regard may also be obtained from Karvy Computershare Private Limited at the address mentioned above. Members holding shares in electronic form are requested to contact their DP directly for recording their nomination.
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 communications from the Company electronically.
21. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rules made thereunder and Clause 35B of the Listing Agreement, the Company is offering e-voting facility to all Members of the Company through Notice dated August 14, 2014. Karvy Computershare Private Limited ("Karvy"), our Registrar and Transfer Agent will be facilitating e-voting to enable the Members to cast their votes electronically. The Members can cast their vote online from 10.00 a.m. on September 24, 2014 to 6.00 p.m. on September 26, 2014. The Members shall refer to the detailed procedure on e-voting given in the e-voting instruction slip. The Board of Directors have appointed Shri Anil Lohia, Partner, M/s. Dayal & Lohia, Chartered Accountants as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer will submit his report to the Chairman appointed by the Board after completion of the scrutiny and the results of e-voting will be announced on or after the meeting of the Company. The resolutions shall be taken as passed effectively on the date of declaration of the result. The result of the e-voting will be posted on the website of the Company at www.rcom.co.in.

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated August 14, 2014

Item No. 4 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 groups in the domestic and international markets, needs to strengthen its financial position and net worth by augmenting its long term resources.

In order to meet the requirements for the above purposes and for general corporate purpose, as may be decided by the Board from time to time, it is proposed to seek 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 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 Regulations"), as set out in the Special Resolution at Item No. 4 of the accompanying Notice.

In view of above, the Board may, in one or more tranches, issue 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 Regulations 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 and premium / discount as may be decided by the Board. 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 exchangeable 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.

The pricing of the Equity Shares that may be issued to QIBs pursuant to SEBI ICDR Regulations shall be freely determined subject to such price not being less than the floor price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations ("QIP Floor Price"). Further, the Board may also offer a discount of not more than five per cent or such other percentage as permitted on the QIP Floor Price calculated in accordance with the pricing formula provided under SEBI ICDR Regulations.

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 of the Company's assets as may be finalised 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 180(1)(a) of the Companies Act, 2013. Necessary approval is being sought by way of a Special Resolution under Section 180(1)(a) of the Act, included in the Notice at Item No. 4.

Section 62(1)(c) of the Companies Act, 2013 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, issue and allot the QIP Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries to any persons, whether or not they are Members of the Company.

None of the Directors, Manager and Key Managerial Personnel and their relatives are, in any way, concerned or interested in the said resolution, except to the extent of their equity share holdings in the Company / institution in which they are Directors or Members.

The Board of Directors accordingly recommends the Special Resolution set out at Item No. 4 of the accompanying Notice for the approval of the Members

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
CIN:L45309MH2004PLC147531
Website: www.rcom.co.in

August 14, 2014

Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the 10th Annual Report and the audited accounts for the financial year ended March 31, 2014.

Financial Results

The standalone performance of the Company for the financial year ended March 31, 2014 is summarised below:

Particulars	**Financial Year ended March 31, 2014**		*Financial Year ended March 31, 2013	
	₹ in crore	**US$ in million****	₹ in crore	US$ in million**
Total income	**12,445**	**2,079**	12,820	2,362
Gross profit before depreciation, amortisation and exceptional items	**1,290**	**215**	2,305	425
Less:				
Depreciation and amortisation	**2,048**	**342**	1,681	310
Profit / (Loss)before tax	**(758)**	**(127)**	624	115
Less: Provision for:				
Current tax / Excess provision for Tax of earlier years	**1,488**	**248**	-	-
Profit / (Loss) after tax	**730**	**121**	624	115
Add : Balance brought forward from previous year	**-**	**-**	-	-
Profit available for appropriation	**730**	**121**	624	115
Appropriations:				
Proposed Dividend on equity shares	**-**	**-**	52	10
Dividend Tax	**-**	**-**	9	2
Transfer (from) / to General Reserve	**-**	**-**	-	-
Transfer to Debenture Redemption Reserve	**171**	**29**	246	45
Balance carried to Balance Sheet	**559**	**92**	317	58

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

** Exchange Rate ₹ 59.915 = US$ 1 as on March 31, 2014 (₹ 54.285 = US$1 as on March 31, 2013).

Financial Performance

During the year under review, your Company has earned income of ₹ 12,445 crore against ₹ 12,820 crore for the previous year. The Company has earned Profit of ₹ 730 crore for the year as compared to profit of ₹ 624 crore in the previous year.

Dividend

During the year under review, the Board of Directors has not recommended any dividend on the equity shares of the Company.

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 geographical business units: India and Global Operations. From the second quarter of the financial year under review, the functions of business operations of the Company have been re-organised with intent to provide financial reporting system for better performance evaluation and decision making. The change in segment reporting will improve visibility and disclosures of the financial performance of business operations and assist in better understanding of the performance of the telecom operations of the Company in the domestic i.e. Indian telecom market and the global business operations ranging from carrier business to voice calling cards in the international markets.

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.

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.

Fund Raising Programme

During the current financial year 2014-15, the Company has allotted 33,82,86,197 equity shares of ₹ 5 each at a offer price of ₹ 142.14 per equity share of ₹ 5 each (including a share premium of ₹ 137.14 per equity share) under Qualified Institutional Placement (QIP) and received an amount aggregating to ₹ 4808.40 crore.

The Company on August 7, 2014 has also allotted 8,66,66,667 Warrants entitling for subscription of equivalent number of Equity Shares of ₹ 5/- each at a price of ₹ 150/- per Warrant (including share premium of Rs 145 per Equity Share) aggregating ₹ 1,300 crore under preferential allotment, to the Promoter Group entity. 50 per cent of the issue price has been received on the date of allotment of the said Warrants and the balance 50 per cent will be receivable on or before March 31, 2015.

GCX Limited, a subsidiary of the Company has, on August 1, 2014 issued Senior Secured Bonds of USD 350 million bearing 7 per cent p.a. interest, with a maturity of 5 years.

Subsidiaries

During the year under review, Reliance Communications Tamil Nadu Private Limited, Global Cloud Xchange Limited and GCX Limited became the subsidiary of the Company and Kerala Communication Network Private Limited, M. P. Network Private Limited and Vanco EpE 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 (Accounting Standards Rules) 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.

Demerger of Real Estate

During the year under review, the Board of Directors had in-principle decided on a demerger of the real estate held by the Company into a separate unit to unlock substantial value for the benefit of stakeholders of the Company. The proposed separation of real estate into a separate unit is part of Company's strategic plan to divest non-core assets, and focus on its core wireless and enterprise business.

Directors

In terms of the provisions of the Companies Act, 2013, Shri Anil D. Ambani, Chairman 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 Shri Anil D. Ambani, Chairman being appointed 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.

In terms of provisions of the Companies Act, 2013, the Board has proposed appointment of Prof. J. Ramachandran, Shri Deepak Shourie and Shri A. K. Purwar, who have been Independent Directors of the Company as per the requirements of the Listing Agreement with the Stock Exchanges, as Independent Directors, not liable to retire by rotation for a term of five consecutive years effective from the date of passing of the resolution by the members through Postal Ballot for which separate notice has been sent to the Members of the Company.

Shri R. N. Bhardwaj was appointed as an Additional Director on August 29, 2013 under Section 260 of the Companies Act, 1956. Pursuant to the provisions of Section 161 of the Companies Act, 2013, which corresponds to Section 260 in the Companies Act, 1956, Shri R. N. Bhardwaj holds office till the date of the ensuing Annual General Meeting of the members of the Company. It has been proposed to appoint him as an Independent Director not liable to retire by rotation for a consecutive term of five years effective from the date of passing of resolution by the members through Postal Ballot which has been sent to the Members of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

As per the provisions of Section 149 of the Companies Act, 2013, the Company should have at least one woman director. In view of above, the Board of Directors has proposed the appointment of Smt. Manjari Kacker as a Director, liable to retire by rotation to the members through Postal Ballot.

Shri S. P. Talwar, Director passed away on August 9, 2013. The Board placed on record the deep sense of appreciation of the services rendered by Shri S. P. Talwar as a director of the Company.

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, 2014, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the Profit of the Company for the year ended on that date;
iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
iv. the Directors had prepared the annual accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

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.

Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co.LLP, 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. BSR & Co. LLP, Chartered Accountants; to the effect that their appointment, if made, would be within the prescribed limits under Section 143(3) of the Companies Act, 2013 and that they are not disqualified for appointment.

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.

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 & Co., Cost Accountants, as Cost Auditors for conducting the cost audit for the telecommunications businesses of the Company for the financial year ending March 31, 2015.

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 ESOS Compensation Committee, constituted in accordance with the SEBI Guidelines administrate and monitors the Scheme.

The applicable disclosures as stipulated under SEBI Guidelines as on March 31, 2014 are given below :

	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	53,050 Options	12,04,774 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	3,38,415 Options	18,12,990 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.	
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	₹ 6 crore
	EPS of the Company	₹ 3.52	₹ 3.51
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.

Directors' Report

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

As the Company is being a telecommunications service provider, most of the information of the Company as required under 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 is not applicable. However, the information as applicable has been 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. LLP, 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 Statement

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 BSE Limited and National Stock Exchange of India Limited 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
August 14, 2014

Anil Dhirubhai Ambani
Chairman

Annexure – A

(a) **Conservation of Energy:** The information in Part A and Part B pertaining to conservation of energy and technology absorption are not applicable to the Company as it is a service provider company. However, the Company requires energy for its operations and the Company is making all efforts to conserve energy by monitoring energy costs and periodically reviews of the consumption of energy. It also takes appropriate steps to reduce the consumption through efficiency in usage and timely maintenance / installation / upgradation of energy saving devices.

(b) **Technology Absorption, Adoption and Innovation:** The Company has not spent any amount towards research and developmental activities and has been active in harnessing and tapping the latest and the best technology in the industry.

(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: ₹ 1,273 crore

b. Total Foreign Exchange outgo : ₹ 1,769 crore

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

In the recent past, the Indian economy had to overcome varied challenges in its resolve to sustain its economic success. India's GDP growth decelerated continuously and steeply, moving from 9.2 per cent in the fourth quarter of 2010-11 to 4.6 per cent in the fourth quarter of 2012-13. It has remained below 5 per cent throughout FY 2012-13 and FY 2013-14. For the full year 2013-2014, the GDP growth was 4.7 per cent. Economic activities in India in 2013-14 also remained weak. The monetary policy stance of the Reserve Bank of India has been driven by the imperatives of keeping inflation in check and supporting growth revival while managing a complex external economic situation. However, there has been significant improvement in the external situation. With acceleration in the growth of exports and decline in imports, the trade deficit so far in 2013-14 has narrowed considerably.

GDP Growth

The GDP growth for the year 2013-14 was 4.7 per cent as compared to 4.5 per cent in the previous year. The slowdown in growth was mainly in the manufacturing and mining sector. The growth slowdown was primarily due to the weakness in industrial activity aggravated by domestic supply bottlenecks, high interest rates and low level of capital investments due to drop in overall demand. Adding to the growth challenge is an adverse global economic climate that is confining the country's exports growth. The prospects of below-average monsoon rains are also worrisome which could hit farm output and fuel inflation. That would make it tougher for an inflation-focused central bank to lower interest rates to support growth. However, Economists said they expect the economy to rebound due to the optimism generated by the newly elected government and the approvals to stalled projects. RBI expects growth to pick up at around 5.5 per cent in 2014-15 after falling below 5 per cent in 2013-14.

Industrial Production

During April-March 2013-14, IIP showed negative growth of 0.1 per cent compared to 1.1 per cent growth during April-March 2012-13. The Eight Core Industries recorded a positive growth for five straight months at 2.5 per cent in March 2014, which is much lower than the 7.0 per cent growth recorded in the corresponding period last fiscal. Besides, the cumulative output growth of these eight core sectors, having a weight of 37.9 per cent in the overall index, lowered to 2.6 per cent (April-March 2014), when compared with 6.5 per cent (April-March 2013). Weak domestic demand, higher raw material costs on account of high inflation, interest rate hikes, supply side bottlenecks, low business sentiment and slow movement in implementation of reforms have impaired the performance resulting in weak industrial activity.

Current Account Deficit

One of the reasons to cheer for the Indian economy is the sharp drop in Current Account Deficit in 2013-14 compared to the previous year. India's Current Account Deficit fell to its lowest in eight years due to government imposed curbs on gold imports and the Reserve Bank of India's subsidy for Non-Resident Indian's US dollar deposits in India. The Government and the central bank imposed a series of measures as the gold imports led to the currency getting pummeled till August of last year. Import duty on gold was raised to as high as 10 per cent, from a low of 2 per cent and mandatory export requirements were placed for imports. Also, the central bank underwrote potential exchange rate losses to bring in as much as net $21.4 billion in special non-resident Indian deposits.

Inflation and Interest Rate

India's wholesale price-based inflation eased to a nine-month low in January as food and fuel prices moderated. The wholesale price index (WPI) rose 5.7 per cent in March 2014. For the full year 2013-14 the average WPI is 5.93 per cent which is below 7.35 per cent in 2012-13. But the inflation in primary articles has risen from 9.81 per cent in previous year to 9.87 per cent in the current year; food articles especially at 12.80 per cent in the year is alarmingly high. Core WPI inflation, which excludes volatile food and fuel prices, accelerated to 3.51 per cent in March 2014 from 3.15 per cent in January 2014. Elevated core inflation led RBI to deliver a surprise rate hike of 25 basis points in January and has not allowed it to reduce rates.

The Reserve Bank's continuing anti-inflation stance has not allowed it to lower borrowing costs, which has in turn kept the private sector's appetite subdued for investments and expansions. In fact, it hiked interest rates three times between September and January. Despite moderating inflation in January, RBI still kept the interest rates unchanged in the economy concentrating on lowering inflation rather than chasing growth.

Management Discussion and Analysis

Overall review

RCOM is a fully integrated and 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 around 119.4 million (including 111 million wireless customers, 1.2 million wireline customers, over 2.6 million overseas retail customers and 4.8 million Reliance Digital TV customers) as on March 31, 2014, our corporate clientele includes over 39,000 Indian and multinational corporations including small and medium enterprises and over 290 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 21,000 cities and towns and over 4,00,000 villages.

RCOM also provides 3G services in 13 circles including key metros of Delhi, Mumbai and Kolkata. RCOM's 3G services are available in 334 towns across 13 circles. Recently, we have launched 3G services in additional 5 circles namely Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Uttar Pradesh (East), through Intra Circle Roaming arrangements taking our 3G coverage to 18 circles. Our 3G network has the capacity to provide speeds up to 28 Mbps. RCOM's network is "Built for Internet" and it's common packet core delivers a seamless experience across 1x, 2G, HSD and 3G. RCOM has deployed end-to-end IP enabled connectivity across our transport and access network and backhaul including microwave. i.e. "Ethernet Super Highway". RCOM continues to provide nationwide seamless Wireless Broadband experience on its network, in 1,624 top towns across the country. This, coupled with our extensive 1X Data presence offering high quality internet connectivity in over 19,000 towns, has positioned RCOM extremely well to take advantage of the expected rapid increase in data consumption across the country.

RCOM has adopted a spectrum based "Go to Market" strategy to maximize revenue growth. The Company has 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. The Company has 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. RCOM has the largest optic fibre network of over 2,80,000 km and the largest IDC space of 11,00,000 sq ft including the latest IDC 5 being set up in Navi Mumbai.

In India, RCOM 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. RCOM offer unique, value-added products and services to large, medium and small enterprises for their communications, networking, and IT infrastructure needs across the country. The Company has a 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 in about 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. The Company also offers 4 exclusive movie channels and 5 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

3G Speed @ 2G Prices

As an inherent part of RCOM's objective to take high-speed data services to every Smartphone and tablet user in the country, RCOM announced the launch of an exciting new 3G data offer at 2G data prices for Smartphone and Tablet users, targeting the fast-growing segment. The aggressive and affordable pricing is all set to trigger a wave of 3G adoption in the country, ensuring greater traction from mid- to high-level data users, and resulting in significant data usage and revenue growth across customer segments. By breaking the 3G entry barrier, the Company plans to bring about a behavioral change and take the benefits of quick data access to everyone and impact not just lives, but lifestyles as well.

With this offer, all new and existing Reliance subscribers can avail of best-priced 3G services, across the post-paid and pre-paid segments. Reliance 3G customers can enjoy the Smartphone experience on the Company's 'Built-for-Internet' superior network with lightning-fast video streaming on their Smartphones and tablets, without any delay and buffering, anytime, anywhere.

Launch of "Zero Plan"

RCOM launched first of its kind plan called "Zero Plan" with multiple handset manufacturers. This revolutionary way to buy Smartphones offer includes handset cost, unlimited local and STD calls, unlimited SMS, national roaming and unlimited 3G data for 24 months. So the customer gets benefit of zero down-payment on the handset, zero bills for next 24 months and zero limits on voice, data and SMS.

This offer from RCOM is part of the Company's efforts to bring more Smartphone customers to its built-for-video 3G network, which will increase the acquisition of high value post-paid customers to its customer base and further cement its position as India's leading data services provider.

RCOM shall meet this objective by creating new alliances and partnerships including with select credit card companies. The proposition is win-win for both customer and RCOM as with the single swipe of a credit card, it promises to deliver a quality customer to RCOM and on the other side it offers a total peace of mind to customers, taking away the tediousness of monthly bills for the next two years.

Reliance Globalcom Network Expansion

Reliance Globalcom (RGCOM) started the year with induction of state of the art high capacity technology systems (100G) in submarine network to enhance the fiber carrying capacity by many fold with an intent to meet the growing traffic demand in data services. High capacity systems has been inducted in Trans Atlantic (FA-1) cable network between UK, France and US East coast, Hawk European network is upgraded with higher capacity system.

With the induction of Hawk cable system, added to the Reliance Globalcom network last year which connects the Middle East and extends connectivity further to London, Paris and Frankfurt through our European terrestrial network, latency has been improved offering better customer experience for various emerging and real time and high bandwidth intensive applications.

For enhancing the performance and reliability of our IP services, RGCOM has augmented capacity on the several segments of IP Network such as Singapore and London, Dubai and Paris, Mumbai and Paris, Paris and New York on FA-1 cable. Mumbai – Suez segment has been upgraded with latest technology that increased the fiber carrying capacity by 5 times. Additional capacity has been built on Trans Atlantic cable between London and New York reducing the cost per unit of bandwidth. Established interconnect at Frankfurt and Hong Kong to improve service coverage in Eastern Europe and China. The Company has also set up new Point of Presence (PoP) in Shanghai, Mainland China to increase the geographical coverage. Egypt to Marseilles-London / Paris Hawk network is also upgraded with additional capacity.

Reliance Globalcom Network Upgrades

RCOM successfully upgraded global Transmission and IP backbones, spread over multiple cable systems and segments. Deployment of high-end carrier-grade 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.

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.

New partnerships

Partnership with Twitter in India

RCOM announced a partnership 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, RCOM becomes the first telecom operator in the country to partner with Twitter in India on the new 'Twitter Access' program. Reliance GSM prepaid customers across the country can now follow friends, family, news, cricket, entertainment and all their interests with unlimited Twitter access without paying any extra data consumption charges.

New relationship with leading handset manufacturers

RCOM has developed relationship with leading handset manufacturers to bring their flagship Smartphones under our newly launched "Zero Plan" scheme. With these tie-ups, the Company is also trying to penetrate GSM+CDMA handset in the market to make CDMA handset ecosystem more accessible and affordable.

Long-term Agreements

Intra-Circle roaming agreements with other operators

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 ICR arrangements 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.

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 the Company is in discussion with the operators who won the spectrum in BWA auction.

During the year under review, RCOM has signed three agreements with Reliance Jio Infocomm (R-Jio) under an intended comprehensive framework of business co-operation to provide for optimal utilisation of the existing and future infrastructure of both companies on reciprocal basis, including inter-city fiber, intra-city fiber, towers and related assets. The first agreement with R-Jio was signed for approx. ₹ 1,200 crore as one time indefeasible right to use (IRU) fees for sharing RCOM's nationwide inter-city fiber optic network infrastructure. Under the terms of the agreement, R-Jio will utilise fiber across RCOM's 120,000 kilometers inter-city fiber optic network to provide a robust and future-proof backbone for rolling out its 4G services. RCOM will in turn have reciprocal access to optic fiber infrastructure to be built by R-Jio in the future. The second agreement is a long term nationwide tower sharing deal. Under the agreement, RCOM's 43,379 towers will be utilized for rolling out 4G services and aggregate value of the agreement is over ₹ 12,000 crore during lifetime of the agreement. Recently, the Company signed a third agreement with R-Jio, for sharing of RCOM's extensive intra-city optic fiber infrastructure. Under the terms of this agreement, BWA service provider will utilize RCOM's nationwide intra-city fiber network for roll-out of its 4G services across the country. The agreement is based on arm's length pricing at prevailing market prices. RCOM's intra-city optic fiber network extends to nearly 500,000 fiber pair kilometres, across the top more than 300 cities and towns in India.

Reliance Global Call Expansion

RCOM has now crossed 550 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. With our SIP Trunking calling option along with Blackberry and Windows App, we are now offering superior and convenient options for all their International calling needs.

Management Discussion and Analysis

As part of our Consumer voice offering, the Company offers virtual international calling services to retail customers for calls to 230 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. RCOM has over 2.6 million customers for our Reliance Global Call service. With the launch of Blackberry and Windows App, the Company now has applications on all 4 popular platforms which will allow single click ILD calling.

Reliance NetCall

RCOM is launching Reliance NetCall in Global markets apart from India. Reliance Net Call is a hybrid calling app which enables calling from Smart Phones, Tablets, PCs and Browsers with and uniquely without internet on smart phones. With Reliance NetCall, customers can make free Voice Video calling and Conference calls and send Instant Messages to other users who have the application. Reliance NetCall will provide extremely economical rates to call any landline / mobile in more than 200 countries.

Enterprise

In our effort to offer cutting edge technology solutions, we have collaborated with market leaders in the Enterprise OEM including System Integrators. Renowned global technology partners such as Fortinet, Checkpoint, Riverbed, Ipanema, Cisco, Bluecoat, Polycom, Intercall, Hughes Escorts Communications, Wipro and HCL Infosystems depend upon our deep insights and understanding of customer needs to deliver relevant products and services.

RCOM has been a partner to various System Integrators and Value added Service Providers for Machine-to-Machine (M2M) applications such as Smart Metering. We are partnering with the Government for Smart City Surveillance Projects, Smart Grids or Statewise APDRP (Accelerated Power Development and Reform Programme) and SCADA (Supervisory Control and Data Acquisition).

RCOM will continue on the path of collaborative innovation by partnering with best-in-class service providers to deploy revenue generating Value Added and Managed Services that are relevant for our customers. Our product portfolio will continue to reflect this approach.

Industry Structure and Regulatory Developments

Industry Update

Wireless

During fiscal year 2011 and 2012, the Indian Wireless industry had double digit annualised growth rate of 12 per cent and 16 per cent. In the years 2013 and 2014, the industry revenue growth tapered down to single digit, slightly above 9 per cent for both the years. The Industry growth is likely to remain modest in the current fiscal year as well. This clearly demonstrates that voice business is entering into a maturity phase and data contribution is still low inspite of high growth rate. However, voice still remains the bread and butter for the industry and contributed over 75 per cent of total revenues in fiscal year 2014. Data is going to be the next frontier of growth for the industry. Industry estimates indicate that data contributed ₹ 12,000 crore in FY 2013, which will grow to ₹ 36,000 crore by FY 2016, with an estimated CAGR of 85 per cent. In the coming 2-3 years, the industry is expected to witness data revenue growth similar to what we have seen in voice revenues few years back.

During the fiscal year under review, the industry has gone through virtual consolidation, improvement in the headline voice tariffs and bringing down free and promotional minutes. Very recently, the industry increased 2G data tariffs in order to further support continuous hardening of realized Rate per Minute (RPM).

The Company expect the financial year 2014-2015 to see the beginning of real consolidation in the industry. The Company also expects that the development in M&A norms will provide a better opportunity for the industry to consolidate. We expect the industry to consolidate to approx 5 Pan India players as small operators will not be able to sustain costs in longer term and eventually become consolidation participants. Once that happens, the industry will further see tariff hardening with pricing power returning to Pan India operators. The rise in tariffs will also be driven by high spectrum cost in the industry. However, this will lead to improve performance and help better cash flow generation for RCOM, as RCOM does not have significant cash outflow on spectrum renewal.

The number of telephone subscribers in India increased to 933 million at the end of March, 2014 (Wireless and Wireline) as against 898 million as at March, 2013. Wireless subscribers increased to approximately 905 million in March, 2014 as compared to 868 million in March, 2013 and wireless tele-density stood at 73 per cent as compared to 71 per cent in previous year. The share of private sector in wireless connections touched 89.2 per cent as on March 31, 2014.

Internet and Broadband

Total internet subscriber base has increased to approximately 252 million at the end of March 31, 2014. We have seen a tremendous growth in our broadband subscriber base both in terms of quality and quantity. Our Internet subscriber base as of March 31, 2014 is 37.6 million. The Company commands 14.9 per cent of market share. Customers now prefer higher bandwidth plans. Commensurate with the increasing bandwidth demand, the Company is currently augmenting its capacity to provide better customer experience and further improve revenue.

Telecom Infrastructure

a) Government had conducted 3 rounds of spectrum auction for 800MHz / 900MHz / 1800MHz bands. All operators who have won the spectrum through auction are long term customers, which assure 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) The Company expects BWA spectrum holders to firm up their roll-out plan and start offering 4G services soon. This will also lead to greater demand for Telecom Infrastructure.

d) 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.

e) 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.

Management Discussion and Analysis

Industry Trends

1. **Moderating Competitive Intensity**

During the year under review, Indian Telecom Sector witnessed virtual consolidation as many operators have either completely exited the business or reduced their footprint considerably. The Company expects the year 2014 to see the beginning of real consolidation in the industry. The Company also expects that the development in M&A norms will provide a better opportunity for the industry to consolidate. As stated earlier, the Company expects the industry will consolidate to approx 5 Pan India players as small operators will not be able to sustain costs and eventually become consolidation participants. This has led to reduction in competitive intensity, which was at its peak during last few years. This has also opened new revenue opportunities for Pan India players including RCOM to gain incremental revenue market share.

2. **Improved Revenue per Minute**

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, most of the operators have increased headline tariffs both for voice as well as data. Telecom operators are concentrating on quality acquisition resulting in higher contribution per customer. During the year, almost all operators have reduced promotional and free minutes. The contribution from data to overall wireless revenue is increasing due to increasing penetration of data services and higher usage of data per customer. All these things are resulting into improvement in Revenue Per Minute for operators across industry.

3. **Data and Wireless Broadband**

The industry is witnessing tangible evidence of accelerating mobile data adoption where consumers and business customers are seizing the benefits of fast, reliable mobile data networks using affordable smart-phones and other mobile data devices such as Dongles and Tablets. This is further supported by greater availability of content and applications.

Currently, India has approximately 675 million unique wireless subscribers after adjusting for 15 per cent dual SIM users. With rural penetration of approximately 43 per cent, the Company believes there is still headroom to grow 200-250 million voice customers in next 3-4 years. However, much bigger growth opportunity exists in the data market. India currently has approximately 233 million wireless data users and only 46 million wireless broadband users, with a penetration of less than 26 per cent for data and meager 5 per cent for wireless broadband, which shows that data can have exponential growth for many years.

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.

4. **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, 2014, about 117 million subscribers have submitted their requests to different service providers for porting their mobile numbers. The Company is witnessing an increasing trend of high ARPU customers coming into our network compared to much lower ARPU customers leaving our network.

5. **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 139.9 per cent, there is a lot of potential for rural growth with rural wireless teledensity still at 43.3 per cent as on March 31, 2014.

6. **Enterprise Business**

Enterprises have begun to keep an intense eye on consumer trends and are eager to adopt solutions that integrate the Enterprise and Consumer worlds without sacrificing security and data integrity. Trends like Smart Cities, Big Data, Cloud, etc. are opening up many new opportunities for the Communications business and are reshaping the ICT ecosystem. Our endeavour is to help CIOs connect the dots by creating enabling services.

In the Enterprise Mobility space, RCOM is working on a Mobile Device Management solution that will help Enterprises offer BYOD (Bring Your Own Device) and effectively manage devices, applications, content and security compliances. The Company is building a mobility platform to help Enterprises design and develop Mobile and M2M applications. These applications are then distributed and the end devices are managed using the same platform. The Company is looking at creating an on-the-tap Big Data Service to help Enterprises arrive at decision points by using the humongous volume of data at their disposal. This also allows integration of social media platforms to increase the accuracy of results.

RCOM has already leveraged Cloud as an enabler for business and revenue growth. It already provides Mail, Storage, Video Conferencing, Audio Conferencing, Web Conferencing, Hosted Contact Center, Hosted Voice and other services on the Cloud model to various customers.

RCOM is once again on the threshold of creating and leading a new category in the Voice domain by enabling customers' Business Processes through its Intelligent Telephony Platform. This next-generation communication platform enables companies to connect effectively and contextually with their customers at the right time.

Regulatory developments

1. **Spectrum Trading:**

On January 28, 2014 TRAI recommended the working Guidelines on Spectrum Trading as below:

a) Only out-right transfer of spectrum is permitted.

b) Spectrum trading will be permitted only on LSA (Licensed Service Area) India basis and it will not alter the original validity period of spectrum assignment.

c) Only CMTS / UASL / UL(AS), UL licences shall be eligible to participate in trading.

d) The entire spectrum held by the licensee in a particular spectrum band within an LSA should be tradable. i.e. it has either been assigned through an auction in 2010 or afterwards, or on which the TSP already paid the prescribed market value to the Government.

e) A TSP will not be permitted to trade any spectrum in the spectrum band in which it has acquired any spectrum through trading (or auction) for a period of 2 years from the effective date of transfer of spectrum (or effective date of assignment).

f) Trading fee: 1 per cent of the transactional amount or 1 per cent of the prescribed market price, whichever is higher.

2. Auction of spectrum in 1800 / 900 MHz

a) On September 9, 2013 TRAI recommended reserve price for 1800 MHz and 900 MHz as ₹ 1,496 crore and ₹ 650 crore (for 3 circles) respectively. DoT later fixed the reserve price for auction of spectrum in 1800 MHz and 900 MHz as ₹ 1,765 crore and ₹ 813 crore (for 3 circles) respectively.

b) The final results of February 2014 auction participated by 8 operators are as below:

i. **1800 MHz:** Vodafone (11 service areas with total 245 blocks of 200 KHz each), Bharti Airtel (15 service areas with total 485 blocks), Aircel (5 service areas with total 41 Blocks), Idea (11 service areas with 301 blocks), Reliance Jio (14 service areas with total of 394 blocks), Telewings Communications (5 service areas with total of 67 Blocks), RCOM (Mumbai - 600 KHz).

ii. **900 MHz:** Vodafone Delhi {(5 MHz), Kolkata (7 MHz), Mumbai (11 MHz)}, Bharti Airtel {Delhi (6 MHz), Kolkata (7 MHz), Mumbai (5 MHz)}, Idea {Delhi (5 MHz)}

3. Spectrum Usage Charge: Revised SUC for spectrum in 1800 MHz and 900 MHz bands:

a) The spectrum acquired in the current auction will be charged at 5 per cent of the AGR. In cases of combination of existing spectrum in this band and spectrum acquired through the auction, the weighted average will apply to all the spectrum held by the operator in 900 MHz and 1800 MHz band.

b) The licensees who do not acquire spectrum in this auction shall continue to pay SUC according to the existing slab rate.

c) Decision in respect of CDMA spectrum will be taken at an appropriate time and for BWA spectrum acquired through auction in 2010, SUC will continue to be charged, as per present practice.

4. Reserve Price for Auction of spectrum in 800 MHz

On February 22, 2014 TRAI issued recommendations on Auction of spectrum in 800 MHz:

a) BSNL to retain one CDMA carrier in all LSA. MTNL to surrender entire spectrum in 800 MHz.

b) Entire spectrum available with DOT should be put to auction.

c) One chunk of 5 MHz should be carved out before auction. Carrier reassignment if requirement should be done for this. Alternatively, Notice Inviting Applications (NIA) to clearly mention that only contiguous (5 MHz) spectrum will be sold.

d) Block size of 800 MHz should be 1.25 MHz.

e) New entrant must bid for 4 blocks and must be allotted contiguous spectrum. Existing player to bid for minimum 1 block.

f) Reserve price per MHz of 800 MHz should be ₹ 2,685 crore.

5. Merger and Acquisition Guidelines (February 20, 2014)

a) Merger of licenses / authorization shall be for respective service category.

b) The date of validity of various licences shall be equal to the higher of the two periods on the date of merger subject to pro-rata payment. However, validity of spectrum will remain unchanged.

c) Merger up to 50 per cent market share of the resultant entity may be allowed.

d) Spectrum held by merged entity not to exceed 25 per cent of total spectrum assigned and the 50 per cent of the spectrum assigned in a given band. In respect of 800 MHz the ceiling will be 10 MHz.

e) In case of merger of two entities having 3G licence(s), the resultant entity can hold two blocks of 3G spectrum in the respective service area, being within 50 per cent of spectrum band cap.

6. Unified Licence (UL) and Guideline for migration to UL (August, 2013)

a) In August, 2013, DoT delinked the spectrum form licence and issued the Unified licence which offers flexibility to opt for one, more than one, or all of the existing services. The entry fee and Minimum net-worth required for all these service is ₹ 15 crore and ₹ 25 crore respectively. An annual License fee @ 8 per cent as a percentage of Adjusted Gross Revenue (AGR).

b) In Guidelines for migration to UL, DoT provides the path for must migration to the UL on expiry of the respective licence , however a licence can migration a respective licence in between (i.e. till expiry of licence) any time.

7. TRAI notified SMS termination Charge and Transaction SMS Charge (May 24, 2013)

a) TRAI has notified 'The SMS termination charges Regulation 2013' which prescribes cost based SMS termination charge as 2 paisa per SMS.

b) Further TRAI vide amendment on Telecom Commercial Communications Customer Preference Regulations, 2010 prescribes a transaction SMS charge of 5 paisa per transactional SMS (it excludes government agencies)

8. TRAI issued 55th amendment to the Telecommunication Tariff Order (TTO) reducing National Roaming and permits customized tariffs through STVs for national roamers and mandates free national roaming plans (June 17, 2013)

a) The ceiling tariffs are ₹ 1.00 / min and ₹ 1.50 / min for outgoing local and STD calls while on national roaming. The SMS charges for the same have been prescribed at ₹ 1.00 / SMS for local and ₹ 1.5 / SMS for national.

b) The incoming calls while on national roaming have also been reduced from ₹ 1.75 to ₹ 0.75 per minute.

c) TSPs are required to offer special roaming plans to the subscribers in which such subscribers can avail partial free roaming or fully free roaming in lieu of payment of fixed charges.

9. TRAI issued new guidelines for activation and de-activation of Value Added Services (VAS) (July 10, 2013)

a) TSPs are required to implement a uniform procedure for taking explicit consent through a double confirmation of the consumer for activation / de-activation of VAS (through all modes of activation).

b) The first consent should be on the TSP platform and the second confirmation is through a dedicated consent gateway which is owned by a third party.

10. TRAI Recommendations on 'Full Mobile Number Portability (Pan-India Number Portability)' (September 25, 2013)

a) TSPs will be given 6 months time for implementation of full MNP.

b) The testing fee for testing various scenarios in full MNP may be reduced to 25 per cent of the current prescribed fee for TSPs and MNPSPs.

c) The recipient operator will forward the porting request to the MNPSP of the zone to which original number range holder (the telecom service provider to which the number originally belonged before its first porting) belongs.

11. Regulations prescribing guidelines for renewal of Special Tariff Vouchers (STVs) through Telecom Consumer Protection (seventh amendment) Regulations (December 3, 2013)

a) Renewal of STVs may be allowed for SMS and Data packs (having validity of more than 7 days) through Opt-in facility (by taking one time explicit consent of the consumer for such renewal through prescribed procedure).

b) A toll free short code for opting out of renewal of STVs at any time through a defined procedure is also require to be implemented by the TSPs.

c) Further, the TSPs have to inform the consumers three days prior the expiry of the validity period of STV, through SMS, the due date of renewal, the charges for renewal, the T&Cs of renewal, the toll free short code for deactivation of STV.

12. Amendment to Telecom Commercial Communications Customer Preference Regulations. (TCCCPR)

a) TRAI issued 13th Amendment to TCCCPR Regulations on August 22, 2013 having the provisions for imposition of financial disincentives of ₹ 5000/- per complaint on the TSPs.

b) TRAI further amended the same by levying graded penalty on TSPs which is as below.

Description	**No. of average complaints of service provider per week**			
	0-50	**51-300**	**301-700**	**>700**
Financial Disincentives (per complaint in ₹)	₹ 0/-	₹ 1000/- from the first complaint onwards	₹ 2000/- from the first complaint onwards	₹ 5000/- from the first complaint onwards

13. USSD Mobile Banking

a) To facilitate mobile banking for financial inclusion, TRAI, on November 26, 2013 issued Notification and 56th Tariff order wherein it has prescribed ceiling tariff for use of USSD mobile banking service.

b) The telecom service providers should collect charges from their subscribers for providing the USSD channel to deliver mobile banking services.

c) Ceiling of tariff for an outgoing USSD session for USSD based mobile banking services shall be ₹ 1.50 per USSD session.

14. Revision of EMF Penalty scheme by DoT

a) DoT, through its letter dated November 20, 2013 revised the scheme for financial penalty dated October 11, 2012 violation of terms and conditions of license and instructions on EMF radiations.

b) Through this, DoT has levied graded penalty ranging from ₹ 5000/- to ₹ 50,000/- per BTS per incidence from the delayed period of 15 days to 60 days in case of non submission / delayed submission of self certificates in case of new BTS / Upgradation of existing BTS (per BTS per incidence).

c) Penalty imposed incomplete, improper, non submission or any discrepancy in site data, shared site data etc shall vary from ₹ 20,000 to ₹ 50,000 per BTS per incidence for the period of delay ranging from 15 days to 30 days.

d) Further, in addition to imposition of penalty as above, the BTS shall be shut down on expiry of 60 days from due date of self certification, if the self certification is not submitted within this period. The sites shut down can be reinstated upon submission of proof related to payment of penalty and valid self certificate confirming compliance to EMF norms.

DTH Business:

15. TRAI notified Tariff Order prescribing Standard Tariff Packages (STPs) for Consumer Premise Equipments (CPEs) for Direct to Home (DTH) services (May 27, 2013)

In this tariff order TRAI has prescribed STPs for supply of CPE to the subscribers:

a) Monthly rent of ₹ 71.75 with security deposit of ₹ 500 and monthly rent of ₹ 65.50 with security deposit of ₹ 1000 whereas the security deposit would be refunded after 3 years or on surrender of CPE within 3 years.

b) Monthly rent of ₹ 60.66 with security deposit of ₹ 500 and monthly rent of ₹ 43.33 with security deposit of ₹ 1,000 whereas the security deposits gets adjusted over three years and if subscriber surrenders the CPE within three years then the unadjusted portions of security deposit would be refunded.

16 TRAI Recommendations on enhancement of FDI limits in Broadcasting Sector (August 22, 2013)

a) TRAI has released its recommendations to enhance the FDI limits and approval routes thereof in various segments of broadcasting sector in India.

b) The FDI limit for the broadcasting carriage services e.g. DTH, IPTV, HITS, Mobile TV, Teleports, MSOs (who are undertaking upgradation of networks towards digitalization and addressability) has been recommended to 100 per cent (against existing 74 per cent) in which 49 per cent though automatic route and beyond 49 per cent through FIPB route.

17. Twin Conditions governing Retail Prices for Channels on a-la-carte basis on Addressable Systems (September 20, 2013)

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 a-la-carte rate of a pay channel forming part of a bouquet shall not exceed two times the a-la carte rate of the channel offered by the broadcaster at wholesale rate for addressable systems; and

b) the a-la-carte rate of a pay channel forming part of a bouquet shall not exceed three times the ascribed value of the pay channel in the bouquet.

18. TRAI amended Regulatory Framework for Distribution of TV channels from Broadcasters to Distribution Platform Operators (DPOs) (February 10, 2014)

Salient provisions of this Regulatory Framework are:

a) Only the broadcaster shall publish the Reference Interconnect Offer (RIO) and enter into agreements with the DPOs (viz. DTH, IPTV, MSOs, HITS operators).

b) In case the broadcaster using any agent then the broadcaster shall ensure that its authorized agent, while providing channels / bouquets to the DPOs, does not alter the bouquets as offered in the RIO of the broadcasters and in case the agent is authorized by multiple broadcasters, then the broadcaster shall ensure that the agent does not bundle its channels / bouquets with that of other broadcasters. However broadcaster companies belonging to same group can bundle their channels.

c) TRAI has prescribed six months time period for the broadcasters to amend their RIOs, enter into new agreements and file the amended RIOs and interconnection agreements with the Authority.

19. TRAI Tariff Order: Inflation hike in the tariff ceiling for non-addressable cable TV systems (March 31, 2014)

a) Through this tariff order TRAI has allowed an inflation hike of 15 per cent in the tariff ceilings with effect from April 1, 2014.

b) Based on the rise in the WPI over the last five years and considering other relevant factors, TRAI has come up with a conclusion that an overall 27.5 per cent inflation hike is to be allowed.

c) The second installment of this inflation hike will be applicable from January 1, 2015 which shall be notified separately by the Authority.

Key Developments in the Company

Re-organisation of Businesses

RCOM has reorganized the existing four Business lines Wireless, Home (DTH), Enterprise and Global to Consumer Business, India Enterprise, NLD / ILD / Global Voice and Global Cloud Exchange supported by a Common Services organization.

The Consumer Business apart from the existing Mobility business would also handle the DTH Business, Infratel (Tower) Business and B2B (ICR). The mobility division has been divided into CDMA and GSM Business Units which would help execute the different 'Go-To Market' strategies of the two technology business lines with sharper focus. The field organization has been further strengthened by empowering the Circles to bring in a higher Customer centricity.

India Enterprise has been reorganized to bring in more focus to the Top Corporates which account for bulk of the business. With the augmentation of the Customer Service vertical and its strengthening at the geography levels, India Enterprise is geared up to serve the Top accounts ensuring higher levels of Customer Satisfaction and also enhanced distribution reach to cater to the growing SMB sector in India.

With Network already outsourced to Managed Services, the above transformation will enable RCOM to focus on its core strength areas and evolve to a Technology driven customer centric organization.

Reliance Globalcom Rebranded as Global Cloud Xchange

During the year under review, Reliance Globalcom unveiled the Company's new brand and announced that it will begin operating as "Global Cloud Xchange". The launch of its new corporate identity aligns with the Company's strategic plan to deliver the world's first true cloud ecosystem globally. Today, we are living in an era where mobile applications, social media, key technology drivers and applications will exponentially boost volume of digital information being shared every second. Our new cloud ecosystem means delivering an interwoven portfolio of infrastructure and data center solutions with sophisticated cloud orchestration capabilities.

As innovation continues in the software layer and big data gets even bigger, business requirements become more sophisticated. The Company's focus will be on further integrating our global assets to serve existing and future requirements of new media companies, carriers and enterprises.

During the coming times, Global Cloud Xchange will continue integrating its key international assets with focus on IP and Cloud services. Plans are also underway to further build the Company's infrastructure capabilities, as well as data center footprint, especially across key emerging markets in Asia and the Middle East. As the Company focuses on delivering the world's first true cloud ecosystem, in addition to network infrastructure and data center capability enhancements, its product portfolio is also being updated to deliver additional value added solutions.

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, RCOM has successfully upgraded its global Transmission and IP backbones, spread over multiple cable systems and segments. Deployment of high-end carrier-grade 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

RCOM Enterprise Business is focusing on Valued Added and Managed Services that not only integrate with the customers' business processes but also help improve their productivity, reduce their costs and improve ROI on their telecom and IT infrastructure spends.

The Company is constantly evolving the product portfolio in line with market needs, while making significant investments in upgrading the network and Delivery and Assurance processes. RCOM is expanding the Channel Partner network to 185 towns.

The Company is focused on launching next generation products set to redefine the way Corporate India connects and communicates. Some of these are:

- InstaCall and AutoCall: Automates and effectively manages in-bound customer interactions, as well as out-bound information notifications for large Enterprises.
- Cloud Video Surveillance: A one-stop-shop solution designed to give Indian Enterprises seamless surveillance for all their sites across the country.
- Connect DIA: With our best-in-class 3G network providing the last-mile access for connectivity, this has been specially designed for the low-bandwidth segment.
- ArchStore: A cloud-based product for archiving and long-term storage needs, this primarily facilitates seamless management of data that is referential in nature.

Enterprise Broadband

RCOM is the largest private sector Broadband Internet Service Provider in India after BSNL by virtue of direct and indirect customer reach through HSD, 3G, Home, Enterprise and SME segments, many downstream telcos, cable operators and private ISPs.

The RCOM Internet is powered by a strong global network footprint and engineering. Unlike other telcos, RCOM owns the infrastructure right from undersea cables across the globe which carries the World's Internet traffic to the last mile connecting Enterprises and Homes. RCOM has bi-lateral interconnections with top global ISP networks, caching and peering arrangements with leading content providers and delivery networks.

This, coupled with the access to International content through our strong interconnects with leading content providers, results in a great Internet experience as most of the popular Internet content is on-net or a hop away from it.

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 owns over 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, the Company offers its customers an extensive and diverse portfolio of well-positioned assets and the Company believes that its 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, 2014, Reliance Digital TV had 4.8 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 8.3 million subscribers in year 2013-14. There are six players in the industry with an estimated market size of 62 million subscribers and a penetration rate of 39 per cent amongst homes using cable network service. Reliance Digital TV service boasts of over 250 channels and Service, including 4 exclusive movie channels and 5 interactive services. 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 6th full year of operations, the Company has the most comprehensive product line up inclusive of SD, HD and HD DVR STB. We have 10 full HD channels on our platform, leading to faster uptake of the HD and HD-DVR offerings. 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.

Managed Services Partner (MSP) Operations

RCOM is the first Company in India that has awarded Integrated Managed Services contract to two renowned Managed Services partners. It has completed one year of operations, with Alcatel Lucent managing East, Southern circles and Ericsson managing West, North circles.

The scope of contract includes Wireless, Wire-line, Infrastructure, NLD transport, Enterprise Services, Core and Adjunct domains. Functional level spanning from Network Operations Center, Performance Management, Field operations, Enterprise service delivery and Operations Planning.

As part of overall network improvement plans, the MSPs are to deploy next-gen OSS tools, Customer Experience management solutions. Fiber rehabilitation program to the tune of 450 kms / year / MSP, is expected to improve health of fiber network. Further, the MSPs are to bring in world class systems and practices enable systemic improvements and take network performance to next higher level.

With 9,500 resources transitioned from RCOM to MSPs, they have added leadership and skill sets sourced from best in Industry.

To manage these large integrated MSP operations, RCOM installed two layered governance model. With Circle team focusing on inventory, network up-keep, front ending business delivery, the National Head-Quarter (NHQ) team is to focus on key enablement, KPI delivery, analysis for systemic improvements.

RCOM has witnessed the MSPs deliver majority of expectations outlined in MS contract, at the same time, longer lead time projects like OSS deployment would be deployed in 6 to 9 months time.

Opportunities and Challenges

Opportunities

Voice Business

Voice still remains the bread and butter for the industry and contributed over 75 per cent of total revenues in fiscal year 2014. As mentioned previously, India has about 675 million unique wireless subscribers after adjusting for 15 per cent dual SIM users. With rural penetration of approximately 43 per cent, we believe there is still headroom to grow 200-250 million voice customers in next 3-4 years.

Data Business

Data is going to be the next frontier of growth for the industry. Industry estimates indicate that data contributed ₹ 12,000 crore in FY 2013, which will grow to ₹ 36,000 crore by FY 2016, with an estimated CAGR of 85 per cent. In the coming 2-3 years, the industry is going to witness data revenue growth similar to what we have seen in voice revenues few years back. India currently has 233 million wireless data users and only 46 million wireless broadband users, with a penetration of less than 26 per cent for data and meager 5 per cent for wireless broadband, which shows that data can have exponential growth for many years.

Affordable Smartphones

One of the most important drivers for 3G data growth is the pricing of the handset. The industry is now seeing lower priced 3G handsets available in the market making it affordable for the masses to use 3G data services. The growth in 3G smartphones is not limited to global brands but also lots of local companies are launching 3G phones in sub ₹ 5,000 price category.

Proliferation of Wireless Broadband Eco-system

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 1,624 top towns across the country, including key metros. This includes 334 towns in 13 circles (including Delhi, Mumbai and Kolkata) in 3G. Recently, we have launched 3G services in additional 5 circles namely Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Uttar Pradesh (East), through Intra Circle Roaming arrangements taking our 3G coverage to 18 circles. This, coupled with our extensive 1X Data presence offering high quality internet connectivity in over 19,000 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. The Company is witnessing exponential growth in data consumption and data customers on its network. As of March 31, 2014, RCOM serves over 37.4 million data customers, including 12.9 million 3G customers.

Local and Relevant Content and Applications

The adoption of data services and increasing data usage are further fueled by development of relevant and local content in regional languages. Local developers are developing applications suited to Indian consumer requirements and habits.

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 Infrastructure 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 43,379 telecommunication towers as on March 31, 2014. 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 ~ 6 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

In India, usage of Data based applications as Value Added Services has been on growth path. The market share of Data enabled phones in new shipments has increased by over 50 percent. The market share of Smart phones is growing at a faster rate. This shall get further impetus with phones based on 3G and High Speed Data Access.

With the proliferation of 3G and smart devices, the next phase of VAS growth is expected to be led by Data Services, M-Commerce, and Machine-To-Machine Applications. RCOM has taken the lead in the Data space, by successfully rolling out attractive Smartphone offers and a range of branded Tablets.

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. It has over 12 lakh videos in multiple formats, 20 lakh animations in multiple formats and in house radio channels in 8 languages.

In addition, the Company also offers services like Mobile TV, video downloads, cricket updates, news updates, lifestyle tips and guides, gaming, humor 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 750 exclusive 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. We also have over 680,000 retail outlets selling Reliance Mobile connections or recharges of prepaid mobile and fixed wireless connections. The retail network provides new postpaid and prepaid activations, prepaid recharges, postpaid bill payments, handles customers queries and requests. In FY 13-14, retail stores contributed to over 33 per cent of the total post paid sales and emerged as one of the largest quality acquisition channel.

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. The Company has 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. The Company will be approaching each of the Phase III and IV markets with specific, localized strategies to leverage the opportunity.

Enterprise Connectivity

RCOM has made substantial investments in network infrastructure, products and services. Combined with our innovation and Intellectual Property, this stands us in a good stead to take advantage of the emerging opportunities in the Telecom space.

Integrated Telecom players like us have a distinct advantage as convergence is becoming a strong trend in Enterprise Communications. Reliance Communications is a dominant player in the Enterprise Communications business with unique strengths in all the five pillars of Enterprise connectivity—Wireline, Wireless, Data Centre, Voice and Carrier business. With our all-IP Network, we are inherently built to provide seamless experience to our customers, over multiple channels, multiple devices and multiple locations.

While the SMB market is growing rapidly, this segment has its unique challenges and consequently seeks solutions that are designed to address these challenges. Besides developing offerings that address specific SMB needs, we have also created an 'Emerging Business' focused channel partner ecosystem and are expanding this rapidly.

The Company's strategy to set up a dedicated unit to focus on the Government segment has paid off well and will continue to be a growth driver. Government initiatives like digitization of records, power reforms, e-governance and computerisation will keep opening up many key opportunities for business growth as well as innovation.

Challenges

The Industry is facing high inflationary cost pressure on account of increasing fuel and electricity charges, high input cost for spectrum, increasing employee expenses, etc. This has created tremendous pressure on profitability in the industry. RCOM has taken various initiatives including converting more number of sites on State Electricity Grids to reduce fuel expenses, rationalization of manpower to check employee expenses and focus on quality acquisition to reduce churn and hence reduce customer acquisition cost.

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. The Company is 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. Cable MSO aggressiveness could be a challenge.

f. 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.

g. 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.

h. 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 ₹ 22,321 crore (US$ 3,725 million). The net profit after tax recorded by the Company was ₹ 1,137 crore (US$ 190 million). Our total operating expenditure stood at ₹ 19,130 crore (US$ 3,193 million).

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

The Company earned EBITDA of ₹ 7,726 crore (US$ 1,290 million). The EBITDA margin for the year was 34.61 per cent.

c. **Depreciation and amortisation**

The Depreciation and amortisation charges were ₹ 4,535 crore (US$ 757 million).

d. **Profit before / after tax**

The profit before tax was ₹ 116 crore (US$ 19 million). The provision for taxes was to the tune of ₹ 36 crore (US$ 6 million) and the Company has recognised Deferred Tax Asset (net) of ₹ 1,057 crore (US$ 176 million). The net profit after tax was ₹ 1,137 crore (US$ 190 million).

e. **Balance Sheet**

As at March 31, 2014, the Company had total assets of ₹ 90,352 crore (US$ 15,080 million). Stakeholders equity was ₹ 32,409 crore (US$ 5,409 million), while net debt (excluding cash and cash equivalents) was ₹ 40,869 crore (US$ 6,821 million), giving a net debt to equity ratio of 1.26 times.

Segment Wise

1. **India Operations**

Overview

In India, RCOM mainly provides wireless telecom services to the consumer segment. It also provides voice, long distance services and broadband access to enterprise customers. In addition, it includes managed internet data centres and direct to home business as well.

RCOM provides gamut of services in mobile and fixed wireless voice, data, and value added services for individual consumers and enterprises.

The voice and non-voice business is driven by CDMA and GSM based wireless services to consumers on a nationwide basis. Following the roll-out of our GSM network, RCOM is now the only player in the country offering both GSM and CDMA services on a nationwide basis.

The Company has rolled-out 3G services in all the 13 circles where we have won 3G spectrum, covering 334 towns. On CDMA platform, Netconnect Broadband+ service is available in over 1,624 cities with seamless handover to 1x service over 19,000 towns.

The Company not only provides telecom connectivity to the mass market consumer segment but also, as an Integrated Telecom Service Provider, we offer total telecom solutions to our Corporate, SME and SoHo customers. Our portfolio of products includes mobile handsets, fixed wireless phones / terminals, tablets and high-speed internet data cards. Our primary brands are Reliance Mobile for the mobile portfolio of services, Reliance Hello for the fixed wireless portfolio of services and Reliance Netconnect for wireless data services. RCOM offers a unique wireless multimedia experience under the brand Reliance Mobile World.

RCOM also offers Public Calling Office ("PCO") services over our wireless network through independent retail operators of such facilities. Additionally, we provide connectivity for devices such as point of sale terminals, lottery terminals, and ATM terminals.

The Company is among the top providers of wireless communication services in the country, with a wireless subscriber base of around 111 million as of March 31, 2014.

RCOM also cater to the enterprise business customers with various hybrid wireless and wireline technology solutions. RCOM 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. The Company offers unique, value-added products and services to large, medium and small enterprises for their communications, networking, and IT infrastructure needs across the country.

Our National Long Distance offer's NLD carriage and termination on an inter segment basis, to other business units of Reliance Communications. The Company also offers bandwidth and infrastructure services to other operators. We are leveraging our existing metro fibre optic networks to establish direct building connectivity on-net. Currently, the Company is operating in 44 cities in India with more than 1.1 million buildings connected directly to our network, serviced by about 1.2 million access lines.

The others segment includes managed internet data centre and direct to home business etc.

RCOM has over 11,00,000 sq. ft. of IDC capacity in multiple locations and plan to add more IDC capacity to meet growing demand. Our network operating centre in Navi Mumbai, India is one of the most advanced in the world. The entire range of our products and services is enabled by streamlined, fully integrated, flow through operating and business support systems. These facilities provide us with by far the most superior platform in India for offering bandwidth intensive, feature rich, converged services and solutions for consumers, enterprises, and carrier customers with virtually limitless scalability.

Our Direct-To-Home (DTH) digital TV Business offers a full combo of Standard Definition, High Definition and High Definition-DVR STBs, along with largest channel bouquet. We also introduced a new technology advancement which made us the 1st operator to offer all 250 channels in HD like quality. Reliance offers nationwide Direct-To-Home satellite TV services, employing state-of-the-art MPEG4 technology.

Reliance Digital TV is available at more than 37,000 outlets across 8,350 towns in the country. The retail and distribution reach, as well as other elements of infrastructure established for our wireless network, have been leveraged to expand our DTH presence. Reliance Digital TV currently has 4.8 million subscribers, with 8 per cent share of the DTH market in India. The Company launched India's first High definition cum Advanced Digital Video recorder (HD DVR), offering 200 hrs of recording, trick play functions and universal remote for operating three devices.

Revenues and profit

The revenues for the financial year ended March 31, 2014 were ₹ 18,569 crore (US$ 3,099 million). The EBITDA during the same period was ₹ 6,364 crore (US$ 1,062 million), while the EBIT (Earnings before Interest and Tax) was ₹ 2,385 crore (US$ 398 million).

2. Global Operations

Overview

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

In our Carrier Voice, the Company offers ILD carriage and termination, on an inter segment basis, to other business units of Reliance Communications as part of the wholesale product offering. RCOM entered the long distance market in India in mid-2003 and are one of the largest carriers of international voice minutes with a market share of 30 per cent for ILD wholesale inbound traffic.

As part of our Consumer voice offering we offer virtual international calling services to retail customers for calls to 230 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 2.6 million customers for our Reliance Global Call service.

Our International Data business is underpinned by our ownership of the largest private submarine cable system in the world, directly connecting 40 countries from the East coast of the United States, to Europe, the Middle East, India, South and East Asia, through to Japan. The network seamlessly interconnects with our 190,000 route Kilometres fibre optic cables within India. RCOM has 650 enterprise customers globally in developed markets of the US, UK, France, Germany, Benelux, Singapore and Australia.

As part of wholesale offering, we offer international (submarine cable) network infrastructure on both an Indefeasible Right of Use ("IRU") and leased circuit basis, internet bandwidth, IPLC to carriers, ISPs, content providers and enterprises globally.

RCOM has a very strong and rapidly growing enterprise business segment outside India. We are one of the leading managed Ethernet service providers in the United States and have an established position in the global enterprise data market.

Revenues and profit

The Revenues for the financial year ended March 31, 2014 in this segment were ₹ 4,621 crore (US$ 771 million). While the EBITDA was ₹ 921 crore (US$ 154 million), the EBIT was ₹ 365 crore (US$ 61 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 ₹ 2,890 crore (US$ 482 million) during the year as compared to ₹ 4,259 crore (US$ 784 million) for the previous year. RCIL incurred total operating expenses of ₹ 2,973 crore (US$ 496 million) as compared to ₹ 5,171 crore (US$ 952 million) in the previous year.

Net Profit / Loss

The net loss after tax recorded by RCIL was ₹ 276 crore (US$ 46 million) as compared to ₹ 1,214 crore (US$ 224 million) in the previous year.

Balance Sheet

As on March 31, 2014, RCIL had total assets (net) of ₹ 7,977 crore (US$ 1,331 million) and shareholders' fund amounting to ₹ 109 crore (US$ 18 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 person's name are presumed to be innocent, till their alleged guilt is established after a fair trial. All the Prosecution Witnesses have been Cross-Examined by the Counsels for the Accused.

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 ₹ 3,739 crore (US$ 624 million) during the year as compared to ₹ 3,254 crore (US$ 599 million) in the previous year. RTL incurred total operating expenses of ₹ 3,286 crore (US$ 548 million) as compared to ₹ 3,195 crore (US$ 589 million) in the previous year.

Net Profit / Loss

The net loss after tax recorded by RTL was ₹ 260 crore (US$ 43 million) as compared to net profit of ₹ 369 crore (US$ 68 million) in the previous year.

Balance Sheet

As on March 31, 2014, RTL had total assets of ₹ 6,194 crore (US$ 1,034 million) and shareholders' fund amounting to ₹ 814 crore (US$ 136 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 43,379 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 1,75,000 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 ₹ 7,792 crore (US$ 1,301 million) during the year as compared to ₹ 7,072 crore (US$ 1,303 million) in the previous year. The Company incurred total operating expenses of ₹ 3,977 crore (US$ 664 million) as compared to ₹ 3,771 crore (US$ 695 million) in the previous year.

Net Profit / (Loss)

The net profit / (loss) after tax recorded by RITL was ₹ (105) crore (US$ (18) million) as compared to ₹ 801 crore (US$ 148 million) in the previous year.

Balance Sheet

As at March 31, 2014, RITL had total assets of ₹ 19,772 crore (US$ 3,300 million). Shareholders' fund was ₹ 7,730 crore (US$ 1,290 million).

Outlook

Telecom - Pivotal for future growth

Telecommunication, as an infrastructure, is pivotal to the socio-economic development. Telecommunication globally, is witnessing a fundamental change from pure voice to innovative data usage through mobile phones. It was voice segment that was the dominant key driver of revenues and earnings to the operators, which also led equipment manufactures to concentrate initially on voice-enabled devices. Now, voice is shifting to a backseat and data and video are emerging as the core focus areas. This has led to launch of flurry of various data enabled smartphones by the handset manufacturers. The focus has shifted from standard handsets and feature phones to smartphones, phablets and tablets in different shape, size, and affordability, all using telecommunication as service to give users an out-of-the-world experience right in their hands more conveniently. A new network standard like 3G, 4G / LTE aims at faster data connectivity, quick video streaming with high resolution, and rich multimedia applications. With the availability of large number of applications from games, social networking to online shopping, are all creating a new wave of demand for telecommunication service away from the standard voice business to non-voice business. We at RCOM are vibrant to this shift and aim to reach to the heart of every customer with our service and innovation in business.

Telecom as a Catalyst

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. With a subscriber base of 933 million in the country having around 675 million unique users, and increasing rural penetration the telecommunication industry is now connected to remotest of the locations giving people and business a closer and broader platform to communicate, stay in touch and increase the business. 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 only 14.9 million wireline broadband subscribers and 46 million wireless broadband subscribers using above 512 kbps as of March 2014. This can be attributed mainly to low personal computer penetration due to its high cost, and a lack of 3G and BWA services. Now with the proliferation of 3G services, and HSD, and availability of variety of smartphones, phablets and tablets at affordable pricing, broadband penetration is expected to increase at a much faster rate. Many Corporates have realized the importance of rural market for greater consumption that can be achieved and developed over the years. In this regard, Corporates are taking initiatives and spreading literacy in the rural market by installing computers, providing internet, empowering women and lower strata of people to do business using internet, thereby widening the business market, and indirectly growing the broadband penetration. 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. Cost of operation has increased substantially and tariffs have inched up consistently over the last year. Post honorable Supreme Court's cancelation of licenses and high spectrum costs, it became almost impossible for smaller players to survive and hence some players had to exit the business. Post the clarity on M&A guidelines and constant efforts of the industry regulators and the telecom commission to rebuild strength in the industry merger and acquisition activities to consolidate the market share would be the new buzz in the market place.

Consolidation in the Indian wireless sector is already being seen, with the exit of operators whose licenses 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.

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 to grow 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

Customer and Channel Empowerment through Mobile Apps, Self Care, Soft-skill Training, Innovation, 'Internetisation', Customer Value and Efficiency enhancement and Process reengineering were the key focus areas for the year 2013-14. 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 56 per cent.
b. Successfully implemented Port-in and Port-out functionality of Corporate MNP module as per TRAI guidelines.
c. Enhanced location based tracking service 'My Locator' on all handset types (feature-phones and smart-phones) for Enterprise to manage their field workforce effectively for better productivity and performance through web based, secure and easy-to-use reporting module.
d. Achieved 30 per cent YoY increment in revenue generation through upselling.
e. User empowerment through InstaCare smartphone App for consumers and Industry-first ChannelCare Retailer mobile App for better channel experience. Both available on Google Play and Windows Phone Store.
f. Carried out multiple rounds of soft skills training through specialist training organisations to build empathy and customer centricity in the retail employees.
g. In line with our philosophy to digitize the learning content, developed Customer service training content in a self learning mode through creative and easy to understand videos. E.g., videos on Do's and Dont's and the philosophy of iCare explaining 'Customers and Relationships are everything' for the Retail Store employees.

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

Internet Data Center (IDC)

RCOM is the leader in the Data Center segment both in terms of Capacity and Market Share, offering the complete range of services including Co-location, Managed Hosting, IT Infrastructure, Managed Security, System Integration, Storage and Backup Solutions. With the completion of ongoing IDC–5 (our fifth data center in Navi Mumbai), we will add significant capacity, thus further increasing our lead over other players in this segment. We have already introduced a Pay per Use (PPU) model for Colocation—the first of its kind in India.

The Company will keep building our cloud portfolio with offerings like Storage for archival and Data Protection as a service. RCOM will also tap into the Business Applications arena wherein the applications (viz., CRM, ERP, HRMS and beyond) can be provided to the customers on a pay-per-use model.

Other than cloud services, there is a bunch of other existing services including Colocation, Managed Hosting, IT Infrastructure, Managed Security, System Integration, Storage and back-up solutions that are being offered to our Customers.

The applications deployed are becoming more bandwidth hungry and that helps us sustain our revenues and grow with the market. The demand for Internet has increased significantly over the last year and we expect this trend to continue.

Government

Robust telecom solutions play a critical role in government initiatives like APDRP (Accelerated Power Development and Reform Programme), SWAN (State Wide Area Network) and SCADA (Supervisory Control and Data Acquisition). Being a fully integrated telecom service provider with a wide footprint, the Company is in an excellent position to continue partnering government stakeholders in these initiatives. RCOM has won several prestigious orders from the Central as well as State Governments. The Company believes that the current focus by various government bodies on initiatives like digitization of records, power reforms, e-governance and computerisation will keep opening up many key opportunities for business growth as well as innovation. RCOM is present in almost all the large opportunities in the Government sector including APDRPs, SWANs, etc.

Telecom Infrastructure

RCOM is leveraging its 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. The Company has 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 6th 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 are also planning an application for Android phones.

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. Driving Employee Engagement

b. Creating Performance Driven Organization

c. Attracting and Retaining Talent

d. Building Leadership Bandwidth

RCOM has reorganized the existing four Business lines Wireless, Home (DTH), Enterprise and Global to Consumer Business, India Enterprise, NLD / ILD / Global Voice and Global Cloud Exchange supported by a Common Services organization.

The Consumer Business apart from the existing Mobility business would also handle the DTH Business, Infratel (Tower) Business and B2B (ICR). The mobility division has been divided into CDMA and GSM Business Units which would help execute the different 'Go-To Market' strategies of the two technology business lines with sharper focus. The field organization has been further strengthened by empowering the Circles to bring in a higher Customer centricity.

India Enterprise has been reorganized to bring in more focus to the Top Corporates which account for bulk of the business. With the augmentation of the Customer Service vertical and its strengthening at the geography levels, India Enterprise is geared up to serve the Top accounts ensuring higher levels of Customer Satisfaction and also enhanced distribution reach to cater to the growing SMB sector in India.

With Network already outsourced to Managed Services, the above transformation will enable RCOM to focus on its core strength areas and evolve to a Technology driven customer centric organization.

To motivate employees and develop a Performance driven organization, field sales teams have been covered under various Monthly and Quarterly Incentive schemes designed to reward consistent high performers differentially while ensuring a large employee population get paid out on a regular basis. Other employees are covered under the Performance Linked Incentive Policy aimed at aligning deliverables of an individual employee to the ultimate organization objectives of achieving the Revenue and EBITDA targets.

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 career growth for employees across functions. Development of Leadership talent has enabled the Company to fill up most of the Leadership positions internally.

A series of employee communication and engagement events have been organized involving employees and their families to create an 'Engaged People Organisation'. It has been also the Company's endeavour to make its policies, processes and procedures more transparent, employee friendly and relevant, 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, 2014 was 14,169 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) is a complete end to end IT and Technology solution provider to RCOM Business units through delivery and operational excellence. While continuing to serve RCOM's Business units, RTS also provides IT services to Reliance Group Companies like Reliance Big Entertainment, Reliance Infrastructure, Reliance Power, Reliance Capital and Reliance Health. RTS is one of the leading Information Technology (IT) arm with Hi-Tech capabilities at par with global expertise. With continuous endeavor to innovate, RTS has delivered unique product solutions at low cost and faster time to market, for example:

- InstaCare App
- Data enablement through Zero Plan for Apple devices, 3G @ 2G, All Share Plan
- Facebook, Whatsapp bundled offer
- ConnectPrime, an MPLS VPN based Product on HSD and 3G Last Mile
- Connect DIA on 3G - Enabling Business to capture major market of 3G network through DIA service on 3G
- Self Care - Multiple channel availability through SMS, IVR, Web, USSD

Major critical Upgrades were done to transform RTS into state of art IT:

- CRM upgrade to smart client for 13 contact centre locations (thousands of users pan India)
- SAP upgrade to latest ECC 6.0 version
- Billing upgrade to new version

The next focus is to empower Businesses through innovative product solutions in the areas of Predictive Analytics, Social media, Mobility and Cloud services. RTS intends to accelerate value through incubation and extended partnership model for Technology, Processes and Customer orientation to bring freshness to Businesses.

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 NASSCOM DSCI Excellence Award, Edge Award – Technology, Amdocs Innovation Award, CISO Award 2013 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

RCIL (BPO Division) plays pivotal role as Customer Service interface to support Telecom, Entertainment, BFSI and Utility verticals. The BPO unit has 8,000 seats across 16 Partners servicing from 22 service delivery locations Pan India and provides employment to over 11,000 people. The Group's thrust on Business Process Services support has increased over the years and today our BPO Division is one of the largest domestic BPO in the Country. The BPO services division provides both VOICE (Inbound, Outbound and Self Service) and NON-VOICE (Back Office, E-mail and Web-Chat) support. The division has developed unique competencies and demonstrated operational excellence in catering to 12 regional languages and 4 foreign languages.

Awards and Recognitions

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

a. Nasscom DSCI Excellence Award - RCOM won this prestigious award for security in telecom sector for its innovative IT Security and Privacy efforts which focuses on robust risk management and compliance.

b. IT EDGE Award - RCOM is the only Telco to receive this year for IT, given by UBM. It is awarded for our Innovative and Agile IT processes setup using TM forum standards, benchmarked in International arena.

c. IT Transformers Award by EMC – Awarded for Enterprise Storage Management innovative Solution which enables RCOM to virtualize the exponential storage requirements for Tier 1 applications through optimization and effective solution engineering of Storage, at the same time improving the SLAs for our businesses.

d. Amdocs Innovation Award - RCOM set the industry benchmark in customer experience, enhanced Customer loyalty and reduced Customer churn, increased productivity by decreasing the average handling time.

   Reliance Groupwide INFORMATION SECURITY strategy and deployment: for a Second year in a row.

e. The 'INFOSEC Maestros' Award: RCOM won this annual industry award for deploying the anti-DDOS Solution(Distributed Denial of Services) for real time protection from DDOS attacks.

f. The 'Top 100 CISO' Award: RCOM won this prestigious award for security in Telecom sector for 'Automation of User Access Management', an innovative IT Security and Data Protection solution focusing on robust Risk Management and Compliance.

Corporate Social Responsibility

The belief of our Founder for the Reliance Group is the beacon guiding our Business and Social Policy at Reliance Communications. The legacy of building long standing and equitable ties with all our stakeholders has been strengthened by each passing year with the Company promoting and practicing its socio-economic, health and environmental initiatives so as to foster inclusive growth.

The program being undertaken at Reliance Communications has been drawn from the Group's philosophy and the CSR Policy at the helm. The underlying philosophy behind our interventions since the very inception is that of an "Enabler" for growth and change than merely being a "Provider". For us CSR is not mere catchphrase backed by token gestures but a firm commitment that stems from our belief and faith in the communities that nourish and sustain us.

The Company as a corporate entity envisages nourishing and sustaining 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.

Over the years our focus has been to work on key thematic areas as perceived by the stakeholders, which includes Education, Employability, Economic Empowerment, Environment and initiating Technology driven endeavours enabling us to make a greater impact on the quality of life of our stakeholder groups including the communities.

Below listed are key endeavours undertaken by Reliance Communication during the year 2013-14.

1. **PRAYAG-Providing Grass root Advancement to Youth Aspiring Growth**

   PRAYAG offers employability skills to un or under employed peri-urban and urban slum youth in India. Through the program platform we have successfully trained 3,110 youth of which 45 per cent are female students. This year under the intervention, we expanded the combined capacity to extend employment based employability skills to 3090 students per annum across Bihar, Jharkhand, Tamil Nadu, Karnataka, Maharashtra, Madhya Pradesh and West Bengal.

2. **Reliance ASHA**

   Reliance ASHA is an RCOM endeavour to create comprehensive rehabilitation opportunities for individuals with disabilities, with an agenda to facilitate their integration into the mainstream of the society. Based out of Northern India, the project create handmade paper and paper products by recycling paper and other wastes. The unit is currently extending enabling employability skills and a livelihood platform for 25 differently abled youth.

3. **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 program since its inception 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.

4. **Cyber Woman**

   Cyber Woman is an Internet literacy programs for women from underprivileged communities. We have reached out to 1500 women from across 4 states including Bihar, Jharkhand, West Bengal and Karnataka in financial year 2013-14. The objective is to bridge the digital divide and extend impetus on promoting digital tools and its applications thus enabling the women from within the communities in India to effectively utilize technology for furthering their development and societal growth.

5. **Volunteering Initiative for Developing Young Aptitude**

   VIDYA, is an employee led intervention at Reliance Communications with a mission to establish Reading Rooms in order to improve literacy levels. The project intends to reach out to ONE MILLION children from underserved communities.

   Project VIDYA, focuses on establishing a learning environment for developing reading skills and cultivate and develop literacy skills in primary and secondary school children. In its first phase, we are increasing access to age-appropriate and culturally-relevant reading materials and other aids to 22 VIDYA Centers across the country,

By doing so, the Company believes that we shall be contributing to the country's mission of making education a right for all under RTE Act.

6. Run for Woman Empowerment

This year Reliance Communications launched and institutionalized an annual event - "Run for Woman Empowerment" in Patna which from financial year 2013-14, shall be held each year on the occasion of International Women's Day in the month of March.

The Run was organised in the heart of Patna city on March 8, 2014, where in more than 700 women from all walks of life joined the Run for Women empowerment, prosperity and pledged their support in creating and shaping better India. Defined to create awareness on and strengthen Women Empowerment in the Bihar–Jharkhand belt, the Run is part of the larger agenda at RCOM to focus on and cater to the various facets of empowerment through deployment of focused social endeavours across the year.

7. Blood Donation Campaigns

Recognizing the paucity of blood, the need for creating awareness on voluntary blood donation and the voluntary donor base we have been organising blood donation campaign, wherein employees, across the RCOM along with Group have contributed more than 1.2 lakh units of blood from 100 cities over the last few years.

The campaigns are supported by national and state level Blood banks from across the country. Our focus has been on promoting the cause of Thalasseamic children and generating awareness on Thalasseamia amongst the masses and those suffering from it.

8. 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 in FY 2013-14.

9. The Proscenium Repertory

TPR as it is called is a tool to promote community development and bring about socio-cultural change. It is a journey led by our employee base to creatively determine and express its social, cultural and environmental concerns and address issues of importance relevant to the community while celebrating its differences. Since its inception last December, TPR has staged 24 plays on variety of social issues including Save Girl child, Women Empowerment, Energy Conservation and Right to Vote.

TPR is an amalgamation of individuals / group of individuals sharing a common space or interest/s. It involves collaboration between professional artists and other stakeholder groups.

10. 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 2013-14, 750 employees at RCOM contributed their voluntary services to varied social interventions. More than 3.3 man years were extended by the employee base in the areas of health, education, employability and environment.

11. Awareness Campaigns:

As part of the Awareness campaigns we at RCOM have been creating social awareness through sending messages to our customer base across India. Over 200 million socially relevant messages to our customers pan India. Issues covered were of social relevance under aspects like save the girl child, promoting voluntary blood donation, safety, women empowerment, environmental concerns etc.

We also partner with external NGO's / institutions in achieving the developmental goals, by actively engaging along with them for implementing various social plans and interventions thus co-creating socio-economic value adds within the earmarked communities. RCOM has a partnership with 108 organizations from across the country.

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, Stakeholders Relationship Committee and ESOS Compensation Committee. The Board rotates the Chairman of these Committees.

Pursuant to the provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board has constituted Corporate Social Responsibility Committee.

Pursuant to implementation of Section 178 of the Companies Act, 2013, the Board has renamed Shareholders / Investors Grievance Committee as Stakeholders Relationship Committee.

d. Selection of Independent Directors

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

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

e. **Tenure of independent directors**

Tenure of independent directors on the Board of the Company shall not exceed the time period as per provisions of the Companies Act, 2013 and Listing Agreement entered into with the Stock Exchanges, amended from time to time.

f. **Independent director's interaction with stakeholders**

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

g. **Lead independent director**

Recognising the need for a representative and spokesperson for the independent directors, the Board designated Shri Deepak Shourie, an independent director as the lead independent director.

h. **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.

i. **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.

j. **Commitment of directors**

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

K. **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. 8000 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.

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. LLP, 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.

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, 2014, the Board consisted of five members. The composition of and the category of directors on the Board of the Company were as under:

Category	Name of directors	DIN
Promoter, non-executive and non-independent director	Shri Anil D. Ambani, Chairman	00004878
Independent Directors	Prof. J. Ramachandran	00004593
	Shri Deepak Shourie	00101610
	Shri A. K. Purwar	00026383
	Shri R. N. Bhardwaj	01571764

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 (ACS-14026) 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:

a. review, monitor and approve major financial and business strategies and corporate actions;

b. assess critical risks facing by the Company – review options for their mitigation;

c. provide counsel on the selection, evaluation, development and compensation of senior management;

d. ensure that processes are in place for maintaining the integrity of:
   i) the Company
   ii) the financial statements
   iii) compliance with law
   iv) relationship with all the stakeholders

e. 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 2013-14 on May 10, 2013, July 7, 2013, August 1, 2013, November 12, 2013 and February 7, 2014. The maximum time gap between any two meetings was 102 days and the minimum gap was 24 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

Pursuant to the provisions of Section 118 (10) of the Companies Act, 2013, compliance with secretarial standards relating to general and Board Meeting specified by the Institute of Company Secretaries of India (ICSI) as approved by the Central Governement have become mandatory. However, the approved versions of the above standards are yet to be released.

Notwithstanding the above, the Company has been adhering voluntarily to the standards issued by the ICSI. The 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.

5. **Attendance of directors**

Attendance of directors at the Board meetings held during financial year 2013-2014 and the last Annual General Meeting held on August 27, 2013 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, 2014 are as under:

Name of the Director	Number of Board meetings attended out of five meetings held	Attendance at the last AGM held on August 27, 2013	Number of directorship (including RCOM)	Committee(s) membership (including RCOM)	
				Membership	Chairmanship
Shri Anil D. Ambani	5	Present	6	1	-
Prof. J. Ramachandran	4	Present	7	6	2
Shri S. P. Talwar*	1	-	-	-	-
Shri Deepak Shourie	4	Absent	1	1	1
Shri A. K. Purwar	3	Present	11	5	2
Shri R. N. Bhardwaj**	2	-	12	11	2

*Shri S. P. Talwar, ceased to be Director w.e.f. August 9, 2013 due to sad demise.

**Shri R. N. Bhardwaj appointed as an Additional Director w.e.f. August 29, 2013.

a. None of the directors hold directorships in more than 20 companies of which directorship in public companies does not exceed 10 in line with the provisions of Section 165 of the Act.

b. None of the directors hold membership of more than 10 committees of board, nor, is a chairman of more than 5 committees of Board.

c. 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) Stakeholders Relationship Committee.

d. Membership of Committees include chairmanship, if any.

6. **Details of directors**

The abbreviated resumes of all Directors are furnished hereunder:

Shri Anil D. Ambani

Shri Anil D. Ambani, aged 55 years, is the Chairman of the Company, Reliance Capital Limited, Reliance Infrastructure Limited and Reliance Power Limited. He is also on the board of directors 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. He is a member of the Stakeholders Relationship Committee, the Nomination / Remuneration Committee, the Employee Stock Option Scheme Compensation Committee ("ESOS Compensation Committee") and the Corporate Social Responsibility ("CSR") Committee of the Company.

With a master's degree from the Wharton School of the University of Pennsylvania, Shri Ambani is credited with having spearheaded the Reliance Group's first forays into the overseas capital markets with international public offerings of global depository receipts, convertibles and bonds.

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, U.S.A.
- Executive Board, Indian School of Business (ISB), Hyderabad.

The Prime Minister of India nominated Shri Ambani as the Co-Chair from the Indian side of the India-China CEO Forum in 2011.

As on March 31, 2014, Shri Anil D. Ambani held 18,59,171 equity shares in the Company.

Prof. J. Ramachandran

Prof. J. Ramachandran, Director, aged 57 years, is a Professor of Corporate Strategy and Policy at the Indian Institute of Management, Bengaluru. He is a Chartered Accountant and Cost Accountant and is a fellow of the Indian Institute of Management, Ahmedabad. He is also a director of Reliance Infratel Limited, Sasken Communication Technologies Limited, Redington (India) Limited and All Cargo Logistics Limited.

Prof. Ramachandran is a member of the Stakeholders Relationship Committee, the Nomination / Remuneration Committee and ESOS Compensation Committee and the chairman of the Audit Committee and the CSR Committee of the Company. He is a member of the Audit Committee of Redington (India) Limited and Reliance Infratel Limited. He is a Chairman of Investors Grievance Committee of Sasken Communication Technology Limited and Radington (India) Limited.

He does not hold any share in the Company as of March 31, 2014.

Shri Deepak Shourie

Shri Deepak Shourie, Director, aged 65 years, holds a bachelor's degree in economics and has more than 39 years' experience in general management 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 Worldwide Media Private Limited.

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

He does not hold any share in the Company as of March 31, 2014.

Shri A. K. Purwar

Shri A. K. Purwar, Director, aged 68 years, was the former Chairman of State Bank of India ("SBI") and also former Managing Director of State Bank of Patiala. He holds a master's degree in commerce and a diploma in business administration. He is also a director of Vardhman Textiles Limited, Jindal Steel and Power Limited, Jindal Power Limited, Apollo Tyres Limited, IL&FS Renewable Energy Limited, C & C Constructions Limited, Vardhman Chemtech Limited, IIFL Holdings Limited, ONGC Tripura Power Company Limited and Sri Kavery Medical Care (Trichy) Limited.

Shri Purwar has served on the board of governors of the Indian Institute of Management, Lucknow, XLRI, Jamshedpur and as a member of the advisory board for the Institute of Indian Economic Studies, Waseda University, Tokyo, Japan. He is the Chairman of the Stakeholders Relationship Committee and member of the Audit Committee, Nomination / Remuneration Committee, the CSR Committee and the ESOS Compensation Committee of the Company. He is a member of the Audit Committee of Jindal Power Limited, ONGC Tripura Power Company Limited and Sri Kavery Medical Care (Trichy) Limited.

He does not hold any share in the Company as of March 31, 2014.

Shri R. N. Bhardwaj

Shri R. N. Bhardwaj, aged 69 years, holds a master's degree in economics from the Delhi School of Economics and a diploma in industrial relations and personnel management from the Punjabi University, Patiala. He has over 38 years of experience in various sectors such as economics, finance, investment and portfolio management. He was the Managing Director and Chairman of Life Insurance Corporation of India. Shri R. N. Bhardwaj has also served as a member of the Securities Appellate Tribunal ("SAT").

Shri Bhardwaj is also a director in Reliance Infratel Limited, Jaiprakash Associates Limited, Jaiprakash Power Ventures Limited, Microsec Financial Services Limited, Jaypee Infratech Limited, Dhunseri Petrochem & Tea Limited, Milestone Capital Advisors Limited, Amtek Auto Limited, Rupa & Company Limited and SBI Life Insurance Company Limited.

Shri Bhardwaj is a member of the Audit Committee, the Stakeholders Relationship Committee, the CSR Committee and the ESOS Compensation Committee and the Chairman of the Nomination / Remuneration Committee of the Company. He is a Chairman of Audit Committee of Jaiprakash Associates Limited. He is a meber of Audit Committee of Microsec Financial Services Limited, Reliance Infratel Limited, Jaiprakash Power Venture Limited, Milestone Capital Advisors Limited, SBI Life Insurance Company Limited and Rupa & Company Limited. He is a Member of Shareholders / Investors' Grievance Committee of Microsec Financial Services Limited.

He does not hold any share in the Company as of March 31, 2014.

7. 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 consist of Shri A. K. Purwar, Chairman, Prof. J. Ramachandran, Shri R. N. Bhardwaj and Shri Deepak Shourie as members. Reconstituted Committee consists of Prof. J. Ramachandran, Chairman Shri A. K. Purwar, Shri R. N. Bhardwaj and Shri Deepak Shourie as members. Section 177 of the Companies Act, 2013(Act) has expanded the scope of Audit Committee. Now, the terms of reference of the Audit Committee has been specified in the Act.

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.

Pursuant to the Companies Act, 2013, the Board has approved the terms of reference of the Audit Committee as under:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible;
2. Recommending the appointment, reappointment, terms of appointment and replacement / removal of the statutory auditors and fixation of audit fee;
3. Approval of payment to statutory auditors for any other services rendered;
4. Reviewing and monitoring the statutory auditor's independence and effectiveness of audit process;
5. Approving transactions with related parties including making modifications subsequently;
6. Scrutinizing inter-corporate loans and investments;
7. Evaluating undertakings or assets of the Company, wherever it is necessary;
8. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on
    a. matters required to be included in the Director's Responsibility Statement in the Annual Report of the Board;

b. any changes in accounting policies and practices and reasons thereof;

c. major accounting entries based on exercise of judgment by the management;

d. the auditors' report including the qualifications in draft audit report;

e. significant adjustments made in the financial statements arising out of audit findings;

f. compliance with listing and other legal requirements concerning financial statements;

g. disclosure of related party transactions; and

h. qualifications in the draft audit report.

9. Reviewing with the management, the performance of the statutory and internal auditors, the adequacy of internal financial control systems and risk management systems;

10. 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;

11. Discussing with the internal auditors on any significant findings and follow up thereon;

12. 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;

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

14. Looking into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors;

15. Reviewing the financial statements of subsidiaries, in particular their investments;

16. Overseeing the vigil mechanism;

17. Approving the appointment of the Chief Financial Officer after assessing his qualification, experience, and background etc.;

18. Reviewing the following information:

(i) the management's discussion and analysis of financial condition and results of operations;

(ii) internal audit reports relating to internal control weaknesses;

(iii) management letters / letters of internal control weaknesses issued by the statutory auditors;

(iv) statement of significant related party transactions; and

(v) the appointment, removal and terms of remuneration of the "Chief Internal Auditor."

19. Carrying out all other functions as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is also authorised to:

a. To investigate any activity within its terms of reference;

b. To seek any information from any employee;

c. To obtain outside legal and professional advice;

d. To secure attendance of outsiders with relevant expertise, if it considers necessary;

e. To call for comments from the auditors about internal control systems and the scope of audit, including the observations of the auditors;

f. To review financial statements before submission to the Board; and

g. To discuss any related issues with the internal and statutory auditors and the management of the Company.

Attendance at the meetings of the Audit Committee held during 2013-2014.

The Audit Committee held its meetings on May 10, 2013, July 7, 2013, August 1, 2013, November 12, 2013 and February 7, 2014. The maximum time gap between any two meetings was 102 days and the minimum gap was 24 days.

Members	Number of Meetings held	Number of Meetings attended
Shri A. K. Purwar	5	3
Prof. J. Ramachandran	5	4
Shri S. P. Talwar*	5	1
Shri Deepak Shourie	5	4
Shri R. N. Bhardwaj**	5	2

*Shri S. P. Talwar, ceased to be Director and member of the Committee w.e.f. August 9, 2013 due to sad demise.

**Shri R. N. Bhardwaj appointed as an Additional Director w.e.f. August 29, 2013.

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:

a. The audited annual financial statements of the Company for the financial year ended March 31, 2014, be accepted by the Board as a true and fair statements of the financial status of the Company.
b. The audited abridged financial statements of the Company for the financial year ended March 31, 2014, be accepted by the Board as a true and fair statements of the financial status of the Company.
c. The audited consolidated financial statements of the Company and its subsidiaries and Joint Ventures for the financial year ended March 31, 2014, be accepted by the Board as a true and fair statements of the financial status.
d. The audited abridged consolidated financial statements of the Company, its subsidiaries and Joint Ventures for the financial year ended March 31, 2014, be accepted by the Board as a true and fair statement of the financial status.

The Company has appointed Cost Auditors pursuant to Section 233B of the Companies Act,1956. Further the Cost Auditors attends the audit committee meeting wherein cost audit reports are being discussed and placed.

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.

Pursuant to Section 178 of the Companies Act, 2013, it is mandatory to set up a "Nomination / Remuneration Committee" with expanded scope. The reconstituted Nomination / Remuneration Committee comprises of five directors, viz; Shri. R. N. Bhardwaj ,Chairman, Shri Anil D. Ambani, 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 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. No meeting of the Nomination / Remuneration committee was held during 2013-14.

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, 2014.

Name of Directors	Sitting Fee (₹ in Lac)
Shri Anil D. Ambani	2.00
Prof. J. Ramachandran	2.40
Shri S. P. Talwar*	0.60
Shri Deepak Shourie	2.00
Shri A. K. Purwar	1.80
Shri R. N. Bhardwaj**	1.20

*Shri S. P. Talwar, ceased to be director of the Company w.e.f. August 9, 2013 due to sad demise.

**Shri R. N. Bhardwaj appointed as an Additional Director w.e.f. August 29, 2013.

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 2013-14.

IV. Stakeholders Relationship Committee

In accordance with the requirements of Clause 49 in the Listing Agreement, the Company has constituted a Committee named "Shareholders / Investors Grievance Committee", which is responsible for attending the grievances of the shareholders. As per provisions of Section 178 of the Companies Act, 2013 ("Act"), every listed Company has to constitute a Committee which will be named "Stakeholders Relationship Committee", if the number of shareholders, debenture holders, deposit holders and other security holders in the Company exceeds one thousand or more. In view of above requirement which has become effective from April 1, 2014, the Board renamed it as the "Stakeholders Relationship Committee" to resolve the grievances of all the stakeholders of the Company and to perform all other work as per Act. The reconstituted Committee has five members consisting of Shri A. K. Purwar, Chairman and Shri Anil D. Ambani, Prof. J. Ramachandran, Shri Deepak Shourie and Shri R. N. Bhardwaj as members.

Attendance at the meetings of the Stakeholders Relationship Committee held during 2013-2014.

During the year, the Stakeholder's Relationship Committee held its meetings on May 10, 2013, August 1, 2013, August 27, 2013, November 12, 2013 and February 7, 2014. The maximum time gap between any two meetings was 86 days and the minimum gap was 25 days.

Members	Number of Meetings held	Number of Meetings attended
Shri Deepak Shourie	5	2
Shri Anil D. Ambani	5	5
Prof. J. Ramachandran	5	4
Shri S. P. Talwar*	5	1
Shri A. K. Purwar	5	3
Shri R. N. Bhardwaj**	5	2

*Shri S. P. Talwar, ceased to be Director and member of the Committee w.e.f. August 9, 2013 due to sad demise.

**Shri R. N. Bhardwaj appointed as an Additional Director w.e.f. August 29, 2013.

Shri Prakash Shenoy, Company Secretary and Manager acts as the Secretary to the Stakeholder's Relationship Committee.

V. Compliance Officer

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

VI. Employees Stock Option Scheme (ESOS) Compensation Committee

The Board reconstituted the Employee Stock Option Scheme Compensation Committee ("ESOS Compensation Committee"). The reconstituted Committee comprise of Shri Deepak Shourie, as Chairman and Shri Anil D. Ambani, Prof J. Ramachandran, Shri A. K. Purwar and Shri R. N. Bhardwaj as members.

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. Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee was constituted by the Board on May 02, 2014 considering requirements of the Companies Act, 2013 relating to the constitution of a Corporate Social Responsibility Committee. The Committee consist of Shri Prof J. Ramachandran as Chairman, Shri Anil D. Ambani, Shri Deepak Shourie, Shri A. K. Purwar and Shri R. N. Bhardwaj as members. The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy'.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

IX. 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
2012-2013	August 27, 2013 12.00 noon	Yes 1. Qualified Institutional Placement (QIP)
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

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

X. Postal Ballot

The Company had not conducted any business through Postal Ballot during the financial year 2013-14.

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

The Company has sent the Postal Ballot Notice dated August 8, 2014, together with the Postal Ballot Form to the Members of the Company for seeking their approval to the businesses listed therein, by Postal Ballot (which includes electronic voting) pursuant to Section 110 of the Companies Act, 2013.

Shri Anil Lohia, Chartered Accountant, has been appointed as Scrutinizer by the Board of Directors.

The result of the Postal Ballot will be announced on or before September 16, 2014.

XI. 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.

As the Companies Act, 2013 and the Rules thereunder facilitate the service of documents to members through electronic means, the Company has accordingly e-mailed to all those Members whose E-mail IDs are available with the its Registrar and Transfer Agent, the soft copies of the Annual Report including the unabridged Financial Statements for the year ended March 31, 2014.

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

f. **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, Media Release etc. are also filed electronically on the Listing Centre.

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

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

h. **Designated E-mail-id:**

The Company has also designated the E-mail-id Rcom.Investors@relianceada.com exclusively for investor servicing.

i. **SEBI Complaints Redress System (SCORES):** The investors' complaints are also being processed through the centralized web base 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.

XII. 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 R. N. Bhardwaj and Prof. J. Ramachandran, Independent Directors have 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 financial year 2013-14, no transactions of material nature had been entered into by the Company that may have a potential conflict with interest of the Company. The related party transactions 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 2013-14".

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, 2014 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

XIII. 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.

XIV. Compliance of Clause 5A of Listing Agreement

As per Clause 5A(II) 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, 2013	109121	4095345
b.	Number of shareholders who approached issuer for transfer of shares from suspense account during the year	401	41868
c.	Number of shareholders to whom shares were transferred from suspense account during the year.	401	41868
d.	Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2014	108720	4053477

The voting rights on the shares outstanding in the suspense account as on March 31, 2014 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.

XV. 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 the period as per provisions of the Companies Act, 2013 and Listing Agreement entered into with the Stock Exchanges.

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 2013-14.

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 / Vigil Mechanism 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 in to 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.

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.

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;
- Availability of nomination facility;
- Ease in effecting change of address as change with Depository Participants gets registered with all companies in which investor holds securities electronically;
- Easier transmission of securities as the same done by Depository Participants for all securities in demat account;
- Automatic credit into demat account of shares, arising out of bonus / split / consolidation / merger etc:

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.

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 form prescribed by the Depository Participants.

Deal only with SEBI Registered Intermediaries

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

Corporate Benefits in Electronic Form

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

Register e-mail address

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

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).

Book closure dates for the purpose of AGM

Register of Members and Share Transfer Books of the Company will remain closed from Saturday. September 20, 2014 to Tuesday September 30, 2014 (both days inclusive) for the purpose of Annual General Meeting.

Annual General Meeting

The 10th Annual General Meeting (AGM) will be held on Tuesday, September 30, 2014 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.

E-voting

The Members can cast their vote online from 10.00 am. on September 24, 2014 to 6.00 p.m. on September 26, 2014.

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, India.
Toll free no. (India) : 1800 4250 999
Telephone no. : +91 40 4030 8000
Fax no. : +91 40 2342 0859
E-mail: rcom@karvy.com
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.

Investor Information

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
31.03.2013	0.25	27.08.2013	27.09.2020

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.

The Company has uploaded the details of unpaid and unclaimed dividend on the website of the company in terms of the requirements of the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with the companies) Rules, 2012.

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.

Share transfer system

Shareholders / investors are requested to send share certificate(s) along with share transfer deed in the prescribed Form SH-4 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 31.03.2014		As on 31.03.2013	
		No. of Shares	%	No. of Shares	%
(A)	Shareholding of Promoter and Promoter Group				
	(i) Indian	1399309177	67.80	1400708557	67.86
	(ii) Foreign	0	0.00	0	0.00
	Total shareholding of Promoter and Promoter Group	**1399309177**	**67.80**	1400708557	67.86
(B)	Public Shareholding				
	(i) Institutions	429637429	20.81	357311228	17.31
	(ii) Non-Institutions	229373022	11.11	300144784	14.55
	Total Public Shareholding	**657456012**	**31.93**	657456012	31.86
(C)	Shares held by Custodians and against which Depository Receipts have been issued	5707253	0.28	5862312	0.28
	GRAND TOTAL (A)+(B)+(C)	**2064026881**	**100.00**	2064026881	100.00

Distribution of shareholding

Number of Shares	Number of Shareholders as on 31.03.2014		Total equity Shares as on 31.03.2014		Number of Shareholders as on 31.03.2013		Total equity Shares as on 31.03.2013	
	Number	%	Number	%	Number	%	Number	%
Up to 500	1661045	96.55	116909810	5.66	1802339	95.89	133481524	6.47
501 to 5000	56798	3.30	64528214	3.13	73450	3.91	86631328	4.20
5001 to 100000	2284	0.13	34339378	1.66	3430	0.18	52282609	2.53
Above 100000	259	0.02	1848249479	89.55	306	0.02	1791631420	86.80
Total	**1720386**	**100.00**	**2064026881**	**100.00**	1879525	100.00	2064026881	100.00

Investor Information

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, 2014, 98.08 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	
	2013-2014	2012-2013	2013-2014	2012-2013	31.03.2014	31.03.2013
SEBI	41	53	41	53	Nil	Nil
Stock Exchanges	10	11	10	11	Nil	Nil
NSDL / CDSL	01	0	01	0	Nil	Nil
Direct from investors	02	36	02	36	Nil	Nil
Total	**54**	100	**54**	100	**Nil**	Nil

Analysis of Grievances

	2013-2014		2012-2013	
	Numbers	per cent	Numbers	per cent
Non-receipt of Annual Reports	06	11.11	13	13.00
Non-receipt of dividends	46	85.19	73	73.00
Non-receipt of share certificates	02	3.70	14	14.00
Total	**54**	**100.00**	100	100.00

There was no complaint pending as on March 31, 2014. There were 59 requests for transfer of 3314 shares and 50 requests for dematerialisation of 4121 shares were pending for approval as on March 31, 2014 which were approved, processed and dispatched on or before April 3, 2014.

Notes:

1. The shareholder base was 17,20,386 as of March 31, 2014 and 18,79,525 as of March 31, 2013.
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.

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 History

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

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

Investor Information

Stock price and volume

2013-14	BSE Limited			National Stock Exchange of India Limited		
	High ₹	Low ₹	Volume Nos.	High ₹	Low ₹	Volume Nos.
April, 2013	101.75	54.55	170681420	101.80	54.55	729836287
May, 2013	117.40	96.40	121995131	117.40	96.40	533525819
June, 2013	130.10	100.85	121699184	130.20	100.80	515460478
July, 2013	151.25	118.20	101893055	151.25	118.15	436117803
August, 2013	143.85	105.80	67048904	143.80	105.60	273246641
September, 2013	164.45	122.65	56271902	164.65	122.20	245935836
October, 2013	158.20	139.75	37209102	158.25	139.60	165091306
November, 2013	153.40	128.05	28968016	153.55	128.05	117859237
December, 2013	143.75	126.50	19641769	143.90	126.55	81488201
January, 2014	140.00	115.35	32647184	140.00	115.30	150642558
February, 2014	128.50	106.75	21294978	128.60	106.75	100704110
March, 2014	133.85	109.40	32203813	133.85	109.10	129286465

Stock Exchange listings

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

Listing on stock exchanges

Equity Shares

BSE Limited

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

National Stock Exchange of India Limited

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

Stock Codes

BSE Limited	: 532712
National Stock Exchange of India Limited	: RCOM
ISIN for equity shares	: 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.

Global Depository Receipts (GDRs).

Luxembourg Stock Exchange
Societe De La Bourse, De Luxembourg,
35A Boulevard Joseph II, Luxembourg
Website : www.bourse.lu

Depository bank for GDR holders
Deutsche Bank Trust Company Americas
60 Wall Street, New York 10005

Security codes of RCOM GDRs

	Master Rule 144A 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, 2014 represent 5707253 equity shares constituting 0.28 per cent of the paid-up equity share capital of the Company.

Debt Securities
The Debt Securities of the Company 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 Listing Fees
An annual listing fee for the year 2013-14 (as applicable) has been paid by the Company to the stock exchanges.

Investor Information

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

	RCOM	Sensex BSE	Nifty NSE
FY 2013-14	133.51 per cent	18.85 per cent	17.98 per cent
2 years	53.36 per cent	28.63 per cent	26.60 per cent
3 years	19.68 per cent	15.12 per cent	14.92 per cent

Key financial reporting dates for the financial year 2014-15

Unaudited results for the first quarter ended June 30, 2014	:	On or before August 14, 2014
Unaudited results for the second quarter / half year ended September 30, 2014	:	On or before November 14, 2014
Unaudited results for the third quarter ended December 31, 2014	:	On or before February 14, 2015
Audited results for the financial year 2014-15	:	On or before May 30, 2015

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.

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, 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
Facsimile : +91 22 3037 6622
E-mail : Rcom.Investors@relianceada.com

Plant Locations

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

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, 2014, 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. LLP
Chartered Accountants
Firm Reg. No: 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
August 14, 2014

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 2014, 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") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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.

Auditor's 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 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 2014;

(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 net foreign exchange variations of ₹ 54 crore (previous year ₹ 91 crore), amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 254 crore (previous year ₹ 546 crore) and depreciation on exchange losses capitalised of ₹ 333 crore (previous year ₹ 218 crore), as in the opinion of the Board, such exchange loss 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 exchange loss and depreciation not been met from General Reserve, the Company would have reflected a profit after tax for the year of ₹ 89 crore (previous year – loss after tax of ₹ 231 crore) and the consequential effect of this on the profit after tax for the year would have been of ₹ 641 crore (previous year ₹ 855 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 this matter.

Report on other legal and regulatory requirements

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.

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 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; 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 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Chaturvedi & Shah**	For **B S R & Co. LLP**
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
May 2, 2014

Annexure to the Independent Auditors' Report – 31 March 2014

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 2014, we report the following:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.

   (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.

   (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, Value Added Tax (VAT), 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, VAT, Entry Tax, Employees' State Insurance and other material statutory dues were in arrears as at 31 March 2014 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 Wealth Tax which have not been deposited on account of any dispute. The dues of Excise Duty, Income Tax, Customs Duty, Service Tax, Sales Tax, VAT 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 ₹ Cr.	Period	Forum where dispute is pending
Income Tax Act, 1961	Income tax	49.43	2008-09	Commissioner income tax (Appeal)
Income Tax Act, 1961	Withholding tax	89.97	2002-06	Bombay High court
Central Sales Tax, West Bengal	Central Sales Tax	0.34	2007-08	West Bengal Tax revision board
Central Sales Tax, Uttar Pradesh	Central Sales Tax	0.02	2005-06	Assessing Officer (Remanded by Additional Commissioner (Appeals))
		0.50	2006-07	Assessing Officer (Remanded by Additional Commissioner (Appeals))

Annexure to the Independent Auditor's Report - 31 March 2014

Name of the Statute	Nature of dues	Amount ₹ Cr.	Period	Forum where dispute is pending
		0.07	2006-07	UP Trade Tax Tribunal
		0.20	2007-08	Assessing Officer (Remanded by Additional Commissioner (Appeals))
		1.04	2008-09	Assessing Officer (Remanded by Additional Commissioner (Appeals))
		1.23	2009-10	Assessing Officer (Remanded by Additional Commissioner (Appeals))
Central Sales Tax, Orissa	Central Sales Tax	0.02	Oct 06 - Mar 09	Sales Tax Appellate Tribunal
		0.01	2009-10	Joint Commissioner (Appeals)
Central Sales Tax, Bihar	Central Sales Tax	0.04	2005-06	Sales Tax Appellate Tribunal
Sales Tax, Maharashtra	Sales Tax	4.79	2004-05	Joint Commissioner (Appeals)
Sales Tax, Uttar Pradesh	Sales Tax	0.24	2003-04	Sales Tax Appellate Tribunal
	Sales Tax	0.93	2004-05	Allahabad High court
Entry Tax, Assam	Entry Tax	0.10	2007-08	Deputy Commissioner (Appeals)
Entry Tax, Bihar	Entry Tax	0.29	2007-08	Sales Tax Appellate Tribunal
		0.09	2008-09	Sales Tax Appellate Tribunal
Entry Tax, Chattisgarh	Entry Tax	0.05	2006-07	Dy. Commissioner (Appeals)
		0.57	2007-08	Dy. Commissioner (Appeals)
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	Appellate Tribunal
Entry Tax, Orissa	Entry Tax	0.05	Oct 06 - Mar 09	Appellate Tribunal
	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
Entry Tax, Himachal Pradesh	Entry Tax	0.79	2010-14	High Court of Himachal Pradesh
Finance Act, 1994	Service Tax	27.13	2006-12	CESTAT Customs Excise Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise duty	2.08	2002-04	CESTAT Customs Excise Service Tax Appellate Tribunal
The Customs Act, 1962	Customs Duty	0.23	2006-07	CESTAT Customs Excise Service Tax Appellate Tribunal
VAT, Bihar	VAT	0.24	2005-06	Appellate Tribunal
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)

Annexure to the Independent Auditor's Report – 31 March 2014

Name of the Statute	Nature of dues	Amount ₹ Cr.	Period	Forum where dispute is pending
		0.12	2007-08	Addl. Commissioner (Appeals)
		0.34	Jan '08 to March '08	Addl. Commissioner (Appeals)
		0.25	2009-10	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
		0.34	2008-09	West Bengal Tax revision board
		0.71	2009-10	Addl. Commissioner (Appeals)
		1.62	2010-11	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.

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. LLP**
Chartered Accountants
Firm's Reg. No: 101248W

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
May 2, 2014

Balance Sheet as at March 31, 2014

(₹ in Crore)

	Notes		As at March 31, 2014		As at March 31, 2013
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	**2.01**	1,021		1,032	
(b) Reserves and Surplus	**2.02**	30,359	**31,380**	32,110	33,142
Non Current Liabilities					
(a) Long Term Borrowings	**2.03**	22,795		22,891	
(b) Other Long Term Liabilities	**2.04**	194		143	
(c) Long Term Provisions	**2.05**	3,288	**26,277**	4,370	27,404
Current Liabilities					
(a) Short Term Borrowings	**2.06**	7,332		7,436	
(b) Trade Payables	**2.07**	2,076		1,478	
(c) Other Current Liabilities	**2.08**	5,653		3,612	
(d) Short Term Provisions	**2.09**	4,159	**19,220**	2,864	15,390
TOTAL			**76,877**		75,936
ASSETS					
Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	**2.10**	16,982		16,761	
(ii) Intangible Assets	**2.10**	17,441		19,297	
(iii) Capital Work in Progress	**2.10**	731		735	
		35,154		36,793	
(b) Non Current Investments	**2.11**	21,042		21,013	
(c) Deferred tax assets (net)	**2.12**	1,488		-	
(d) Long Term Loans and Advances	**2.13**	4,494	**62,178**	4,508	62,314
Current Assets					
(a) Current Investments	**2.14**	-		-	
(b) Inventories	**2.15**	269		304	
(c) Trade Receivables	**2.16**	1,994		2,066	
(d) Cash and Bank Balances	**2.17**	127		228	
(e) Short Term Loans and Advances	**2.18**	9,375		8,736	
(f) Other Current Assets	**2.19**	2,934	**14,699**	2,288	13,622
TOTAL			**76,877**		75,936

Significant Accounting Policies	1
Notes on Accounts	2

Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

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

C. D. Lala
Partner
Membership No: 35671

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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
May 2, 2014

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **A. K. Purwar**, **R. N. Bhardwaj**

Company Secretary and Manager **Prakash Shenoy**

Statement of Profit and Loss for the year ended March 31, 2014

(₹ in Crore)

	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
INCOME			
Revenue from Operations	**2.20**	**11,176**	11,267
Other Income	**2.21**	**1,269**	1,553
Total Income		**12,445**	12,820
EXPENDITURE			
Access Charges, License Fees and Network Expenses	**2.22**	**7,855**	7,287
Employee Benefits Expenses	**2.23**	**286**	290
Finance Costs	**2.24**	**1,796**	1,976
Depreciation and Amortisation Expenses	**2.10**	**3,272**	2,957
Depreciation adjusted against Provision for Business Restructuring		**(47)**	(99)
Depreciation/Amortisation adjusted against General Reserve III		**(1,177)**	(1,177)
Sales and General Administration Expenses	**2.25**	**1,218**	962
Total Expenses		**13,203**	12,196
Profit/ (Loss) before Exceptional items, Tax and Adjustments		**(758)**	624
Exceptional Items	**2.37**		
Depreciation on account of change in exchange rate	**2.10**	**333**	218
Equivalent amount withdrawn from General Reserve III		**(333)**	(218)
Foreign Currency Exchange Fluctuation Loss (net)		**308**	637
Equivalent amount withdrawn from General Reserve III		**(308)**	(637)
Profit/ (Loss) before Tax		**(758)**	624
Tax Expense:			
Current Tax		**-**	-
Deferred Tax	**2.12**	**(1,488)**	-
Profit after Tax		**730**	624
Earnings per Share of face value of ₹ 5 each fully paid up (before and after Exceptional Items)	**2.36**		
Basic (₹)		**3.54**	3.02
Diluted (₹)		**3.54**	3.02
Significant Accounting Policies	**1**		
Notes on Accounts	**2**		

Notes referred to above form an integral part of the Financial Statements.

As per our Report of even date

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

C. D. Lala
Partner
Membership No: 35671

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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
May 2, 2014

For and on behalf of the Board

Chairman	**Anil D. Ambani**
Directors	**J. Ramachandran** **A. K. Purwar** **R. N. Bhardwaj**
Company Secretary and Manager	**Prakash Shenoy**

Cash Flow Statement for the year ended March 31, 2014

(₹ in Crore)

			For the year ended March 31, 2014		For the year ended March 31, 2013
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit/ (Loss) before tax as per Statement of Profit and Loss		**(758)**		624
	Adjusted for:				
	Provision for Doubtful Debts	152		76	
	Depreciation and Amortisation Expenses	2,048		1,681	
	Employee Compensation Expenses (ESOS)	(1)		(2)	
	Effect of change in Foreign Exchange Rate (net)	(5)		(12)	
	Write back of Provision for Business Restructuring	(441)		(550)	
	Write back of Provision for Liabilities no longer required	(188)		(192)	
	Loss on Sale of Capital Work in Progress	3		28	
	Net gain on Sale of Investments	(9)		(6)	
	Finance Costs (Refer Note 2.38)	1,796		1,976	
	Rent Income	(1)		(3)	
	Interest Income	(596)	**2,758**	(598)	2,398
	Operating Profit before Assets and Liabilities changes		**2,000**		3,022
	Adjusted for:				
	Receivables and other Advances	(770)		(2,064)	
	Inventories	35		25	
	Trade Payables and Other Liabilities	2,077	**1,342**	1,544	(495)
	Cash Generated from Operations		**3,342**		2,527
	Income Tax Refund		**150**		245
	Income Tax Paid		**(205)**		(65)
	Net Cash from Operating Activities		**3,287**		2,707
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Additions to Fixed Assets and Capital Work in Progress (including realised foreign exchange variation capitalised)		**(668)**		(724)
	Purchase of Investments		**(11,588)**		(12,876)
	Redemption of Investments		**11,597**		12,882
	Refund of Loans given to Subsidiaries		**9,215**		6,886
	Loans given to Subsidiaries		**(9,064)**		(6,910)
	Rent Received		**1**		3
	Interest Received		**164**		3
	Net Cash used in Investing Activities		**(343)**		(736)
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Realised Foreign Exchange variation		**(456)**		(1,147)
	Proceeds from/ (Repayment of) Short Term Borrowings (net)		**(97)**		2,946
	Proceeds from Long Term Borrowings		**2,106**		115
	Repayment of Long Term Borrowings		**(2,016)**		(1,832)
	Dividend Paid (including Tax)		**(61)**		(60)
	Finance Costs		**(2,521)**		(1,944)
	Net Cash used in Financing Activities		**(3,045)**		(1,922)
	Net Increase/ (Decrease) in Cash and Cash Equivalents		**(101)**		49
	Opening Balance of Cash and Cash Equivalents		**228**		178
	Effect of Exchange Gain on Cash and Cash Equivalents (₹ 28,26,696)		**-**		1
	Closing Balance of Cash and Cash Equivalents (Refer Note 2.17)		**127**		*228*

Notes:

(1) Figures in brackets indicate cash outgo.

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

As per our report of even date

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

C. D. Lala
Partner
Membership No: 35671

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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
May 2, 2014

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **A. K. Purwar**, **R. N. Bhardwaj**

Company Secretary and Manager **Prakash Shenoy**

Significant Accounting Policies to the Balance Sheet and Statement of Profit and Loss

Note: 1

1.01 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention / fair valuation under a Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and the provisions of the Companies Act, 2013 (to the extent notified) and provisions of the Companies Act, 1956 (to the extent applicable) read with the Companies Accounting Standards Rules, 2006 (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 & 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 periods 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 acquisition 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 the Balance Sheet and Statement of Profit and Loss

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 the Balance Sheet and Statement of Profit and Loss

(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 recognised 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 of 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 including owned by the trust, 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 Option 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. Employees 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 Balance Sheet and Statement of Profit and Loss

(₹ in Crore)

	As at March 31, 2014	As at March 31, 2013
Note : 2.01		
Share Capital		
Authorised:		
5,00,00,00,000 Equity Shares of ₹ 5 each (5,00,00,00,000)	**2,500**	2,500
	2,500	2,500
Issued, Subscribed and Paid up		
2,06,40,26,881 Equity Shares of ₹ 5 each fully paid up (2,06,40,26,881)	**1,032**	1,032
Less: 2,12,79,000 Equity Share of ₹ 5 each fully paid up held by RCOM ESOS Trust (Refer Note 5 below)	**11**	–
	1,021	1,032

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

		No of Shares	No of Shares
(a)	Reliance Innoventures Private Limited, Holding Company	1,23,79,001	1,23,79,001
(b)	AAA Communication Private Limited, Subsidiary of Holding Company	72,31,10,172	72,31,10,172
(c)	AAA Industries Private Limited, Subsidiary of Holding Company	30,00,00,000	30,00,00,000
(d)	ADA Enterprises and Ventures Private Limited, Subsidiary of Holding Company	30,00,00,000	30,00,00,000
(e)	Reliance Capital Limited, Subsidiary of Holding Company	2,96,95,295	3,10,95,295

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

		No. of Shares	%	No. of Shares	%
(a)	AAA Communication Private Limited	72,31,10,172	35.03	72,31,10,172	35.03
(b)	AAA Industries Private Limited	30,00,00,000	14.53	30,00,00,000	14.53
(c)	ADA Enterprises and Ventures Private Limited	30,00,00,000	14.53	30,00,00,000	14.53
(d)	Life Insurance Corporation of India	16,46,90,275	7.98	14,96,03,497	7.25

(3) Terms/rights attached to equity shares

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

During the previous year ended March 31, 2013, the amount of per share dividend recognised as distributable to equity shareholders was ₹ 0.25.

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

	March 31, 2014		March 31, 2013	
	Number	**(₹ in Crore)**	Number	(₹ in Crore)
Equity Shares				
At the beginning of the Year	**2,06,40,26,881**	**1,032**	2,06,40,26,881	1,032
Add/ (Less) : Changes during the year	**-**	**-**	–	–
At the end of the Year	**2,06,40,26,881**	**1,032**	2,06,40,26,881	1,032

(5) Consolidation of RCOM ESOS TRUST (Trust)

The Company has consolidated financial statements of RCOM ESOS Trust as at 31st March, 2014 with the Standalone Financial Statement of the Company in terms of SEBI (ESOS and ESPS) Guidelines, 1999 and recent opinion of the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India (the ICAI).

The said Trust is holding 2,12,79,000 no. of equity shares of ₹ 5 each of the Company. ₹11 crore being the face value of such equity shares is presented as deduction from the paid up share capital.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(₹ in Crore)

		As at March 31, 2014		As at March 31, 2013
Note : 2.02				
Reserves and Surplus				
Capital Reserve ₹ 5,00,000 (Previous year ₹ 5,00,000)		**-**		-
Securities Premium Account				
As per last Balance Sheet	8,047		8,047	
Less : Premium on Equity shares held by RCOM ESOS TRUST (Refer Note 2.43)	380	**7,667**	-	8,047
Debenture Redemption Reserve				
As per last Balance Sheet	419		173	
Add : Transferred from Surplus in Statement of Profit and Loss	171	**590**	246	419
General Reserve I (Refer Note 2.28)		**5,538**		5,538
General Reserve II (Refer Note 2.28)		**2,785**		2,785
General Reserve III (Refer Note 2.28)				
As per last Balance Sheet	14,193		26,330	
Add: Amount credited on reversal of withdrawal in previous year on account of foreign exchange variation attributable to interest (Refer Note 2.27)	-		775	
Less: Diminution in value of Investments (Refer Note 2.28)	-		10,880	
Transfer to Statement of Profit and Loss for depreciation on account of change in exchange rates (Refere note 2.37)	333		218	
Transfer to Statement of Profit and Loss for loss on account of change in exchange rates (Refer Note 2.37)	308		637	
Transferred to Statement of Profit and Loss for depreciation / amortisation on fair value of assets (Refer Note 2.28)	1,177	**12,375**	1,177	14,193
Reserve for Business Restructuring (Refer Note 2.28)		**1,287**		1,287
Foreign Currency Monetary Items Translation Difference Account (Refer Note 2.27)		**(768)**		(481)
Surplus in Statement of Profit and Loss				
As per last Balance Sheet	322		5	
Add : Profit for the year	730		624	
Add : Effect of Consolidation RCOM ESOS Trust (Refer Note 2.43)	4		-	
Less : Appropriations				
Transfer to Debenture Redemption Reserve	171		246	
Proposed Dividend on Equity Shares	-		52	
Tax on Proposed Dividend	-		9	
		885		322
		30,359		32,110

	As at March 31, 2014	As at March 31, 2013
Note : 2.03		
Long Term Borrowings		
Debentures		
Secured		
3,000 (3,000), 11.20 % Redeemable, Non Convertible Debentures of ₹ 1 crore each	**3,000**	3,000
5,000 (5,000), 11.60 % Redeemable, Non Convertible Debentures of ₹ 10 lac each	**500**	500
1,500 (1,500) , 11.25 % Redeemable, Non Convertible Debentures of ₹ 1 crore each	**1,500**	1,500
Term Loans		
Secured		
Foreign Currency Loans from Banks	**16,637**	17,881
Rupee Term Loans from Banks	**510**	10
Rupee Loans from Others	**300**	-
Unsecured		
Rupee Term Loan from Bank	**348**	-
	22,795	22,891

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

2.03.1 Debentures, Foreign Currency Loans and Rupee Loan from Banks

During the earlier year, the Company, on March 2, 2009, allotted, 3,000, 11.20% Secured Redeemable, Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 3,000 crore to be redeemed at the end of 10th year from the date of allotment thereof. On February 7, 2012, the Company also allotted, 1,500, 11.25% and 5,000, 11.60% Secured Redeemable, Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each and ₹ 10,00,000 each respectively, aggregating to ₹ 2,000 crore. Redemption of NCDs of ₹ 1,500 crore shall be in four annual equal installments starting at the end of fourth year from the date of allotment thereof and NCDs of ₹ 500 crore shall be redeemed at the end of 5th year from the date of allotment thereof.

Secured Redeemable, Non Convertible Debentures along with foreign currency loans and rupee loans ("the said secured loans") have been secured by first pari passu charge on the whole of the movable plant and machinery, of the Company including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), Capital Work in Progress (pertaining to movable fixed assets) both present and future including all the rights, title, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the RCOM Group ("the Borrower Group"); comprising of the Company and its subsidiary companies namely; Reliance Telecom Limited (RTL), Reliance Infratel Limited (RITL) and Reliance Communications Infrastructure Limited (RCIL) in favour of the Security Trustee for the benefit of the NCD Holders and the Lenders of the said Secured Loans. The said loans (Refer Note 2.03.2 (b) (viii)) also include loan which are guaranteed. The Company, for the benefit of the Lenders of foreign currency loans, rupee loans of ₹10 crore and 11.60%, 5,000 Secured Redeemable, Non Convertible Debentures aggregating to ₹ 500 crore has, apart from the above, also assigned 20 Telecom Licenses for services under Unified Access Services (UAS), National Long Distance (NLD) and International Long Distance (ILD) by execution of Tripartite Agreements with Department of Telecommunications (DoT) and IDBI Bank, being the agent acting on their behalf.

Assignment of Telecom Licenses of the Company for 1,500, 11.25% Secured Redeemable, Non Convertible Debentures aggregating to ₹ 1,500 crore and Rupee Loan from Others of ₹ 300 crore are pending to be executed. The Company, for the benefit of the Lenders of foreign currency loans, rupee loan of ₹10 crore, 11.20%, 3,000 Secured Redeemable, NCDs of the face value of ₹ 1,00,00,000 each aggregating to ₹ 3,000 crore and 11.60%, 5,000 Secured Redeemable, NCDs aggregating to ₹ 500 crore, has, apart from the above, also pledged equity shares held by the Company and Reliance Infocomm Infrastructure Private Limited in RCIL and RTL respectively by execution of the Share Pledge Agreement with the Share Pledge Security Trustee.

2.03.2 Repayment Schedule of Long Term Loans

(a) Debentures (₹ in Crore)

	Rate of Interest	Repayment Schedule			
		2015-16	2016-17	2017-18	2018-19
(i)	11.20%	-	-	-	3,000
(ii)	11.60%	-	500	-	-
(iii)	11.25%	375	375	375	375

(b) Foreign Currency Loans (₹ in Crore)

	Rate of Interest	Repayment Schedule					
		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
(i)	3.35%	414	-	-	-	-	-
(ii)	3.34%	218	-	-	-	-	-
(iii)	2.15%	1,078	1,078	629	315	-	-
(iv)	3.49%	637	717	1,434	1,434	1,434	1,515
(v)	2.75%	509	509	-	-	-	-
(vi)	2.44%	13	13	40	43	34	25
(vii)	2.10%	38	19	-	-	-	-
(viii)	5.08%	333	998	1,386	1,774	-	-

(c) Rupee Loan (₹ in Crore)

	Rate of Interest	Repayment Schedule			
		2015-16	2016-17	2017-18	2018-19
(i)	12.75%	10	-	-	-
(ii)	12.25%	-	83	83	84
(iii)	12.50%	-	83	83	84
(iv)	13.70%	25	100	100	75
(v)	11.75%	244	42	-	-
(vi)	11.50%	62	-	-	-

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(₹ in Crore)

	As at March 31, 2014	As at March 31, 2013
Note : 2.04		
Other Long Term Liabilities		
Capital Creditors	**194**	143
Note : 2.05		
Long Term Provisions		
Retirement Benefits	**40**	41
Lease Rent Equalisation	**3,248**	4,329
	3,288	4,370
Note : 2.06		
Short Term Borrowings		
Secured		
Cash Credit from Bank	**1,000**	1,251
Rupee Loans from Banks	**4,915**	4,720
Rupee Loans from Others	**-**	250
Unsecured		
Foreign Currency Loans from Banks	**253**	665
Rupee Loans from Banks	**1,164**	500
Commercial Papers	**-**	50
	7,332	7,436

2.06.1 Cash Credit and Rupee Loans from Banks

Cash Credit from Bank is secured by first pari passu charge over current assets comprising of stock and receivables of the Company ("Current Assets"). Apart from this, Cash Credit from Bank as above are secured by second pari passu charge on whole of the movable plant and machinery, including (without limitation) the tower assets and optic fibre cables, if any (whether attached or otherwise), capital work in progress (pertaining to movable fixed assets) both present and future including all the rights, title, interest, benefits relating thereto of the Borrower Group ("Movable Fixed Assets of the Borrower Group").

The Company has been sanctioned Rupee Loans of ₹ 6,015 crore (Term Loan Facility) under consortium banking arrangement on the terms and conditions as set out in sanction letters. Certain Lenders have, pursuant to the sanction letters for Term Loan Facility, agreed to grant ₹ 4,590 crore as interim disbursement/short term loan (Interim Facility) of the Term Loan Facility, pending the finalization and execution of definitive documents for converting in regular Term Loan Facility. The said Interim Facility, shall be converted in Long Term Loan within its tenure with availment of the Term Loan Facility upon execution of definitive documents and accordingly, has been classified as part of Short Term Borrowings. Interim Facility includes loans of ₹ 4,390 crore secured by First pari passu charge on Movable Fixed Assets of the Borrower Group. The Term Loan Facility is, inter alia, secured by first pari passu charge on Fixed Assets of the Borrower Group, including claims and demands in respect of all insurance contracts relating thereto. Apart from the above, the Term Loan Facility has also been secured by assignment of telecom licenses of the Company and pledge of equity shares held by the Company and Reliance Infocomm Infrastructure Private Limited in RCIL and RTL respectively. The Company has created first pari pasu charge on Fixed Assets of the Borrower Group for the said Interim Loans.The balance ₹ 525 crore of Interim / Short Term Loan is secured by second pari pasu charge on Movable Fixed Assets of Borrower Group.

Note : 2.07		
Trade Payables		
Due to Micro and Small Enterprises (Refer Note 2.41)	**37**	46
Others	**2,039**	1,432
	2,076	1,478

(₹ in Crore)

		As at March 31, 2014		As at March 31, 2013
Note : 2.08				
Other Current liabilities				
Current Maturities of Long Term Debts				
Foreign Currency Loan from Banks (Secured) (Refer Note 2.03.1)	3,104		1,820	
Rupee Term Loan (unsecured)	402	**3,506**	-	1,820
Others				
Interest accrued but not due on borrowings	146		128	
Income Received in advance	424		314	
Unclaimed Dividend	10		9	
Employee Stock Options	3		3	
Capital Creditors*	438		567	
Payable to tax authorities	232		209	
Other Liabilities**	894	**2,147**	562	1,792
		5,653		3,612

* Includes ₹ 2 crore (Previous year ₹ Nil) towards Micro and Small Enterprises (Refer Note 2.41)

** Includes amounts due towards material and services received, security deposit, advance from customers, book overdraft and salary payable

Note : 2.09				
Short Term Provisions				
Provision for Employee Benefits				
Retirement Benefits		**23**		19
Others				
Disputed Claims and Others (Refer Note 2.30(i))	1,215		1,215	
Lease Rent Equalisation	2,920		1,080	
Business Restructuring (Refer Note 2.28(vii) & 2.30 (ii))	-		488	
Wealth Tax (net of taxes paid) ₹ 28,97,753 (Previous year ₹ 22,97,753)	-		-	
Fringe Benefit Tax (net of taxes paid)	1		1	
Proposed Dividend on Equity Shares	-		52	
Tax on Proposed Dividend	-	**4,136**	9	2,845
		4,159		2,864

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note: 2.10 Fixed Assets

(₹ in Crore)

Description	Gross Block			Depreciation / Amortisation			Net Block	
	As at April 1, 2013	Additions	As at March 31,2014	As at April 1, 2013	For the year	As at March 31,2014	As at March 31, 2014	As at March 31, 2013
Tangible Assets:								
Leasehold Land	5	-	5	1	-*	1	4	4
Freehold Land	398	-	398	-	-	-	398	398
Buildings	402	2	404	76	10	86	318	326
Plant and Machinery	27,152	1,924	29,076	11,127	1,694	12,821	16,255	16,025
Office Equipments	23	-	23	19	1	20	3	4
Furniture and Fixtures	40	-	40	39	-	39	1	1
Vehicles	45	-	45	42	-	42	3	3
Sub total	**28,065**	**1,926**	**29,991**	**11,304**	**1,705**	**13,009**	**16,982**	**16,761**
Previous Year	26,244	1,821	28,065	9,780	1,524	11,304	16,761	16,464
Intangible Assets:								
Indefeasible Right of Connectivity (IRC)	225	-	225	89	13	102	123	136
Telecom Licenses	25,575	-	25,575	6,537	1,847	8,384	17,191	19,038
Software	270	44	314	218	31	249	65	52
Brand License	169	-	169	98	9	107	62	71
Sub total	**26,239**	**44**	**26,283**	**6,942**	**1,900**	**8,842**	**17,441**	**19,297**
Previous Year	26,211	28	26,239	5,291	1,651	6,942	19,297	20,920
Grand Total	**54,304**	**1,970**	**56,274**	**18,246**	**3,605**	**21,851**	**34,423**	**36,058**
Previous Year	52,455	1,849	54,304	15,071	3,175	18,246	36,058	37,384
Capital Work-in-Progress							**731**	735

* ₹ 6,60,611

2.10.1 Capital Work-in-Progress includes:

(a) ₹ Nil (Previous year ₹ 199 crore) on account of project development expenditure.

(b) ₹ 175 crore (Previous year ₹ 43 crore) on account of materials at site.

2.10.2 Transfer of title of certain Land and Buildings received from Reliance Industries Limited pursuant to the Scheme of Arrangement and from Reliance Communications Infrastructure Limited pursuant to scheme of demerger of the Network division are under process.

2.10.3 Pursuant to the Scheme of Amalgamation of erstwhile 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 and pursuant to the Scheme of Arrangement, reduction in plant and machinery, on account of transfer of Optic Fiber Undertaking to Reliance Infratel Limited by ₹ 5,078 crore (gross) and accumulated depreciation by ₹ 451 crore.

2.10.4 Balance useful life as at March 31, 2014 is 9 years for Indefeasible Right of Connectivity (IRC), 7 years for 2G Telecom licenses and 17 years for 3G Telecom Licenses.

2.10.5 Refer Note 2.03.1 and 2.06.1 for Security in favour of the Lenders. Foreign Currency Loans of ₹ 2,097 crore (Previous year ₹2,805 crore) availed by RITL and Foreign Currency Loans of ₹ 1,744 crore (Previous year ₹1,421 crore), Rupee Term Loan of ₹10 crore (Previous year ₹ 10 crore) and Interim Facility of ₹440 crore (Previous year ₹ 60 crore) by RTL are secured by first pari passu charge on movable fixed assets (Plant and Machinery and Capital Work in Progress) (Assets) of the Borrower Goup. Apart from this, NCD of ₹ 120 crore (Previous year ₹ 87 crore) issued by RITL and Rupee Loan of ₹125 crore (Previous year ₹ 425 crore) availed by RTL have been secured by Second pari passu Charge on movable Fixed Assets (Plant and Machinery and Capital Work in Progress) (Assets).

2.10.6 Additions in Plant and Machinery includes ₹ 1,432 crore (net loss) (Previous Year ₹ 1,431 crore(net loss)) on account of exchange difference during the year. ₹ 333 crore (Previous Year ₹ 218 crore) has been depreciated during the year.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(₹ in Crore)

			As at March 31, 2014		As at March 31, 2013
Note: 2.11					
Non Current Investments					
Other Investments (valued at cost unless stated otherwise)					
Government Securities					
Unquoted					
6 years National Savings Certificate (Lodged with Sales Tax Department) ₹ 45,000 (Previous year ₹ 45,000)	-		-		
5 1/2 years Kisan Vikas Patra (Lodged with Chennai Metropolitan Development Authority) ₹ 5,000 (Previous year ₹ 5,000)	-	**-**	-	-	
Trade Investments (valued at cost unless stated otherwise)					
In Equity Shares of Wholly Owned Subsidiary Companies					
Unquoted, fully paid up					
201,00,00,000 (201,00,00,000)	Reliance Communications Infrastructure Limited of ₹ 1 each	7,997		7,997	
50,00,000 (50,00,000)	Reliance Infocomm Infrastructure Private Limited of ₹ 10 each	1,036		1,036	
6,87,066 (6,87,066)	Reliance Wimax Limited of ₹ 10 each	8		8	
50,000 (50,000)	Reliance Digital Home Services Limited of ₹ 10 each ₹ 5,00,000 (Previous year ₹5,00,000)	-		-	
50,000 (50,000)	Reliance Webstore Limited of ₹ 10 each ₹ 5,00,000 (Previous year ₹ 5,00,000)	-		-	
100,00,000 (100,00,000)	Reliance Big TV Limited of ₹ 10 each	10		10	
35,63,601 (35,63,601)	Campion Properties Limited of ₹ 10 each	9		9	
Nil (20,000)	MP Network Private Limited of ₹ 10 each ₹ Nil (Previous year ₹ 2,00,000)	-		-	
Nil (10,000)	Kerala Communication Network Private Limited of ₹ 10 each ₹ Nil (Previous year ₹ 1,00,000)	-		-	
18,200 (Nil)	Reliance Tech Services Private Limited of ₹ 10 each ₹ 1,82,000 (Previous year ₹ Nil)	-		-	
20,00,000 (20,00,000)	Reliance Mobile Commerce Limited of ₹ 10 each	2	**9,062**	2	9,062
In Equity Shares of Subsidiary Companies					
Unquoted, fully paid up					
2,75,80,100 (2,75,80,100)	Reliance Telecom Limited of ₹ 10 each	482		482	
14,516 (14,516)	Reliance Globalcom BV of Euro 100 each	6,515		6,515	
12,00,000 (12,00,000)	Reliance Globalcom Limited, Bermuda Class A Common Shares of USD 0.01 each	233		233	
Nil (16,200)	Reliance Tech Services Private Limited of ₹ 10 each ₹ Nil (Previous year ₹ 1,62,000)	-		-	
1,00,000 (1,00,000)	Gateway Net Trading Pte. Limited of USD 1 each ₹ 46,78,250 (Previous year ₹ 46,78,250)	-	**7,230**	-	7,230

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(₹ in Crore)

		As at March 31, 2014		As at March 31, 2013	
In Equity Shares of Companies					
Unquoted, fully paid up					
6,50,25,000 (6,50,25,000)	Warf Telecom International Private Limited of MRf 1 each	22		22	
13,000 (13,000)	Mumbai Metro Transport Private Limited of ₹ 10 each ₹ 1,30,000 (Previous year ₹ 1,30,000)	-	**22**	-	22
In Preference Shares of Wholly Owned Subsidiary Companies					
Unquoted, fully paid up					
20,000 (20,000)	8 % Redeemable, Cumulative Preference Shares of Reliance Communications Infrastructure Limited of ₹ 10 each ₹ 2,00,000 (Previous year ₹ 2,00,000)	-		-	
10,00,000 (10,00,000)	0 % Redeemable, Non Cumulative, Non Convertible Preference Shares of Reliance WiMax Limited of ₹ 10 each	100	**100**	100	100
In Preference Shares of Subsidiary Companies					
Unquoted, fully paid up					
4,50,00,000 (4,50,00,000)	1% Redeemable, Non Cumulative, Non Convertible Preference Shares of Reliance Telecom Limited of ₹ 10 each	445		445	
52 (52)	1% Redeemable, Non Cumulative, Non Convertible Preference Shares of Reliance Globalcom BV of Euro 1 each ₹ 29,85,060 (Previous year ₹ 29,85,060)	-		-	
22,143 (22,143)	8 % Redeemable, Non Cumulative, Non Convertible, Preference Shares of Reliance Globalcom BV of Euro 1 each*	183		154	
4,00,00,000 (4,00,00,000)	8% Redeemable, Non Cumulative, Non Convertible Preference Shares of Reliance Infratel Limited of ₹ 10 each	4,000	**4,628**	4,000	4,599
			21,042		21,013
Aggregate Book Value of Investments					
	Unquoted		**21,042**		21,013
	Quoted		**-**		-
			21,042		21,013

* This investment has been considered as monetary item as per AS 11 and hence cost has been revalued at the year end foreign exchange rate.

Note : 2.12

Deferred Tax Assets (net)

(₹ in Crore)

		As at March 31, 2014		As at March 31, 2013	
Deferred Tax Asset of the company is as under					
(i)	Deferred Tax Assets				
	Related to carried forward loss	594		788	
	Disallowances, if any, under the Income Tax Act, 1961	719		685	
	Lease Rent Equalisation	2,097	**3,410**	1,839	3,312
(ii)	Deferred Tax Liabilities				
	Related to timing difference on deprecaition on fixed assets		**1,922**		1,390
	Deferred Tax Assets (net)		**1,488**		1,922*

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

In view of the confirmed profitable orders pursuant to agreement with the customer for sharing of infrastructure, which shall result into additional revenue and savings of cost, the Company has recognised Deferred Tax Assets of ₹ 1,488 crore as at 31st March, 2014. This will get further supported by decision of structuring of its business through various measures including schemes of merger and/ or demerger etc. so as to bring revenue and profit earned by the respective subsidiaries into the Company, subject to approvals, under applicable rules and regulations.

* During the Previous year, in absence of virtual certainity of realisability of deferred tax assets, the company on a conservative basis had restricted deferred tax asset to Nil.

(₹ in Crore)

	As at March 31, 2014	As at March 31, 2013
Note : 2.13		
Long Term Loans and Advances		
(Unsecured, Considered Good unless stated otherwise)		
Loans to Related Parties (Refer Note 2.42)	**2,719**	2,719
Interest Accrued on Investments	**1,359**	1,005
TDS and Advance Tax	**179**	123
Unamortised Arrangers' Fee	**228**	256
Capital Advances	**9**	18
Other Long Term Advances (Refer Note 2.43)	**-**	387
	4,494	4,508
Note : 2.14		
Current Investments		
Other Investments		
Government Securities		
(valued at cost or market price whichever is lower)		
Quoted		
34,000 6.83% GOI 2039 of ₹ 100 each fully paid up	**-**	-
(34,000) ₹ 26,02,283 (Previous year ₹ 29,07,700)		
(Book Value of Quoted Investments ₹ 30,52,000 (Previous year ₹ 30,52,000))		
Note : 2.15		
Inventories		
Stores and Spares (valued at cost or net realisable value whichever is less)	**269**	304

(₹ in Crore)

Note : 2.16		**As at March 31, 2014**		As at March 31, 2013
Trade Receivables (Unsecured)				
Due for more than six months from the date they are due for payment				
Considered Good	847		781	
Considered Doubtful	977		861	
	1,824		1,642	
Less: Provision for doubtful receviables	977	**847**	861	781
Others				
Considered Good	1,147		1,285	
Considered Doubtful	79		43	
	1,226		1,328	
Less: Provision for doubtful receviables	79	**1,147**	43	1,285
		1,994		2,066

(The above includes debts due from subsidiaries ₹ 934 crore (Previous year ₹ 968 crore))

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(₹ in Crore)

		As at March 31, 2014		As at March 31, 2013
Note : 2.17				
Cash and Bank Balances				
Balances with Banks*		**117**		219
Earmarked Balance- Unpaid Dividend		**10**		9
		127		228

* (Includes ₹ 76,045 (Previous year ₹ 76,045) the receipt of which is deposited with Sales Tax Department)

Note : 2.18				
Short Term Loans and Advances				
(Unsecured,Considered good - unless stated otherwise)				
Loans to Related Parties (Refer Note 2.42)		**4,660**		4,808
Advances to Related Parties (Refer Note 2.42)		**2,381**		1,693
Balance with Customs, Excise Authorities ₹ 869 (Previous year ₹ 14,45,959)		**-**		-
Others*				
Considered good	2,334		2,235	
Considered doubtful	74		74	
	2,408		2,309	
Less: Provision for doubtful advances	74		74	
		2,334		2,235
		9,375		8,736

* Includes prepaid expenses, advance to vendors, refunds due against claims lodged and other receivables.

Note: 2.19				
Other Current Assets				
Deposits*		**1,606**		1,611
Interest Accrued on Loans		**1,097**		482
Unbilled revenue		**231**		195
		2,934		2,288

*Deposits includes ₹ 1,582 crore (Previous year ₹ 1,574 crore) paid against disputed claims

(₹ in Crore)

		For the year ended March 31, 2014		For the year ended March 31, 2013
Note : 2.20				
Revenue from Operations				
Sale of Services	12,409		12,341	
Less: Service Tax	1,233	**11,176**	1,360	10,981
Other Operating Income		**-**		286
		11,176		11,267
Note: 2.21				
Other Income				
Net gain on Sale of Current Investments		**9**		6
Rent		**1**		3
Miscellaneous Income (Refer Note 2.30 (ii))		**650**		808
Income from Current Investment (₹ 2,32,220) (Previous year ₹ 2,32,220)		**-**		-
Interest Income		**609**		736
		1,269		1,553

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(₹ in Crore)

		For the year ended March 31, 2014		For the year ended March 31, 2013
Note: 2.22				
Access Charges, License Fees and Network Expenses				
Access Charges		**2,882**		2,833
License Fees		**851**		831
Passive Infrastructure Charges (Refer Note 2.38)		**1,216**		996
Network Repairs and Maintenance (Refer Note 2.38)		**351**		343
Stores and Spares Consumed		**12**		51
Power, Fuel and Utilities (Refer Note 2.38)		**1,063**		766
Bandwidth Charges		**1,228**		1,225
Other Network Operating Expenses (Refer Note 2.38)		**252**		242
		7,855		7,287
Note: 2.23				
Employee Benefits Expenses				
Salaries (including managerial remuneration) (Refer Note 2.38)		**186**		205
Contribution to Provident, Gratuity and Superannuation Fund		**33**		30
Employee Welfare and Other Amenities		**68**		57
Write back of Compensation under Employee Stock Option Scheme		**(1)**		(2)
		286		290
Note: 2.24				
Finance Costs				
Interest and Other Charges on Term Loans (Refer Note 2.38)	1,361		1,322	
Interest on Other Loans	291	**1,652**	584	1,906
Other Financial Cost		**144**		70
		1,796		1,976
Note: 2.25				
Sales and General Administration Expenses				
Commission (Refer Note 2.38)	297		258	
Selling and Marketing (Refer Note 2.38)	167		100	
Advertisement (Refer Note 2.38)	108		26	
Customer Acquistion and Customer Care (Refer Note 2.38)	142	**714**	88	472
Provision for Doubtful Debts		**152**		76
Insurance	7		8	
Rent, Rates and Taxes	10		9	
Other Repairs	6		6	
Travelling	28		22	
Professional Fees	63		52	
Loss on Sale of Capital Work in Progress	3		28	
Hire Charges (Refer Note 2.38)	58		94	
Data Warehousing Charges	98		108	
Other General and Administrative Expenses (Refer Note 2.38) [Includes ₹ 10,00,000 (Previous year ₹ 13,40,000) towards sitting fees paid to Non Executive Directors]	73		81	
Wealth Tax (₹ 6,00,000 (Previous Year ₹ 5,50,000))	-	**346**	-	408
Payment to Auditors				
(a) As Auditors	6		6	
(b) For reimbursement of expenses (₹ 20,00,000 (Previous year ₹ 23,38,555))	-	**6**	-	6
		1,218		962

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note : 2.26

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 Finanacial Statements are presented in Rupee crore,except as otherwise stated.

Note : 2.27

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, 2014, the Company has added ₹ 1432 crore (Previous year ₹ 888 crore) 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 ₹ 541 crore (Previous year ₹ 496 crore) arising on other long-term foreign currency monetary items in FCMITDA and ₹ 254 crore (Previous year ₹ 546 crore) has been amortised during the year, leaving balance which will be amortized over the balance period of loans.

During the previous year, in accordance with the notification issued by the Ministry of Corporate Affairs (MCA) on August 9, 2012, the Company had 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 : 2.28

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. The cumulative effects of the Schemes in case of Equity Share Capital of the Company have been disclosed below the respective Notes to the Accounts. Reserves, pursuant to the said Schemes, include:

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

(ii) General Reserve I of ₹ 5,538 crore 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 ₹ 14,193 crore comprises of ₹ 4,159 crore transferred to General Reserve from Statement of Profit and Loss and ₹ 10,033 crore arising pursuant to Scheme of Amalgamation of erstwhile Reliance Gateway Net Limited and ₹ 1 crore of erstwhile Global Innovative Solutions Private Limited.

(v) 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 Previous year adjusted a sum of ₹ 10,880 crore in the General Reserve III.

(vi) 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 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.

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

(viii) Also refer note 2.37 "Exceptional Items" below.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note : 2.29

Project Development Expenditure

Details of Project Development Expenditure (Included in Capital Work in Progress) :

(₹ in Crore)

		For the year ended March 31, 2014		For the year ended March 31, 2013
Opening Balance		**199**		155
Add: Expenditure incurred during the year				
Employee Benefit Expenses	17		49	
Rent, Rates and Taxes	5		4	
General and Administration Expenses	2		2	
Passive Infrastructure Charges	-		21	
Others [₹ Nil (Previous year ₹ 2,52,205)]	-		-	
		24		76
		223		231
Less: Capitalised/ Used during the year		**223**		32
Closing Balance		**-**		199

Note : 2.30

Provisions

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

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

(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 balance of ₹ 441 crore during the year as no longer required.The said amount on reversal of PBR has been reflected as part of Other Income.

Note ; 2.31

Contingent Liabilities and Capital Commitment (as represented by the Management)

(₹ in Crore)

		As at March 31, 2014	As at March 31, 2013
(i)	Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for	**282**	199
(ii)	Disputed Liabilities in Appeal		
	- Sales Tax and VAT	**22**	23
	- Excise and Service Tax	**29**	2
	- Entry Tax and Octroi	**34**	32
	- Income Tax	**303**	-
	- Other Litigations	**1,354**	1,078
(iii)	Guarantees given by the Company on behalf of its Subsidiaries	**4,791**	5,065
(iv)	Guarantees given by the Company on behalf of other companies for business purpose	**12**	3

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(v) License Fees

The Hon'ble Supreme Court of India, vide its judgment dated October 11, 2011, has set aside the Order of 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 was extended to the new petitions also. The matter is now pending for hearing before Hon'ble TDSAT and accordingly no additional provision is required in this regard.

(vi) Special Audit

Pursuant to the Telecom License Agreement, DoT directed audits 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.

(vii) Spectrum Charges

Department of Telecommunication (DoT) has, during the previous 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. Based on a petition filed by the Company, the Hon'ble High Court of Kolkata, vide its order dated April 19, 2013 stayed the operation of such 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: 2.32

(₹ in Crore)

			For the year ended March 31, 2014		For the year ended March 31, 2013
(i)	**Value of Imports on CIF basis**				
	Capital Goods		**179**		109
	Stores and Spares		**4**		14
(ii)	**Expenditure in Foreign Currency**				
	Professional and Technical Fees		**15**		6
	Long Distance Operations		**620**		550
	Interest on Foreign Currency Term Loans		**789**		758
	Others		**161**		94
(iii)	**Consumption of Stores and Spares**	**(₹ in Crore)**	**%**	(₹ in Crore)	%
	Imported (Value)	**1**	**8%**	11	22%
	Indigenous (Value)	**11**	**92%**	40	78%
(iv)	**Dividend in Foreign Currency**				
	Dividend relating to 2012-13 remitted in Foreign Currency during the year [₹ 1,42,924 (Previous year ₹ 1,49,736)]		**-**		-
	No. of Non resident Equity Shareholders		**646**		641
	No. of Equity Shares held by them		**571,695**		598,946
(v)	**Earnings in Foreign Currency**				
	Long Distance Operations		**1,273**		1,286
	Interest and other income [₹ 6,652 (Previous year ₹ 16,89,887)]		**-**		-

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note : 2.33

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 Fibres and in respect of this lease, lease rent of ₹ 1,141 crore (Previous year ₹ 1,141 crore) including ₹ 760 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 Bandwidth Charges (Refer Note 2.22) Network Expenses and corresponding amount is provided for.

(₹ in Crore)

		As at March 31, 2014	As at March 31, 2013
Estimated future minimum payments under non cancellable operating leases			
(i)	Not later than one year	**4,061**	2,221
(ii)	Later than one year and not later than five years	**6,671**	8,892
(iii)	Later than five years	**-**	-

Note : 2.34

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, 2014 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).

Note : 2.35

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 : 2.36

Earnings per Share (EPS)

		For the year ended March 31, 2014	For the year ended March 31,2013
	Basic and Diluted EPS (before and after exceptional items)		
(a)	Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic EPS)	**730**	624
(b)	Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Diluted EPS)	**730**	624
(c)	Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	**206 40 26 881**	206 40 26 881
(d)	Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	**206 40 26 881**	206 40 26 881
(e)	Basic EPS of ₹ 5 each (₹)	**3.54**	3.02
(f)	Diluted EPS of ₹ 5 each (₹)	**3.54**	3.02

Note : 2.37

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 ₹ 333 crore (Previous year ₹ 218 crore) of depreciation consequent to addition of exchange differences on long term borrowing relating to capital assets to the cost of capitalised assets, as also ₹ 54 crore (Previous year ₹ 91 crore) of exchange variation (net), ₹ 254 crore (Previous year ₹ 546 crore) being amortization of Foreign Currency Monetary Items Difference Account (FCMITDA) excluding the portion added to the cost of fixed assets or carried forward as FCMITDA in accordance with Para 46A inserted in to Accounting Standard (AS) 11 "The Effect of Changes in Foreign Exchange Rates" in the context of unprecedented volatility in exchange rate during the year, have been met by withdrawal from corresponding General Reserves, leaving no impact on profit for the year ended March 31, 2014. 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 and losses not been met from General Reserve, the Company would have reflected a Profit/(Loss) after tax for the year of ₹ 89 crore (Previous year (₹ 231 crore)) and the consequential effect of this on the profit after tax for the year would have been of ₹ 641 crore (Previous year ₹ 855 crore).

Note : 2.38

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 ₹ 51 crore (Previous year ₹ 104 crore) for Salaries, ₹ 133 crore (Previous year ₹ 235 crore) for Sales and General and Administration Expenses comprising of ₹ 42 crore (Previous year ₹ 36 crore) for Advertising Expenses, ₹ 91 crore (Previous year ₹ 171 crore) for Customer Acquisition, Commission, Billing and Collection, Webstore expenses, Customer Care and Other General Expenses, ₹ 10 crore (Previous year ₹ 28 crore) for Hire Charges, ₹ 196 crore (Previous year ₹ 246 crore) for Network Expenses and ₹ 371 crore (Previous year ₹ Nil) for Interest Expenses.

Apart from the above, the expenses are net of recoveries from:

Reliance IDC Limited, a Wholly Owned Subsidiary of Reliance Communications Infrastructure Limited, includes ₹ 3 crore (Previous year ₹ 16 crore) for Hire charges, ₹ 21 crore (Previous year ₹ Nil) for Salary, ₹ 1 crore (Previous year ₹ Nil) for Other General and Administration Expenses and ₹ 14 (Previous year ₹ Nil) crore for Interest Expense.

Reliance Infratel Limited, a subsidiary of Reliance Communications Infrastructure Limited for the year includes ₹ 52 crore (Previous year ₹ 67 crore) for Salaries and ₹ 28 crore (Previous year ₹ 45 crore) for Sales and General and Administration Expenses comprising of, ₹ 7 crore (Previous year ₹ 25 crore) for Hire Charges and ₹ 21 crore (Previous year ₹ 20 crore) for Other General and Administration Expenses.

Reliance Big TV Limited, a Wholly Owned Subsidiary of the Company includes ₹ 5 crore (Previous year ₹ 3 crore) for Other General and Administration Expenses include hire charges, ₹ 15 crore (Previous year ₹ 16 crore) for Salaries and ₹ 93 crore (Previous year ₹ Nil) for Interest Expenses.

Reliance Telecom Limited, a Subsidiary of the Company includes ₹ 101 crore (Previous year ₹ 83 crore) for Salary, ₹ 19 crores (Previous year ₹ 29 crore) for Advertisement and Marketing Expenses, ₹ 94 crore (Previous year ₹ 90 crore) for Sales and General and Administration Expenses, ₹ 10 crore towards Network Expenses (Previous year ₹ 14 crore) and ₹ 199 crore (Previous year ₹ Nil) for Interest Expenses.

Reliance Tech Services Private Limited, a Wholly Owned Subsidiary of the Company includes ₹ 12 crore (Previous year ₹ 7 crore) for Salary and ₹ 12 crore (Previous year ₹ 12 crore) for Other General and Administration Expenses including Hire Charges.

Reliance Webstore Limited, a Wholly Owned Subsidiary of the Company includes ₹ 21 crore (Previous year ₹ 16 crore) for Salary, ₹ 67 crore (Previous year ₹ 56 crore) for Sales and General and Administration Expenses comprising of ₹ 5 crore (Previous year ₹ 4 crore) for Hire Charges, ₹ 61 crore (Previous year ₹ 52 crore) for Selling and Marketing expenses and ₹ 1 crore (Previous year ₹ Nil) for Other General and Administration Expenses and ₹ 55 crore (Previous year ₹ Nil) for Interest Expense.

Reliance Infocomm Infrastructure Private Limited, a Wholly Owned Subsidiary of the Company includes ₹ 34,48,272 (Previous year ₹ 8,32,121) for Salary, General and Administration Expenses and ₹ 27 crore (Previous year ₹ Nil) for Interest Expense.

Finance cost is net of recovery of interest cost from respective subsidiaries as mentioned above for the fund used by them for their business.

Network expenses are net of remission of charges of ₹ 618 crore (Previous year ₹ 461 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 : 2.39

Financial Statements of Subsidiary Companies

The Ministry of Corporate Affairs, Government of India vide its General circular no. 2 and 3, dated February 8, 2011 and February 21, 2011 respectively, has granted general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence, is entitled to the exemption. As per the circular, key details of each subsidiary is attached in the Consolidated Financial Statements.

Note: 2.40

Employee Benefits

Gratuity : In accordance with the applicable Indian laws, the Company provides for the gratuity, a defined benefit retirement plan (Gratuity Plan) for all employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on respective employee's last drawn salary and for the years of employment with the Company.

The following table sets out the status of the Gratuity Plan as required under Accounting Standard ("AS") 15 (Revised) "Employee Benefits".

(₹ in Crore)

	Particulars	**Gratuity ***		**Leave Encashment**	
		As at March 31, 2014	As at March 31, 2013	**As at March 31, 2014**	As at March 31, 2013
(i)	**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**				
	Obligation at the beginning of the year	**32**	30	**44**	60
	Service Cost	**5**	6	**2**	2
	Interest Cost	**2**	2	**4**	5
	Liability Transferred in from other Company (Gratuity ₹14,72,390)	**-**	1	**-**	-
	Liability Transferred out from other Company (Gratuity ₹ 3,85,616)	**-**	-	**-**	-
	Actuarial (gain) / loss	**5**	(1)	**7**	(11)
	Benefits Paid	**(6)**	(6)	**(14)**	(12)
	Liabilites Extinguished on Settlement	**(7)**		**(7)**	
	Obligation at the end of the year	**31**	32	**36**	44
	* Defined benefit obligation liability is wholly funded by the Company				
(ii)	**Change in plan assets**				
	Plan assets at the beginning of the year, at fair value	**22**	25	**-**	-
	Expected return on plan assets	**2**	2	**-**	-
	Actuarial gain / (loss) (Gratuity, Previous year ₹ 57,920)	**(1)**		**-**	-
	Contributions				12
	Liability Transferred in from other Company (Gratuity ₹ 14,72,390)	**-**	1	**-**	-
	Liability Transferred out to other Company (Gratuity ₹ 3,85,616)	**-**	-	**-**	-
	Benefits paid from the fund	**(6)**	(6)	**-**	(12)
	Assets distributed on settlement	**(7)**			
	Plan assets at the end of the year, at fair value	**10**	22	**-**	-

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

(₹ in Crore)

	Particulars	Gratuity *		Leave Encashment	
		As at March 31, 2014	As at March 31, 2013	**As at March 31, 2014**	As at March 31, 2013
(iii)	**Reconciliation of present value of the obligation and the fair value of the plan assets**				
	Fair value of plan assets at the end of the year	**10**	22	**-**	-
	Present value of the defined benefit obligation at the end of the year	**31**	32	**36**	44
	Liability recognized in the Balance Sheet	**21**	10	**36**	44
(iv)	**Cost for the year**				
	Service Cost	**5**	6	**2**	2
	Interest Cost	**3**	2	**4**	5
	Expected return on plan assets	**(2)**	(2)	**NA**	NA
	Actuarial (gain) / loss	**6**	(1)	**7**	(11)
	Net Cost	**12**	5	**13**	(4)
(v)	**Investment details of plan assets**				
	100% of the plan assets are invested in balanced Fund Instruments				
(vi)	**Actual return on plan assets**	**1**	2	**-**	-
(vii)	**Assumptions**				
	Interest rate	**9.30%**	8%	**9.30%**	8%
	Estimated return on plan assets	**9.30%**	9%	**-**	-
	Salary growth rate	**8%**	6%	**8.00%**	6%

The estimates, of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

(viii) **Particulars of the amounts for the year and Previous years**

		Gratuity				
		As at March 31				
		2014	2013	2012	2011	2010
	Present Value of benefit obligation	**31**	32	30	32	30
	Fair value of plan assets	**10**	22	25	25	29
	Excess of obligation over plan assets (plan assets over obligation)	**21**	10	5	7	1
(ix)	**Experience Adjustment**					
	On Plan Liabilities	**4**	(2)	-	2	(2)
	On Plan Assets	**(1)**	-	(1)	(1)	2

Provident Fund : The guidance on Implementing ("AS") 15 "Employee Benefits" (revised 2005) issued by the ICAI states that the benefits involving employer established Provident Fund, which require interest shortfalls recompensed are to be considered as/ in defined benefit plans. The employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's salary. Contributions are made to the trust established by the Company. During the year ended March 31, 2012, the Actuarial Society of India issued the final guidance for measurement of provident fund liabilities. As at March 31, 2014, based on the actuarial valuation, Fair value of plan assets is ₹ 283 crore (Previous year ₹ 296 crore), the present value of defined benefit obligation is ₹ 283 crore (Previous year ₹ 296 crore). For the year ended March 31, 2014, the Company has contributed ₹ 17 crore (Previous period ₹ 20 crore) towards Provident Fund.

The assumptions made for the above are Discount rate of 9.25%, average remaining tenure of Investment Portfolio is 6 years and guaranteed rate of return is 8.75%.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note : 2.41

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, 2014	As at March 31, 2013
(a)	Principal amount due to any supplier as at the year end	**39**	46
(b)	Interest due on the principal amount unpaid at the year end to any supplier	**6**	16
(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	**70**	49
(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	**9**	3
(f)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**15**	20
(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.	**11**	15

Note : 2.42

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, 2014**	As At March 31, 2013	**Maximum Balance during the current year**	Maximum Balance during the Previous year
(i)	Reliance Webstore Limited	**-**	29	**490**	116
(ii)	Reliance Telecom Limited	**1,581**	1,651	**2,261**	1,840
(iii)	Campion Properties Limited	**153**	153	**153**	153
(iv)	Reliance Communications Infrastructure Limited	**1,216**	1,987	**2,484**	2,426
(v)	Reliance Infocomm Infrastructure Private Limited	**220**	299	**312**	372
(vi)	Reliance Big TV Limited	**622**	689	**922**	869
(vii)	Reliance Infratel Limited	**2,719**	2,719	**2,719**	2,719
(viii)	Reliance Communication Tamilnadu Private Limited	**600**	-	**600**	-
(ix)	Reliance Globalcom B.V.	**268**	-	**268**	-
		7,379	7,527		

Loans and Advances to Campion Properties Limited, Reliance Commincation Tamilnadu Private Limited and Reliance Globalcom B.V. are interest free where there is no repayment schedule and are repayable on demand.

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Note : 2.43

Employee Stock Option Schemes

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 ₹ 387 crore) had been granted to the Trust and the said amount had been utilized by the Trust for purchasing 2.13 crore (Previous year 2.13 crore) Equity Shares during the period upto March 31, 2014. (Refer Note 2.01 (5)).

Amortization of compensation includes write back of ₹ 1 crore (Previous year ₹ 2 crore) based on intrinsic value of Options which has been vested under ESOS Plan 2008 and reflected in Statement of Profit and Loss under Employees Benefits Expenses. No amount is chargeable in respect of Options granted under ESOS Plan 2009.

Particulars	Employees Stock Option Plans			
	ESOS Plan 2008		ESOS Plan 2009	
	Number of Options	Weighted average exercise price (₹)	Number of Options	Weighted average exercise price (₹)
No. of Options Outstanding at the beginning of the year	3 91 465	460	30 17 764	206
Number of Options granted	Nil	-	Nil	-
Total number of Options surrendered	Nil	-	Nil	-
Number of Options vested	Nil	-	Nil	-
Total number of Options exercised	Nil	-	Nil	-
Total number of Options forfeited/ lapsed	53 050	423	12 04 774	206
Number of Options outstanding at the end of the year	3 38 415	466	18 12 990	206

If the entity would have estimated fair value computed on the basis of Black Scholes pricing model, the compensation cost for the year ended March 31, 2014 for ESOS Plan 2008 and ESOS Plan 2009 would have been ₹ 3 crore and ₹ 6 crore respectively. The key assumptions used to estimate the fair value of options are given below.

Particulars	ESOS Plan 2008	ESOS Plan 2009
Risk-free interest rate	8.79%	8.90%
Expected life	4 years	5 years
Expected volatility	54.14%	54.14%
Expected dividend yield	0.02%	0.07%
Price of the underlying share in market at the time of option grant	₹ 541	₹ 174

Pursuant to consolidation of financial statements of RCOM ESOS Trust (Trust) as at March, 31, 2014 with Standalone Financial Statements of the Company in terms of SEBI (ESOS and ESPS) Guidelines, 1999 and recent opinion of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (the ICAI), balance of ₹ 380 crore being an amount exceeding the face value of equity shares held by the Trust is presented as deduction from Securities Premium with corresponding adjustment to the loan receivable from the Trust and ₹ 4 crore of opening balance of Trust Fund is considered in Surplus in Statement of Profit and Loss.

Note : 2.44

Particulars of Derivative Instruments

Particulars of Derivative Instruments acquired for hedging	As at March 31, 2014			As at March 31, 2013		
	No. of Instruments	Value (US $ Crore)	Value (₹ in Crore)	No. of Instruments	Value (US $ Crore)	Value (₹ in Crore)
Principal Only Swap	**1**	**1**	60	1	1	54
Interest Rate Swap-Foreign Currency	**2**	**1**	48	12	40	2,188
Interest Rate Swap-Indian Rupee	**1**	**1**	25	10	5	250
Options - Cross Currency	**-**	**-**	-	2	13	684

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 $ 333 crore (Previous year $ 383 crore), equivalent to ₹ 19,934 crore (Previous year ₹ 20,762 crore).

Above exposure status does not include the effects of accruals.

The unamortized premium of Buyers' Credit to be recognized is ₹ 4 crore (Previous year ₹ 2 crore) for one or more subsequent accounting periods.

Note : 2.45

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 Communication Investment and Leasing Limited)
11	Reliance Infratel Limited
12	Reliance Mobile Commerce Limited
13	Reliance BPO Private Limited
14	Reliance Globalcom Limited
15	Reliance Communications Tamil Nadu Private Limited (w.e.f. November 15, 2013)
16	M. P. Network Private Limited (upto February 10, 2014)
17	Kerala Communications Private Limited (upto February 10, 2014)
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

Sr. No.	Name of the Subsidiary Companies (direct and step down subsidiaries)
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
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

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Sr. No.	Name of the Subsidiary Companies (direct and step down subsidiaries)
69	Vanco BV
70	Vanco Benelux BV
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	GCX Limited (w.e.f March 26, 2014)
80	Global Cloud Xchange Limited (w.e.f March 26, 2014)
81	Seoul Telenet Inc.
82	FLAG Holdings (Taiwan) Limited
83	Reliance Telecom Infrastructure (Cyprus) Holdings Limited
84	Lagerwood Investments Limited
85	Vanco EpE (Upto April 1, 2013)

Sr. No.	Name of the Subsidiary Companies (direct and step down subsidiaries)
	Holding company
86	Reliance Innoventures Private Limited
	Individuals Promoters
87	Shri Anil D. Ambani, the person having control during the year
	Key Managerial Person
88	Shri Prakash Shenoy, Company Secretary and Manager

B	**List of Other Related Parties : where there have been transactions**
	Associates
1	Warf Telecom International Private Limited
2	Mumbai Metro Transport Private Limited
	Fellow Subsidiaries
3	AAA Communication Private Limited
4	AAA Industries Private Limited
5	ADA Enterprises and Ventures Private Limited
6	Reliance Capital Limited
7	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 year ended March 31, 2014.

1. Fixed assets acquired during the period include ₹ 108 crore from Reliance Tech Services Private Limited. (*Previous year - Fixed assets acquired during the year include ₹ 100 crore from Reliance Tech Services Private Limited).*

2. Loans and Advances include loans granted during the year of ₹ 3,994 crore to Reliance Communications Infrastructure Limited, ₹ 3,145 crore to Reliance Telecom Limited and repaid /adjusted during the year ₹ 4,765 crore by Reliance Communications Infrastructure Limited, ₹ 3,214 crore by Reliance Telecom Limited. (*Previous year - Loans and Advances include loan 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).*

3. Trade Receivables include ₹ 460 crore from Reliance Communications Infrastructure Limited, ₹ 337 crore from Reliance Telecom Limited and ₹ 23 crore from Reliance Webstore Limited. (*Previous year – Trade Receivables include ₹ 724 crore from Reliance Communications Infrastructure Limited, ₹ 108 crore from Reliance Telecom Limited and ₹ 4 crore from Reliance Webstore Limited).*

4. Loans include ₹ 1,216 crore to Reliance Communications Infrastructure Limited, ₹ 1,581 crore to Reliance Telecom Limited and ₹ 2,719 crore to Reliance Infratel Limited and Advances include ₹ 2,086 crore to Reliance Communications Infrastructure Limited, ₹ 8 crore to Reliance Telecom Limited and ₹ 273 crore to Reliance Infratel Limited. (*Previous year - Loans include ₹ 1,987 crore to Reliance Communications Infrastructure Limited, ₹ 1,651 crore to Reliance Telecom Limited and ₹ 2,719 crore to Reliance Infratel Limited and Advances include ₹ 1,364 crore to Reliance Communications Infrastructure Limited, ₹ 134 crore to Reliance Telecom Limited and ₹ Nil to Reliance Infratel Limited).*

5. Trade Payables include ₹ 63 crore to Reliance Flag Atlantic France SAS, ₹ 58 crore to Reliance Communications Inc, ₹ 239 crore to Reliance Webstore Limited, ₹ Nil to Reliance Infratel Limited, ₹ 108 crore to Reliance Communication (UK) Limited and ₹ 9 crore to Reliance Tech Services Private Limited. (*Previous year – 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 Communication (UK) Limited and ₹ Nil to Reliance Tech Services Private Limited).*

6. Revenue from Operations includes ₹ 382 crore from Reliance Communications Infrastructure Limited, ₹ 620 crore from Reliance Communications Inc. and ₹ 702 crore from Reliance Telecom Limited. (*Previous year -* Revenue from Operations *includes ₹ 1,234 crore from Reliance Communications Infrastructure Limited, ₹ 671 crore from Reliance Communications Inc. and ₹ 750 crore from Reliance Telecom Limited).*

7. Expenditure includes Access Charges: ₹ 195 crore to Reliance Communications Inc.and ₹ 277 crore to Reliance Telecom Limited, Network Operation Expenses: ₹ 2,359 crore to Reliance Infratel Limited, Selling and Marketing expenses: ₹ 45 crore to Reliance Webstore Limited and ₹ 131 crore to Reliance Communications Infrastructure Limited, General and Administration Expenses: ₹ 14 crore to Reliance Communications Infrastructure Limited, ₹ 11 crore to Reliance Infocomm Infrastructure Private Limited, ₹ 86 crore to Reliance IDC Limited and ₹ 32 crore to Reliance Tech Services Private Limited and Finance Cost ₹ 14 crore to Reliance Communications Infrastructure Limited (*Previous year - 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*

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Limited, Selling and Marketing expenses: ₹ 43 crore to Reliance Webstore Limited and ₹ 115 crore to Reliance Communications Infrastructure Limited, General and Administration 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) and Finance Cost ₹ 15 crore to Reliance Communications Infrastructure Limited).

8. Corporate Guarantee issued includes ₹ 2,476 crore to Reliance Infratel Limited and ₹ 1,810 crore to Reliance Telecom Limited. Assurance/ Letter of comfort which are not in nature of guarantee for financial support to subsidiaries. (*Previous year - Corporate Guarantee issued includes ₹ 2,949 crore to Reliance Infratel Limited and ₹ 1,436 crore to Reliance Telecom Limited).*
9. Interest Income include ₹ 595 crore receivable from Reliance Infratel Limited. (*Previous year - Interest Income includes ₹ 595 crore received from Reliance Infratel Limited).*
10. Other Current Assets include ₹ 31 crore of Unbilled revenue of Reliance Communications Inc. Interest Receivable includes ₹ 408 crore from Reliance Infratel Limited, ₹ 199 crore from Reliance Telecom Limited and ₹ 371 crore from Reliance Communications Infrastructure Limited. (*Previous year - Other Current Assets include ₹ 51 crore of Unbilled revenue of Reliance Communications Inc. Interest Receivable includes ₹ 482 crore from Reliance Infratel Limited, ₹ Nil from Reliance Telecom Limited and ₹ Nil from Reliance Communications Infrastructure Limited).*
11. Interest Accrued on Investment includes ₹ 1,359 crore of Dividend Yield on Preference Share from Reliance Infratel Limited. (*Previous year – Interest Accrued on Investment include ₹ 1,005 crore of Dividend Yield on Preference Share from Reliance Infratel Limited).*
12. Unearned Income includes ₹ 14 crore from Flag Telecom Ireland Network Limited (*Previous Year- Unearned Income includes ₹ 20 crore from Flag Telecom Ireland Network Limited).*
13. Prepaid expenses include ₹ Nil from Reliance Telecom Limited and ₹ 25 crore from Reliance FLAG Atlantic France SAS. (*Previous year-Prepaid expenses include ₹ 15 crore from Reliance Telecom Limited and ₹ 9 crore from Reliance FLAG Atlantic France SAS).*
14. Refer Note 2.38 for Recovery of Expenses and Interest cost from subsidiaries.
15 *Dividend paid, during the Previous year of ₹ 30,94,750 to Reliance Innoventures Private Limited, ₹ 18 crore to AAA Communication Private Limted, ₹ 8 crore to AAA Industries Private Limited, ₹ 8 crore ADA Enterprises and Ventures Private Limited and ₹ 1 crore to Reliance Capital Limited.*
16. Other Current Liability includes Advance from customer ₹ 106 crore of Reliance Communications Inc and ₹ 170 crore of Reliance Telecom Limited. Other Current Liability also includes ₹ 217 crore to Reliance Infratel Limited for availing passive infrastructure services for 3G operations.(*Previous year – Other Current Liability includes Advance from customer ₹ 99 crore of Reliance Communications Inc and Other Current Liability ₹ Nil of Reliance Telecom Limited. Other Current Liability also includes ₹ 217 crore to Reliance Infratel Limited for availing passive infrastructure services for 3G operations).*

Transactions with Related Parties during the year April 1, 2013 to March 31, 2014

(₹ in Crore)

Sr. No	Nature of Transactions	Subsidiaries	Joint Venture	Fellow Subsidiaries	Associates/ Others	Total
(A)	**Investments**					
	Balance as at April 1, 2013	**20,991**	**-**	**-**	**22**	**21,013**
		(31,867)	-	-	(22)	(31,889)
	Diminution in value during the year	**-**	**-**	**-**	**-**	**-**
		(10,880)		-	-	(10,880)
	Sold / Adjusted during the year	**-**	**-**	**-**	**-**	**-**
		-	-	-	-	-
	Foreign Exchange Fluctuation	**29**	**-**	**-**	**-**	**29**
		(4)	-	-	-	(4)
	Balance as at March 31, 2014	**21,020**	**-**	**-**	**22**	**21,042**
		(20,991)	-	-	(22)	(21,013)
(B)	**Purchase of Assets**	**108**	**-**	**-**	**-**	**108**
		(100)	(6)	-	-	(106)
(C)	**Trade Receivables as at March 31, 2014**	**934**	**-**	**-**	**-**	**934**
		(968)	-	-	-	(968)
(D)	**Loans and Advances**					
	(i) Loans					
	Balance as at April 1, 2013	**7,527**	**-**	**-**	**-**	**7,527**
		(7,503)	-	-	-	(7,503)
	Given during the period	**9,067**	**-**	**-**	**-**	**9,067**
		(6,910)	-	-	-	(6,910)
	Repaid & Adjusted during the Year	**9,215**	**-**	**-**	**-**	**9,215**
		(6,886)	-	-	-	(6,886)
	Balance as at March 31, 2014	**7,379**	**-**	**-**	**-**	**7,379**
		(7,527)	-	-	-	(7,527)

Notes on Accounts to Balance Sheet and Statement of Profit and Loss

Transactions with Related Parties during the year April 1, 2013 to March 31, 2014

(₹ in Crore)

Sr. No	Nature of Transactions	Subsidiaries	Joint Venture	Fellow Subsidiaries	Associates/ Others	Total
	(ii) Short Term Advances	**2,381**	**-**	**-**	**-**	**2,381**
		(1,692)	-	-	-	(1,692)
	(iii) Other Current Assets	**1,130**	**-**	**-**	**-**	**1,130**
		(533)	-	-	-	(533)
	(iv) Interest Accrued on Investment	**1,359**	**-**	**-**	**-**	**1,359**
		(1,005)	-	-	-	(1,005)
	(iv) Prepaid Expenses	**25**	**-**	**-**	**-**	**25**
		(24)	-	-	-	(24)
(E)	**(i) Trade Payables as at March 31, 2014**	**485**	**-**	**1**	**-**	**486**
		(861)	-	-	-	(861)
	(ii) Unearned Income	**14**	**-**	**-**	**-**	**14**
		(21)	-	-	-	(21)
	(iii) Other Current Liability	**493**	**-**	**-**	**-**	**493**
		(316)	**-**	**-**	**-**	(316)
(F)	**Income**					
	Revenue from Operations	**1,806**	**-**	**-**	**-**	**1,806**
		(2,783)	-	-	-	(2,783)
	Interest & Yield Income	**595**	**-**	**-**	**-**	**595**
		(595)	-	-		(595)
(G)	**Expenditure**					
	(i) Access Charges	**472**	**-**	**-**	**-**	**472**
		(495)	-	-	-	(495)
	(ii) Network Operation Expenses	**2,577**	**-**	**-**	**-**	**2,577**
		(1,739)	(168)	-	-	(1,907)
	(iii) Selling and Marketing Expenses	**176**	**-**	**-**	**-**	**176**
		(158)	-	-	-	(158)
	(iv) General and Administration Expenses	**145**	**-**	**2**	**-**	**147**
		(143)	-	(2)	-	(145)
	(v) Finance Cost	**14**	**-**	**-**	**-**	**14**
		(15)	-	-	-	(15)
	(vi) Recovery of Expenses	**1,610**	**-**	**-**	**-**	**1,610**
		(1,039)	-	-	-	(1,039)
(H)	**Corporate Guarantee**	**4,791**	**-**	**-**	**-**	**4,791**
		(5,065)	-	-	-	(5,065)
(I)	**Person having control during the year**	**-**	**-**	**-**	**-**	**-**
	Shri Anil D. Ambani - Sitting fees ₹ 2,00,000 (Previous year ₹ 2,20,000), Dividend paid ₹ Nil (Previous year ₹ 4,64,793)	-	-	-	-	-
(J)	**Managerial Remuneration**	**-**	**-**	**-**	**-**	**-**
	Shri Prakash Shenoy- (₹ 22,16,809 (Previous year ₹ 22,42,618))	-	-	-	-	-

As per our report of even date

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

C. D. Lala
Partner
Membership No: 35671

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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
May 2, 2014

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **A. K. Purwar**, **R. N. Bhardwaj**

Company Secretary and Manager **Prakash Shenoy**

Independent Auditors' Report on Consolidated Financial Statements

To
the Board of Directors of Reliance Communications Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Reliance Communications Limited ("the Company') and its subsidiaries and associates (collectively referred to as "the Group"), which comprise of the consolidated balance sheet as at 31 March 2014, 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 Company 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 and Accounting Standard (AS 23) - Accounting for Investment in Associates in Consolidated Financial Statements as prescribed by the Companies (Accounting Standards') 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 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 financial results 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 Company'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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 2014;

(ii) in the case of consolidated statement of profit and loss, of the profit of the Group 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 2.38 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 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 ₹ 155 crore (previous year ₹ 203 crore), fuel cost of ₹ Nil (previous year ₹ 62 crore), depreciation on exchange losses capitalised of ₹ 385 crore (previous year ₹ 275crore), capital work in progress written off of ₹ Nil (previous year ₹ 325 crore), amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 440 crore (previous year ₹ 638 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 charge of ₹ Nil (previous year ₹ 354 crore) of one of its subsidiaries 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 charge not been met from General Reserve, the consolidated financial statements would have reflected a profit after tax of ₹ 67 crore (previous year loss ₹ 1,185 crore) and the consequential effect of this on the consolidated profit after tax would have been of ₹ 980 crore (previous year ₹ 1,857 crore). We have not qualified our opinion on this matter.

2. We draw your attention to Note 2.34 (v) 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 a subsidiary Company and the subsidiary

Independent Auditor's Report on Consolidated Financial Statements

Company, against which the subsidiary Company has filed a writ petition in October, 2013 in Hon'ble Supreme Court of India, which is pending for hearing as set out in the aforesaid note. We have not qualified our opinion on 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 2014 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 ₹ 8,408 crore as at 31 March 2014, revenues of ₹ 4,617 crore and cash outflows amounting to ₹ 54 crore in respect of the aforementioned subsidiaries for the year then ended.

3. The financial statements of certain subsidiaries for the year ended 31 March 2014 have been audited by one of the joint auditors, Chaturvedi & Shah, Chartered Accountants. The attached consolidated financial statements include assets of ₹ 17,896 crore as at 31 March 2014, revenues of ₹ 6,037 crore and cash outflows amounting to ₹ 18 crore in respect of the aforementioned subsidiaries for the year then ended.

4. We have relied on the unaudited financial statements of the subsidiaries and associates whose financial statements reflect total assets of ₹ 3,762 crore as at 31 March 2014, total revenue of ₹ 58 crore and cash outflows amounting to ₹ 47 crore for the year ending 31 March 2014. 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

C. D. Lala
Partner
Membership No: 35671

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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
May 2, 2014

Consolidated Balance Sheet as at March 31, 2014

(₹ in Crore)

	Notes		As at March 31, 2014		As at March 31, 2013
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	**2.01**	**1,021**		1,032	
Reserves and Surplus	**2.02**	**31,388**	**32,409**	32,818	33,850
Minority Interest			**743**		725
Non Current Liabilities					
(a) Long Term Borrowings	**2.03**	**27,913**		28,678	
(b) Deferred Tax Liabilities (Net)	**2.04**	**1,803**		1,372	
(c) Other Long Term Liabilities	**2.05**	**915**		1,233	
(d) Long Term Provisions	**2.06**	**1,031**	**31,662**	885	32,168
Current Liabilities					
(a) Short Term Borrowings	**2.07**	**8,909**		8,800	
(b) Trade Payables	**2.08**	**3,516**		2,364	
(c) Other Current Liabilities	**2.09**	**11,856**		10,401	
(d) Short Term Provisions	**2.10**	**1,257**	**25,538**	1,874	23,439
TOTAL			**90,352**		90,182
ASSETS					
Non Current Assets					
(a) Fixed Assets	**2.11**				
(i) Tangible Assets		**43,934**		44,339	
(ii) Intangible Assets		**19,319**		21,049	
(iii) Capital Work in Progress		**3,190**		3,864	
		66,443		69,252	
(b) Goodwill		**5,300**		5,125	
(c) Non Current Investments	**2.12**	**118**		111	
(d) Deferred Tax Assets (Net)	**2.04**	**1,488**		-	
(e) Long Term Loans and Advances	**2.13**	**3,542**		3,210	
(f) Other Non Current Assets	**2.14**	**84**	**76,975**	223	77,921
Current Assets					
(a) Current Investments	**2.15**	**605**		551	
(b) Inventories	**2.16**	**415**		497	
(c) Trade Receivables	**2.17**	**3,919**		3,911	
(d) Cash and Bank Balances	**2.18**	**504**		731	
(e) Short Term Loans and Advances	**2.19**	**5,828**		4,581	
(f) Other Current Assets	**2.20**	**2,106**	**13,377**	1,990	12,261
TOTAL			**90,352**		90,182
Significant Accounting Policies	**1**				
Notes on Accounts	**2**				

The Notes referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date

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

C. D. Lala
Partner
Membership No: 35671

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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
May 2, 2014

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **A. K. Purwar**, **R. N. Bhardwaj**

Company Secretary and Manager **Prakash Shenoy**

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

(₹ in Crore)

	Notes		For the year ended March 31, 2014		For the year ended March 31, 2013
INCOME					
Revenue from Operations	2.21		21,238		20,561
Other Income	2.22		1,083		1,217
Total Income			22,321		21,778
EXPENDITURE					
Access Charges, License Fees and Network Expenses	2.23		10,550		10,368
Employee Benefits Expenses	2.24		1,025		1,189
Finance Costs	2.25		3,019		2,499
Depreciation, Impairment and Amortisation	2.11	5,939		5,331	
Depreciation and Amortisation adjusted by/transfer from :					
Provision for Business Restructuring (Refer Note 2.30 (iii))		(47)		(99)	
General Reserve (Refer Note 2.30 (vi)		(132)		(123)	
General Reserve (Refer Note 2.30 (iii))		(1,225)	4,535	(1,264)	3,845
Sales and General Administration Expenses	2.26		3,020		3,062
Total Expenses			22,149		20,963
Profit before Exceptional Items, Adjustments and Tax			172		815
Exceptional Items	2.38				
Capital Work in Progress written off			-		325
Equivalent amount withdrawn from General Reserve			-		(325)
Depreciation on account of Change in exchange rate			385		275
Equivalent amount withdrawn from General Reserve			(385)		(275)
Foreign Currency Exchange Fluctuation Loss (net)			595		841
Equivalent amount withdrawn from General Reserve			(595)		(841)
Fuel Expenses			-		62
Equivalent amount withdrawn from General Reserve			-		(62)
Prior Period Adjustments (Refer Note 2.31)			56		-
Profit Before Tax			116		815
Provision for:					
- Current Tax		46		71	
Less: MAT Credit Entitlement		(10)		-	
		36		71	
- Deferred Tax (net)	2.04	(1,057)		354	
- Equivalent amount withdrawn from General Reserve	2.38	-	(1,021)	(354)	71
Profit After Tax (before adjustment of Minority Interest/ Associates)			1,137		744
Less: Share of Profit transferred to Minority			92		73
Less: Share of Loss/ (Profit) of Associates			(2)		(1)
Profit After Tax (after adjustment of Minority Interest/ Associates)			1,047		672
Earnings per Share of ₹ 5 each fully paid up (before and after Exceptional Items)	2.37				
- Basic (₹)			5.07		3.26
- Diluted (₹)			5.07		3.26
Significant Accounting Policies	1				
Notes on Accounts	2				

The Notes referred to above form an integral part of the Consolidated Financial Statements.

As per our report of even date

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

C. D. Lala
Partner
Membership No: 35671

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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
May 2, 2014

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **A. K. Purwar**, **R. N. Bhardwaj**

Company Secretary and Manager **Prakash Shenoy**

Consolidated Cash Flow Statement for the year ended March 31, 2014

(₹ in Crore)

			For the year ended March 31, 2014		For the year ended March 31, 2013
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before tax as per Statement of Profit and Loss		**116**		815
	Adjusted for:				
	Provision for Doubtful Debts, Loans and Advances	289		108	
	Depreciation/Impairment and Amortisation	4,535		3,845	
	Prior Period Adjustment	56		-	
	Effect of changes in Foreign Exchange Rate (net)	(38)		(12)	
	(Profit) /Loss on Sale of Assets and Capital Work in Progress (net)	20		28	
	Net gain on Sale of Investments	(9)		(35)	
	Finance Costs	3,019		2,499	
	Writeback of Provision towards Business Restructuring	(441)		(550)	
	Writeback of Provision towards Liabilities no longer required	(450)		(192)	
	Interest Income	(47)		(11)	
			6,934		5,680
	Operating Profit before Working Capital Changes		**7,050**		6,495
	Adjusted for:				
	Receivables and other Advances	(581)		(553)	
	Inventories	82		70	
	Trade Payables and other Liabilities	559		(2,391)	
			60		(2,874)
	Cash Generated from Operations		**7,110**		3,621
	Income Tax Refund	250		477	
	Income Tax Paid	(521)	**(271)**	(273)	204
	Net Cash from Operating Activities		**6,839**		3,825
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Additions of Fixed Assets and Capital Work in Progress (including Realised exchange variation Capitalised)		**(2,165)**		(2,114)
	Purchase of Investments		**(11,588)**		(12,876)
	Sale of Investments		**11,604**		12,911
	Interest Income		**49**		10
	Net Cash Used in Investing Activities		**(2,100)**		(2,069)
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Net Proceeds from / (Repayment of) Short term Borrowings (Net)		**132**		3,268
	Realised foreign exchange loss		**(524)**		(1,266)
	Proceeds from Long Term Borrowings		**2,499**		1,476
	Repayment of Long Term Borrowings		**(3,995)**		(2,529)
	Dividend Paid (Including tax on dividend)		**(61)**		(60)
	Finance Costs		**(3,018)**		(2,465)
	Net Cash used in Financing Activities		**(4,967)**		(1,576)
	Net Increase/ (Decrease) in Cash and Cash Equivalents		**(228)**		180
	Opening Balance of Cash and Cash Equivalents		**731**		550
	Effect of Exchange Gain/ (Loss) on Cash and Cash Equivalents		**1**		1
	Closing Balance of Cash and Cash Equivalents (Refer Note 2.18)		**504**		731

Note: Cash and Cash Equivalents include cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.

As per our report of even date

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

C. D. Lala
Partner
Membership No: 35671

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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
May 2, 2014

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **A. K. Purwar**, **R. N. Bhardwaj**

Company Secretary and Manager **Prakash Shenoy**

Significant Accounting Policies to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

Note : 1

1.1 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 Standards 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.

1.2 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.

1.3 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 the provisions of the Companies Act, 2013 (to the extent notified) and the provisions of the Companies Act, 1956 (to the extent applicable) 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 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.

(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 upto March 31, 2007 from exchange rate variations relating to borrowings attributable to fixed asset are capatalised.

(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 pursuant to notifications dated December 29, 2011 and August 9, 2012 issued by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standard) (Second Amendment) Rules 2011, the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets.

(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) Sub Marine Cable Network - Shorter of 25 years or remaining useful life
(h) Terrestrial Network - Shorter of 15 years or remaining useful life

(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 including attributable to interest 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) **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 loans 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 including attributable to interest arising as a result has been added to or deducted from the cost of the assets as per the notification issued by the Ministry of Company Affairs (MCA) dated December 29, 2011 and August 9, 2012 and depreciated over balance life of capital asset. Exchange difference on other long term foreign currency loans is accumulated in "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" which will be amortized over the balance period of monetory assets or liabilities.

(m) **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.

(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 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.

(n) **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.

(o) **Miscellaneous Expenditure**

Miscellaneous Expenditure is charged to the Statement of Profit and Loss as and when it is incurred.

(p) **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.

(q) **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.

(r) **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.

(s) **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, including owned by the Trust, 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.

(t) **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 Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

	As at March 31, 2014	As at March 31, 2013
		(₹ in Crore)
Note : 2.01		
Share Capital		
Authorised:		
5,00,00,00,000 Equity Shares of ₹ 5 each (5,00,00,00,000)	**2,500**	2,500
	2,500	2,500
Issued, Subscribed and Paid up		
2,06,40,26,881 Equity Shares of ₹ 5 each fully paid up (2,06,40,26,881)	**1,032**	1,032
Less: 2,12,79,000 Equity Shares of ₹ 5 each fully paid up held by RCOM ESOS Trust (Refer Note 5 below)	**11**	-
	1,021	1,032

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

		No of Shares	No of Shares
(a)	Reliance Innoventures Private Limited, Holding Company	1,23,79,001	1,23,79,001
(b)	AAA Communication Private Limited, Subsidiary of Holding Company	72,31,10,172	72,31,10,172
(c)	AAA Industries Private Limited, Subsidiary of Holding Company	30,00,00,000	30,00,00,000
(d)	ADA Enterprises and Ventures Private Limited, Subsidiary of Holding Company	30,00,00,000	30,00,00,000
(e)	Reliance Capital Limited, Subsidiary of Holding Company	2,96,95,295	3,10,95,295

(2) Details of Shareholders holding more then 5% shares in the Company

		No of Shares	%	No of Shares	%
(a)	AAA Communication Private Limited	72,31,10,172	35.03	72,31,10,172	35.03
(b)	AAA Industries Private Limited	30,00,00,000	14.53	30,00,00,000	14.53
(c)	ADA Enterprises and Ventures Private Limited	30,00,00,000	14.53	30,00,00,000	14.53
(d)	Life Insurance Corporation of India	16,46,90,275	7.98	14,96,03,497	7.25

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

During the previous year ended March 31, 2013, the amount of per share dividend recognised as distributable to equity shareholders was ₹ 0.25.

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

	March 31, 2014		March 31, 2013	
	Number	**(₹ in Crore)**	Number	(₹ in Crore)
Equity Shares				
At the beginning of the year	**2,06,40,26,881**	**1,032**	2,06,40,26,881	1,032
Add/ (Less) : Changes during the year	**-**	**-**	-	-
At the end of the year	**2,06,40,26,881**	**1,032**	2,06,40,26,881	1,032

(5) Consolidation of RCOM ESOS TRUST (Trust)

The Company has consolidated financial statements of RCOM ESOS Trust as at March 31, 2014 with Standalone Financial Statements of the Company in terms of SEBI (ESOS and ESPS) Guidelines, 1999 and recent opinion of the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India (the ICAI).

The said Trust is holding 2,12,79,000 no. of equity shares of ₹ 5 each of the Company. ₹11 crore being the face value of such equity shares is presented as deduction from the paid up share capital.

(₹ in Crore)

		As at March 31, 2014		As at March 31, 2013
Note : 2.02				
Reserves and Surplus				
Statutory Reserve Fund				
As per last Balance Sheet ₹ 6,13,000 (Previous year ₹ 6,13,000)		-		-
Capital Reserve				
As per last Balance Sheet ₹ 5,00,000 (Previous year ₹ 5,00,000)		-		-
Debenture Redemption Reserve				
As per last Balance Sheet	441		173	
Add: Transferred from Surplus in Statement of Profit and Loss	179	620	268	441
Exchange Fluctuation Reserve		901		377
Securities Premium Account				
As per last Balance Sheet	8,047		8,047	
Less: Premium on Equity Shares held by RCOM ESOS Trust (Refer Note 2.41)	380	7,667	-	8,047
General Reserve				
As per last Balance Sheet	10,788		13,418	
Add : Amount credited on reversal of withdrawal in previous year on account of foreign exchange variance attributable to interest (Refer Note 2.29)	-		992	
Less; As per the Scheme of Amalgamation and Arrangement (Refer Note 2.30 (vii))	-		470	
Transferred to Statement of Profit and Loss (Refer Note 2.38)	-		325	
Transferred to Statement of Profit and Loss (Refer Note 2.04 & 2.38)	-		354	
Transferred to Statement of Profit and Loss (Refer Note 2.38)	980		1,116	
Transferred to Statement of Profit and Loss (Refer Note 2.30(vi))	132		123	
Transferred to Statement of Profit and Loss (Refer Note 2.38)	-		62	
Transferred to Statement of Profit and Loss (Refer Note 2.30(iii))	1,225		1,264	
Add : Minority Interest	10	8,461	92	10,788
Reserve for Business Restructuring		1,287		1,287
Foreign Currency Monetary Items Translation Difference Account		(984)		(686)
Surplus in the Statement of Profit and Loss				
As per last Balance Sheet	12,564		12,221	
Add: Profit during the year	1,047		672	
Add: Effect of Consolidation of RCOM ESOS Trust (Refer Note 2.41)	4		-	
Less : Transferred to Debenture Redemption Reserve	179		268	
: Proposed Dividend on Equity Shares	-		52	
: Tax on Proposed Dividend	-	13,436	9	12,564
		31,388		32,818

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

				(₹ in Crore)
		As at March 31, 2014		As at March 31, 2013
Note : 2.03				
Long Term Borrowings				
Debentures				
Secured				
3,000 (3,000), 11.20 % Redeemable, Non Convertible Debentures of ₹ 1 crore each		**3,000**		3,000
5,000 (5,000), 11.60 % Redeemable, Non Convertible Debentures of ₹ 10 lac each		**500**		500
1,500 (1,500) , 11.25 % Redeemable, Non Convertible Debentures of ₹ 1 crore each		**1,500**		1,500
Term Loans				
Secured				
Foreign Currency Loans from Banks	21,745		23,658	
Rupee Term Loans from Banks	520		20	
Rupee Loans from Others	300	**22,565**	-	23,678
Unsecured				
Rupee Term Loans		**348**		-
		27,913		28,678

2.03.1 Debentures and Term Loans

During the earlier year, the Company, on March 2, 2009, allotted, 3,000, 11.20% Secured Redeemable, Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 3,000 crore to be redeemed at the end of 10th year from the date of allotment thereof. On February 7, 2012, the Company also allotted, 1,500, 11.25% and 5,000, 11.60% Secured Redeemable, Non Convertible Debentures ("NCDs") of the face value of ₹ 1,00,00,000 each and ₹ 10,00,000 each respectively, aggregating to ₹ 2,000 crore. Redemption of NCDs of ₹ 1,500 crore shall be in four annual equal installments starting at the end of fourth year from the date of allotment thereof and NCDs of ₹ 500 crore shall be redeemed at the end of 5th year from the date of allotment thereof.

NCDs along with foreign currency loans and rupee term loans ("the said secured loans") have been secured by first pari passu charge on the whole of the movable plant and machinery, of the Company including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), Capital Work in Progress (pertaining to movable fixed assets) both present and future including all the rights, title, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the RCOM Group ("the Borrower Group"); comprising of the Company and its subsidiary companies namely; Reliance Telecom Limited (RTL), Reliance Infratel Limited (RITL) and Reliance Communications Infrastructure Limited (RCIL) in favour of the Security Trustee for the benefit of the NCD Holders and the Lenders of the said Secured Loans. The said loans also include ₹ 8,896 crore (Previous year ₹ 9,195 crore) which are guaranteed. The Company, for the benefit of the Lenders of foreign currency loans, rupee term loans of ₹ 20 crore and 5,000, 11.60%, NCDs aggregating to ₹ 500 crore had, apart from the above, also assigned 20 telecom licenses for services under Unified Access Services (UAS), National Long Distance (NLD) and International Long Distance (ILD) by execution of Tripartite Agreements with Department of Telecommunications (DoT) and IDBI Bank, being the agent acting on their behalf. Similarly, RTL, a subsidiary of the Company has apart from the above also for the benefit of its lenders of foreign currency loans and rupee term loan assigned 8 Telecom Licenses for services under UAS.

Assignment of Telecom Licenses of the Company for 1,500, 11.25% NCDs aggregating to ₹ 1,500 crore and rupee loan from others of ₹ 300 crore are pending to be executed. The Company, for the benefit of the Lenders of foreign currency loans, rupee term loans of ₹ 20 crore, 3000, 11.20%, NCDs of the face value of ₹ 1,00,00,000 each aggregating to ₹ 3,000 crore and 5,000, 11.60%, NCDs aggregating to ₹ 500 crore, has, apart from the above, also pledged equity shares held by the Company and Reliance Infocomm Infrastructure Private Limited (RIIPL) in RCIL and RTL respectively by execution of the Share Pledge Agreement with the Share Pledge Security Trustee.

Reliance Globalcom B.V. (RGBV), the Netherlands, a Subsidiary of the Company, during the previous year, availed facility of USD 200 million in addition to USD 500 million, against pledge of shares of material subsidiaries of RGBV. RGBV has repaid USD 233 million during the year.

2.03.2 Repayment Schedule of Long Term Loans

(a) Debentures

(₹ in Crore)

Rate of Interest	Repayment Schedule			
	2015-16	2016-17	2017-18	2018-19
11.20%	-	-	-	3,000
11.60%	-	500	-	-
11.25%	375	375	375	375

(b) Foreign Currency Loans

(₹ in Crore)

Rate of Interest	Repayment Schedule						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
0.50%	65	65	65	69	74	25	7
2.10%	38	19	-	-	-	-	-
2.15%	1,078	1,078	629	315	-	-	-
2.44%	107	107	334	364	288	212	-
2.75%	509	509	-	-	-	-	-
3.11%	1,497	-	-	-	-	-	-
3.19%	600	-	-	-	-	-	-
3.34%	218	-	-	-	-	-	-
3.35%	414	-	-	-	-	-	-
3.49%	637	717	1,434	1,434	1,434	1,515	-
4.95%	1,397	-	-	-	-	-	-
5.08%	333	998	1,386	1,774	-	-	-

(c) Rupee Term Loans

(₹ in Crore)

Rate of Interest	Repayment Schedule			
	2015-16	2016-17	2017-18	2018-19
11.50%	63	-	-	-
11.75%	244	41	-	-
12.25%	-	83	83	84
12.50%	-	83	83	84
12.75%	20	-	-	-
13.70%	25	100	100	75

(₹ in Crore)

			As at March 31, 2014		As at March 31, 2013
Note : 2.04					
Deferred Tax Assets and Liabilities					
The Deferred Tax Liabilities relating to RITL, a subsidiary of the Company comprise of the following.					
(i)	Deferred Tax Liabilities				
	Lease Rent Equalisation	2,097		1,839	
	Related to timing difference on depreciation on fixed assets	350	**2,447**	372	2,211
(ii)	Deferred Tax Assets				
	Related to carried forward loss	644		839	
			644		839
	Net Deferred Tax Liabilities		**1,803**		1,372

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

(₹ in Crore)

			As at March 31, 2014		As at March 31, 2013
The Deferred Tax Assets of the Company and its subsidiaries comprise of the following.					
(i)	Deferred Tax Assets				
	Related to carried forward loss	2,236		2,175	
	Related to timing difference on depreciation / amortisation	547		675	
	Disallowances, if any, under the Income Tax Act, 1961	855		778	
	Lease Rent Equalisation	2,097	**5,735**	1,839	5,467
(ii)	Deferred Tax Liabilities				
	Related to timing difference on depreciation on fixed assets		2,298		1,706
	Net Deferred Tax Assets *		**3,437**		3,761

* In view of the confirmed profitable orders pursuant to agreement with the customer for sharing of infrastructure, which shall result into additional revenue and savings of cost, the Company has recognised Deferred Tax Assets of ₹ 1,488 crore as at March 31, 2014. This will get further supported by decision of structuring of its business through various measures including schemes of merger and/ or demerger etc. so as to bring revenue and profit earned by the respective subsidiaries into the Company, subject to approvals, under applicable rules and regulations.

* During the Previous year, in absence of virtual certainity of realisability of deferred tax assets, the company on a conservative basis had restricted deferred tax asset to Nil.

Deferred Tax Liability of ₹ 431 crore has been provided by Reliance Infratel Limited (RITL), During the previous year Deferred Tax Liability of ₹ 354 crore was provided by 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.

(₹ in Crore)

	As at March 31, 2014	As at March 31, 2013
Note : 2.05		
Other Long Term Liabilities		
Liability for leased assets	**271**	294
Security Deposits	**51**	50
Unearned Income	**397**	746
Capital Creditors	**194**	143
Others	**2**	–
	915	1,233
Note : 2.06		
Long Term Provisions		
Provision for Income Tax	**82**	20
Provision for Employee Benefits	**53**	53
Others		
Asset Retirement Obligations (Refer Note 2.33(i))	**896**	812
	1,031	885

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

(₹ in Crore)

		As at March 31, 2014		As at March 31, 2013
Note : 2.07				
Short Term Borrowings (Unsecured unless stated otherwise)				
From Banks				
Cash Credit (Secured)	1,000		1,251	
Foreign Currency Loans	656		1,407	
Rupee Loans (Secured)	5,480		5,205	
Rupee Loans	1,500		500	
Commercial Papers	-		100	
Non Convertible Debentures (Secured)	-		87	
From Others (Secured)	-		250	
From Others	273	**8,909**	-	8,800
		8,909		8,800

2.07.01 Cash Credit and Rupee Loans from Banks

Cash Credit from Banks as above are secured by first pari passu charge over current assets comprising of Stock and receivables of the Company ("Current Assets"). Apart from this, Cash Credit from Banks is secured by second pari passu charge on whole of the movable plant and machinery, including (without limitation) the tower assets and optic fibre cables, if any (whether attached or otherwise), Capital Work in Progress (pertaining to movable fixed assets) both present and future including all the rights, title, interest, benefits relating thereto of the Borrower Group ("Movable Fixed Assets of the Borrower Group").

The Company and its subsidiary have been sanctioned rupee loans of ₹ 6,750 crore (Term Loan Facility) under consortium banking arrangement on the terms and conditions as set out in sanction letters. Certain Lenders have, pursuant to the sanction letters for Term Loan Facility, agreed to grant ₹ 5,155 crore as interim disbursement/ short term loan (Interim Facility) of the Term Loan Facility, pending the finalization and execution, of definitive documents for converting in regular Term Loan facility. The said interim facility shall be converted in Long Term Loan within its tenure with availment of the Term Loan Facility upon execution of definitive documents and accordingly, has been classified as part of Short Term Borrowings. Interim Facility includes loans of ₹ 4,830 crore secured by first pari passu charge on Movable Fixed Assets of the Borrower Group. The Term Loan Facility is, inter alia, secured by first pari passu charge on Movable Fixed Assets of the Borrower Group, including claims and demands in respect of all insurance contracts relating thereto. Apart from the above, the Term Loan Facility has also been secured by assignment of telecom licenses of the Company and its subsidiary and pledge of equity shares held by the Company and Reliance Infocomm Infrastructure Private Limited in RCIL and RTL respectively. The Company has created first pari pasu charge on Movable Fixed Assets of the Borrower Group for the said Interim Loans. The balance ₹ 650 crore of Interim/ Short Tem Loan is secured by second pari pasu charge on Movable Fixed Assets of Borrower Group.

(₹ in Crore)

		As at March 31, 2014		As at March 31, 2013
Note : 2.08				
Trade Payables				
Due to Micro and Small Enterprises	105		157	
Others	3,411	**3,516**	2,207	2,364
		3,516		2,364

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 2nd October, 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.

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

(₹ in Crore)

		As at March 31, 2014	As at March 31, 2013
(i)	Principal amount due to any supplier as at the year end	**103**	141
(ii)	Interest due on the principal amount unpaid at the year end to any supplier	**38**	56
(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	**182**	208
(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	**26**	21
(vi)	Amount of interest accrued and remaining unpaid at the end of each accounting year	**64**	77
(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	**35**	45

Note : 2.09

Other Current liabilities (Unsecured unless stated otherwise)

		As at March 31, 2014		As at March 31, 2013
Current Maturities of Long Term Debts				
Foreign Currency Loan from Banks (Secured) (Refer Note 2.03.1)		**4,634**		4,069
Rupee Term Loan		**402**		-
Non Convertible Debentures (Secured)*		**120**		-
Others				
Interest accrued but not due on loans	**162**		153	
Unclaimed Dividend	**10**		9	
Employees Stock Option	**3**		3	
Capital Creditors	**854**		1,146	
Other Payables	**4,704**		4,059	
Advance from Customers and Income Received in Advance	**967**	**6,700**	962	6,332
		11,856		10,401

*Non Convertible Debentures are secured by second pari-pasu charge over the movable fixed assets (Plant and Machinery and Capital Work in Progress) of Borrowers Group.

Note : 2.10

Short Term Provisions

			As at March 31, 2014		As at March 31, 2013
(a)	**Provision for Employee Benefits**				
	Retirement Benefits		**34**		29
(b)	**Others**				
	Disputed and Other Claims (Refer Note 2.33 (i))	**1,215**		1,215	
	Business Restructuring (Refer Note 2.33 (ii))	**-**		488	
	Income Tax (net of advance tax)	**6**		79	
	Fringe Benefit Tax (net of taxes paid)	**1**		1	
	Wealth Tax (net of taxes paid)	**1**		1	
	Proposed Dividend on Equity Shares	**-**		52	
	Tax on Proposed Dividend	**-**	**1,223**	9	1,845
			1,257		1,874

Note 2.11 Fixed Assets

(₹ in Crore)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at April 1, 2013	Additions / Adjustments	(Deductions)/ Adjustment Incuding on Account of CTR	As at March 31, 2014	As at April 1, 2013	Depreciation for the year	(Deductions)/ Adjustment Incuding on Account of CTR	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible Assets										
Leasehold Land	25	-	-	25	2	1	-	3	22	23
Leasehold Improvement	175	-	10	185	150	9	9	168	17	25
Freeehold Land	486	-	-	486	6	-	(6)	-	486	480
Buildings	2,404	7	4	2,415	793	84	(105)	772	1,643	1,611
Plant and Machinery	70,194	3,548	1,202	74,944	28,079	4,004	1,136	33,219	41,725	42,115
Office Equipment	121	1	-	122	87	12	16	115	7	34
Furniture and Fixtures	188	3	1	192	142	10	10	162	30	46
Vehicles	74	-	(1)	73	69	1	(1)	69	4	5
Sub Total	**73,667**	**3,559**	**1,216**	**78,442**	**29,328**	**4,121**	**1,059**	**34,508**	**43,934**	**44,339**
Previous year	68,832	4,260	575	73,667	25,281	3,669	378	29,328	44,339	43,551
Intangible Assets										
Entry fee for Telecom Licence	28,047	-	-	28,047	7,373	1,973	-	9,346	18,701	20,674
Indefeasible Right of Connectivity	1,809	67	157	2,033	1,788	97	(186)	1,699	334	21
Software	479	44	22	545	332	74	12	418	127	147
Brand Licence	354	-	-	354	192	31	-	223	131	162
Licence and Knowhow	237	-	24	261	192	28	15	235	26	45
Sub Total	**30,926**	**111**	**203**	**31,240**	**9,877**	**2,203**	**(159)**	**11,921**	**19,319**	**21,049**
Previous year	30,730	125	71	30,926	7,829	1,937	111	9,877	21,049	22,901
Grand Total	**1,04,593**	**3,670**	**1,419**	**1,09,682**	**39,205**	**6,324**	**900**	**46,429**	**63,253**	**65,388**
Previous year	99,562	4,385	646	1,04,593	33,110	5,606	489	39,205	65,388	66,452
Capital Work in Progress									**3,190**	3,864

Notes:

2.11.1 (a) Freehold Land includes ₹ 55,808 (Previous year ₹ 55,808) acquired from Karnataka Industrial Area Development Board (a Government of Karnataka Undertaking). Transfer of ownership is under process.
(b) Freehold Land includes ₹ 1 crore (Previous year ₹ 1 crore) towards land acquired, the transfer of ownership is under process.

2.11.2 Buildings include:
(a) ₹ 250 (Previous year ₹ 250) towards cost of Shares in Co-operative Society (held by Reliance Telecom Limited).
(b) ₹ 2,00,000 (Previous year ₹ 2,00,000) towards cost of Shares acquired in a company (held by Reliance Communications Infrastructure Limited).

2.11.3 Plant and Machinery includes Electrical equipments of ₹ 3 crore (Previous year ₹ 3 crore), which are under custody and control of Maharashtra State Electricity Distribution Company Limited.

2.11.4 Plant and Machinery includes Asset Retirement Obligations (ARO) Gross Block ₹ 896 crore (Previous year ₹ 812 crore), Accumulated Depreciation ₹ 317 crore (Previous year ₹ 248 crore) and Net Block ₹ 579 crore (Previous year ₹ 564 crore).

2.11.5 (a) Gross Block includes ₹ 3,585 crore being the amount added on revaluation as on January 1, 2006.
(b) Gross Block for the previous years includes ₹ 1,963 crore, being an amount added on fair valuation as on April 10, 2007.

2.11.6 During the year, addition to Plant and Machinery includes ₹ 1,700 crore (Previous year ₹ 1,789 crore) on account of foreign exchange variation.

2.11.7 Assets taken on finance lease:
(a) Plant and Machinery includes Gross Block ₹ 453 crore (Previous year ₹ 436 crore), Accumulated Depreciation ₹ 145 crore (Previous year ₹ 114 crore) and Net Block ₹ 308 crore (Previous year ₹ 322 crore).
(b) Vehicles includes Gross Block ₹ 1 crore (Previous year ₹ 1 crore), Accumulated Depreciation ₹ 1 crore (Previous year ₹ 1 crore) and Net Block ₹ 15,11,416 (Previous year ₹ 26,60,888).

2.11.8 Capital Work-in-Progress includes:
(a) ₹ 50 crore (Previous year ₹ 296 crore) on account of project development expenditure.
(b) ₹ 175 crore (Previous year ₹ 43 crore) on account of materials at site.
(c) Net of Capital Work in Progress written off of ₹ Nil (Previous year ₹ 325 crore)

2.11.9 Transfer of title of certain land and buildings received from Reliance Industries Limited pursuant to the Schemes of Arrangement is under process.

2.11.10 Deductions / Adjustments include exchange fluctuation on account of currency translation of foreign subsidiaries.

2.11.11 Refer Note 2.03.1 and 2.07.01 for security in favour of the Lenders.

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

(₹ in Crore)

		As at March 31, 2014		As at March 31, 2013	
Note:2.12					
Non Current Investments					
Trade Investment (Valued at cost unless stated otherwise)					
In Equity Shares of Companies					
Quoted, fully paidup					
39,342 (39,342)	Groupon INC-Class A Common Stock of USD 0.0001 each	**14**		13	
5,95,074 (5,95,074)	Sequans Communications SA of Euro 0.02 each	**22**		20	
86,879 (Nil)	Bank of Cyprus Limited of Euro 1 each	**1**	**37**	-	33
Other Investments					
Unquoted, fully Paidup					
6,50,25,000	Warf Telecom International Private Limited of ₹ 1 each	**22**		22	
(6,50,25,000)	Less : Share of Loss of Associates	**(9)**		(11)	
		13		11	
13,000 (13,000)	Mumbai Metro Transport Private Limited of ₹ 10 each ₹ 1,22,807 (Previous year ₹ 1,22,807)	**-**		-	
1,600 (1,600)	Macronet Private Limited of ₹ 10 each ₹ 16,000 (Previous year ₹ 16,000)	**-**		-	
1,600 (1,600)	Macronet Mercantile Private Limited of ₹ 10 each ₹ 16,000 (Previous year ₹ 16,000)	**-**		-	
(Nil) (1,00,000)	Reliance Composite Insurance Broking Limited of ₹ 10 each Nil (Previous year ₹ 10,00,000)	**-**		-	
(Nil) (100)	Noida Global SEZ Private Limited of ₹ 10 each Nil (Previous year ₹ 1,000)	**-**	**13**	-	11
In Preference Shares of Companies					
Unquoted, fully Paidup					
20,45,455 (20,45,455)	Series D Preferred Stock of Stoke Inc. of USD 2.2 each	**26**		25	
5,85,993 (5,85,993)	Series A Preferred Stock of Scalable Display Technologies Inc. of USD 1.62 each	**6**		5	
14,63,415 (14,63,415)	Series C Preferred Stock of Stoke Inc. of USD 2.05 each	**18**		16	
84,74,576 (84,74,576)	Series B Preferred Stock of E Band Communications Corporation of USD 0.354 each	**18**	**68**	16	62
In Partnership Firm					
Unquoted, fully paid up					
	Tip Top Typography	**-**		5	
	Less: Share of Loss in the Partnership Firm (Previous year ₹ 19,47,920)	**-**		-	
			-		5
Other Investments					
In Government Bonds					
Unquoted fully paid up					
	6 Year National Savings Certificates (Lodged with Sales Tax Department) ₹ 2,49,500 (Previous year ₹ 2,49,500)	**-**		-	
	5 1/2 years Kisan Vikas Patra (Lodged with Chennai Metropolitan Development Authority) ₹ 5,000 (Previous year ₹ 5,000)	**-**	**-**	-	-
			118		111
	Aggregate Book Value of Investments				
	Unquoted		**81**		78
	Quoted		**37**		33
			118		111

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

(₹ in Crore)

		As at March 31, 2014	As at March 31, 2013
Note : 2.13			
Long Term Loans and Advances			
(Unsecured,Considered good – unless stated otherwise)			
Capital Advances		**1,944**	1,577
Security Deposits		**224**	65
MAT Credit Entitlement		**97**	87
Advance Income Tax		**937**	714
Unamortised Arranger's Fees		**228**	257
Other Loans and Advances		**-**	387
Prepaid Expenses		**112**	123
		3,542	3,210
Note : 2.14			
Other Non Current Assets			
(Unsecured,Considered good – unless stated otherwise)			
Deposit with Bank (Margin Money Deposits)		**5**	-
Deposits		**79**	223
Bank Deposits with Maturity for more than 12 months ₹ 19,84,878 (Previous year ₹ 47,87,148)		**-**	-
		84	223
Note:2.15			
Current Investment (valued at lower of cost and market value)			
In Units of Mutual Funds			
Quoted			
34,000 (34,000)	6.83% GOI Bonds – 2039 of ₹ 100 each fully paid up ₹ 26,02,283 (Previous year ₹ 29,07,000)	**-**	-
Unquoted			
121 (113)	Reliance Liquidity Fund – Growth of ₹ 10 each ₹ 1,84,707 (Previous year ₹ 1,72,652)	**-**	-
2,67,343 (6,88,192)	BlackRock US Dollar Liquidity First Fund – Institutional Share Class of USD 1 each	**2**	4
15,721 (15,721)	BlackRock US Dollar Liquid Investment Fund of USD 1 each	**603**	547
		605	551
	Aggregate Book Value of Investments		
	Unquoted	**605**	551
	Quoted ₹ 30,52,000 (Previous year ₹ 30,52,000)	**-**	-
		605	551
Note : 2.16			
Inventories			
Stores and Spares		**335**	371
Stock in Trade (Communication Devices and Accessories)		**80**	126
		415	497

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

(₹ in Crore)

		As at March 31, 2014		As at March 31, 2013
Note : 2.17				
Trade Receivables (Unsecured)				
Due for more than six months from the date they are due for payment				
Considered Good		**1,127**		1,574
Considered Doubtful		**1,509**		1,253
		2,636		2,827
Less: Provision for doubtful receivables		**1,509**		1,253
		1,127		1,574
Others				
Considered Good		**2,792**		2,337
Considered Doubtful		**89**		54
		2,881		2,391
Less: Provision for doubtful receivables		**89**		54
		2,792		2,337
		3,919		3,911
Note : 2.18				
Cash and Bank Balances				
Cash on hand ₹ 2,89,315 (Previous year ₹ 2,87,295)		**-**		-
Cheques on hand		**82**		79
Balance with Banks		**398**		637
Earmarked Balances - Unpaid Dividend		**10**		9
Balances held due to Repatriation Restrictions		**10**		3
Bank deposits with less than 3 months' maturity		**4**		3
		504		731
Note : 2.19				
Short Term Loans and Advances				
(Unsecured,Considered good - unless stated otherwise)				
Other Loans and Advances				
Considered good	5,579		4,293	
Considered doubtful	124		123	
	5,703		4,416	
Less: Provision for doubtful advances	124	**5,579**	123	4,293
Balance with Customs, Central Excise Authorities etc.		**249**		288
		5,828		4,581
Note : 2.20				
Other Current Assets				
Deposits *		**1,683**		1,709
Interest accrued on Investments ₹ 31,88,402		**-**		1
Unbilled Revenue		**406**		245
Others		**17**		35
		2,106		**1,990**

* Deposits include ₹ 1,582 crore (Previous year ₹ 1,574 crore) paid against disputed claims.

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

(₹ in Crore)

		For the year ended March 31, 2014		For the year ended March 31, 2013
Note : 2.21				
Revenue from Operations				
Sale of Services	23,964		22,319	
Less: Service Tax	3,024		3,025	
		20,940		19,294
Other Operating Income*		**298**		1,267
(*includes realisation from telecom terminals and accessories etc.)				
		21,238		20,561
Note : 2.22				
Other Income				
Net Gain on Sale of Investments		**9**		35
Interest Income		**47**		165
Miscellaneous Income (Refer Note 2.33 (ii))		**1,027**		1,017
		1,083		1,217
Note : 2.23				
Access Charges, Licence Fees and Network Expenses				
Access Charges		**2,791**		2,676
License Fees		**1,203**		1,115
Rent, Rates and Taxes		**900**		965
Network Repairs and Maintenance		**1,660**		1,595
Stores and Spares Consumed		**45**		106
Power, Fuel and Utilities		**1,856**		1,697
Cost of Service Contents and Applications		**302**		370
Other Network Operating Expenses		**1,793**		1,844
		10,550		10,368
Note : 2.24				
Employee Benefits Expenses				
Salaries (Including Managerial Remuneration)		**875**		1,057
Contribution to Provident, Gratuity and Superannuation Fund		**56**		53
Employee Welfare and Other Amenities		**95**		81
Write back of compensation under Employee Stock Option Scheme		**(1)**		(2)
		1,025		1,189
Note : 2.25				
Finance Costs				
Interest and Other charges on Term Loans	1,540		1,132	
Interest on other loans	1.250	**2,790**	1,133	2,265
Other Financial Cost		**229**		234
		3,019		2,499

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

(₹ in Crore)

		For the year ended March 31, 2014		For the year ended March 31, 2013
Note : 2.26				
Sales and General Administration Expenses				
Selling Expenses				
Commission	569		592	
Selling and Marketing	456		528	
Advertisement	164		163	
Customer Acquisition and Customer Care	94		149	
Cost of Sale of Telecom Terminals and Accessories	260	**1,543**	422	1,854
Provision for Doubtful Debts, Loans and Advances		**289**		108
General Administration Expenses				
Insurance	17		17	
Rent, Rates and Taxes	191		207	
Repairs and Maintenance				
- Machinery	48		81	
- Others	34		37	
Travelling	62		56	
Professional Fees	187		161	
Foreign Exchange (Gain) / Loss (Net)	63		(1)	
Loss on Sale/Discarding of Assets/Capital work in progress	20		30	
Hire Charges	225		364	
Other General and Administrative Expenses	332		139	
Wealth Tax ₹ 40,00,000 (Previous year ₹ 5,50,000)	-	**1,179**	-	1,091
Payment to Auditors		**9**		9
		3,020		3,062

Note : 2.27

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 financial statements are presented in Rupee in crore, except as otherwise stated.

Note : 2.28

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	100.00%

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest
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	90.45%
12	Reliance Mobile Commerce Limited	India	100.00%
13	Reliance BPO Private Limited	India	100.00%
14	Reliance Globalcom Limited	India	99.95%
15	Reliance Globalcom B.V.	The Netherlands	100.00%
16	Reliance Communications (UK) Limited	United Kingdom	100.00%
17	Reliance Communications (Hong Kong) Limited	Hong Kong	100.00%
18	Reliance Communications (Singapore) Pte. Limited	Singapore	100.00%
19	Reliance Communications (New Zealand) Pte Limited	New Zealand	100.00%
20	Reliance Communications (Australia) Pty Limited	Australia	100.00%
21	Anupam Global Soft (U) Limited	Uganda	90.00%
22	Gateway Net Trading Pte Limited	Singapore	100.00%
23	Reliance Globalcom Limited	Bermuda	99.95%
24	FLAG Telecom Singapore Pte. Limited	Singapore	99.95%
25	FLAG Atlantic UK Limited	United Kingdom	99.95%
26	Reliance FLAG Atlantic France SAS	France	99.95%
27	FLAG Telecom Taiwan Limited	Taiwan	59.97%
28	Reliance FLAG Pacific Holdings Limited	Bermuda	100.00%
29	FLAG Telecom Group Services Limited	Bermuda	100.00%
30	FLAG Telecom Deutschland GmbH	Germany	99.95%
31	FLAG Telecom Hellas AE	Greece	99.95%
32	FLAG Telecom Asia Limited	Hong Kong	99.95%
33	FLAG Telecom Nederland B.V.	The Netherlands	99.95%
34	Reliance Globalcom (UK) Limited	United Kingdom	99.95%
35	Yipes Holdings Inc.	USA	100.00%
36	Reliance Globalcom Services Inc.	USA	100.00%
37	YTV Inc.	USA	100.00%
38	Reliance Infocom Inc.	USA	100.00%
39	Reliance Communications Inc.	USA	100.00%
40	Reliance Communications International Inc.	USA	100.00%
41	Reliance Communications Canada Inc.	USA	100.00%
42	Bonn Investment Inc.	USA	100.00%
43	FLAG Telecom Development Limited	Bermuda	99.95%
44	FLAG Telecom Development Services Company LLC	Egypt	99.95%
45	FLAG Telecom Network Services Limited	Ireland	99.95%
46	Reliance FLAG Telecom Ireland Limited	Ireland	99.95%
47	FLAG Telecom Japan Limited	Japan	99.95%
48	FLAG Telecom Ireland Network Limited	Ireland	99.95%

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest
49	FLAG Telecom Network USA Limited	USA	99.95%
50	FLAG Telecom Espana Network SAU	Spain	99.95%
51	Reliance Vanco Group Limited	United Kingdom	100.00%
52	Euronet Spain SA	Spain	100.00%
53	Net Direct SA (Properietary) Ltd. (Under liquidation)	South Africa	100.00%
54	Vanco (Shanghai) Co Ltd.	China	100.00%
55	Vanco (Asia Pacific) Pte. Limited	Singapore	100.00%
56	Vanco Australasia Pty. Ltd.	Australia	100.00%
57	Vanco Sp Zoo	Poland	100.00%
58	Vanco Gmbh	Germany	100.00%
59	Vanco Japan KK	Japan	100.00%
60	Vanco NV	Belgium	100.00%
61	Vanco SAS	France	100.00%
62	Vanco South America Ltda	Brazil	100.00%
63	Vanco Srl	Italy	100.00%
64	Vanco Sweden AB	Sweden	100.00%
65	Vanco Switzerland AG	Switzerland	100.00%
66	Vanco Deutschland GmbH	Germany	100.00%
67	Vanco BV	The Netherlands	100.00%
68	Vanco Benelux BV	The Netherlands	100.00%
69	Vanco UK Ltd	United Kingdom	100.00%
70	Vanco International Ltd	United Kingdom	100.00%
71	Vanco Row Limited	United Kingdom	100.00%
72	Vanco Global Ltd	United Kingdom	100.00%
73	VNO Direct Ltd	United Kingdom	100.00%
74	Vanco US LLC	USA	100.00%
75	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 Subsidiary Company	Country of Incorporation	Proportion of ownership interest
1	Reliance Communications Tamilnadu Private Limited – w.e.f. November 15, 2013	India	90.45%
2	Global Cloud Xchange Limited – w.e.f. March 26, 2014	Bermuda	100.00%
3	GCX Limited – w.e.f. March 26, 2014	Bermuda	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	Vanco EpE w.e.f. April 1, 2013	Greece	100.00%
2	Kerala Communication Network Private Limited – w.e.f. February 10, 2014	India	100.00%
3	MP Network Private Limited – w.e.f. February 10, 2014	India	100.00%

Note 2.29

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, 2014, the Company has added ₹ 1,700 crore (Previous year ₹ 1,084 crore), 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 ₹ 738 crore (Previous year ₹ 615 crore) arising on other long term foreign currency monetary items in FCMITDA, and ₹ 440 crore (Previous year ₹ 638 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 had, during the previous 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 withdrawal of an equivalent amount from General Reserve during the earlier year ended March 31, 2012 and hence, it had been credited to General Reserve.

Note 2.30

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 has been debited during the previous year to General Reserve.

(vi) Additional depreciation of subsidiaries consequent upon revaluation of assets carried out has been adjusted to General Reserve.

(vii) ₹ 470 crore being excess of liabilities over assets has been adjusted from General Reserve pursuant to demerger of BPO division to RCIL during the previous year.

(viii) Pursuant to the said Scheme of Amalgamation (Refer Note (ii) above), on account of the fair valuation during the year ended on 31st March, 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.

(ix) 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.

(x) Also refer note 2.38 "Exceptional Items" below.

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

Note 2.31

Prior Period Adjustments

Accounting effect arising upon audit of earlier years of its certain subsidiaries Reliance Communications (Hongkong) Limited and Gateway Net Trading Pte. Limited of ₹ 56 crore is considered as Prior Period adjustments in the Statement of Profit and Loss.

Note 2.32

Project Development Expenditure

(i) Details of Project Development Expenditure (Included under Capital Work-in-Progress) :

(₹. in Crore)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Opening Balance	**296**	361
Add:		
Expenditure incurred during the year	**66**	100
	362	461
Less:		
Capitalized during the year	**312**	165
Closing Balance	**50**	296

Note 2.33

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 ₹ 1,206 crore) and reversal of disputed liabilities of ₹ Nil (Previous year ₹ 147 crore), provisions for Asset Retirement Obligation (ARO) made by the Company's subsidiary in respect of undersea cables and equipments of ₹ 896 crore (Previous year ₹ 812 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 Bombay 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 balance of ₹ 441 crore (Previous year ₹ 550 crore) during the year as no longer required, The said amount on reversal of PBR has been reflected as part of Other Income.

Note 2.34

Contingent Liabilities and Capital Commitment (as represented by the Management)

(₹ in Crore)

		As at March 31, 2014	As at March 31, 2013
(i)	Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for	**708**	638
(ii)	Disputed Liabilities not provided for		
	- Sales Tax and VAT	**61**	66
	- Custom, Excise and Service Tax	**1,136**	409
	- Entry Tax and Octroi	**67**	62
	- Income Tax	**730**	618
	- Other Litigations	**1,376**	1,103
(iii)	Claims against the Company not acknowledged as debts	**794**	306
(iv)	Guarantees given including on behalf of other companies for business purpose	**132**	3

(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 Wholly Owned 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 is filed in October, 2013 in the Hon'ble Supreme Court against charges framed by the Trial Court, 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 was extended to the new petitions also. The matter is now pending for hearing before Hon'ble TDSAT and accordingly, no additional provision is required in this regard.

(vii) Spectrum Charges

Department of Telecommunication (DoT) has, during the previous 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) Special Audit

Pursuant to the Telecom License Agreement, Department of Telecommunications (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 note dated November 8, 2012 based on report of the Special Audit directed by DoT relating to alleged shortfall of license fees of ₹ 314 crore and interest thereon as applicable. The Company has challenged the Special audit demand notices dated November 11, 2012, 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 2.35

(₹ in Crore)

Leases

(a) Operating Lease

		For the year ended March 31, 2014	For the year ended March 31, 2013
Estimated future minimum payments under non cancellable operating leases.			
(i)	Not later than one year	**32**	31
(ii)	Later than one year and not later than five years	**46**	58
(iii)	Later than five years	**8**	1

(b) Finance Lease

The details of minimum lease rentals outstanding as at March 31, 2014 in respect of fixed assets acquired on or after April 1, 2001

(₹ in Crore)

		Minimum Lease payment As March 31		**Present Value of Minimum Lease payment** **As at March 31**	
		2014	2013	**2014**	2013
(i)	Not later than one year	**37**	36	**20**	18
(ii)	Later than one year and not later than five years	**149**	144	**95**	85
(iii)	Later than five years	**209**	248	**175**	203
(iv)	**Total**	**395**	428	**290**	306
(v)	Less : Finance Cost	**105**	122		
(vi)	Present value of minimum lease payments	**290**	306		
	Disclosed under				
	Other Long Term Liabilities	**271**	294		
	Other Current Liabilities	**19**	12		
	Total	**290**	306		

(ii) General description of the significant leasing arrangements is as mentioned below.

(a) The lease agreement is valid for a fixed non cancellable period from the date of commencement of lease rentals.

(b) Upon termination of the lease agreement, the Company shall return the assets to the lessor.

(c) In the event, the claim of lessor for depreciation is disallowed partly or fully in their tax assessment, the lease rentals will increase to the extent of depreciation disallowed to the lessor.

Note 2.36

Particulars of Derivative Instruments

Particulars of Derivative Instruments acquired for hedging	**For the year ended March 31, 2014**			For the year ended March 31, 2013		
	No. of Instruments	**Value**		No. of Instruments	Value	
		(US $ crore)	**(₹ in Crore)**		(US $ crore)	(₹ in Crore)
Principal Only Swap	**1**	**2**	**127**	1	1	54
Interest Rate Swaps FC	**5**	**16**	**947**	19	80	4,359
Interest Rate Swaps INR	**3**	**4**	**225**	13	9	500
Options FC	**-**	**-**	**-**	2	13	684

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 $ 404 crore (Previous year US $ 481 crore), equivalent to ₹ 24,180 crore (Previous year ₹ 26,119 crore), Pounds 4,000 (Previous year Pounds 12,410), equivalent to ₹ 1,67,557 (Previous year ₹ 10,20,442) and Euro 38,378 (Previous year Euro 8,354), equivalent to ₹ 31,73,289 (Previous year ₹ 5,80,561)

The unamortised premium of Buyers' Line of Credit to be recognised is ₹ 4 crore (Previous year ₹ 2 crore) for one or more subsequent accounting periods.

Note 2.37

Earnings per Share (EPS)		**For the year ended March 31, 2014**	For the year ended March 31, 2013
Basic and Diluted EPS (before and after Exceptional Items)			
(a)	Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic EPS)	**1,047**	672
(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)	**1,047**	672
(d)	Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	**2,064,026,881**	2,064,026,881
(e)	Basic Earnings per Share of ₹ 5 each (₹)	**5.07**	3.26
(f)	Diluted Earnings per Share of ₹ 5 each (₹)	**5.07**	3.26

Note 2.38

Exceptional Items

Pursuant to the direction of the Hon'ble High Court of Judicature at Bombay 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 ₹ 325 crore) by write off of capital work in progress, ₹ 385 crore (Previous year ₹ 275 crore) of depreciation consequent to addition of exchange differences on long term borrowing relating to capital assets to the cost of capitalised assets, as also ₹ 155 crore (Previous year ₹ 203 crore) of exchange variations (net), ₹ 440 crore (Previous year ₹ 638 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, ₹ Nil (Previous year

₹ 62 crore) fuel cost considered to be incremental and arising from the non availability of contracted or expected power, ₹ Nil (Previous year ₹ 354 crore) deferred tax charge have been met by withdrawal from corresponding General Reserves, leaving no impact on profit for the year ended March 31, 2014. 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 and losses and deferred tax (refer note no. 2.04) not been met from General Reserves, the consolidated financial statements would have reflected a profit / (loss) after tax of ₹ 67 crore (Previous year ₹ (1,185) crore) and the consequential effect of this on consolidated profit after tax would have been of ₹ 980 crore (Previous year ₹ 1,857 crore).

Note 2.39

General Reserve

The Company has, from the year ended on March 31, 2008 onwards, combined the balances of General Reserve I, II and III and disclosed as General Reserve in Consolidated Accounts. General Reserve I and II were arising pursuant to the Schemes of demerger of 'Telecommunication Undertaking' of RIL into the Company and the Scheme of Amalgamation and Arrangement of Group Companies respectively in earlier years. General Reserve III includes the reserve arising pursuant to the Schemes of Amalgamation with erstwhile Reliance Gateway Net Limited.

Note 2.40

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	Fellow subsidiary
(iii)	AAA Industries Private Limited	Fellow subsidiary
(iv)	ADA Enterprises and Ventures Private Limited	Fellow subsidiary
(v)	Reliance Capital Limited	Fellow subsidiary
(vi)	Reliance General Insurance Company Limited	Fellow subsidiary
(vii)	Shri Anil D. Ambani	Person having control during the year
(viii)	Shri Prakash Shenoy	Key Managerial Personnel

B Transactions during the year with related parties

(Figures in bracket represent Previous year) (₹ in Crore)

		Holding Company	Fellow Subsidiaries	Others	Total
1	**Reliance Capital Limited**				
(i)	**Loans taken**				
	Opening Balance as on April 1, 2013	-	-	-	-
		-	(-)	-	(-)
	Taken during the year	-	175	-	175
		-	(-)	-	(-)
	Repaid during the year	-	175	-	175
		-	(-)	-	(-)
	Closing Balance as on March 31, 2014	-	-	-	-
		-	(-)	-	(-)
(ii)	**Advances**				
	Opening Balance as on April 1, 2013	-	-	-	-
	₹ 30,89,108 (Previous year ₹ 30,89,108)	-	(-)	-	(-)
	Add :Advances made during the year	-	-	-	-
	₹ Nil (Previous year ₹ Nil)	-	(-)	-	(-)
	Less : Repayment during the year	-	-	-	-
		-	(-)	-	(-)
	Closing Balance as on March 31, 2014	-	-	-	-
	₹ 30,89,108 (Previous year ₹ 30,89,108)	-	(-)	-	(-)
	(included in Note 2.13)				

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

B Transactions during the year with related parties

(Figures in bracket represent Previous year) (₹ in Crore)

		Holding Company	Fellow Subsidiaries	Others	Total
(iii)	**Trade Receivable**	-	2	-	2
		-	(2)	-	(2)
(iv)	**Income**				
	Service Income	-	-	-	-
	₹ 4,33,514 (Previous year ₹ 3,78,371)	-	(-)	-	(-)
(v)	**Dividend paid**	-	-	-	-
		-	(1)	-	(1)
2	**Reliance General Insurance Company Limited**				
(i)	**Trade Receivable**	-	4	-	4
		-	(3)	-	(3)
(ii)	**Trade Payable**	-	1	-	1
		-	(-)	-	(-)
(iii)	**Income**				
	Service Income	-	1	-	1
	(Previous year ₹ 46,60,255)	-	(-)	-	(-)
(iv)	**General and Administration Expenses**	-	-	-	-
		-	(2)	-	(2)
3	**Reliance Innoventures Private Limited**				
	Dividend paid	-	-	-	-
	(Previous year ₹ 30,94,750)	(-)	(-)	-	(-)
4	**AAA Communication Private Limited**				
	Dividend paid	-	-	-	-
		-	(18)	-	(18)
5	**ADA Enterprises and Ventures Private Limited**				
	Dividend paid	-	-	-	-
		-	(8)	-	(8)
6	**AAA Industries Private Limited**				
	Dividend paid	-	-	-	-
		-	(8)	-	(8)
7	**Person having control during the year**				
	Shri Anil D. Ambani - Sitting fees	-	-	-	-
	₹ 2,00,000 (Previous year ₹ 2,20,000), Dividend paid ₹ Nil (Previous year ₹ 4,64,793)	-	-	(-)	(-)
8	**Key Managerial Personnel**				
	Managerial Remuneration				
	Shri Prakash Shenoy	-	-	-	-
	₹ 22,16,809 (Previous year ₹ 22,42,618)	-	-	(-)	(-)

Note 2.41

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 ₹ 387 crore) has been granted to the Trust and the said amount has been utilised by the Trust for purchasing 2.13 crore (Previous year 2.13 crore) Equity Shares during the period upto March 31, 2014. (Refer Note 2.01(5)).

Amortization of compensation includes write back of ₹ 1 crore (Previous year ₹ 2 crore) based on intrinsic value of Options which has been vested under ESOS Plan 2008 and reflected in Statement of Profit and Loss under Employees Benefits Expenses. No amount is chargeable in respect of Options granted under ESOS Plan 2009.

Particulars	Employees Stock Option Plans			
	ESOS Plan 2008		ESOS Plan 2009	
	Number of Options	Weighted average exercise price [₹]	Number of Options	Weighted average exercise price [₹]
Number of Options Outstanding at the beginning of the year	3 91 465	460	30 17 764	206
Number of Options granted	Nil	-	Nil	-
Total number of Options surrendered		-		-
Number of Options vested during the year	Nil	-	Nil	-
Total number of Options exercised	Nil	-	Nil	-
Total number of Options forfeited/ lapsed	53 050	423	12 04 774	206
Number of Options outstanding at the end of the year	3 38 415	466	18 12 990	206

If the entity would have estimated fair value computed on the basis of Black-Scholes pricing model, the compensation cost for the year ended March 31, 2014 for ESOS Plan 2008 and ESOS Plan 2009 would have been ₹ 3 crore and ₹ 6 crore respectively. The key assumptions used to estimate the fair value of options are given below.

Particulars	ESOS Plan 2008	ESOS Plan 2009
Risk-free interest rate	8.79%	8.90%
Expected life	4 years	5 years
Expected volatility	54.14%	54.14%
Expected dividend yield	0.02%	0.07%
Price of the underlying share in market at the time of grant of option	₹ 541	₹ 174

Pursuant to consolidation of financial statements of RCOM ESOS Trust (Trust) as at March 31, 2014 with Standalone Financial Statements of the Company in terms of SEBI (ESOS and ESPS) Guidelines, 1999 and recent opinion of the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (the ICAI), balance ₹ 380 crore being an amount exceeding the face value of equity shares held by the Trust is presented as deduction from Securities Premium with corresponding adjustment to the loan receivable from the Trust and ₹ 4 crore of opening balance of Trust Fund is considered in Surplus in Statement of Profit and Loss.

Note 2.42

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. The Company has fulfilled its export obligation under the aforesaid license as on March 31, 2014 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). Balance export obligations outstanding as on March 31, 2014 in case of its subsidiaries namely; RCIL and RITL under the aforesaid licenses/ authorisations is ₹ 472 crore and ₹ 1,100 crore respectively (Previous year ₹ 619 crore and ₹ 1,293 crore) respectively.

Note 2.43

Employee Benefits

Gratuity: In accordance with the applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) for all its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on respective employees last drawn salary and for the years of employment with the Company.

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

The following table set out the status of the Gratuity Plan as required under Accounting Standard ("AS") 15 (Revised) "Employee Benefits" (Revised).

(₹. in Crore)

	Particulars	Gratuity* As at March 31, 2014	Gratuity* As at March 31, 2013	Leave Encashment As at March 31, 2014	Leave Encashment As at March 31, 2013
(i)	**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**				
	Obligation at beginning of the year	39	34	54	67
	Service cost	6	8	4	4
	Interest cost	3	3	4	6
	Actuarial (gain)/ loss	8	1	6	(12)
	Benefits paid	(8)	(7)	(16)	(11)
	Liabilities Extinguished on Settlement	(7)	-	(7)	-
	Obligation at year end	41	39	45	54
	*Defined benefit obligation liability as at the balance sheet is wholly funded by the Company				
(ii)	**Change in plan assets**				
	Plan assets at beginning of the year, at fair value	29	31	1	-
	Expected return on plan assets	2	3	-	-
	Actuarial (gain)/ loss	(1)	-	-	-
	Contributions	-	3	2	16
	Benefits	(7)	(8)	(2)	(15)
	Assets distributed on settlement	(7)	-	-	-
	Plan assets at year end, at fair value	16	29	1	1
(iii)	**Reconciliation of present value of the obligation and the fair value of the plan assets**				
	Fair value of plan assets at the end of the year	16	29	1	1
	Present value of the defined benefit obligations at the end of the year	41	39	45	54
	Liability recognised in the Balance Sheet	25	10	44	53
(iv)	**Cost for the year**				
	Service Cost	6	8	4	4
	Interest Cost	3	3	4	6
	Expected return on plan assets	(2)	(3)	(0)	-
	Actuarial (gain)/ loss	8	-	6	(12)
	Net Gratuity Cost	15	8	14	(2)
(v)	**Experience adjustment**				
	On Plan Liabilities (Gain)/Loss	6	1	N.A	N.A
	On Plan Assets Gain / (Loss)	(1)	-	N.A	N.A
(vi)	**Investment details of plan assets**				
	100% of the plan assets are invested in balanced Fund Instruments				
(vii)	**Actual return on plan assets**	2	3	-	-
(viii)	**Assumptions**				
	Interest rate	9.30%	8.10%	9.30%	8.10%
	Estimated return on plan assets	9.30%	8.70%	-	-
	Salary Growth rate	8.00%	6.00%	8.00%	6.00%

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

(ix) Particulars of the amounts for the year and previous years

	Gratuity As at March 31, **2014**	2013	2012	2011	2010
Present Value of benefit obligation	**41**	39	35	38	35
Fair value of plan assets	**16**	29	31	32	36
Excess of obligation over plan assets / (plan assets over obligation)	**25**	10	4	6	(1)

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

The expected contribution is based on the same assumptions used to measure the company's gratuity obligations as of March 31, 2014.

Provident Fund : The guidance on Implementing ("AS") 15 "Employee Benefits" (revised 2005) issued by the ICAI states that the benefits involving employer established Provident Fund, which require interest shortfalls recompensed are to be considered as / in defined benefit plans. The employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's salary. Contributions are made to the trust established by the Company. During the year ended March 31, 2012, the Actuarial Society of India issued the final guidance for measurement of provident fund liabilities. As at March 31, 2014, Fair value of plan assets is ₹ 298 crore (Previous year ₹ 311 crore), the present value of defined benefit obligation is ₹ 298 crore (Previous year ₹ 311 crore). For the year ended March 31, 2014, the Company has contributed ₹ 18 crore (Previous year ₹ 21 crore) towards Provident Fund. The Employee Benefits as disclosed herein pertain to the Company and its significant subsidiaries.

The assumptions made for the above are Discount rate of 9.25%, average remaining tenure of Investment Portfolio is 6 years and guaranteed rate of return is 8.75%.

Note 2.44

Consolidated Segment Information:

The Company has, during the year, reorganized its internal financial reporting, performance evaluation and organisational structure by geographical locations of its operations, where its service rendering activities are based. Accordingly, the Company has identified geographic segments as primary segments and disclosed segment information, for the year and restated for previous year, as "India Operations" and "Global Operations". The said change will not leave any impact on reported revenue and profitability. As the change in primary segments is from business segments to geographic segments, the effects of financial disclosure arising due to such change would not be meaningful, not reasonably determinable and accordingly not disclosed. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

(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	**India Operations**	**Global Operations**	**Unallocable**	**Eliminations**	**Total**
Segment Revenue					
External Revenue	**17,843**	**4,037**	**441**	**-**	**22,321**
	16,950	4,278	550	-	21,778
Inter Segment Revenue	**726**	**584**	**-**	**(1,310)**	**-**
	834	650	-	(1,484)	-
Total Revenue	**18,569**	**4,621**	**441**	**(1,310)**	**22,321**
	17,784	4,928	550	(1,484)	21,778
Segment Result before Exceptional and non recurring items, interest & taxes	**2,385**	**365**	**441**	**-**	**3,191**
	1,808	956	550	-	3,314
Less: Finance Costs	**-**	**-**	**3,019**	**-**	**3,019**
	-	-	2,499	-	2,499
Segment Result before Exceptional and non recurring items, taxes	**2,385**	**365**	**(2,578)**	**-**	**172**
	1,808	956	(1,949)	-	815
Less:Provisions, Exceptional and Non Recurring items	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
Less: Provision for Taxation	**-**	**-**	**(1,021)**	**-**	**(1,021)**
	-	-	71	-	71
Less: Prior Period Adjustment	**-**	**-**	**56**	**-**	**56**
	-	-	-	-	-
Segment Result after Tax	**2,385**	**365**	**(1,613)**	**-**	**1,137**
	1,808	956	(2,020)	-	744

Notes on Accounts to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

(i) Primary Segment Information

(₹ in Crore)

Particulars	India Operations	Global Operations	Unallocable	Eliminations	Total
Other Information					
Segment Assets	**76,745**	**11,064**	**3,749**	**(1,206)**	**90,352**
	78,151	11,528	2,194	(1,691)	90,182
Segment Liabilities	**10,608**	**3,661**	**43,780**	**(849)**	**57,200**
	10,399	3,989	42,918	(1,699)	55,607
Capital Expenditure	**3,214**	**128**	**-**	**-**	**3,342**
	3,334	587	-	-	3,921
Depreciation	**3,979**	**556**	**-**	**-**	**4,535**
	3,383	462	-	-	3,845

(c) The reportable Segments are further described below:

- The India Operations includes operations of the Company and its subsidiaries in India, Reliance Communications Infrastructure Limited, Reliance Telecom Limited, Reliance Infratel Limited, Reliance Webstore Limited, Reliance Big TV Limited, Reliance Infocomm Infrastructure Private Limited and Reliance IDC Limited.
- The Global Operations includes the retail operations outside India of Reliance Communications (UK) Limited, Reliance Communications International Inc., Reliance Communications Canada Inc., Reliance Communications (Australia) Pty. Limited, Reliance Communications (New Zealand) Pte. Limited and wholesale operations outside India of its subsidiary viz. Reliance Globalcom BV and its subsidiaries.

(ii) Secondary Segment Information

Secondary segment relates to Telecommunication product wise segments viz. Voice and Non-voice.

(₹ in Crore)

	Voice	Non Voice	Total
Segment Revenue - External Turnover	**14,196**	**8,125**	**22,321**
	13,216	8,562	21,778

Fixed Assets used by the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between the segments. Accordingly no disclosure relating to any segment assets and liabilities are made.

The reportable secondary segments are further described below.

- The "Voice" segment includes the operations of the Company and its subsidiaries relating to Call usage, Voice carrier and Inter Usage Connectivity etc in India and Outside India.
- The "Non Voice " segment includes the operations of the Company and its subsidiaries relating to Data/ Broadband Services, Tower Infrastructure, Handsets, Optic Fiber Cables, Direct To Home Services, Internet Data Center, Marketing, Infrastructure Services etc.

As per our report of even date

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

C. D. Lala
Partner
Membership No: 35671

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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
May 2, 2014

For and on behalf of the Board

Chairman **Anil D. Ambani**

Directors **J. Ramachandran**, **A. K. Purwar**, **R. N. Bhardwaj**

Company Secretary and Manager **Prakash Shenoy**

Financial Information of Subsidiary Companies

(₹ 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 Communication Infrastructure Limited	India	20,102.00	(9,159.58)	797,715.91	797,715.91	1.00	288,962.89	(27,631.99)	-	(27,631.99)	-
2	Reliance Infratel Limited	India	283,314.19	489,655.03	1,977,166.98	1,977,166.98	-	779,151.84	32,578.14	43,100.00	(10,521.86)	-
3	Reliance WiMax Limited	India	168.71	10,311.64	10,493.37	10,493.37	-	-	(46.25)	-	(46.25)	-
4	Reliance IDC Limited	India	210.00	257.00	36,089.80	36,089.80	-	35,414.87	90.28	18.00	72.28	-
5	Reliance Digital Home Services Limited	India	5.00	(4.73)	4.39	4.39	-	0.33	(1.26)	-	(1.26)	-
6	Campion Properties Limited	India	356.36	(2,829.73)	13,478.95	13,478.95	-	473.96	(27.32)	-	(27.32)	-
7	Reliance Webstore Limited	India	5.00	(1,408.89)	72,567.49	72,567.49	-	84,390.59	(1,751.90)	-	(1,751.90)	-
8	Reliance Infocomm Infrastructure Private Limited	India	500.00	(82.60)	75,242.18	75,242.18	-	19,566.28	45.45	10.00	35.45	-
9	Reliance Telecom Limited	India	9,348.00	72,049.01	619,393.00	619,393.00	-	373,924.00	(26,016.00)	-	(26,016.00)	-
10	Reliance Big TV Limited	India	1,000.00	(81,821.38)	31,477.29	31,477.29	0.34	37,387.79	(19,034.32)	-	(19,034.32)	-
11	Reliance Tech Services Private Limited	India	1.82	154.61	32,765.57	32,765.57	0.23	35,836.66	125.01	38.63	86.38	-
12	Reliance Mobile Commerce Limited	India	200.00	40.84	257.61	257.61	-	19.14	18.88	5.84	13.04	-
13	Reliance Globalcom Limited	India	5.00	181.91	847.63	847.63	-	2,173.52	14.30	4.61	9.69	-
14	Reliance Communications Tamilnadu Private Limited	India	1.00	(162.66)	60,000.48	60,000.48	-	0.25	(161.93)	-	(161.93)	-
15	Reliance BPO Private Limited	India	1.00	(17.83)	776.21	776.21	1.85	0.12	(73.46)	-	(73.46)	-
16	Gateway Net Trading Pte. Limited	Singapore	15,638.41	(25,170.47)	9,898.45	9,898.45	-	0.32	(132.09)	-	(132.09)	-
	Unit of Currency - USD		26,101,000.00	(42,010,296.14)	16,520,818.04	16,520,818.04	-	527.99	(220,468.69)	-	(220,468.69)	-
17	Reliance Globalcom BV	The Netherlands	1,264.97	228,422.16	641,434.46	641,434.46	71,063.32	38.60	(14,638.23)	-	(14,638.23)	-
	Unit of Currency - USD		2,111,282.00	381,243,700.34	1,070,574,087.00	1,070,574,087.00	118,606,891.00	64,425.00	(24,431,667.67)	-	(24,431,667.67)	-
18	Reliance Infocom Inc.	USA	539.24	(881.54)	3,633.38	3,633.38	-	-	(5.63)	(0.07)	(5.56)	-
	Unit of Currency - USD		900,000.00	(1,471,321.01)	6,064,228.44	6,064,228.44	-	-	(9,389.03)	(122.00)	(9,267.03)	-
19	Reliance Communications Inc.	USA	2,995.75	14,778.17	63,572.22	63,572.22	-	134,983.65	7,371.28	657.52	6,713.76	-
	Unit of Currency - USD		5,000,000.00	24,665,219.71	106,104,010.24	106,104,010.24	-	225,291,918.72	12,302,898.38	1,097,418.62	11,205,479.76	-
20	Reliance Communications International Inc.	USA	5.99	5,959.23	13,867.26	13,867.26	-	12,842.46	346.28	27.00	319.28	-
	Unit of Currency - USD		10,000.00	9,946,142.80	23,144,888.63	23,144,888.63	-	21,434,459.15	577,955.04	45,057.00	532,898.04	-
21	Reliance Communications Canada Inc.	USA	5.99	(72.17)	521.14	521.14	-	695.64	10.41	1.95	8.46	-
	Unit of Currency - USD		10,000.00	(120,446.91)	869,800.46	869,800.46	-	1,161,039.18	17,370.50	3,255.00	14,115.50	-
22	Bonn Investment Inc.	USA	5.99	(590.84)	3,912.90	3,912.90	-	226.48	64.85	0.32	64.53	-
	Unit of Currency - USD		10,000.00	(986,131.36)	6,530,752.01	6,530,752.01	-	378,000.00	108,242.93	539.00	107,703.93	-
23	Reliance Communications (U.K.) Limited	United Kingdom	12.75	19,031.49	22,591.98	22,591.98	-	54,174.80	1,118.75	-	1,118.75	-
	Unit of Currency - GBP		12,779.00	19,076,317.83	22,645,198.49	22,645,198.49	-	54,302,408.89	1,121,380.29	-	1,121,380.29	-
24	Reliance Communications (Hong Kong) Limited	Hong Kong	(0.00)	827.57	4,575.50	4,575.50	-	13,952.78	473.29	-	473.29	-
	Unit of Currency - USD		(0.13)	1,381,235.08	7,636,649.17	7,636,649.17	-	23,287,621.07	789,943.34	-	789,943.34	-
25	Reliance Communications (Australia) Pty. Limited	Australia	0.00	301.60	329.34	329.34	-	130.94	35.08	10.37	24.71	-
	Unit of Currency - AUD		1.00	545,813.68	596,022.90	596,022.90	-	236,961.82	63,479.09	18,764.62	44,714.47	-
26	Reliance Communications (New Zealand) Pte. Limited	New Zealand	0.00	(81.38)	27.48	27.48	-	3.06	(2.56)	-	(2.56)	-
	Unit of Currency - NZD		1.00	(157,453.88)	53,175.12	53,175.12	-	5,917.63	(4,957.43)	-	(4,957.43)	-
27	Reliance Communications (Singapore) Pte. Limited	Singapore	43.41	150,209.49	150,426.99	150,426.99	-	26.91	(10.48)	-	(10.48)	-
	Unit of Currency - USD		72,450.00	250,704,318.74	251,067,329.73	251,067,329.73	-	44,907.00	(17,496.18)	-	(17,496.18)	-
28	Anupam Globalsoft (U) Limited	Uganda	714.00	(442.18)	2,480.82	2,480.82	-	0.30	0.30	-	0.30	-
	Unit of Currency - U.shs		3,000,000,000.00	(1,857,921,842.00)	10,423,615,932.00	10,423,615,932.00	-	1,269,914.20	1,269,914.20	-	1,269,914.20	-
29	Reliance Globalcom Limited, Bermuda	Bermuda	162,746.99	206,359.71	1,844,438.19	1,844,438.19	-	138,299.63	47,781.25	27.88	47,753.37	-
	Unit of Currency - USD		271,629,797.00	344,420,776.49	3,078,424,759.08	3,078,424,759.08	-	230,826,388.51	79,748,398.47	46,536.88	79,701,861.59	-
30	FLAG Telecom Asia Limited	Hong Kong	6.03	2,735.93	40,986.85	40,986.85	-	7,222.57	1,180.93	63.87	1,117.06	-
	Unit of Currency - USD		10,063.87	4,566,359.82	68,408,330.61	68,408,330.61	-	12,054,695.70	1,971,015.74	106,609.23	1,864,406.51	-
31	FLAG Telecom Japan Limited	Japan	54.77	(50,656.60)	3,913.69	3,913.69	-	1,515.84	(2,035.17)	0.76	(2,035.93)	-
	Unit of Currency - USD		91,405.17	(84,547,443.02)	6,532,063.13	6,532,063.13	-	2,529,992.10	(3,396,756.06)	1,275.51	(3,398,031.57)	-
32	FLAG Telecom Singapore Pte. Limited	Singapore	17.08	(9,283.62)	4,252.40	4,252.40	-	229.57	(1,018.95)	-	(1,018.95)	-
	Unit of Currency - USD		28,504.68	(15,494,657.34)	7,097,382.31	7,097,382.31	-	383,154.04	(1,700,652.59)	-	(1,700,652.59)	-
33	Seoul Telenet Inc.	Korea	1,357.39	(10,255.99)	2,637.93	2,637.93	-	1,392.10	(897.37)	-	(897.37)	-
	Unit of Currency - USD		2,265,518.80	(17,117,568.28)	4,402,786.94	4,402,786.94	-	2,323,460.17	(1,497,740.27)	-	(1,497,740.27)	-

Financial Information of Subsidiary Companies

(₹ 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
34	FLAG Holdings (Taiwan) Limited	Taiwan	3,224.62	(326.67)	6,044.69	6,044.69	-	0.07	(14.38)	(13.30)	(1.08)	-
	Unit of Currency - USD		5,381,987.56	(545,227.42)	10,088,781.32	10,088,781.32	-	111.93	(23,999.00)	(22,191.86)	(1,807.14)	-
35	FLAG Telecom (Taiwan) Limited	Taiwan	7,508.99	(1,163.83)	18,542.78	18,542.78	-	2,300.63	404.79	-	404.79	-
	Unit of Currency - USD		12,532,745.19	(1,942,463.30)	30,948,482.56	30,948,482.56	-	3,839,824.55	675,606.12	-	675,606.12	-
36	Reliance Globalcom (UK) Limited	United Kingdom	0.00	4,826.01	10,331.35	10,331.35	-	5,315.94	(115.03)	-	(115.03)	-
	Unit of Currency - USD		3.00	8,054,768.18	17,243,347.22	17,243,347.22	-	8,872,470.09	(191,983.77)	-	(191,983.77)	-
37	FLAG Telecom Deutschland GmbH	Germany	13.68	(154.56)	297.03	297.03	-	14.75	0.77	0.29	0.48	-
	Unit of Currency - USD		22,835.00	(257,960.70)	495,745.87	495,745.87	-	24,613.00	1,285.36	489.97	795.39	-
38	FLAG Telecom Network Services Limited	Ireland	0.01	(558.19)	0.15	0.15	-	0.06	(4.66)	-	(4.66)	-
	Unit of Currency - USD		18.00	(931,629.12)	245.90	245.90	-	98.43	(7,773.41)	-	(7,773.41)	-
39	Reliance FLAG Telecom Ireland Limited	Ireland	0.01	71,548.32	271,730.33	271,730.33	-	48,805.28	17,414.93	2,305.95	15,108.98	-
	Unit of Currency - USD		18.00	119,416,378.07	453,526,379.32	453,526,379.32	-	81,457,532.72	29,066,062.72	3,848,698.51	25,217,364.21	-
40	FLAG Telecom Ireland Network Limited	Ireland	0.01	(6,400.00)	119,026.72	119,026.72	-	7,818.24	227.52	-	227.52	-
	Unit of Currency - USD		18.00	(10,681,797.21)	198,659,306.72	198,659,306.72	-	13,048,884.20	379,732.22	-	379,732.22	-
41	FLAG Atlantic UK Limited	United Kingdom	0.00	(72,896.36)	23,347.70	23,347.70	-	3,367.82	(569.54)	-	(569.54)	-
	Unit of Currency - USD		2.00	(121,666,299.18)	38,968,037.61	38,968,037.61	-	5,621,003.94	(950,587.51)	-	(950,587.51)	-
42	Reliance FLAG Atlantic France SAS	France	22.22	(97,479.04)	63,763.69	63,763.69	-	36,504.67	(7,576.53)	50.68	(7,627.21)	-
	Unit of Currency - USD		37,080.00	(162,695,546.91)	106,423,583.75	106,423,583.75	-	60,927,438.49	(12,645,472.25)	84,578.84	(12,730,051.09)	-
43	FLAG Telecom Nederland BV	The Netherlands	9.16	(224.30)	215.85	215.85	-	0.05	(13.20)	-	(13.20)	-
	Unit of Currency - USD		15,282.00	(374,356.40)	360,263.49	360,263.49	-	87.37	(22,034.66)	-	(22,034.66)	-
44	FLAG Telecom Hellas AE	Greece	30.55	(198.82)	65.37	65.37	-	0.69	(9.34)	0.41	(9.74)	-
	Unit of Currency - USD		50,996.00	(331,836.01)	109,111.90	109,111.90	-	1,158.56	(15,587.30)	676.89	(16,264.19)	-
45	FLAG Telecom Espana Network SAU	Spain	31.99	(6,046.31)	1,315.22	1,315.22	-	405.48	(70.09)	-	(70.09)	-
	Unit of Currency - USD		53,389.00	(10,091,473.27)	2,195,136.59	2,195,136.59	-	676,758.00	(116,985.10)	-	(116,985.10)	-
46	FLAG Telecom Development Services Company LLC	Egypt	7.91	(189.42)	703.97	703.97	-	224.26	20.43	149.62	(129.20)	-
	Unit of Currency - USD		13,201.00	(316,151.27)	1,174,949.81	1,174,949.81	-	374,289.10	34,095.98	249,728.00	(215,632.02)	-
47	Reliance FLAG Pacific Holdings Limited	Bermuda	145.29	97,432.80	213,625.19	213,625.19	-	1,113.27	(10,031.41)	-	(10,031.41)	-
	Unit of Currency - USD		242,500.00	162,618,380.00	356,547,095.82	356,547,095.82	-	1,858,081.21	(16,742,730.20)	-	(16,742,730.20)	-
48	FLAG Telecom Network USA Limited	USA	0.00	(46,319.77)	38,981.64	38,981.64	-	5,473.11	(5,043.27)	5.17	(5,048.44)	-
	Unit of Currency - USD		1.00	(77,309,140.37)	65,061,571.02	65,061,571.02	-	9,134,789.87	(8,417,381.24)	8,630.00	(8,426,011.24)	-
49	FLAG Telecom Group Services Limited	Bermuda	7.19	3,875.70	322,684.61	322,684.61	-	3.41	(64.73)	-	(64.73)	-
	Unit of Currency - USD		12,000.00	6,468,667.78	538,570,659.04	538,570,659.04	-	5,687.34	(108,039.66)	-	(108,039.66)	-
50	FLAG Telecom Development Limited	Bermuda	7.19	359,286.13	501,620.69	501,620.69	-	3,597.99	916.11	-	916.11	-
	Unit of Currency - USD		12,000.00	599,659,733.07	837,220,544.61	837,220,544.61	-	6,005,154.41	1,529,022.41	-	1,529,022.41	-
51	Yipes Holdings Inc.	USA	189,299.39	(25.16)	189,299.69	189,299.69	-	-	(4.79)	-	(4.79)	-
	Unit of Currency - USD		315,946,575.00	(42,000.00)	315,947,080.00	315,947,080.00	-	-	(8,000.00)	-	(8,000.00)	-
52	Reliance Globalcom Services Inc.	USA	176,118.09	(60,156.41)	165,058.53	165,058.53	-	31,181.31	(13,840.92)	40.82	(13,881.74)	-
	Unit of Currency - USD		293,946,574.79	(100,402,914.37)	275,487,828.51	275,487,828.51	-	52,042,570.11	(23,100,930.51)	68,130.00	(23,169,060.51)	-
53	YTV Inc.	USA	0.00	-	0.00	0.00	-	-	-	-	-	-
	Unit of Currency - USD		1.00	-	1.00	1.00	-	-	-	-	-	-
54	Reliance Vanco Group Limited	United Kingdom	309.34	65,693.88	126,880.69	126,880.69	-	-	4,997.17	-	4,997.17	-
	Unit of Currency - GBP		310,072.00	65,848,623.00	127,179,559.00	127,179,559.00	-	-	5,008,938.00	-	5,008,938.00	-
55	Vanco UK Limited	United Kingdom	36.60	(40,946.92)	29,371.68	29,371.68	-	42,174.13	171.70	-	171.70	-
	Unit of Currency - GBP		36,690.00	(41,043,368.00)	29,440,867.00	29,440,867.00	-	42,273,469.00	172,105.00	-	172,105.00	-
56	Vanco (Asia Pacific) Pte. Limited	Singapore	951.50	(791.80)	2,354.69	2,354.69	-	6,383.14	(549.28)	-	(549.28)	-
	Unit of Currency - GBP		953,743.44	(793,662.60)	2,360,238.25	2,360,238.25	-	6,398,174.86	(550,572.71)	-	(550,572.71)	-
57	Vanco Sweden AB	Sweden	46.15	243.00	552.86	552.86	-	1,141.88	(89.06)	-	(89.06)	-
	Unit of Currency - GBP		46,260.32	243,568.00	554,162.79	554,162.79	-	1,144,569.07	(89,266.32)	-	(89,266.32)	-
58	Vanco GmbH	Germany	738.05	(12,546.44)	3,539.32	3,539.32	-	23,059.71	2,493.42	-	2,493.42	-
	Unit of Currency - GBP		739,790.01	(12,575,996.00)	3,547,652.96	3,547,652.96	-	23,114,028.83	2,499,294.46	-	2,499,294.46	-
59	Vanco Deutschland GmbH	Germany	20.62	(9,187.58)	896.23	896.23	-	4,353.59	(2,921.33)	-	(2,921.33)	-
	Unit of Currency - GBP		20,667.99	(9,209,217.00)	898,336.30	898,336.30	-	4,363,843.84	(2,928,206.57)	-	(2,928,206.57)	-

Financial Information of Subsidiary Companies

(₹ 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
60	Vanco SRL (Italy)	Italy	81.65	(1,012.98)	6,994.28	6,994.28	-	7,335.89	154.77	80.28	74.49	-
	Unit of Currency - GBP		81,845.24	(1,015,361.60)	7,010,753.69	7,010,753.69	-	7,353,169.62	155,131.34	80,466.12	74,665.22	-
61	Vanco BV (Holland)	The Netherlands	16.50	(5,658.84)	3,281.80	3,281.80	-	8,963.31	(533.42)	(14.60)	(518.82)	-
	Unit of Currency - GBP		16,534.39	(5,672,171.00)	3,289,529.92	3,289,529.92	-	8,984,426.74	(534,676.32)	(14,636.53)	(520,039.79)	-
62	Euronet Spain SA	Spain	103.10	1,144.58	1,534.09	1,534.09	-	2,701.29	(1.45)	-	(1.45)	-
	Unit of Currency - GBP		103,339.95	1,147,275.40	1,537,702.30	1,537,702.30	-	2,707,655.25	(1,450.22)	-	(1,450.22)	-
63	Vanco SAS (France)	France	247.43	(36,738.03)	3,508.96	3,508.96	-	18,613.72	(1,747.63)	-	(1,747.63)	-
	Unit of Currency - GBP		248,015.87	(36,824,568.00)	3,517,221.06	3,517,221.06	-	18,657,567.50	(1,751,742.83)	-	(1,751,742.83)	-
64	Vanco Sp Zoo	Poland	19.81	(5.55)	56.10	56.10	-	243.60	(32.90)	-	(32.90)	-
	Unit of Currency - GBP		19,853.48	(5,561.00)	56,232.92	56,232.92	-	244,175.40	(32,975.48)	-	(32,975.48)	-
65	Vanco Australasia Pty Limited	Australia	1,719.32	(4,737.12)	2,504.25	2,504.25	-	12,918.43	(180.15)	12.27	(192.42)	-
	Unit of Currency - GBP		1,723,371.14	(4,748,282.00)	2,510,144.22	2,510,144.22	-	12,948,863.73	(180,577.75)	12,301.35	(192,879.10)	-
66	Vanco NV	Belgium	463.11	(6,546.78)	145.97	145.97	-	1,994.08	(44.45)	0.64	(45.09)	-
	Unit of Currency - GBP		464,202.04	(6,562,199.00)	146,310.34	146,310.34	-	1,998,776.01	(44,557.06)	645.60	(45,202.66)	-
67	Vanco Japan KK	Japan	52.29	50.24	124.82	124.82	-	199.15	6.01	1.33	4.68	-
	Unit of Currency - GBP		52,417.43	50,358.00	125,117.63	125,117.63	-	199,622.03	6,019.78	1,335.93	4,683.85	-
68	Vanco South America Ltda	Brazil	209.78	(717.42)	1,081.15	1,081.15	-	874.15	(187.34)	69.79	(257.13)	-
	Unit of Currency - GBP		210,271.78	(719,113.00)	1,083,700.14	1,083,700.14	-	876,206.94	(187,782.53)	69,953.34	(257,735.87)	-
69	Net Direct SA (Proprietary) Limited	South Africa	0.01	(297.57)	-	-	-	-	(223.57)	-	(223.57)	-
	Unit of Currency - GBP		5.70	(298,271.60)	-	-	-	-	(224,093.57)	-	(224,093.57)	-
70	Vanco (Shanghai) Co. Ltd.	China	108.09	(42.88)	89.94	89.94	-	22.34	2.36	-	2.36	-
	Unit of Currency - GBP		108,346.49	(42,986.00)	90,154.03	90,154.03	-	22,393.99	2,368.44	-	2,368.44	-
71	Vanco Solutions Inc.	USA	29.92	(1,392.89)	1,198.41	1,198.41	-	4,759.73	(143.50)	12.33	(155.83)	-
	Unit of Currency - GBP		29,988.60	(1,396,169.60)	1,201,235.77	1,201,235.77	-	4,770,939.55	(143,838.31)	12,361.95	(156,200.26)	-
72	Vanco US LLC	USA	1,256.56	(15,677.26)	2,695.64	2,695.64	-	22,707.51	(783.19)	7.69	(790.88)	-
	Unit of Currency - GBP		1,259,521.38	(15,714,185.00)	2,701,994.36	2,701,994.36	-	22,760,998.84	(785,035.92)	7,705.16	(792,741.08)	-
73	Vanco International Limited	United Kingdom	101.09	17.01	3,540.34	3,540.34	-	4,212.48	(207.69)	-	(207.69)	-
	Unit of Currency - GBP		101,325.00	17,054.00	3,548,675.00	3,548,675.00	-	4,222,405.00	(208,177.00)	-	(208,177.00)	-
74	Vanco Switzerland A.G.	Switzerland	67.75	738.34	891.14	891.14	-	860.64	738.91	20.65	718.26	-
	Unit of Currency - GBP		67,907.10	740,078.40	893,242.81	893,242.81	-	862,666.90	740,645.89	20,695.83	719,950.06	-
75	Vanco Benelux BV	The Netherlands	14.97	389.30	425.07	425.07	-	-	(0.47)	-	(0.47)	-
	Unit of Currency - GBP		15,005.79	390,217.00	426,075.36	426,075.36	-	-	(473.04)	-	(473.04)	-
76	Vanco Global Limited	United Kingdom	269.49	(2,447.77)	3,937.13	3,937.13	-	5,589.98	241.74	-	241.74	-
	Unit of Currency - GBP		270,126.00	(2,453,533.00)	3,946,408.00	3,946,408.00	-	5,603,151.00	242,312.00	-	242,312.00	-
77	Vanco ROW Limited	United Kingdom	0.00	982.55	1,786.13	1,786.13	-	4,122.79	(4.05)	-	(4.05)	-
	Unit of Currency - GBP		2.00	984,861.40	1,790,339.41	1,790,339.41	-	4,132,503.00	(4,056.00)	-	(4,056.00)	-
78	VNO Direct Limited	United Kingdom	518.78	(3,854.03)	-	-	-	-	(5.99)	-	(5.99)	-
	Unit of Currency - GBP		520,000.00	(3,863,113.00)	-	-	-	-	(6,000.00)	-	(6,000.00)	-
79	Lagerwood Investments Limited	Cyprus	1.36	73.10	93.52	93.52	-	120.43	114.24	-	114.24	-
	Unit of Currency - USD		2,268.00	122,009.00	156,094.00	156,094.00	-	201,000.00	190,675.00	-	190,675.00	-
80	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	Cyprus	1.35	2,638.54	3,036.75	3,036.75	-	2.42	(429.39)	0.03	(429.42)	-
	Unit of Currency - USD		2,246.00	4,403,809.00	5,068,434.00	5,068,434.00	-	4,042.00	(716,658.00)	55.00	(716,713.00)	-
81	Global Cloud Xchange Limited	Bermuda	5.99	-	11.98	11.98	-	-	-	-	-	-
	Unit of Currency - USD		10,000.00	-	20,000.00	20,000.00	-	-	-	-	-	-
82	GCX Limited	Bermuda	5.99	-	5.99	5.99	-	-	-	-	-	-
	Unit of Currency - USD		10,000.00	-	10,000.00	10,000.00	-	-	-	-	-	-

Note

1 The Financial Year of the Subsidiaries is for 12 months from April 1, 2013 to march 31, 2014

2 Exchange rate as of March 31, 2014 1 USD = ₹ 59.915 1 GBP = ₹ 99.7650 1 AUD = ₹ 55.2564 1 NZD = ₹ 51.6829 1 Ushs = ₹ 0.0238

This page is intentionally kept blank

This page is intentionally kept blank

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

www.sapprints.com