

ReLIANCE

Communications

Annual Report 2014-15



Dhirubhai H. Ambani

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

Reliance Group – Founder and Visionary

Profile

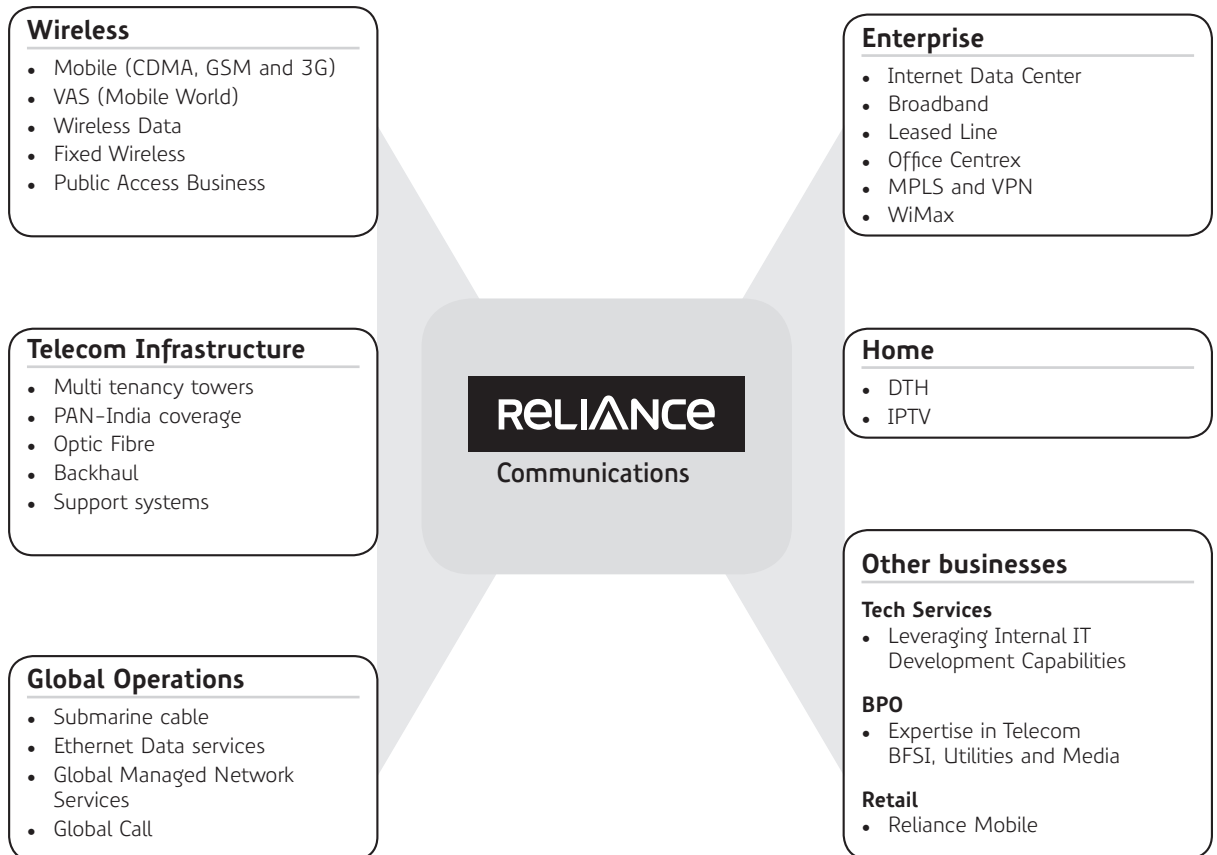
Reliance Communications Limited is the flagship Company of Reliance Group, one of the leading business houses in India.

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.



Board of Directors

Shri Anil Dhirubhai Ambani – Chairman
 Prof. J. Ramachandran
 Shri Deepak Shourie
 Shri A. K. Purwar
 Shri R. N. Bhardwaj
 Smt. Manjari Kacker

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
 Karvy Selenium, Tower – B, Plot No. 31 & 32,
 Survey No. 116/22, 115/24, 115/25,
 Financial District, Nanakramguda,
 Hyderabad 500 032, Telangana, India.
 Website: www.karvy.com

Investor Helpdesk

Toll free no (India) : 1800 4250 999
 Telephone no. : +91 40 6716 1500
 Fax no. : +91 40 6716 1791
 E-mail : rcom@karvy.com

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11th Annual General Meeting on Wednesday, September 30, 2015 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 Sabhaagar, 19, New Marine Lines, Mumbai 400 020

Letter to Shareowners



My dear fellow Shareowners,

In the recent past, the outlook for the Indian economy has greatly improved on the back of various policy initiatives taken by the new Government to reinvigorate the infrastructure and manufacturing sectors, including inter alia the Prime Minister's 'Make in India' and 'Skill India' Initiatives. Business confidence has revived and a moderately paced recovery is already underway. Investment flows have also improved significantly, with higher foreign capital flows in equity and debt markets.

The financial year 2014-15 witnessed renewed activity in the telecom sector, with significant increased investments by all players. The Prime Minister's Digital India initiative is expected to act as a major catalyst for the next phase of growth in the entire telecom space. During the year, the Government of India successfully conducted auction of spectrum in all operational bands and garnered over ₹ 1 lakh crore in sale proceeds.

Currently, the Industry has around 970 million wireless subscribers with approximately 75 per cent unique users. With overall wireless penetration of over 77 per cent and rural India penetration at 48 per cent, the voice market provides an opportunity to add another at least 200 – 300 million new subscribers. The telecom sector in India is witnessing a significant shift from voice usage to a rising trend in data usage, which is clearly the next growth frontier. India currently has approximately 250 million wireless data users and only 84 million wireless broadband users. The wireless data penetration is nearly 25 per cent while the wireless broadband penetration is just above 8 per cent of wireless subscribers. This clearly reflects the exponential growth potential for data in the coming years.

Keeping this in mind and in line with global trends, we believe that 4G is the future of telecom growth in India, as it will change the entire experience for consumers. We have, as part of our growth strategy, future-proofed our portfolio by adding more 800 MHz spectrum to our holding in the recent auction, and have now become a pan-India LTE capable operator in one of the most technologically efficient bands.

RCOM now has 5MHz or more spectrum in the 800/850 MHz band in 21 circles, up from 12 circles earlier. This places the Company in an unparalleled position in the Indian telecommunication space, as sub-1 GHz spectrum band is recognized as most suited for providing LTE services.

Performance review

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

- Total revenue of ₹ 22,098 crore (US\$ 3,536 million)
- Net profit after tax ₹ 620 crore (US\$99 million)

- Total operating expenditure ₹ 14,580 crore (US\$2,333 million)
- Total assets of ₹ 91,284 crore (US\$14,605 million)
- Shareholders equity was ₹ 37,936 crore (US\$6,070 million), while net debt (excluding cash and cash equivalents) was ₹ 37,150 crore (US\$5,944 million), giving a net debt to equity ratio of 0.98 times.

Funds raised

In the largest ever private sector QIP in the history of corporate India, the Company raised ₹ 4,808 crore in its maiden offering during the year. This reflects the confidence of marquee international institutional investors in the Company's long term business growth potential. The funds from the QIP issuance have been used to strengthen the financial position of the Company. The Promoter group also infused ₹ 1,300 crore as new equity capital, at a premium to the price paid by the institutional investors in the QIP.

The Company also raised US\$300 million (₹ 1,909 crore) by issuing offshore bonds at 6.5 per cent interest per annum, with a maturity of five and a half years. The bonds were rated at the same level as Issuer ratings given by Moody's and Fitch i.e. Ba3 (Stable Outlook) by Moody's and BB- (Stable Outlook) by Fitch Ratings. A stable outlook signifies that the Company is in a better position to manage its balance sheet and sustain as a long term player in the telecommunications industry.

Our subsidiary, Global Cloud Xchange (formerly Reliance Globalcom) successfully debuted in the global capital market and raised US\$350 million (₹ 2,100 crore) through fixed rate notes maturing in 2019, extending the maturity of its debt profile. The notes were priced at 100 per cent with a coupon yielding 7 per cent.

Brand Recognition

During the year, RCOM was ranked among the top 10 most reputed companies in India, according to AC Nielson's Corporate Image Monitor (CIM). It was also ranked 14th among the top 20 most exciting brands in 2015, according to the Economic Times Brand Equity.

Operating Segments

RCOM is a leading integrated and converged telecommunications operator in India, and, through international subsidiaries, we are one of the leading global data communications service providers.

As on March 31, 2015, RCOM had a customer base of over 118 million, including 109.5 million wireless customers (including

Letter to Shareowners

33.7 million data subscribers, of which 17.4 million were 3G subscribers), 1.2 million wireline customers, over 2.6 million overseas retail customers and 4.9 million DTH customers. Our Enterprise clientele includes over 39,000 Indian and multinational corporations, including SMEs and over 290 global, regional and domestic carriers.

From an operational perspective, our business is organised into two strategic segments: the India Operations and the Global Operations.

1) India Operations

Our India operations segment comprises: (i) wireless telecommunications services to retail customers through CDMA and GSM technology based networks across India, including 3G services in 18 Circles, which also include the metropolitan Circles of Delhi, Mumbai and Kolkata. We provide a diverse array of mobile and fixed wireless voice, data, and value-added services in our wireless telecommunications business; (ii) voice, long-distance services and broadband access to enterprise customers; (iii) managed Internet Data Centre services; and (iv) DTH business.

We have taken various business initiatives like "One India, One Rate plan", free unlimited access to social networking sites, launch of "Reliance MyStore" up-sell portal and unveiling of "TalkLoan" facility. These initiatives are aimed at driving higher data growth and to provide a substantial value proposition to our customers.

Recently, RCOM launched its next-generation content and cloud delivery network in five cities across India. Reliance's Cloud Xchange nodes will deliver applications on a virtualized infrastructure and will enable automated deployment of cloud services in India and globally across the world's largest private sub-sea cable system.

2) Global Operations

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 underpinned by 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, Middle East, India, South and East Asia, through Japan. The network seamlessly interconnects with our ~190,000 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.

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.

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

RCOM, being a responsible corporate, truly believes that growth and success cannot be achieved in isolation and it is resultant of combined efforts of each stakeholder and support from every segment of the society.

The Company has been taking up several initiatives like PRAYAG, VIDYA, CyberWomen, etc. in the field of education, employability, economic empowerment, environment and health to support inclusive growth and equitable development towards the larger goal of nation building.

Our Commitment

We are confident that the telecom sector in India will witness continued strong growth and contribute to economic development of the country. The Prime Minister's Digital India mission and development of 100 smart cities will give a flip to the telecom sector, aided by high speed wireless broadband and LTE deployments in the coming years. The Company's fundamentals remain strong and the opportunities at hand point to a strong growth path, supporting the positive outlook.

Our emphasis on innovation will help us to achieve faster growth in years to come, by offering a unique value proposition to our customers in terms of our 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

Reliance Communications Limited

Notice

Notice is hereby given that the 11th Annual General Meeting of the Members of **Reliance Communications Limited** will be held on Wednesday, September 30, 2015 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, 2015 and the reports of the Board of Directors and Auditors thereon, and
 - b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2015 and the reports of the Auditors thereon.
2. To appoint a Director in place of Smt. Manjari Kacker (DIN 06945359), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers herself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass 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. Private Placement of Non-Convertible Debentures

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and / or any other Rules / Regulations / Guidelines, if any, prescribed by the Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges and / or any other statutory / regulatory authority / body, and subject to the provisions of the Memorandum and Articles of Association of the Company, the Board of Directors of

the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), be and is hereby authorised to create, offer, invite to subscribe, issue and allot, from time to time, in one or more tranches and / or in one or more series, secured / unsecured / redeemable Non-Convertible Debentures (hereinafter referred to as the "NCDs"), on private placement basis, for such amount(s) as the board may in its absolute discretion determine; provided that the aggregate amount of such NCDs shall be within the overall borrowing limits of the Company, as approved by the Members from time to time under Section 180(1)(c) and all other applicable provisions of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to determine in its absolute discretion the terms and quantum of issue of each NCDs series including the consideration and utilisation of proceeds, class of investors and to do all such acts and things and deal with all such matters and take all such steps as may be necessary."

5. Payment of remuneration to Cost Auditors for the financial year ending March 31, 2016

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force)("the Act"), M/s. V. J. Talati & Co., Cost Accountants (Firm Registration Number 00213) Cost Auditors of the Company for auditing the cost accounting records of the Company for the financial year ending March 31, 2016, be paid remuneration of ₹ 2.50 lac (Rupees two lac fifty thousand only) excluding service tax and out of pocket expenses, if any.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient 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
May 29, 2015

Notice

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 person or 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 representative(s) 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 share(s) in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
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 Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014 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 19, 2015 to Wednesday, September 30, 2015 (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. As Section 125 of the Companies Act, 2013 has not yet been notified, pursuant to the provisions of Section 205C of the Companies Act, 1956, the Company has transferred, the unpaid or unclaimed dividend for the financial year ended March 31, 2007 to the Investor Education and Protection Fund (IEPF) established by the Central Government. The unpaid or unclaimed dividend for the financial year ended March 31, 2008 will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government within stipulated period of time during the current financial year. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts of dividend lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 30, 2014 (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 a Director:
At the ensuing Meeting, Smt. Manjari Kacker, Director of the Company retires by rotation under the provision of the Companies Act, 2013 and being eligible, offer herself for re-appointment. The details pertaining to Smt. Manjari Kacker 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 to the section titled "Investor Information" provided in this Annual Report.
16. Members are requested to fill in and submit online 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.
17. The Statement containing the salient features of the balance sheet, the statement of profit and loss and auditors' report on the Abridged Financial Statement, is sent to the members, along with the Abridged Consolidated Financial Statement. Any member interested in obtaining a copy of the full Annual Report, may write to the Registrar and Transfer Agent of the Company.
18. 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.

Notice

19. Members can avail of 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, Karvy Selenium, Tower – B, Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25, Financial District, Nanakramguda, Hyderabad 500 032, Telangana, India or call on Tel: +91 40 6716 1500; Fax No. +91 40 6716 1791 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 Depository Participant directly for recording their nomination.
20. 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 the Registrar and Transfer Agent for consolidation into a single folio.
21. 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.
22. 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 May 29, 2015 (remote e-voting).

A person, whose name is recorded in the register of members or in the register of beneficial owner (in case of electronic shareholding) maintained by the depositories as on the cut-off date i.e. September 23, 2015 only shall be entitled to avail the facility of remote e-voting/voting. Karvy Computershare Private Limited, our Registrar and Transfer Agent will be facilitating remote e-voting to enable the Members to cast their votes electronically. The Members can cast their votes online from 10.00 A.M. on September 27, 2015 to 5.00 P.M. on September 29, 2015. The Members shall refer to the detailed procedure on remote e-voting given in the e-voting instruction slip.

The facility for voting shall also be available at the meeting. The members who have cast their votes by remote e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their votes again at the meeting.

The Board of Directors have appointed Shri Anil Lohia, Partner, M/s. Dayal & Lohia, Chartered Accountants as Scrutiniser to scrutinise the voting process in a fair and transparent manner. The Scrutiniser will submit his report to the Chairman after completion of the scrutiny and the results of voting will be announced after the meeting of the Company. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting. The result of the voting will be submitted to the Stock Exchanges, where the shares of the Company are listed and posted on the website of the Company at www.rcom.co.in and posted on the website of Karvy Computershare Private Limited.

Statement pursuant to Section 102 (1) of the Companies Act, 2013 to the accompanying Notice dated May 29, 2015

Item No. 4 Private Placement of Non-Convertible Debentures

As per the provisions of Section 42 of the Companies Act, 2013 read with the Rules made there under ("the Act"), a Company offering or making an invitation to subscribe to Securities on a private placement basis is required to obtain the approval of the Members by way of a Special Resolution. The Act provides that such approval can be obtained once in a year for all the offers or invitations for Non-Convertible Debentures (NCDs) to be issued during the year.

In order to augment long term resources in the ordinary course of business for such purposes as may be deemed necessary including for general corporate purpose, the Company may offer or invite subscriptions for secured / unsecured, redeemable NCDs, in one or more series / tranches, on private placement basis.

Accordingly, consent of the Members is sought by way of a Special Resolution as set out in Item No. 4 of the accompanying Notice. This resolution will enable the Board of Directors of the Company to offer or invite subscription for NCDs, as may be required by the Company, from time to time, for a year from the date of the said resolution coming into effect.

None of the Directors, Manager, Key Managerial Personnel and their relatives is concerned or interested financially or otherwise in this resolution.

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

Item No. 5 Payment of remuneration to Cost Auditors for the financial year ending March 31, 2016

The Board of Directors on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s. V. J. Talati & Co., Cost Accountants (Firm Registration No.00213), as the Cost Auditor for audit of the cost accounting records of the Company for the financial year ending March 31, 2016, at a remuneration of ₹ 2.50 lac (Rupees two lac and fifty thousand only) excluding service tax and out of pocket expenses, if any. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor needs to be ratified by the Members of the Company.

None of the Directors, Manager, Key Managerial Personnel and their relatives is concerned or interested financially or otherwise in this resolution.

The Board accordingly recommends the Ordinary Resolution set out at Item No. 5 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
May 29, 2015

Directors' Report

Dear Shareowners,

Your Directors present the 11th Annual Report and the audited financial statement for the financial year ended March 31, 2015.

Financial Results

The financial performance of the Company for the year ended March 31, 2015 is summarised below:

Particulars	Financial Year ended March 31, 2015		*Financial Year ended March 31, 2014	
	₹ in crore	US\$ in million**	₹ in crore	US\$ in million**
Total income	11,136	1782	12,445	2,079
Gross profit before depreciation, amortisation and exceptional items	311	50	1,290	215
Less:				
Depreciation and amortisation	1,940	310	2,048	342
Profit/ (Loss) before Exceptional items, Tax and Adjustments	(1,629)	(260)	(758)	(127)
Exceptional Items				
Lease Rent Equalisation written back	4,328	692	-	-
Yield on Redeemable Preference Share receivables reversed	(1,359)	(217)	-	-
Profit/ (Loss) before Tax	1,340	215	(758)	(127)
Less: Provision for:				
Current tax / Excess provision for Tax of earlier years	1,494	239	(1,488)	(248)
Profit / (Loss) after tax	(154)	(24)	730	121
Add : Balance brought forward from previous year	881	141	322	54
Profit available for appropriation	727	117	1,052	175
Appropriations:				
Transfer to Debenture Redemption Reserve	-	-	171	28
Balance carried to Balance Sheet	727	117	881	147

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

** Exchange Rate ₹ 62.500 = US\$ 1 as on March 31, 2015 (₹59.915 = US\$1 as on March 31, 2014).

Financial Performance

During the year under review, your Company has earned income of ₹ 11,136 crore against ₹ 12,445 crore in the previous year. The Company has incurred a loss of ₹ 154 crore for the year as compared to profit of ₹ 730 crore in the previous year.

The performance and financial position of the subsidiary companies and associate companies are included in the consolidated financial statement of the Company and presented in the Management Discussion and Analysis forming part of this Annual Report.

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 subsidiary companies operates on a pan-India basis offers 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 Operations and Global Operations.

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 subsidiary company, a global submarine cable network infrastructure and offers managed services, managed Ethernet and application delivery services.

Spectrum Auction

The Department of Telecommunications (DoT) conducted auction for the 800, 900, 1800 and 2100 MHz spectrum in March 2015. The Company successfully bid for its requirements in the 10 service areas and won additional/top up spectrum in 1800 MHz in Haryana, Karnataka and Punjab and in 800 MHz in Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Kolkata, Odisha, Punjab, Uttat Pradesh (West) and West Bengal service areas. The validity of the above spectrum will be for a fresh 20 year period starting from the effective date as mentioned in the Letter of Intent (LOI), which in case of spectrum blocks currently held by the existing licensees, is the date of expiry of existing licenses. The LOIs have been issued on 27/28 May, 2015. As per the payment options available, the Company has chosen the deferred payment option.

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.

Directors' Report

Share Capital / Fund Raising Programme

During the year under review, the Company allotted 33,82,86,197 equity shares of ₹ 5/- each at a offer price of ₹ 142.14 per equity share (including a Share premium of ₹ 137.14 per equity share) under Qualified Institutional Placement (QIP) to Qualified Institutional Buyers on July 2, 2014 and received an amount aggregating to ₹ 4,808.40 crore. The Company had also allotted 8,66,66,667 Warrants entitling the subscribers to subscribe to equivalent number of Equity Shares of ₹ 5/- each at a price of ₹ 150/- per Warrant (including Share premium of ₹ 145/- per Equity Share) aggregating to ₹ 1,300 crore under preferential allotment to the Promoter Group entity and allotted 8,66,66,667 equity shares to the Promoter Group entity, against said Warrants on January 20, 2015. The fund raised were utilised as per the object/purpose for which it was raised. The Paid up share capital of the Company was increased from ₹ 1032.01 crore to ₹ 1244.49 crore. This was the maiden QIP and Preferential Issue of the Company.

During the current financial year 2015-16, the Company issued and allotted foreign currency Senior Secured Notes on May 6, 2015 amounting to US\$ 300 mn (₹ 1,909 crore). The Notes have a tenor of 5 ½ years due in November, 2020 and carry a coupon rate of 6.5 per cent per annum, payable semi annually. The Notes are listed on the Singapore Stock Exchange.

Non Convertible Debentures

During the year under review, the Company has not issued or redeemed any Non-Convertible Debentures.

Deposits

The Company has not accepted deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 ("the Act") and the Companies (Acceptance of Deposits) Rules, 2014.

Particulars of Investments

Pursuant to the provisions of Section 186 of the Act, the details of the Investments made are provided in the unabridged standalone financial statement under Notes No.2.11 and 2.15.

Subsidiary and Associate companies

During the year under review, Reliance Infra Realty Limited and Reliance Infra Projects Limited became the subsidiaries of the Company.

The performance and financial position of the major subsidiary companies are presented in Management Discussion and Analysis Report forming part of this Annual Report. Also, a report on the performance and financial position of each of the subsidiary companies and associate companies as per the Act is provided in the consolidated financial statement. The Policy for determining material subsidiary companies may be accessed on the Company's website at the link <http://www.rcom.co.in/Rcom/aboutus/ir/pdf/Policy-for-determining-Material-Subsidiary.pdf>.

Consolidated Financial Statement

The Audited Consolidated Financial Statement for the financial year ended March 31, 2015, based on the financial statement received from subsidiary companies, joint ventures and associate companies, as approved by their respective Board of Directors have been prepared in accordance with Accounting Standard (AS) - 21 on 'Consolidated Financial Statement' read with AS-23 on 'Accounting for Investments in Associates' and AS-27 on 'Financial Reporting of Interests in Joint Ventures', notified under the Act, read with the Accounting Standards Rules as applicable.

Directors

During the year under review, in terms of the provisions of Act, the Company appointed Prof. J. Ramachandran, Shri Deepak Shourie, Shri A. K. Purwar and Shri R. N. Bhardwaj as Independent Directors of the Company for a period of 5 years and Smt. Manjari Kacker as a Woman Director, liable to retire by rotation w.e.f. September 16, 2014.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Act and Clause 49 of the Listing Agreement with the Stock Exchanges.

The details of programme for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates and related matters are put up on the website of the Company at the link http://www.rcom.co.in/Rcom/aboutus/ir/pdf/Directors_familiarisation.pdf.

In terms of the provisions of the Companies Act, 2013, Smt. Manjari Kacker, Woman Director of the Company, retires by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting (AGM). A brief resume of Smt. Manjari Kacker, Woman Director, nature of expertise in specific functional areas and names of the companies in which she holds directorship and / or membership / chairmanship 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.

Key Managerial Personnel

During the year, Shri Vinod Sawhny, Chief Executive Officer, Shri Manikantan V., Chief Financial Officer and Shri Prakash Shenoy, Company Secretary and Manager were designated as the Key Managerial Personnel (KMP) of the Company as per requirements of the Act.

Evaluation of Directors, Board and Committees

The Company has devised a policy for performance evaluation of the individual directors, Board and its Committees, which includes criteria for performance evaluation.

Pursuant to the provisions of the Act and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Committees of the Board. The Board performance was evaluated based on inputs received from all the Directors after considering criteria such as Board composition and structure, effectiveness of processes and information provided to the Board etc. A separate meeting of the Independent Directors was also held during the year for the evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairman.

The Nomination and Remuneration Committee has also reviewed the performance of the individual directors based on their knowledge, level of preparation and effective participation in Meetings, understanding of their roles as directors etc.

Policy on appointment and remuneration for Directors, key managerial personnel and senior management employees

The Nomination and Remuneration Committee of the Board has devised a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Employees and their Remuneration. The Committee has formulated

Directors' Report

the criteria for determining qualifications, positive attributes and independence of a Director, which has been put up on the Company's website. Further, the Committee has also devised a policy relating to remuneration for Key Managerial Personnel and senior management employees, as the Company does not have any Whole-time Director/ Managing Director on its Board. The policy on the above is attached as Annexure – A.

Directors' Responsibility Statement

Pursuant to the requirements under Section 134(5) of the Act with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual financial statement for the financial year ended March 31, 2015, 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, 2015 and of the loss of the Company for the year ended on that date;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual financial statement for the financial year ended March 31, 2015 on a 'going concern' basis;
- v. The Directors had laid down internal financial controls to be followed by the Company and such financial controls are adequate and are operating effectively, and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Contracts and Arrangements with Related Parties

All contracts/ arrangements/ transactions entered into by the Company during the financial year under review with related parties were on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions were placed before the Audit Committee for approval. Omnibus approval of the Audit Committee was obtained for the transactions which were of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were reviewed and statements giving details of all related party transactions were placed before the Audit Committee for their approval on a quarterly basis. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at the link <http://www.rcom.co.in/Rcom/aboutus/ir/pdf/Related-Party-Transactions-Policy.pdf>. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

Material Changes and Commitments if any, affecting the financial position of the Company

There was no material change and commitment which materially affect the financial position of the Company occurred between

the financial year ended on March 31, 2015 and the date of this report.

Meetings of the Board

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, six Board Meetings were held, details of which are given in the Corporate Governance Report.

Audit Committee

The Audit Committee of the Board consists of Independent Directors namely Prof. J. Ramachandran, Chairman, Shri A. K. Purwar, Shri R. N. Bhardwaj, Shri Deepak Shourie and Non Independent Director Smt. Manjari Kacker as members. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co.LLP, Chartered Accountants, the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting (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 141(3) of the Act and that they are not disqualified from appointment as statutory auditors of the Company.

The observations and comments given by the Statutory Auditors in their report read together with notes on financial statement are self explanatory and hence do not call for any further comments under Section 134 of the Act.

Cost Auditors

Pursuant to the provisions of the Act and Companies (Cost Records and Audit) Rules, 2014, the Board of Directors have appointed M/s. V. J. Talati & Co., Cost Accountants, as the Cost Auditors for conducting cost audit for the telecommunications businesses of the Company for the financial year ending March 31, 2016, subject to the remuneration being ratified by the members at the ensuing AGM of the Company.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Kaushik M. Jhaveri & Co., Company Secretaries in Practice to undertake the Secretarial Audit of the Company. There is no qualification, reservation or adverse remark made in their Secretarial Audit Report. The Audit Report of the Secretarial Auditor is attached herewith as Annexure – B.

Extract of Annual Return

Extract of the Annual Return of the Company in form MGT-9 is attached herewith as Annexure – C.

Employees Stock Option Scheme

During the year under review, the Company has not granted any Options to the employees of the Company. Employees Stock Option Scheme (ESOS) was approved and implemented by the Company and Options were granted to the employees under ESOS Plan 2008 and Plan 2009 in accordance with earlier guidelines applicable to ESOS.

The ESOS Compensation Committee of the Board monitors the Scheme. The existing ESOS Scheme and Plans are in compliance with the Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014 (SEBI Regulations).

Reliance Communications Limited

Directors' Report

The applicable disclosures as stipulated under the Companies (Share Capital and Debentures) Rules, 2014 as on March 31, 2015 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) Options vested	: Nil	Nil
d) Options exercised	: Nil	Nil
e) Total number of equity shares arising as a result of exercise of Options	: Nil	Nil
f) Options lapsed / forfeited during the year	: 2,76,141 Options	5,37,632 Options
g) Exercise Price	: 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.
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	: 62,274 Options	12,75,358 Options
k) Employee wise details of Options granted to:		
i. Key managerial personnel	: Nil	29400
Shri Manikantan V. – Chief Financial Officer		
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

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 Regulation and as per the resolution passed by the members of the Company authorising issuance of the said Options.

Particulars of Employees and related disclosures

In terms of the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annexure to the Directors' Report. However, having regard to the provisions of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. The said information is available for inspection 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 AGM and any member interested in obtaining the same may write to the Company Secretary. Upon such request the information shall be furnished.

Disclosures relating to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in Annexure – D.

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

As the Company does not carry on any manufacturing activity, being a telecommunications service provider, most of the information of the Company as required under Section 134(3)

(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable. However, the information as applicable has been given in the Annexure – E forming part of this Report.

Corporate Governance

The Company has adopted "Reliance Group-Corporate Governance Policies and Code of Conduct" which sets 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 is presented in separate section forming 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 to the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is enclosed to this Report.

Vigil Mechanism

In accordance with Section 177 of the Act and the Listing Agreement, the Company has formulated a Vigil Mechanism to address the genuine concern, if any of the directors and employees. The details of the same have been stated in the Report on Corporate Governance and the policy can also be accessed on the Company's website.

Directors' Report

Risk Management

Pursuant to the requirement of Clause 49 of the Listing Agreement, during the year, the Company has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The details of the Committee and its terms of reference etc. are set out in the Corporate Governance Report forming part of this Report.

The Company has a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business segments.

Compliance with provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to uphold and maintain the dignity of woman employees and it has in place a policy which provides for protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year no such complaints were received.

Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility Committee in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules 2014. The Corporate Social Responsibility Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company. The CSR policy may be accessed on the Company's website at the link; <http://www.rcom.co.in/Rcom/aboutus/ir/pdf/CSR-Policy.pdf>.

The CSR Committee consists of Smt. Manjari Kacker as Chairperson, Shri Anil D. Ambani, Prof J. Ramachandran, Shri Deepak Shourie, Shri A. K. Purwar and Shri R. N. Bhardwaj, Directors as members.

The disclosures with respect to CSR activities is given in Annexure – F.

Orders, if any, passed by Regulators or Courts or Tribunals

No orders have been passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operation.

Internal Financial Controls and their adequacy

The Company has in place adequate internal financial controls across the organisation. The same is subject to review periodically by the internal audit cell for its effectiveness. During the year, such controls were tested and no reportable material weakness in the design or operation were observed.

Business Responsibility Statement

SEBI vide its Circular CIR/CFD/DIL/8/2012 dated August 13, 2012, has mandated 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 issued by SEBI, the BRR has been uploaded on the website of the Company at [www.rcom.co.in/investor relations\ Financial Results](http://www.rcom.co.in/investor%20relations/Financial%20Results). Any shareholder interested in obtaining physical copy of BRR may write to the Company Secretary at the Registered Office of the Company.

Acknowledgement

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

For and on behalf of the Board of Directors

Mumbai
May 29, 2015

Anil Dhirubhai Ambani
Chairman

Policy on appointment and remuneration for Directors, Key Managerial Personnel and Senior Management employees

1. Introduction

- 1.1 Reliance Communications Limited considers human resources as its invaluable assets. This policy aims to harmonise the aspirations of the directors/ employees with the goals of the Company.
- 1.2 Human capital is a strategic source of value creation. As part of our progressive HR philosophy, it is necessary to have in place a comprehensive Compensation Policy, which is in line with the industry trend and is employee friendly.

2. Objectives

- 2.1 Ensuring that the quantum and composition of remuneration is reasonable and sufficient to attract, retain and motivate, employees to run the Company successfully.
- 2.2 Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- 2.3 Ensure that annual compensation review considers industry/ business outlook and strategies adopted by industry peers, differentiates employees based on their performance/skill sets and also protects employees, particularly those in junior cadre, against inflationary pressures;
- 2.4 Retention of high performers at all levels and those playing critical roles.

3. Scope

The Board has constituted the "Nomination and Remuneration Committee" in line with the requirements under the provisions of the Companies Act, 2013. This Policy sets out the broad guiding principles for the Committee for recommending to the Board the appointment and remuneration of the directors, key managerial personnel, senior managerial personnel of the Company.

4. Definitions

- 4.1. "Director" means a director appointed to the Board of the Company.
- 4.2. "Key Managerial Personnel" means
 - (i) the Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-time Director;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed under the Companies Act, 2013.
- 4.3. "Senior Management" means personnel of the company who are members of its core management team excluding Board of Directors comprising of all members of management one level below the executive directors, if any.

5. Policy

- 5.1 Appointment of Directors/ Key Managerial / Senior Management personnel
The Nomination and Remuneration Committee, inter alia, considers qualifications, positive attributes, areas of expertise and number of Directorships and Memberships held in various committees of other companies by such persons for selection. The Board considers the recommendation of the Committee and takes appropriate decisions. The Company also considers the requirement of skills and effectiveness of persons contributing to the Company's business and policy decisions.
- 5.2 Remuneration to Directors/ Key Managerial Personnel
 - 5.2.1 The remuneration of the Directors/ Managing Director/ Whole time Directors and Managers etc. will be governed as per provisions contained in the Companies Act, 2013 and rules made therein from time to time.
 - 5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as approved by the Board of Directors from time to time. The Non-Executive Directors shall also be entitled to profit related Commission, if approved by the Board, in addition to the sitting fees.
 - 5.2.3 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Directors/ Key Managerial Personnel/ Senior Management Personnel of the Company within the overall limits, if any, approved by the shareholders.
 - 5.2.4 The remuneration structure shall include the following components:
 - (i) Basic Pay
 - (ii) Perquisites and Allowances
 - (iii) Stock Options, if any.
 - (iv) Commission (Applicable in case of Executive Directors/ Directors)
 - (v) Retiral Benefits
 - (vi) Performance Linked Incentives
 - 5.2.5 The Annual Plan, Objectives, financial results of the Company shall be reviewed by the Nomination and Remuneration Committee and performance incentives, increment, revision in remuneration etc. will be proposed based on the achievements.
- 5.3 Remuneration to other employees
Employees shall be assigned grades/bands according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade/bands and shall be based on various factors such as job profile, skill sets, seniority, experience, performance and prevailing remuneration levels for equivalent jobs.

6. Retention Features as part of Compensation Package

Based on the organizational need for retaining performing employees and those in critical roles, certain retention features may be rolled out as part of the overall compensation package. These may take form of Retention Bonuses (RBs); Special Monetary Programs (SMPs), Long-term Incentives (LTIs), Employee Stock Options etc.

7. Modification and Amendment

The policy is subject to modification, amendment and alterations by the management at any time without assigning any reasons.

**Secretarial Audit Report
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Reliance Communications Limited
H Block, 1st Floor,
Dhirubhai Ambani Knowledge City,
Navi Mumbai – 400 710

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Reliance Communications Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on the verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has followed proper Board – processes and have required compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Reliance Communications Limited** for the financial year ended on March 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during audit period).

I have also examined compliance with applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India – (Not notified hence not applicable to the Company during the audit period)
- (ii) The Listing Agreements entered into by the company with BSE Limited, National Stock Exchange of India Limited and Luxembourg Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines as applicable mentioned above.

Directors' Report

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test – check basis, the Company has complied with the following laws applicable specifically to the Company:

- (a) The Indian Telegraph Act, 1885 and Rules made thereunder and as amended from time to time;
- (b) The Telecom Regulatory Authority of India Act, 1997 and Rules made thereunder and as amended from time to time.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions at Board Meetings and Committee Meetings are carried out and recorded in the minutes of meetings of the Board of Directors and Committee of the Board accordingly.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period following Special Resolutions were passed consequently to which below events took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and guidelines as applicable:

- a. Allotment of 86,666,667 Equity Shares against entitlement on Warrants allotted on Preferential basis to the Promoter Group entity on 20th January, 2015;
- b. Allotment of 338,286,197 Equity Shares on Private Placement basis on July 2, 2014 to Qualified Institutions;
- c. Increase in Borrowing Limits under Section 180 (1) (c) of the Companies Act, 2013;
- d. Sell, lease or dispose off whole or substantially the whole of the undertaking under Section 180 (1) (a) of the Companies Act, 2013;
- e. In – principle approval of members to create, offer, invite to subscribe, issue and allot Non Convertible Debentures (NCDs') on private placement basis under Section 42 and 71 of the Companies Act, 2013.

For Kaushik M. Jhaveri & Co.,

Kaushik M. Jhaveri
Practising Company Secretary
FCS No.: 4254
CP No. : 2592

Date : May 20, 2015
Place : Mumbai

Directors' Report

ANNEXURE - C

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

- i. Corporate Identification Number (CIN) : L45309MH2004PLC147531
- ii. Registration Date : July 15, 2004
- iii. Name of the Company : Reliance Communications Limited
- iv. Category / Sub-Category of the Company : Public Company/ Limited by Shares
- v. Address of the Registered Office and contact details : H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710, India
Tel : +91 22 3038 6286, Fax: +91 22 3037 6622
E-mail: Rcom.Investors@relianceada.com
Webste: www.rcom.co.in
- vi. Whether listed company : Yes
- vii. Name, address and contact details of Registrar and Transfer Agent, if any : Karvy Computershare Private Limited
Karvy Selenium, Tower - B, Plot No. 31 & 32,
Survey No. 116/22, 115/24, 115/25,
Financial District, Nanakramguda,
Hyderabad 500 032, Telangana, India.
Tel: +91 40 6716 1500; Fax: +91 40 6716 1791
Toll Free No. 1800 4250 999
E-mail: rcom@karvy.com
Website: www.karvy.com

II. Principal Business Activities of the Company

All the Business Activities contributing 10 per cent or more of the total turnover of the Company shall be stated:

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Telecommunications	612	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
(1)	Reliance Innoventures Private Limited 502, Plot No 91/94, Prabhat Colony, Santacruz(East), Mumbai 400 055	U73100MH2005PTC158356	Holding	0.50%	2(46)
(2)	Reliance Infratel Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U72900MH2001PLC131598	Subsidiary	90.45%	2(87)(ii)
(3)	Reliance Telecom Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U32100MH1994PLC162841	Subsidiary	100%	2(87)(ii)
(4)	Reliance Communications Infrastructure Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U64203MH1997PLC166329	Subsidiary	100%	2(87)(ii)
(5)	Reliance Big TV Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U45203MH2005PLC153294	Subsidiary	100%	2(87)(ii)
(6)	Reliance Wimax Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U30007MH1991PLC218014	Subsidiary	100%	2(87)(ii)
(7)	Reliance Bhutan Limited (Formerly known as Reliance Digital Home Services Limited) H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U72900MH2001PLC131597	Subsidiary	100%	2(87)(ii)
(8)	Reliance Webstore Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U72900MH2000PLC128101	Subsidiary	100%	2(87)(ii)
(9)	Reliance Infocomm Infrastructure Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U45300MH1993PLC173775	Subsidiary	100%	2(87)(ii)
(10)	Campion Properties Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U55101MH2001PLC218815	Subsidiary	100%	2(87)(ii)
(11)	Reliance Tech Services Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U72900MH2007PLC172690	Subsidiary	100%	2(87)(ii)
(12)	Reliance IDC Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U72900MH2001PLC131600	Subsidiary	100%	2(87)(ii)
(13)	Reliance BPO Private Limited Manek Mahal Flat No.19-20, 6 th Floor, 90-Veer Nariman Road, Churchgate, Mumbai 400 020	U72200MH2000PTC124290	Subsidiary	100%	2(87)(ii)

Reliance Communications Limited

Directors' Report

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
(14)	Reliance Mobile Commerce Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U64201MH2010PLC210643	Subsidiary	100%	2(87)(ii)
(15)	Reliance Globalcom Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U51900MH2000PLC125366	Subsidiary	100%	2(87)(ii)
(16)	Reliance Communications Tamil Nadu Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U64201MH2001PLC131627	Subsidiary	100%	2(87)(ii)
(17)	Reliance Infra Projects Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U70109MH2014PLC259052	Subsidiary	100%	2(87)(ii)
(18)	Reliance Infra Realty Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U70109MH2014PLC259224	Subsidiary	100%	2(87)(ii)
(19)	Reliance Globalcom B.V. Claude Debussylaan 18, 1082, MD Amsterdam, The Netherlands	NA	Subsidiary	100%	2(87)(ii)
(20)	Reliance Communications (UK) Ltd Unit 5 & 6, Great West Plaza, Riverbank Way, Brentford, TW8 9RE, United Kingdom	NA	Subsidiary	100%	2(87)(ii)
(21)	Reliance Communications (Hong Kong) Limited 29 th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong	NA	Subsidiary	100%	2(87)(ii)
(22)	Reliance Communications (Singapore) Pte. Limited 10 Anson Road # 18-13, International Plaza Singapore 079903	NA	Subsidiary	100%	2(87)(ii)
(23)	Reliance Communications (New Zealand) Pte Limited C/o - Ross Melville PKF, Level 5, 50 Anzac Avenue, Auckland, New Zealand	NA	Subsidiary	100%	2(87)(ii)
(24)	Reliance Communications (Australia) Pty Limited 9 Peach Gardens, Glenwood NSW 2768	NA	Subsidiary	100%	2(87)(ii)
(25)	Anupam Global Soft (U) Limited Plot - 43, Chwa - 11 Rd, Mbuya, P O Box 70881, Kampala Uganda	NA	Subsidiary	90%	2(87)(ii)
(26)	Gateway Net Trading Pte Limited 10 Anson Road # 18-13, International Plaza, Singapore 079903	NA	Subsidiary	100%	2(87)(ii)
(27)	Reliance Globalcom Limited, Bermuda Cumberland House, 9 th Floor, 1 Victoria Street, Hamilton HM11, Bermuda	NA	Subsidiary	100%	2(87)(ii)
(28)	FLAG Telecom Singapore Pte. Limited 10 Anson Road # 18-13, International Plaza, Singapore 079903	NA	Subsidiary	100%	2(87)(ii)
(29)	FLAG Atlantic UK Limited Units 5 & 6, Riverbank Way, BRENTFORD, Middlesex, TW8 9RE, England	NA	Subsidiary	100%	2(87)(ii)
(30)	Reliance FLAG Atlantic France SAS 114 rue Ambroise Croizat 93200 Saint Denis France	NA	Subsidiary	100%	2(87)(ii)
(31)	FLAG Telecom Taiwan Limited Room No. 102, 4F, No 200, Sec 1, Keelung Road, Taipei, Taiwan	NA	Subsidiary	60%	2(87)(ii)
(32)	Reliance FLAG Pacific Holdings Limited Cumberland House, 9 th Floor, 1 Victoria Street, Hamilton HM11, Bermuda	NA	Subsidiary	100%	2(87)(ii)
(33)	FLAG Telecom Group Services Limited Cumberland House, 9 th Floor, 1 Victoria Street, Hamilton HM11, Bermuda	NA	Subsidiary	100%	2(87)(ii)
(34)	FLAG Telecom Deutschland GmbH Mainzer Landstrasse, 176, 60327 Frankfurt, Germany	NA	Subsidiary	100%	2(87)(ii)
(35)	FLAG Telecom Hellas AE 75 Patission Street, 10434 Athens, Greece	NA	Subsidiary	100%	2(87)(ii)
(36)	FLAG Telecom Asia Limited Suite 3901-2, 39F, Lippo Centre, Tower two, 89 Queensway, Hong Kong	NA	Subsidiary	100%	2(87)(ii)
(37)	FLAG Telecom Nederland B.V. Units 5 & 6, Riverbank Way, BRENTFORD, Middlesex, TW8 9RE, England	NA	Subsidiary	100%	2(87)(ii)
(38)	Reliance Globalcom (UK) Limited Units 5 & 6, Riverbank Way, BRENTFORD, Middlesex, TW8 9RE, England	NA	Subsidiary	100%	2(87)(ii)
(39)	Yipes Holdings Inc. 2711 Centerville Road Suite 400 Wilmington DE 19808, New Castle County	NA	Subsidiary	100%	2(87)(ii)
(40)	Reliance Globalcom Services Inc. 2711 Centerville Road Suite 400 Wilmington DE 19808, New Castle County	NA	Subsidiary	100%	2(87)(ii)
(41)	YTV Inc. 11 South 12 th Street P.O. Box 1463 Richmond VA 23218 Richmond City, Virginia	NA	Subsidiary	100%	2(87)(ii)
(42)	Reliance Infocom Inc. 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808	NA	Subsidiary	100%	2(87)(ii)
(43)	Reliance Communications Inc. 2711, Centerville Road, Suite 400, City of Wilmington, Country of New Castle, Delaware 19808	NA	Subsidiary	100%	2(87)(ii)
(44)	Reliance Communications International Inc. 2711 Centerville Road, Suite 400, City of Wilmington, Country of New Castle, Delaware 19808	NA	Subsidiary	100%	2(87)(ii)

Directors' Report

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
(45)	Reliance Communications Canada Inc. 2711, Centerville Road, Suite 400, City of Wilmington, Country of New Castle, Delaware 19808	NA	Subsidiary	100%	2(87)(ii)
(46)	Bonn Investment Inc. 2711, Centerville Road, Suite 400, City of Wilmington, Country of New Castle, Delaware 19808	NA	Subsidiary	100%	2(87)(ii)
(47)	FLAG Telecom Development Limited Cumberland House, 9 th Floor, 1 Victoria Street, Hamilton HM11, Bermuda	NA	Subsidiary	100%	2(87)(ii)
(48)	FLAG Telecom Development Services Company LLC Nile City Towers, North Tower, 23 rd Floor, Cornish El Nil, Ramlet Boulak, Cairo, Egypt	NA	Subsidiary	100%	2(87)(ii)
(49)	FLAG Telecom Network Services Limited 6 th Floor, South Bank House, Barrow Street, Dublin 4, Ireland	NA	Subsidiary	100%	2(87)(ii)
(50)	Reliance FLAG Telecom Ireland Limited 6 th Floor, South Bank House, Barrow Street, Dublin 4, Ireland	NA	Subsidiary	100%	2(87)(ii)
(51)	FLAG Telecom Japan Limited Izumi Kojimachi Building, 5 th Floor, 1-10 Kojimachi, Chiyoda-Ku, Tokyo 102-0083, Japan	NA	Subsidiary	100%	2(87)(ii)
(52)	FLAG Telecom Ireland Network Limited 6 th Floor, South Bank House, Barrow Street, Dublin 4, Ireland	NA	Subsidiary	100%	2(87)(ii)
(53)	FLAG Telecom Network USA Limited Corporate Trust Centre, 1209 Orange Street, Wilmington, Country of New Castle, Deleware 19801, USA	NA	Subsidiary	100%	2(87)(ii)
(54)	FLAG Telecom Espana Network SAU Calle Isabel Colbrand, 6-5 Planta, Madrid, Spain	NA	Subsidiary	100%	2(87)(ii)
(55)	Seoul Telenet Inc. Suite 2302, 23/F City Air Tower 159-9, Samsung-dong, Kangnam-ku, Seoul, 135973, Korea	NA	Subsidiary	49%	2(87)(ii)
(56)	FLAG Holdings (Taiwan) Limited No 200, Sec. 1, Keelung Road, Taipei, Taiwan	NA	Subsidiary	50%	2(87)(ii)
(57)	Reliance Vanco Group Ltd Units 5 & 6, Great West Plaza, Riverbank Way, Brentford, Middlesex, TW8 9RE, U. K.	NA	Subsidiary	100%	2(87)(ii)
(58)	Euronet Spain SA ParqueEmpres San Fernando, Edif Europa, Plta Baja, San Fernando de Henares, 28830, Madrid Spain	NA	Subsidiary	100%	2(87)(ii)
(59)	Vanco (Shanghai) Co Ltd. Room 39, 47F, Hong Kong New World Tower No. 300, Middle Huaihai Road Lu Wan District Shanghai, 200021, PRC, China	NA	Subsidiary	100%	2(87)(ii)
(60)	Vanco (Asia Pacific) Pte. Ltd. 67 Ubi Avenue 1 #06-01 North Wing 408942 Singapore	NA	Subsidiary	100%	2(87)(ii)
(61)	Vanco Australasia Pty. Ltd. Level 8, 54 Miller Street North Sydney NSW 2060 Australia	NA	Subsidiary	100%	2(87)(ii)
(62)	Vanco Sp Zoo ul. Waliców 11 00-851 Warszawa Poland	NA	Subsidiary	100%	2(87)(ii)
(63)	Vanco GmbH TriforumHaus A1 Frankfurter Strasse 233, 63263 Neu-Isenburg Germany	NA	Subsidiary	100%	2(87)(ii)
(64)	Vanco Japan KK 1-2-3 Kitaaooyama Minato-ku, Tokyo, Japan	NA	Subsidiary	100%	2(87)(ii)
(65)	Vanco NV Pegasuslaan 5, MachelenB-1831Belgium	NA	Subsidiary	100%	2(87)(ii)
(66)	Vanco SAS 8-14 Avenue de l' Arche le colisée 92400 courbevoie France	NA	Subsidiary	100%	2(87)(ii)
(67)	Vanco South America Ltda AvenidaPaulista 2300 AndarPilotis - Cerqueira, Sao Paulo 01310-300 Brazil	NA	Subsidiary	100%	2(87)(ii)
(68)	Vanco Srl Torre Tonda Piazza Don Mapelli 1 Sesto San, Giovanni 20099 Milan Italy	NA	Subsidiary	100%	2(87)(ii)
(69)	Vanco Sweden AB C/o EkonomisupportTallkrogsplan 93 122 60, Enskede Sweden	NA	Subsidiary	100%	2(87)(ii)
(70)	Vanco Switzerland AG Förilbuckstrasse 30 8005 Zurich Switzerland	NA	Subsidiary	100%	2(87)(ii)
(71)	Vanco Deutschland GmbH TriforumHaus A1 Frankfurter Strasse 233, 63263 Neu-Isenburg Germany	NA	Subsidiary	100%	2(87)(ii)
(72)	Vanco BV Kruisweg 829, 2132, NG, Hoofddorp Netherlands	NA	Subsidiary	100%	2(87)(ii)
(73)	Vanco Benelux BV Kruisweg 829, 2132, NG, Hoofddorp Netherlands	NA	Subsidiary	100%	2(87)(ii)
(74)	Vanco UK Ltd Units 5 & 6 Great West Plaza Riverbank Way Brentford Middlesex TW8 9RE, United Kingdom	NA	Subsidiary	100%	2(87)(ii)
(75)	Vanco International Ltd Units 5 & 6 Great West Plaza Riverbank Way Brentford Middlesex TW8 9RE, United Kingdom	NA	Subsidiary	100%	2(87)(ii)

Reliance Communications Limited

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III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
(76)	Vanco Row Limited Units 5 & 6 Great West Plaza Riverbank Way, Brentford Middlesex TW8 9RE United Kingdom	NA	Subsidiary	100%	2(87)(ii)
(77)	Vanco Global Limited Units 5 & 6 Great West Plaza Riverbank Way, Brentford Middlesex TW8 9RE United Kingdom	NA	Subsidiary	100%	2(87)(ii)
(78)	VNO Direct Limited Units 5 & 6 Great West Plaza Riverbank Way Brentford Middlesex TW8 9RE U. K.	NA	Subsidiary	100%	2(87)(ii)
(79)	Vanco US LLC Suite 1600, 200 South Wacker Drive 12 th Floor Chicago IL 60606	NA	Subsidiary	100%	2(87)(ii)
(80)	Vanco Solutions Inc Suite 1600, 200 South Wacker Drive 12 th Floor Chicago IL 60606	NA	Subsidiary	100%	2(87)(ii)
(81)	Net Direct SA (Proprietary) Ltd. (Under liquidation) Accord House, 2 Golf Course Drive, Mount Edgecombe, 4320, South Africa	NA	Subsidiary	100%	2(87)(ii)
(82)	Reliance Telecom Infrastructure (Cyprus) Holdings Limited Arch Makariou III 229 Meliza Court 4 th Floor P.C. 3105, Limassol, Cyprus	NA	Subsidiary	0%	2(87)(i)
(83)	Lagerwood Investments Limited Arch Makariou III 229 Meliza Court 4 th Floor P.C. 3105, Limassol, Cyprus	NA	Subsidiary	0%	2(87)(i)
(84)	Global Cloud Xchange Limited Cumberland House, 9 th Floor, 1 Victoria Street, Hamilton HM 11, Bermuda	NA	Subsidiary	100%	2(87)(ii)
(85)	GCX Limited Cumberland House, 9 th Floor, 1 Victoria Street, Hamilton HM 11, Bermuda	NA	Subsidiary	100%	2(87)(ii)
(86)	Warf Telecom International Private Limited 2 nd Floor, HDL Building, Hulhumale male' Republic of Maldives	NA	Associate	20%	2(6)
(87)	Mumbai Metro Transport Private Limited 502, Plot No. 91/94, Prabhat Colony, Santacruz (E), Mumbai - 400 055	U60222MH2009PTC196739	Associate	26%	2(6)

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2014)				No. of Shares held at the end of the year (March 31, 2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	9845709	-	9845709	0.48	9845709	-	9845709	0.40	-0.08
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	1368184468	-	1368184468	66.29	1454851135	-	1454851135	58.45	-7.84
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	21279000	-	21279000	1.03	21279000	-	21279000	0.85	-0.18
Sub-Total (A)(1):	1399309177	-	1399309177	67.80	1485975844	-	1485975844	59.70	-8.09
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	1399309177	-	1399309177	67.80	1485975844	-	1485975844	59.70	-8.09
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	968316	397090	1365406	0.07	25827941	396811	26224752	1.05	0.99
b) Banks / FI	5065816	111496	5177312	0.25	5081729	111296	5193025	0.21	-0.04
c) Central Govt.	352868	870795	1223663	0.06	373748	840575	1214323	0.05	-0.01
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	176532403	6079	176538482	8.55	176382753	5729	176388482	7.09	-1.47
g) FIIs	245215005	117561	245332566	11.89	526846766	117311	526964077	21.17	9.29
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	428134408	1503021	429637429	20.82	734512937	1471722	735984659	29.57	8.75

Directors' Report

Category of Shareholders		No. of Shares held at the beginning of the year (April 1, 2014)				No. of Shares held at the end of the year (March 31, 2015)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions										
a) Bodies Corporate										
i)	Indian	22980421	473637	23454058	1.14	39766136	472492	40238628	1.62	0.48
ii)	Overseas	98326	31665	129991	0.01	98326	31665	129991	0.01	-
b) Individuals										
i.	Individual shareholders holding nominal share capital up to ₹1 lac.	146299043	34819826	181118869	8.78	159265498	33614173	192879671	7.75	-1.03
ii.	Individual shareholders holding nominal share capital in excess of ₹1 lac	13846561	98394	13944955	0.68	17282335	98394	17380729	0.70	0.02
c) Others (specify)										
i)	NRI	8069633	2655516	10725149	0.52	8243707	2510338	10754045	0.43	-0.09
Sub-Total (B)(2):		191293984	38079038	229373022	11.11	224656002	36727062	261383064	10.50	-0.61
Total Public Shareholding (B)=(B)(1)+(B)(2)		619428392	39582059	659010451	31.93	959168939	38198784	997367723	40.07	8.14
C. Shares held by Custodian for GDRs		5707253	-	5707253	0.28	5636178	-	5636178	0.23	-0.05
Grand Total (A+B+C)		2024444822	39582059	2064026881	100.00	2450780961	38198784	2488979745	100.00	

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2014)			Shareholding at the end of the year (March 31, 2015)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
1.	Telecom Infrastructure Finance Private Limited	-	-	-	86666667	3.48	-	3.48
2.	Reliance Communications Enterprises Private Limited (Formerly known as AAA Communication Private Limited)	723110172	35.03	-	723110172	29.05	10.04	-5.98
3.	Reliance Wind Turbine Installators Industries Private Limited (Formerly known as AAA Industries Private Limited)	300000000	14.53	-	300000000	12.05	-	-2.48
4.	Reliance Ornatus Enterprises and Ventures Private Limited (Formerly known as ADA Enterprises and Ventures Private Limited)	300000000	14.53	-	300000000	12.05	-	-2.48
5.	Shri Jai Anmol A. Ambani	1669759	0.08	-	1669759	0.07	-	-0.01
6.	Shri Jai Anshul A. Ambani	100	0.00	-	100	0.00	-	0.00
7.	Reliance ADA Group Trustees Private Limited* - Trustees of RCOM ESOS Trust	21279000	1.03	-	21279000	0.85	-	-0.18
8.	Reliance Capital Limited	29695295	1.44	-	29695295	1.19	-	-0.25
9.	Shreeji Comtrade LLP	1500000	0.07	-	1500000	0.06	-	-0.01
10.	Shrikrishna Tradecom LLP	1500000	0.07	-	1500000	0.06	-	-0.01
11.	Reliance Innoventures Private Limited	12379001	0.60	-	12379001	0.50	-	-0.10
12.	Shri Anil D. Ambani	1859171	0.09	-	1859171	0.07	-	-0.02
13.	Smt. Kokila D. Ambani	4665847	0.23	-	4665847	0.19	-	-0.04
14.	Smt. Tina A. Ambani	1650832	0.08	-	1650832	0.07	-	-0.01
Total		1399309177	67.80	-	1485975844	59.70	10.04	-8.09

* Holding of Promoters include 21279000 (1.03%) equity shares of the Company held by Reliance ADA Group Trustees Private Limited in its capacity as the Trustee for and on behalf of RCOM ESOS Trust. The same has been considered as a 'Person deemed to be acting in concert', only as a matter of abundant caution.

Reliance Communications Limited

Directors' Report

iii) Change in Promoters' Shareholding (Please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Telecom Infrastructure Finance Private Limited				
1.	At the beginning of the year	-	-	-	-
2.	Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/sweat equity etc)	86666667	3.48	86666667	3.48
	(Allotted on Conversion of Warrants on January 20, 2015)				
3.	At the end of the year	86666667	3.48	86666667	3.48

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and holders of GDRs and ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase / Decrease No. of Shares	Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company
1.	Life Insurance Corporation of India	164690275	7.98	-	164690275	6.62
2.	New World Fund Inc	60476096	2.93	4040000	64516096	2.59
3.	American Funds Insurance Series New World Fund	24557631	1.19	(979000)	23578631	0.95
4.	Smallcap World Fund, Inc	18551252	0.90	9586748	28138000	1.13
5.	Vanguard Fund	16587178	0.80	12137991	28725169	1.15
6.	Abu Dhabi Investment Authority -	14314061	0.69	8838515	23152576	0.93
7.	Blackrock Funds	14275906	0.69	(14275906)	-	-
8.	Dimensional Fund	11900063	0.58	(11900063)	-	-
9.	Deutsche Bank Trust Company Americas	5707253	0.28	(5707253)	-	-
10.	General Insurance Corporation of India	5019516	0.24	(5019516)	-	-
11.	Europacific Growth Fund	-	-	91597000	91597000	3.68
12.	CLSA (Mauritius) Limited	-	-	42285000	42285000	1.70
13.	Ontario Teachers' Pension Plan Board-Np3a - All	-	-	25000000	25000000	1.00
14.	Reliance Capital Trustee Company Limited	-	-	20096182	20096182	0.81

Note: The datewise increase or decrease in shareholding of the top ten shareholders is available on the 'Investor Relations' Section of the website of the Company at www.rcom.co.in

v) Shareholding of Directors and Key Managerial Personnel (KMPs)

- Shri Anil D. Ambani, Chairman of the Company holds 18,59,171 (0.07%) equity shares at the beginning and end of the year.
- Shri A.K. Purwar, Shri Deepak Shourie, Prof. J. Ramachandran, Shri R. N. Bhardwaj and Smt. Manjari Kacker, Directors of the Company hold nil shares at the beginning and end of the year.
- Shri Vinod Sawhny, CEO, Shri Manikantan V., CFO and Shri Prakash Shenoy, Company Secretary and Manager, KMPs of the Company hold nil shares at the beginning and end of the year.

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	31,466	2,167	-	33,633
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	145	1	-	146
Total (i+ii+iii)	31,611	2,168	-	33,779
Change in Indebtedness during the financial year				
• Additions	4240	1946	-	6186
• Reduction	5257	2811	-	8068
Net Change	(1017)	(865)	-	(1882)
Indebtedness at the end of the financial year				
i. Principal Amount	30449	1,302	-	31751
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	123	2	-	125
Total (i+ii+iii)	30572	1,304	-	31876

Directors' Report

VI. Remuneration of Directors and Key Managerial Personnel

(A) Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Shri Prakash Shenoy, Company Secretary and Manager
1	Gross Salary	
	a) Salary as per provisions contained u/s section 17(1) of the Income-tax Act, 1961	22.12
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.10
	c) Profits in lieu of salary u/s 17(3) of the Income- tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
5	Others, please specify	-
	Total	22.22
	Ceiling as per the Act	291.44

(B) Remuneration to other Directors:

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
1. Independent Directors		Prof J. Ramachandran	Shri Deepak Shourie	Shri A.K. Purwar	Shri R.N. Bhardwaj	
	• Fee for attending board/ committee meetings	5.20	3.80	10.00	9.60	28.60
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	5.20	3.80	10.00	9.60	28.60
2. Other Non Executive Directors		Shri Anil D. Ambani	Smt. Manjari Kacker			
	• Fee for attending board/ committee meetings	6.00	4.00			10.00
	• Commission	-	-			-
	• Others, please specify	-	-			-
	Total (2)	6.00	4.00			10.00
	Total (B) = (1 + 2)					38.60
	Total Managerial Remuneration (A+B)					65.78
	Overall Ceiling as per the Act					291.44

(C) Remuneration to key managerial personnel other than MD / Manager / WTD

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Shri Manikantan V. Chief Financial Officer	Shri Vinod Sawhny, Chief Executive Officer	Shri Prakash Shenoy, Company Secretary and Manager	
1	Gross Salary				
	a. Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961	90.46	208.82	22.12	321.40
	b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.01	-	0.10	0.11
	c. Profits in lieu of salary u/s 17(3) of the Income- tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	90.47	208.82	22.22	321.51

VII. Penalties / Punishment / Compounding Of Offences:

There were no penalties, punishment or compounding of offences to the Company, directors and other officers of the Company during the year ended March 31, 2015.

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The Company has not appointed Managing Director or Wholetime Director, but has appointed Chief Executive Officer, Manager, Chief Financial Officer and Company Secretary.

Sr. No.	Requirement	Disclosure												
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	Not Applicable. All the directors of the Company are Non Executive Directors and received only sitting fees during the Financial Year 2014-15.												
(ii)	The percentage increase in remuneration of each director, CEO, CFO, Company Secretary or Manager if any, in the financial year.	There was no increase in salary of Key Managerial Personnel in financial year 2014-15.												
(iii)	The percentage increase in the median remuneration of employees in the financial year	The percentage increase in the median remuneration of employees in the financial year 2014-15 was 2.59 per cent.												
(iv)	Number of permanent employees on the rolls of the Company.	6,764												
(v)	The explanation on the relationship between average increase in remuneration and Company's performance.	The average 2.61 per cent increase has been made in the salaries based on Company's performance. In order to ensure that remuneration reflects Company performance, the performance incentive is linked to organization performance, apart from individual performance.												
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	The Company has incurred net loss of ₹ 154 crore. Hence comparison of the remuneration of the KMPs against the performance of the Company has not been provided.												
(vii)	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current and previous financial year.	<table> <tr> <th>Date</th><th>Market Capitalisation (₹ in crore)</th><th>P/E Ratio in ₹</th></tr> <tr> <td>31.3.2015</td><td>14,760</td><td>*</td></tr> <tr> <td>31.3.2014</td><td>26,595</td><td>36.39</td></tr> <tr> <td>Change</td><td>- 11,835</td><td>*</td></tr> </table> <p>* Not Applicable since Company has incurred loss during the financial year 2014-15.</p>	Date	Market Capitalisation (₹ in crore)	P/E Ratio in ₹	31.3.2015	14,760	*	31.3.2014	26,595	36.39	Change	- 11,835	*
Date	Market Capitalisation (₹ in crore)	P/E Ratio in ₹												
31.3.2015	14,760	*												
31.3.2014	26,595	36.39												
Change	- 11,835	*												
	Percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	Not Applicable since Company has not made any public offer.												
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average 2.61 per cent increase has been made in the salaries of employees other than the managerial personnel in financial year 2014-15 and there was no increase in the remuneration of Key Managerial Personnel.												
(ix)	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	The Company has incurred net loss of ₹ 154 crore. Hence comparison of the remuneration of the KMPs against the performance of the Company has not been provided.												
(x)	Key parameters for any variable component of remuneration availed by the Directors.	Not Applicable. All the directors of the Company are Non Executive Directors and received only sitting fees during the Financial Year 2014-15.												
(xi)	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	Not Applicable. All the directors of the Company are Non Executive Directors and received only sitting fees during the Financial Year 2014-15.												
(xii)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes.												

(a) Conservation of Energy:

The steps taken or impact on conservation of energy	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.
The steps taken by the Company for utilizing alternate sources of energy	
The capital investment on energy conservation equipments	

(b) Technology Absorption, Adoption and Innovation:

(i) The efforts made towards technology absorption	The Company uses latest technology and equipments in its business. Further the Company is not engaged in any manufacturing activities.
(ii) The benefits derived like product improvement, cost reduction, product development or import substitution	
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
(a) The details of technology imported	
(b) The year of import	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) Whether technology been fully absorbed ?	
(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	
(iv) The expenditure incurred on Research and development	

(c) Total foreign exchange earnings and outgo:

- a. Total Foreign Exchange earnings : ₹ 1,563 crore
- b. Total Foreign Exchange outgo : ₹ 2,187 crore

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2014-15

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

The Company has a robust CSR Policy at group level. As per the said policy, all our efforts are focused towards two goals: building a great enterprise for the stakeholders and a great future for our country.

Our approach is to interweave social responsibility into the Company's mainstream business functions through translating commitments into policies, which not only drive all employees but influence and mobilize stakeholders, especially partners and suppliers, to embrace responsible business practices in their respective spheres of action. The policy affirms business objectives and strategy along with our commitment to preserve natural resources and augment the growth and development of employees and families, the communities we operate in, suppliers/vendors, and our investors. Through the social policy manual, the Company seeks to engage with all the stakeholders, using it as a reference or guideline for all stakeholders and practitioners. Our CSR policy is placed on our website at the link www.rcom.co.in/Rcom/aboutus/ir/pdf/CSR-Policy.pdf

2. The Composition of the CSR Committee:

Smt. Manjari Kacker, Chairperson (Non-Executive and Non-Independent Director)

Shri Anil D. Ambani (Non-Executive and Non-Independent Director)

Prof. J. Ramachandran (Independent Director)

Shri Deepak Shourie (Independent Director)

Shri A. K. Purwar (Independent Director)

Shri R. N. Bhardwaj (Independent Director)

3. Average net profit of the Company for last three financial years:

Average net loss of ₹ 2,204 crore.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):

The Company and its subsidiary companies continues to do CSR activities. Details of which are given elsewhere in this report.

5. Details of CSR spent during the financial year:

- Total amount spent for the financial year :- NA
- Amount unspent, if any :- NA
- Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Projects or activity identified.	Sector in which the project is covered.	Projects or Programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken.	Amount Outlay (budget) Project or Programs wise.	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative Expenditure upto the reporting period.	Amount spent: Direct or through implementing agency.
Not applicable							

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Not applicable.

7. A Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and policy of the Company.

May 29, 2015

Vinod Sawhny
Chief Executive Officer

Manjari Kacker
Chairperson, CSR Committee

Management Discussion and Analysis

Forward looking statements

Statements in this Management Discussion and Analysis of Financial Conditions 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 the 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, 2013 (the Act) and comply with the Accounting Standards notified under Section 133 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 loss for the year.

The following discussions on our financial conditions and results 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 subsidiary companies, joint ventures and associate companies.

Macroeconomic Overview

Indian Economic Environment

India's GDP improved to 7.3% in financial year 2014-15 from 6.9% in financial year 2013-14, indicating recovery in economic growth and building the base for an optimistic outlook. For the calendar year 2014, China's economy grew 7.4%. This portends that India's economic growth might soon overtake that of China. It is further validated by the fact that data released by India's statistics office suggests that for the quarter ended March 2015 India's GDP grew 7.5%, ahead of China's 7%.

Various surveys, including the Reserve Bank of India's Industrial Outlook Survey, show that business confidence has started to rebuild in a significant manner. A moderate paced recovery is likely to shape up in the current as well as next few financial years, with support from rural demand and turnaround in the overall investment cycle. Among the BRIC countries, India has a comparatively better outlook as a result of stronger governance, market-friendly policy environment and benign commodities prices. The investment flows have also improved significantly with higher foreign capital flows in the equity and debt markets.

GDP Growth

Investment-friendly policies initiated by the Government have put the Indian economy on a buoyant path of recovery last year. The Chief Economic Advisor of India expects the economy to do much better in the current fiscal and has forecasted 8.1-8.5% growth. Gross fixed capital formation, a proxy for investment, and private final consumption expenditure, which reflects demand in the economy, are indicating upward trends.

The latest data shows that though construction, mining and farm sectors underperformed, manufacturing and financial services picked up reasonable pace. Gross value added for manufacturing sector rose 7.1% in financial year 2014-15 compared with 5.3% in the previous year, giving a timely impetus to the government's 'Make in India' plan.

Exchange Rate Outlook

Current Account Deficit (CAD) during financial year 2014-15 at 1.3%, was lower than financial year 2013-14 levels of 1.7% due to the various initiatives to contain trade deficit. On a cumulative basis, the overall Balance of Payment (BoP) during financial year 2014-15 showed improvement over the preceding year. The foreign exchange reserves have increased to US\$342 billion at the end of financial year 2014-15. The RBI stated that US\$61 billion was added to the foreign exchange reserves in financial year 2014-15, compared to US\$16 billion in the previous fiscal, due to higher portfolio investments. With reducing CAD, higher foreign exchange reserves and attractive foreign currency investment inflows, INR is expected to have a more stable outlook depending on US\$ movements and comparative dynamics among the emerging markets / BRICS currencies. A key risk is in the normalisation of monetary policy by the US Fed which may spark off capital flows back into the US treasuries and may spur appreciation of the US dollar.

Interest Rate Outlook

India's central bank has cut interest rates in 2015 to bring the rate at 7.5%. With a benign inflation outlook, interest rates should show a declining trend. This would result in lower domestic interest rates by banks on corporate loans. A benign interest rate environment would also improve disposable income levels among the consumers, benefiting the Company's business outlook.

Indian Telecom Industry

A. Industry Trends

a. Indian Telecommunications Industry

India has the second largest number of mobile cellular subscriptions in the world according to statistics published by the International Telecommunications Union, World Telecommunications ICT Development Reported database and World Bank Estimates ("ITU"). However, mobile cellular subscriptions (mobile cellular penetration) are relatively low at 70.8% (Source - ITU).

b. Subscription growth from rural subscribers

Among the top countries, India has recorded the highest compounded annual growth rate (CAGR) in the number of mobile cellular subscriptions during the five-year period from 2008-2013. India's CAGR of

Management Discussion and Analysis

20.6% compares to the next two highest, Indonesia, at 16.7%, and Nigeria at 15.1%. The high growth in mobile cellular subscriptions has been largely driven by the increase in rural wireless subscribers (Rural subscribers at 414 million and Urban subscribers at 556 million on March 31, 2015 – Source – TRAI).

c. Growth in data consumption

Wireless is the primary form of data access in India, as the reach and quality of the wireline networks are relatively poor compared to wireless networks, and the base of wireline subscribers is also very small and declining. According to TRAI data, there were 267.4 million Internet subscribers in India as of December 31, 2014, 248.5 million, or 92.9% of whom, were wireless internet subscribers. Following the successful auctions of spectrum for 3G and broadband wireless access by the DoT in 2010, wireless operators have rolled out 3G networks and improved the data handling capacity of their 2G networks. As a result, there has been a substantial increase in data usage across the wireless networks.

According to Cisco's Annual Global Visual Networking Index ("Cisco VNI"), Mobile Forecast Highlights, 2013–2018, Indian mobile data traffic is projected to grow 24-fold between 2013 and 2018 to reach 1.2 exabytes per month, representing a CAGR of 88%. Indian mobile data traffic is expected to grow two times faster than Indian fixed IP traffic during the same period. Indian mobile data traffic growth between 2013 and 2018 is projected to lead China (15-fold at a CAGR of 73%), the Asia Pacific region (13-fold at a CAGR of 57%) and globally (11-fold at a CAGR of 61%).

d. Reduced wireless competition and increase in usage and revenue per user

In addition to the increase in rural penetration, and wireless data usage, a reduction in the number of competing operators has also positively influenced industry revenue growth. The Indian telecommunications market is geographically divided in 22 Circles, and operators receive telecommunications access licenses and wireless spectrum for individual Circles. Prior to 2012, India's telecommunications market was highly fragmented with approximately 12 operators per circle, which has come down to approximately 8 operators per circle now.

The reduction in competition has been accompanied by an increase in the average MoU and monthly ARPU, as set out in the table below:

Quarter ending December 31	2012	2014
MoU per Sub (Min)		
GSM	360	376
CDMA	230	262
ARPU (₹)		
GSM	98	118
CDMA	80	109

(Source: TRAI)

e. Government's 'Digital India' initiative

The Government's vision of 'Digital India' is centered on three key areas: Digital infrastructure as a utility to every citizen, Governance and services on demand, and digital empowerment of citizens. RCOM, with its 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, large data center footprint of 11,00,000 sq ft and proven expertise in large-scale communications projects; is uniquely positioned to play the key role of 'Solutions Integrator' bringing the 'Digital India' vision alive. Some areas that RCOM is well positioned to collaborate on are digital wallet, digital certification, Single Sign-On (SSO), smart cities, national infrastructure backbone and centralised cloud for state data centers (SDCs).

B. Industry Update

a. Wireless and Wireline

1. Numerical Statistics

- The number of telephone subscribers in India increased to 996.5 million at the end of March, 2015 (Wireless and Wireline) as against 933 million as at March, 2014.
 - Wireless subscribers increased to approximately 969.9 million in March, 2015 as compared to 905 million in March, 2014.
 - The wireless tele-density stood at 77.3% as compared to 73.0% in previous year.
 - The share of private sector in wireless connections touched 91.68% as of March, 2015.
- Given the fact that the government is likely to notify Spectrum Sharing and Trading Guidelines soon, the financial year 2015–16 is expected to lead to more realistic opportunities for consolidation in the telecom industry.

b. Internet and Broadband

- As of December 31, 2014, the total internet and broadband subscriber base (Wireline and Wireless) increased to 267 million from approximately 252 million at the end of March 2014.
- In the past fiscal year, we have witnessed tremendous growth in our broadband subscriber base in terms of quality. Given the fact that the present day consumers are demanding more and more bandwidth, RCOM is augmenting its capacity firstly to meet the demand and secondly, to provide better customer experience. However, despite data services growing at a healthy rate during the last fiscal, voice still dominates overall revenue from Telecom services. With voice business attaining maturity, it is estimated that in

Management Discussion and Analysis

the next few years, the industry will witness very high data revenue growth.

3. The industry expects that data would spearhead the next phase of growth. Multiple governmental initiatives like 'Digital India', 'Smart Cities', 'Bharat Net' (erstwhile NOFN) and projects for provisioning free WiFi are anticipated to be the growth drivers for proliferation and mass scale adoption of data services especially in the semi-urban and rural areas.

C. Regulatory Developments

1. Auction of spectrum in 800/900/1800/2100 MHz bands:

- a. Auction was conducted during March 2015 wherein DoT fixed the Reserve Price per MHz of 800 MHz, 900 MHz, 1800 MHz and 2100 MHz as ₹ 3,423 crore (20 circles), ₹ 3,399 crore (17 circles), ₹ 1,425 crore (15 circles) and ₹ 3,511 crore (17 circles) respectively.
- b. The final results of March 2015 auction are summarised below:
 - i. 800 MHz: RCOM completed its footprint of 5 MHz PAN India except Rajasthan (where no auction was conducted).

Operator	No. of Service Areas	Spectrum Acquired
RCOM	11	26.25 MHz
R-Jio	10	48.75 MHz
Tata	5	11.25 MHz

- ii. 900 MHz: RCOM regained 5 MHz each in Madhya Pradesh and Himachal Pradesh Circles.

Operator	No. of Service Areas	Spectrum Acquired
RCOM	2	10.0 MHz
Airtel	10	61.2 MHz
Idea	9	54.0 MHz
Vodafone	8	42.8 MHz

- iii. 1800 MHz: RCOM acquired 5 MHz each in Odisha and North East.

Operator	No. of Service Areas	Spectrum Acquired
RCOM	5	11.8 MHz
Airtel	6	15.4 MHz
Idea	6	20.4 MHz
Vodafone	3	5.6 MHz
R-Jio	6	28.0 MHz
TTSL	1	2.6 MHz
Aircel	1	10.0 MHz

2. Guidelines on Spectrum Sharing:

On July 21, 2014, TRAI released its recommendations on spectrum sharing as below (though the final guidelines are awaited):

- a. All access spectrum i.e. 800/900/1800/2100/2300/2500 MHz will be share-able provided that both the licensees are having spectrum in the same band. Leasing is not allowed.
- b. If any one of the two licensees, sharing their spectrum, has administratively assigned spectrum in that band then after sharing, they will be permitted to provide only those services which can be provided through administratively held spectrum.
- c. If both the licensees are sharing the auctioned spectrum (year 2010 or afterwards), or on which the licensee has already paid the prescribed market value to the Government, they can offer services using all those technologies namely GSM, CDMA, WCDMA, LTE etc, which they can independently provide through their own spectrum holding.
- d. For applying the prescribed market cap i.e. (25% of the total spectrum assigned and 50% in the band), 50% of the spectrum held by the other licensee shall be counted as additional.
- e. The SUC rate of each of the licensees post sharing shall increase by 0.5% of AGR.

3. Spectrum Trading:

On January 28, 2014 TRAI recommended the working Guidelines on Spectrum Trading as below, though the final guidelines are awaited:

- a. Only outright transfer of spectrum is permitted.
- b. Spectrum trading will be permitted only on LSA (Licensed Service Area) basis and it will not alter the original validity period of spectrum assignment.
- c. Only CMTS / UASL / UL (AS), UL licensees 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. The Spectrum should have been either assigned through an auction in 2010 or afterwards, or on which the licensee has 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 such spectrum (or effective date of assignment).
- f. Trading fee: 1% of the transactional amount or 1% of the prescribed market price, whichever is higher

4. Microwave spectrum Recommendations:

On August 29, 2014 TRAI issued its recommendations on "Allocation and Pricing of Microwave Access

Management Discussion and Analysis

(MWA) and Microwave Backbone (MWB) RF carriers as below:

- MW carrier allocation directly proportional to the total spectrum being held by each operator.
- Linear charging for MWA carriers.
- Link by link basis allocation of MWB carriers with charges of ₹ 13,900 per Km.

5. Spectrum Usage Charges:

In continuation of its earlier order dated October 31, 2014 regarding SUC for 900/1800/2100 MHz and BWA spectrum, DoT issued order dated February 5, 2015 for defining SUC including 800 MHz as below:

- Spectrum acquired in March, 2015 auction shall bear SUC charges at 5% of AGR for 800/900/1800/2100 MHz bands.
- In case of combination of existing spectrum in 800/900/1800/2100 MHz bands and spectrum acquired through auction, the weighted average SUC shall be calculated as equal to (a) sum of spectrum held prior to auction held during March, 15 multiplied by applicable rates as per order dated February 25, 2010 and October 31, 2014 and SUC rates as per NIA dated February 25, 2010 and (b) spectrum acquired through auction held during March, 15 multiplied by five and then the sum of (a) and (b) divided by total spectrum holding.
- Licencees, who have not acquired spectrum in February, 2014/ March, 2015 shall continue to pay SUC at the applicable slab rate as per the order dated February 25, 2010.
- BWA acquired in 2010 auction shall continue to be charged SUC at 1% of AGR from services using this spectrum.

6. Revised Roaming charges:

Item	New ceiling tariff
Charge for outgoing local voice call	₹ 0.80 per minute
Charge for outgoing long distance (inter-circle) voice call	₹ 1.15 per minute
Charge for incoming voice call	₹ 0.45 per minute
Charge for outgoing local Short Message Services (SMS)	₹ 0.25 per SMS
Charge for outgoing long distance (inter-circle) Short Message Services (SMS)	₹ 0.38 per SMS

Special roaming tariff plan will also be continued for prepaid and postpaid customers.

7. Regulation on Review of IUC (February 23, 2015):

TRAI has reduced the domestic mobile termination charges to 14 Paisa per minute from the earlier charges of 20 Paisa per minute, w.e.f.

March 1, 2015. TRAI has also mandated zero termination for all the national calls originated or terminated on Land line. International termination charges has been increased to 53 Paisa from the earlier charges of 40 Paisa per minute and carriage charges have been reduced to 35 Paisa from the earlier ceiling of 65 Paisa per minute.

8. MNP implementation:

- On November 3, 2014, DoT notified the implementation of Full Mobile Number Portability (FMNP). Service Providers were given six months time to implement the Full MNP from the date of issuance of this notification i.e. November 3, 2014.
- On February 25, 2015 TRAI notified sixth amendment to the Mobile Number Portability Regulations, 2009 to facilitate Full MNP Implementation.

9. Revised ceiling for Domestic leased circuits (July 14, 2014):

TRAI through the TTO (57th Amendment), 2014, has brought about the following changes in the tariff regime for DLCs:

- The revised tariff regime for DLCs came into effect from the August 1, 2014. A snapshot of reduction is as follows:

Capacity of DLC	DLC ceiling (₹ per annum)	
	For the lowest distance band*	For the highest distance band > 500 Km
	Revised	Revised
E1	12,086	341,000
DS3	584,000	2,654,000
STM 1	1,610,000	6,965,000
STM 4	4,188,000	18,108,000

* The lowest distance band is 5 Km for E1 capacity and <50 Km for the remaining capacities.

- Tariffs for VPNs have been kept under forbearance.

10. DTH Business:

- TRAI notified Tariff Order prescribing provisions for Commercial Subscribers (July 16, 2014)
- TRAI notified tariff Order prescribing a framework for commercial inter-operability of Customer Premise Equipment (CPE) offered by the DTH operators (April 1, 2015)
- TRAI issued Recommendations for a new DTH licensing Regime (July 23, 2014).
- TRAI issued recommendations on Regulatory framework for platform services (November 19, 2014).

Management Discussion and Analysis

D. Outlook

a. Telecom – Pivotal for future growth

Telecommunication, as a key infrastructure service, is pivotal to the socio-economic development of the country. On a global basis, the telecommunications industry is witnessing a fundamental change from being a voice dominant service to an innovative data usage service through mobile devices. The focus has shifted from standard handsets and feature phones to smartphones, phablets and tablets in different shape, size, and pricing buckets, all using telecommunications as service delivery vehicle to give users a powerful experience right in their hands more conveniently. New network standards like 3G, 4G / LTE aim 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, a new wave of demand for telecommunication services, away from the standard voice business to non-voice business, is getting crafted. We, at RCOM, are fully geared to address this shift and are in position to service our customers with these evolving trends and requirements.

b. Telecom as a Catalyst

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

c. Broadband penetration

India's broadband penetration is among the lowest in the Asia-Pacific with only 15.5 million wireline broadband subscribers and 83.7 million wireless broadband subscribers using above 512 kbps as of March, 2015. This can be attributed mainly to low personal computer penetration due to its high cost, and lack of widespread 3G and BWA services. Now with the proliferation of 3G & HSD services, and availability of a variety of smartphones, phablets and tablets at affordable pricing levels, broadband penetration is expected to increase at a much faster rate.

subsidiary, Global Cloud Xchange (GCX), we provide a wide range of products and services which enable enterprise customers to create, manage and connect across global data networks.

We have established a pan-India, integrated (wireless and wireline) and convergent (voice, data and video) digital network capable of supporting services spanning the entire telecommunications value chain, and covering over 21,000 cities and towns and over 400,000 villages. We provide 3G services across 13 Circles covering 334 cities, including the metropolitan Circles of Mumbai, Delhi and Kolkata. Additionally, we deliver 3G services in the five Circles of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Uttar Pradesh (East) through ICR arrangements, thus increasing our 3G coverage to 18 Circles. We provide wireless broadband services on our own network in 1,624 cities and towns and offer Internet connectivity in over 19,000 towns across India. Our more than 43,000 telecommunications towers are used for both CDMA and GSM mobile networks and service multiple mobile service providers, including ourselves. These towers are located in all 22 Circles in India and are supported by an OFC network of around 190,000 Km. We hold UASL and 3G spectrum licenses as well as licenses for the provision of NLD and ILD services. Our ten data centres in four cities, make us one of the largest data center players in the country with a total capacity of approximately 1.1 million square feet (including one data centre under construction). These networks are monitored on a round-the-clock basis for quality, repairs, maintenance and troubleshooting through two network operating centres, including our disaster recovery network operating centre in Hyderabad.

RCOM offers Nationwide Direct-To-Home (DTH) service through its wholly owned subsidiary, Reliance Big TV Limited, in approximately 8,350 towns across the country. Reliance Big TV was the first Company to introduce High Definition DVR. Using the state-of-the art MPEG 4 technology, it offers close to 269 channels in HD like quality. The Company also offers 4 exclusive movie channels and 4 interactive services. A unique combination of High Definition content and digital voice / picture quality delivers a vastly superior viewing experience to its subscribers.

As at March 31, 2015, we had a customer base of over 118 million customers, including 109.5 million wireless customers (including 33.7 million data subscribers, of which 17.4 million were 3G subscribers), 1.2 million wireline customers, over 2.6 million overseas retail customers and 4.9 million DTH customers. Our enterprise clientele includes over 39,000 Indian and multinational corporations, including SMEs and over 290 global, regional and domestic carriers. Our enterprise customers include over 900 prominent enterprises in India.

Our Global Operations comprise the provision of voice, data and Internet network and services, and the lease of submarine cable infrastructure and metropolitan city networks. We have approximately 650 enterprise customers throughout developed markets such as the United States, the United Kingdom, the Netherlands and Singapore. We own and operate a widespread submarine fibre optic cable network spanning 68,698 Km and connecting North

Company

A. Overall review

We are a leading integrated and converged telecommunications operator in India and, through our international subsidiaries, we are also a leading global data communications service provider. In India, we own and operate a nationwide telecommunications network through which we offer a full range of telecommunications services to retail and enterprise customers, including mobile and fixed-line services, national and international long-distance connectivity, broadband services and enterprise solutions. We also provide tower infrastructure services to other telecommunication operators. Internationally, we provide retail and wholesale voice connectivity and through our

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America, Europe, the Middle East and Asia through 46 landing points in 27 countries. The total installed capacity of our five subsea cable systems is over 21 Tbps. We also have owned and leased metropolitan networks in 27 cities across 13 countries. 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.

From an operational perspective, our business is organised into two strategic segments: the India Operations and the Global Operations. We conduct a substantial portion of our business through our subsidiary companies, including, GCX, RTL, RCIL, Reliance Infratel and Reliance Big TV.

B. Business Strategy

a. Spectrum-based "Go To Market" strategy

We intend to continue to focus on offering 2G services in all 22 Circles covered by our network, and 3G services in the 13 Circles in which we have been allocated 3G spectrum and the five Circles where we have 3G services through ICR arrangements. In forthcoming auctions, we may look to augment our 3G spectrum in circles where we do not hold the same. We have adopted a "Circle as a Country" growth strategy, whereby we intend to customise our expansion and market intervention strategies according to peculiar characteristics of each Circle, and various micro-markets and subscriber classes within each Circle.

b. Focus on Data-based Services

We will continue to increase our data subscriber base, including mobile and wireline subscribers, and revenues by focusing on improving our data service offerings, such as introducing more affordable price plans that provide customers 3G data access speeds at 2G rates. There are five components of our GSM data strategy: (1) focus on affordability by pricing our anchor 3G data plan at the same price as the 2G data plan of other service providers; (2) aggressive 2G positioning to popularize Internet further; (3) free social networking with data plans to drive preference among young subscribers; (4) bundling contextual content for driving Internet adoption; and (5) key device partnerships.

Further, we believe that CDMA technology is well suited for high speed data-based services, before our full progression into LTE using the 800 / 850 MHz band. We intend to focus on increasing our market share in the large screen (computers) connectivity market through our CDMA offerings and the small screen device market through 3G services in the 18 Circles where we provide such services. We have formulated separate CDMA data strategies for metropolitan Circles, category A towns and smaller towns which are emerging data markets. Our bundled-sales business strategy is aimed at:

- offering large and faster data network and providing coverage at attractive pricing;
- bundling products through combining value service plans;

- strategic segmenting through customized upgrade plans and specific SME/enterprise offering; and
- offering a multi-mode device ecosystem, including through smart devices and universal mode Internet devices.

With respect to our global enterprise data business, we intend to focus on increasing our market share in the finance, legal and healthcare sectors in the United States and grow revenues from our existing multinational customers. We have rebranded Reliance Globalcom as Global Cloud Xchange (GCX) with the objective of focusing on developing the network infrastructure, data centre and managed services spaces and delivering an integrated cloud ecosystem. We intend to integrate our key international assets with a focus on Internet protocol and cloud services.

c. Continue to Focus on Offering New Products and Services

We aim to expand our revenue streams through the expansion of our portfolio of service offerings and launching specific sales and marketing initiatives aimed at increasing our customer base. Such efforts include (i) offering a wider range of wireless and wireline services, such as video on demand, online gaming and video chat and conferencing; (ii) further expanding our distribution network of retail stores and developing them into one-stop shops for retail customers; and (iii) providing wireless broadband data services through both our CDMA and 3G mobile networks. In addition, we intend to focus on cross-selling and bundling of our products and services, including bundling of free social networking applications with data packages, through our various partnerships with device manufacturers and application developers. This enables us to introduce more attractive categories of tariffs and product combinations that can cater to different markets, demographics and customer needs, and in turn, benefit our customers from the greater value presented by our product offerings.

d. Focus on Reduction of Operating Costs

In line with our growth, we also focus on cost management and margin expansion through various measures to reduce our operating costs and achieve cost optimisation. We have entered into long-term outsourcing agreements with end-to-end network managed service providers aimed at reducing our costs, benefitting from economies of scale and delivering superior customer experience.

e. Manage our Assets Effectively

We aim to achieve better and more profitable management of our portfolio of assets, including the passive infrastructure that we build and use and also make available on a shared basis to other wireless and communications service providers. Our aim is to pursue expansion at a reduced cost to achieve increased shareholder returns, improved cash flows, higher operational efficiency and increased network

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coverage with better quality. We are also exploring monetization of our assets to reduce our debt levels and increase profitability, thereby achieving greater returns and value for our shareholders.

C. New Initiatives

a. One India, One Rate plan

RCOM launched One India, One Rate Plans, a first-of-its-kind free National Roaming offer for post-paid and pre-paid GSM customers. Under this innovative offer, there will be no difference between Local, STD and Roaming charges and customers will be charged only their Home Plan tariffs, even while roaming anywhere in India.

b. RCOM offers free unlimited access to social networking sites

RCOM, as a strategy to drive smartphone penetration and data adoption, has created a compelling proposition for GSM prepaid customers by featuring free unlimited social networking access (Facebook, WhatsApp and Twitter) with data plans. These plans are a very strong proposition for our younger customers, who find great value in unlimited access to these social networking apps and would drive growth in our data consumption.

c. Launch of "Free Facebook Fridays"

RCOM launched a true value proposition of 'Free Facebook Fridays' for Reliance GSM prepaid customers. Reliance customers can now access Facebook and Facebook Messenger for full day of Friday without any data charge or data pack, every Friday. For customers having a data pack and accessing Facebook, the data quota won't deplete.

d. Launch of "Reliance MyStore" up-sell portal

Reliance MyStore is a unique offering on USSD platform for prepaid GSM subscribers. The portal presents a very simple user interface and the customer can purchase an offer from the prepaid balance then and there without having to step out to any Reliance outlet. This Customer Lifecycle Management platform has very attractive offerings across voice, data & SMS. The offers are available against three segments; '9 Store', 'Only For You' and 'Flavor of the Month'.

e. RCOM unveils 'TalkLoan' facility to ensure uninterrupted calling, surfing for its customers

RCOM unveiled an innovative TalkLoan service for its pre-paid customers. With the TalkLoan service, customers with a low pre-paid account balance can simply dial a toll-free number and get an instant 'TalkLoan' recharge, for both voice and data services. The TalkLoan service provides the customers with an instant loan of ₹ 5 or ₹ 10, when the balance dips below ₹ 10. The talk-time given through the TalkLoan loan facility does not have any validity constraints, and customers can use it anytime they want. The 'loan amount' is recovered by the Company over subsequent recharges, with a nominal transaction fee.

f. Launched Revolutionary Cloud Ecosystem

GCX launched Cloud X, our new transformational global Cloud ecosystem. Cloud X nodes are operational in Palo Alto, Hong Kong, London New York, Mumbai with additional installation in other key global locations underway. We expect to complete more than 20 nodes in the second half of 2016. As part of the Cloud X portfolio, GCX also introduced Cloud X Fusion, offering enterprise grade connectivity with direct access into several public cloud platforms. With Cloud X Fusion, customers can use Ethernet or MPLS VPN to securely connect their on-premises network, data center or any other network resources via GCX's private network directly to Google Cloud Interconnect, AWS Direct Connect as well as into and from Equinix data center cloud exchanges from major locations worldwide including Los Angeles, New York, Amsterdam, London, Hong Kong and Tokyo. Besides offering connectivity, the Cloud X platform allows customers to move VMs and data between Cloud X and public clouds.

g. Subsea Cable Expansion

In financial year 2014-15 GCX explored options for the construction of its new ICX subsea cable which will provide transport from east of India to the rest of Asia and PCX, from east of Asia to the west coast of the United States. The completion of these two systems will allow us to span the globe with our own subsea cable systems and allow us to realize further economies of scale and savings in network costs.

In addition, GCX significantly enhanced its global infrastructure by adding more than 480G capacity in Asia between Hong Kong and Japan; 600G on Trans-Atlantic route and 500G on the Middle East to Europe route. The company also refreshed the IP PoPs with new equipment at 12 locations across the US and Europe.

h. GCX Brand/ Website Development

To further enhance our public image, GCX also went live with a new "Window to the World." Our newly deployed corporate website delivers a unique user-experience, differentiating ourselves from competitors through creative visuals, responsive design for mobile devices and video case studies on global customers. The site has been launched in multiple languages including English, Chinese (simplified and traditional), Dutch, French, German, Italian, Japanese, Arabic. Korean language will be available in FY 2015-16.

i. Enterprise Services

During financial year 2014-15, RCOM's comprehensive B2B portfolio found further fillip through the 'collaborative innovation' route. The Company launched several new services in partnership with leading global technology providers. These include Cloud Video Intelli-Surveillance (with Panasonic), Business Booster (with Google) and addition of several new Cloud services to the company's portfolio in partnership with IBM and HITACHI. With the addition

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of several new Cloud offerings, RCOM, primarily known for ushering in the third party data center business in India, strengthened its position as a leading cloud service provider with a diverse multi-brand portfolio.

j. Customer Service

In 2014-15 we have taken various initiatives for Customer, Channel and Employee Empowerment. We refreshed both the Channelcare App for retailers and Instacare App for our Customers. We moved to FOFO (Franchisee Owned and Franchisee Operated) Reliance Mobile Stores. These new stores enabled us to take service closer to the customer. The core call centre technology was revamped by launching hosted ACD model and state of the art IVR solution. This technology will take the customer self service to a completely new level.

On the process side, we overhauled the entire collections process for post paid customers and back office processes for customer complaint management. We used Internet, Videos and Digitization to empower our team by revamping our Learning Management System focusing on self-learning and assessments.

D. New Partnerships

a. RCOM and Reliance Jio Infocomm Ltd. announced the signing of a Master Services Agreement for sharing of RCOM's extensive intra-city optic fiber infrastructure

Under the terms of the agreement, Reliance Jio Infocomm will utilize RCOM's nationwide intra-city fiber network for accelerated 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 kilometers, across the top 300 cities and towns in India.

This 3rd agreement further strengthens the comprehensive framework of business co-operation between Reliance Jio Infocomm and RCOM, following the inter-city optic fiber sharing agreement signed in April, 2013, and the nationwide telecom towers infrastructure sharing agreement signed in August, 2013.

b. RCOM partners with Facebook to spread internet inclusion in India

RCOM entered an industry-first partnership with Facebook to offer free data access to useful websites to its customers through Internet.org portal.

These services are available for Reliance customers in the telecom circles of Mumbai, Maharashtra, Gujarat, Andhra Pradesh, Chennai, Tamil Nadu and Kerala. Customers can now explore what the Internet is all about, and how it can help them in daily life, without having to worry about data charges. These set of services also come with free Facebook access.

c. Non-stop 3G Roaming Across India

RCOM announced strategic Inter-Circle roaming partnerships with other leading telecom companies

to offer non-stop and best-in-class pan-India 3G services to its GSM customers while roaming. With this innovative alliance, all existing and new 3G customers of RCOM will be able to access high-speed pan-India 3G services while roaming outside the Company's own 3G circles.

RCOM is the first operator to offer 3G national roaming to its customers in partnership with other telecom firms having state-of-the-art 3G networks. These alliances will further consolidate RCOM's position as the leading data operator in the country and will help the Company improve its post-paid and corporate customer market share.

The 3G GSM partnership, therefore, opens up a significant market opportunity for RCOM, as all its 3G customers will now be able to access best-in-class data services on a pan-India basis.

d. Partnerships in the Enterprise business

In the B2B segment, RCOM's endeavor has been to look at collaborative innovation wherein the Company forges partnerships with global technology leaders and bring market leading innovations to customers. In financial year 2014-15, the Company announced several such partnerships:

• Partnerships for enhancing Cloud portfolio

RCOM, through its subsidiary Reliance IDC Ltd., entered into agreement with IBM for Desktop as a Service (DaaS) offering, IBM SoftLayer for Infrastructure as a Service (IaaS) offering and HITACHI for Data Storage and Protection. These partnerships have substantially enhanced RCOM's Cloud portfolio.

RCOM, through its subsidiary Global Cloud Xchange entered into Global Interconnect Partnerships (Cloud X Fusion) with Google Cloud Platform, Equinix and Amazon Web Services.

• Partnership with Panasonic

RCOM developed an integrated Cloud based Surveillance offering (Cloud Video-Intelli Surveillance) the first of its kind in India, in association with Panasonic, combining the strength and reach of our network with Panasonic's world-leading Video Analytics platform.

• Partnership with Google

We have partnered with Google to offer the benefits of digital presence and promotions to small businesses, helping them garner continual leads for their business through the 'Business Booster' platform.

• Multiple Partnerships for Intelligent Telephony

RCOM has worked with several technology partners to develop an Intelligent Telephony Platform with the ability to integrate with the client organisation's databases, applications and

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processes and add enormous efficiencies to business processes using simple telephony. Using this platform, three distinct services, viz., Insta CallBack, Smart CallThrough and AutoCall Notifier have been launched.

e. 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.

• **RCOM launches further models in dual-sim smartphone**

RCOM has achieved a breakthrough with 4 new handsets in the lowest price range of ₹ 6,000 to ₹ 12,000 under Lava and Haier brands. The phones are available in 4", 4.5" and 5" screen size and run on the latest Android OS. This is a niche category in dual-sim smartphones with a universal primary slot capable of providing high speed data on both technologies (CDMA / GSM).

• **RCOM becomes launch partner of Samsung Z1 Smartphone**

Samsung Z1 is first ever Smartphone built using Samsung's proprietary Tizen OS for the mass customers. RCOM is offering this smart-phone at a very attractive price point along with promotional data offer, which makes it an extremely attractive proposition for customers looking at entry level 3G smart-phone.

• **RCOM becomes launch partner of Amazon to offer ZTE Grand 2 Smartphone**

ZTE Grand S2 is first ever multimode smart-phone under ₹ 14,000 supporting Rev B technology offering 14.7 Mbps speeds. With the objective to acquire more data customers who are choosing entry level Rev B Smart-phones, RCOM is offering this smart-phone at an attractive price point along with promotional data offer.

• **Partnership with Huawei for open market 3G Wi-Fi dongles and Mi-Fi devices**

RCOM announced new open market partnership with Huawei, the world's leading mobile broadband device manufacturer. This partnership will bring new portfolio of mobile broadband devices such as 3G Wi-Fi dongles (21.6 Mbps) and Mi-Fi devices (21.6 Mbps) for Reliance 3G customers and address the demand for high speed services.

The new 21.6 Mbps Wi-Fi dongle can connect up-to 10 devices simultaneously and the new 21.6 Mbps Mi-Fi device with in-built battery can support up-to 10 devices simultaneously and has 4 hours of battery back-up.

E. Key Developments in the Company

a. RCOM QIP Programme and Preferential issue

In the largest ever private sector QIP in the history of corporate India, the Company raised ₹ 4,808 crore in its maiden QIP issue during the year under review. This reflects the confidence of institutional investors in our company. The Promoters also subscribed to equity securities of the Company for ₹ 1,300 crore. The proceeds of QIP offering and the preferential allotment have been utilised primarily for repayment of debt and de-leveraging the balance sheet.

b. Global Cloud Xchange raised ₹ 2,100 crore (US\$350 million)

Global Cloud Xchange successfully debuted in the Global Capital Market by raising US\$350 million fixed rate notes maturing in 2019. The notes were priced at 100% and with a coupon and yield of 7%. US\$250 million of the proceeds was used to refinance the existing bank loan facility entered into by Reliance Globalcom B.V., and the rest of the proceeds will be used for Capex and general corporate purposes. The bonds are listed and traded on the Singapore Stock Exchange.

c. Foreign currency Notes raised ₹ 1,909 crore (US\$300 million)

During the current year, the Company issued and allotted foreign currency Notes amounting to US\$300 million. The Notes have a tenor of 5½ years due in 2020 and carry a coupon rate of 6.5% per annum, payable semi annually. The bonds are listed and traded on Singapore Stock Exchange.

d. March, 2015 Spectrum Auction Update

In the recently concluded spectrum auctions in March 2015, we were successful bidders for spectrum for a period of 20 years (up to 2035) in the following Circles:

Circles	800 MHz	900 MHz	1800 MHz
Assam	5.0	-	-
Gujarat	2.5	-	-
Haryana	1.25	-	0.6
Himachal Pradesh	2.5	5.0	-
Jammu & Kashmir	2.5	-	-
Karnataka	-	-	0.6
Kolkata	1.25	-	-
Madhya Pradesh	-	5.0	-
North East	5.0	-	5.0
Odisha	1.25	-	5.0
Punjab	2.5	-	0.6
Uttar Pradesh (W)	1.25	-	-
West Bengal	1.25	-	-
Total	26.25	10.0	11.8

In the seven circles operated by RTL, where spectrum is coming up for renewal, we were successful bidders for spectrum in four Circles — 5 MHz each in 900 MHz in two circles and 5 MHz each in 1,800 MHz in two circles. RTL holds 3G spectrum in all these

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seven Circles. We have existing ICR arrangements to ensure uninterrupted service to our customers across all these Circles. We also intend to continue to focus on transition of 2G customers in the remaining three Circles to 3G services.

After this round of spectrum auctions, we believe that our spectrum portfolio is equipped to service our business strategy. We were the successful bidder for the 800/850 LTE band spectrum in 11 circles, which is recognised as one of the most powerful spectrum bands in the sub-1 GHz spectrum category. We invested approximately 50% of our total outlay for acquiring spectrum in this band. We now hold 5 MHz or more in this spectrum band in 21 Circles (an increase from 12 Circles earlier), the only Indian telecommunication service provider to do so. We believe this gives us the unique capability to launch LTE services in an efficient manner. The total cost for the acquisition of spectrum in this round of auctions is ₹ 42,905 million, with an upfront payment of ₹ 11,041 million. The balance payment is required to be made on a deferred basis over 10 annual installments after a moratorium of two years.

e. RCOM Upgrades Data Network

RCOM has upgraded its data network to include many more metro cities. This enables high speed data services to customers with speeds up to 14.7 Mbps. This will also help the Company to launch Wi-Fi dongles and standalone Wi-Fi Routers which will offer rich data experience up to 20 connected devices simultaneously. RCOM is enhancing availability of these services in many more circles through ICR arrangements.

f. Completed Operational Merger Under GCX

In financial year 2014-15, Global Cloud Xchange (GCX) completed the operational merger of our 3 key global assets: FLAG, Vanco and Yipes into one company.

g. GCX Network Expansion And Collaboration

During the year, we continued to expand the GCX global network coverage and business collaborations to further strengthen our market position. We established network interconnection with China Mobile in Shanghai to offer customers seamless and cost-effective MPLS VPN connectivity across 340 cities in mainland China. GCX increased Capacity on its IP/MPLS and Transmission networks on major routes in line with increase in demand especially in the "emerging markets corridor" of the Middle East and Asia.

To further leverage our ability to deliver leading edge solutions across key routes in the world's fastest growing economies, GCX announced direct interconnection with UAE-IX, a carrier neutral Internet traffic exchange platform in Dubai, to optimize Middle East network performance. In addition, GCX expanded its presence with a new PoP at Datamena in Dubai, another carrier neutral data center and connectivity,

platform supporting enhanced coverage and increased diversity options for the Middle East.

Also in financial year 2014-15, GCX's collaboration with the Tokyo Stock Exchange opened up new opportunities for the company in providing end to end solutions across our global subsea network for financial customers worldwide.

F. Awards and Recognitions

During the year under review, the Company received national level recognition and awards as follows:

1. Nielsen's Corporate Image Monitor (CIM) 2014-15 survey – RCOM was among the top 10 most reputed companies in India according to the Nielsen CIM 2014-15 survey. Some of the parameters for the study included transparency, trust, demonstration of vision and leadership, perceptions of company product and services, financial performance, workplace environment.
2. Economic Times India's Most Exciting Brands – Reliance in Top 14: Reliance ranked 14th among the top 20 most exciting brands 2015 according to Nielsen's survey exclusively for Brand Equity shows. The survey provides a great insight into the brands and categories that teens and twenty something youth find exciting.
3. Woman Leader in IT by Interop: Interop, a leading independent technology conference forum that showcases the most powerful innovations and solutions in the industry, has awarded "Woman Leader in IT" to IT-CIO of RCOM for business strategic focus in Technology.
4. CIO 100 by IDG Media: IDG Media has conferred this award on RCOM for its information security project viz. Deployment of Anti-DDOS (Distributed Denial of Service). This deployment supports business in improving Customer Service by ensuring better availability of services.
5. Economic Times HR Excellence Award, 2014: The award recognises organisations which are trend setters in the various domains of HR. RCOM has received this prestigious award for its exemplary HR Practices. Initiatives in the areas of Learning and Development, Talent Management and Talent Acquisitions were identified as progressive and noteworthy in the industry.
6. Telecom Leadership Award 2015 – CIO of the Year from CyberMedia Group for being a Catalyst of Change, Out-of-Box Solutions, and Contribution in International Telco landscape and Innovative Strategies in managing with agility Premier Telco's IT.
7. IT Edge Award 2014: UBM has conferred this award on RCOM for being one of the finest business technology innovators. It has been awarded for readiness in plug-n-play in integrating OTTs into the overall customer experience.
8. Managed Video Conferencing Service Provider of the Year – RCOM received this prestigious title at the 2014 Frost & Sullivan India ICT Awards in recognition of RCOM's industry leading expertise and experience in conceptualising and delivering Video Conferencing services to the Indian corporate sector.

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G. SCOR Analysis

Strengths

- Presence in an industry with growth potential
- Integrated portfolio of services covering voice, data and video
- Large customer base with leadership in data subscribers
- Annuity-like recurring revenue streams
- Comprehensive domestic and international network
- Extensive distribution and service network

Opportunities

- Potential in voice to add over 200 mn new subscribers
- Mobile broadband to be the next frontier of growth
- Significant growth in smartphone adoption
- "Digital India" mission of the new government
- Demand for passive infrastructure services
- DTH digitisation

Challenges

- High input cost
- Downward pressure on tariffs
- Continuously evolving technological changes
- Extensive regulations
- Churn in the mobile telecommunications industry

Risks

- Rapid technological changes may increase competition
- Changes in regulations like lowering of roaming tariffs may affect revenue growth
- Change in the competitive landscape like consolidation, entry of a new player etc.
- Currency exchange rate fluctuations

Strengths

a. Presence in an Industry with Growth Potential

We believe we can capitalise on the growth potential presented by the telecommunications industry as a result of our established presence and our comprehensive range of products and services in India and globally.

The Indian telecommunications industry has attractive growth prospects that are mainly a result of factors such as: (i) relatively low rural penetration; (ii) rapid growth in data consumption from a low data consumption levels; and (iii) reduced competitive intensity resulting in improved pricing power for existing operators.

Furthermore, we believe that the global data communications industry has attractive growth prospects driven by various factors, which include: (i) rapid increase of Internet users, particularly in emerging markets; (ii) consumer demand for faster broadband speeds; (iii) the increase in the number of connected devices, such as smartphones, tablets and other Internet of Everything gadgets; (iv) growth in demand of data-intensive applications, such as social networking, video, online gaming, file sharing and remote file storage; and (v) the development and widespread implementation of cloud computing technologies that require high bandwidth and low latency global networks.

b. Large Customer Base with Leadership in Data Subscribers

We have a large customer base in India. As on March 2015, we reported 110.7 million total subscribers, of whom 109.5 million were wireless subscribers (including 33.7 million data subscribers, of which 17.4 million were 3G subscribers). We are the fourth largest wireless operator in India, as measured by the number of wireless subscribers, with a market share of 11.3%

and 12.4% on a VLR basis. We have generated more than 100 billion MoU per quarter for the last 12 quarters. We also have a strong market position in data subscribers, including 3G subscribers.

c. Annuity-like Recurring Revenue Streams

We believe our revenues have higher stability and predictability, due to annuity-like recurring revenue streams across our various businesses. In the wireless business, we have acquired long-term customers through bundled sales and post-paid services, which lead to lower churn rates and longer customer life cycles. We experience low churn rates for our enterprise clientele of multinational corporations and SMEs, ensuring annuity-like recurring revenue. In our carrier business, we have recurring revenues from various customers, including other carriers. Our Global Operations revenues mostly are through long-term carrier and IRU contracts and are recurring in nature. In our tower infrastructure business, we have long-term contracts with other service providers and also have further capacity to enhance tenancies.

d. Comprehensive Domestic and International Network

We have a nationwide, convergent digital network capable of providing a comprehensive suite of products and services to our customer base. As at December 31, 2014, our wireless network included 86,792 owned and leased sites which provide coverage to over 21,000 cities and over 400,000 villages across all 22 Circles. Our global network is distinguished by its geographical coverage and ability to provide subsea and terrestrial connectivity to major telecommunications hubs. These include hubs in the developed markets in the U.S. and Europe and key emerging markets in the Middle East and Asia.

e. Ample, Long Validity Period Wireless Spectrum

We are the only telecommunications operator in India with allocation of CDMA spectrum (800 MHz) and GSM spectrum (900 MHz and/or 1800 MHz) in all 22 telecommunications Circles. In addition, we have won 3G spectrum (2100 MHz) in 13 Circles in the 2010 auction. Most of our spectrums have long validity periods — our CDMA spectrum is valid until 2021 or later in 19 Circles, our GSM spectrum is valid until 2021 or later in 14 Circles, and our 3G spectrum is valid until 2030 in all 13 Circles. We believe that our diversity of spectrum provides us with significant advantages. In particular, our CDMA spectrum allows us to provide high-quality data services through dongles and smartphones in a capital-efficient manner, since the lower frequency requires fewer sites for similar coverage, and CDMA technology allows for more efficient compression and transmission of data.

f. Extensive Distribution and Service Network

We maintain an extensive distribution and service network covering all 22 telecommunications Circles in India. We have recently adopted an initiative to launch full-service franchise owned and operated retail outlets offering a full suite of services, including innovative

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self-care options, to our customers. As at March 31, 2015, we had 956 franchised Reliance Mobile exclusive stores spread across 152 cities and towns, offering customer activation and after-sales services. We also intend to increase these retail outlets to other cities. Our third-party retailer presence includes more than 680,000 outlets. Reliance Digital TV is available at over 35,850 outlets across approximately 8,350 cities and towns in the country. As at March 31, 2015, our GCX operations had sales and support staff across 28 locations and engineering and operational service staff across 18 countries.

Challenges

a. High Input Cost

The Industry is facing high inflationary cost pressure on account of high input cost for spectrum, increasing fuel and electricity charges, 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, rationalisation of manpower to check employee expenses and focus on quality acquisition to reduce churn and hence reduce customer acquisition cost.

b. Downward Pressure on Tariffs

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 these challenges.

c. Extensive regulation may adversely affect our ability to do business

The Government along with TRAI regulates many aspects of the telecommunications industry in India. The extensive regulatory structure under which we operate constrains our flexibility to respond to market conditions, technological developments, competition or changes in our cost structure. In addition, we are required to obtain a wide variety of approvals from various regulatory bodies.

d. Churn in the mobile telecommunications industry in India is high

The Indian mobile telecommunications industry has historically experienced a high rate of churn. This high churn rate has been a consequence of increasing competition and resultant promotional tariffs for new connections. Churn rates are especially high among pre-paid subscribers, who constitute a significant portion of the subscriber base of the Indian telecommunications industry.

Opportunities

a. Voice Business

During fiscal years 2011 and 2012, the Indian Wireless industry's revenue had double digit annualised growth rate of 12% and 16% respectively. In the

financial years 2013 and 2014, the industry revenue growth tapered down to single digit at 9.1% and 9.5% respectively. However, in the fiscal year 2015 the industry grew in double digits, by 10.9%. Voice still remains the bread and butter for the industry. Currently, industry has approximately 725 million unique users after accounting for 15% dual SIM holders. With VLR penetration of 88.9% and rural India penetration still under 50%, the industry has the potential to add nearly 200 million new subscribers during the next 3-4 years.

b. Mobile Broadband to be the Next Frontier of Growth for the Industry

Indian mobile broadband market in FY 2015-16 will continue to have stronger growth compared to mobile broadband market in developed geographies. According to the research firm IDC, India's mobile broadband service is expected to reach US\$7 billion (~₹ 42,000 crore) by 2017 from US\$4 Billion in 2014 with a CAGR 19.3%. 3G subs will grow faster than any other mobile technology, at five-year CAGR of 68%. This is mainly due to more 3G services coverage across the country, especially beyond the big cities. IDC attributes the growth of data revenue to three key areas i.e. smart-phones penetration with affordable prices, rollout of 3G and 4G licenses; and favorable consumer behavior towards 'Over-The-Top-Players' (OTTP) services.

c. Significant Growth in Smartphone Adoption

A major chunk of incremental industry revenues are attributable to data with nearly 50% or more incremental revenues for operators being driven solely by data. We are right in the midst of the data led revolution. This data growth is being fuelled by broad based smartphone adoption and consequent spurt in demand

Smartphone shipments reached 21.6 Million in the quarter ending December, 2014, a staggering annual growth of 90%. 64% of smartphone shipments in the third quarter of the fiscal were in the price band of less than ₹ 12,000, underlining device affordability as one of the key strategic drivers of mass adoption.

The overall smartphone base in the country in December 2014 stands at nearly 140 Million and with over 863 million active mobile users as of March 2015 in the country, we believe that it is still early days for the data surge story and huge headroom exists for even more explosive growth.

d. "Digital India" is High Priority Agenda for the New Government

The new Central Government has clearly expressed its intention to steer in the next telecom revolution, so we do expect certain policies, which will ensure a healthy profitable growth for the sector. The focus areas for the government to promote "Digital India" include Broadband connectivity at village level, improved access to services through IT enabled platforms, and greater transparency in Government

Management Discussion and Analysis

processes. National Rural Internet and Technology Mission is being launched to provide internet services in villages and schools and also training in IT skills. E-Kranti aims to transform the e-governance in the country by enabling all government services through electronic delivery to citizens and other stakeholders.

e. Passive Infrastructure

Nation-wide presence, long term contracts with all telecom service providers, strategic location of towers and fibre connectivity makes subsidiary RITL as 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.

Risks and Concerns

a. Operating licenses are subject to regulatory compliance

Some of the operating licenses are subject to regulatory compliance under the terms and conditions of licenses 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, require it to meet specified conditions, network build-out requirements and tariff fixation. However, the Company does not perceive any risks on this account as it is in a position to comply with these regulations.

b. Rapid technological changes

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 any risk of obsolescence at present.

c. Currency Exposure

We have currency exposures related to our revenues, expenditures and financing in currencies other than the local currencies in which we operate. Our Company also has significant borrowings in currencies other than Rupees. Further, we also import various equipment for our India operations for which we make payment in foreign currencies. We report our results of operations in Rupees. The Company manages this risk through prudent treasury management initiatives as per its internal policies and procedures.

d. High Capital Expenditure

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 requisite remedial steps through timely and optimal Capex plans.

e. Increased commoditisation

The traditional plain 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 our 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.

A lot of customers are adopting SIP trunking for voice connectivity. We intend to provide various VAS services to customers in order to increase the 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.

H. 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:

Revenues and operating expenses

On a consolidated basis, the Company earned total revenues of ₹ 22,098 crore (US\$3,536 million). The net profit after tax recorded by the Company was ₹ 620 crore (US\$99 million). Our total operating expenditure stood at ₹ 14,580 crore (US\$2,333 million).

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

The Company earned EBITDA of ₹ 7,518 crore (US\$1,203 million). The EBITDA margin for the year was 34.02%.

Depreciation and amortisation

The Depreciation and amortisation charges were ₹ 3,817 crore (US\$611 million).

Profit before / after tax

The profit before tax was ₹ 946 crore (US\$151 million). The provision for taxes was to the tune of ₹ 114 crore (US\$18 million) and the Company has recognised Deferred Tax Liabilities (net) of ₹ 212 crore (US\$34 million). The net profit after tax was ₹ 620 crore (US\$99 million).

Balance Sheet

As at March 31, 2015, the Company had total assets of ₹ 91,284 crore (US\$14,605 million). Stakeholders equity was ₹ 37,936 crore (US\$6,070 million), while net debt (excluding cash and cash equivalents) was ₹ 37,150 crore (US\$5,944 million), giving a net debt to equity ratio of 0.98 times.

I. Segment wise Review

1. India Operations

Overview

Our India operations segment comprises the following businesses: (i) wireless telecommunications services to retail customers through CDMA and GSM technology-based networks across India, including 3G services in 18 Circles, which also include the metropolitan Circles of Delhi, Mumbai and Kolkata. We provide a diverse array of mobile and fixed wireless voice, data, and value-added services in our wireless telecommunications business; (ii) voice, long-distance services and broadband access to enterprise customers; (iii) managed Internet data centre services; and (iv) DTH business. Additionally, our company Reliance Tech Services (RTS) is a complete end to end IT and Technology solution provider to RCOM Business units through delivery and operational excellence.

Revenues and Profit

The revenues for the financial year ended March 31, 2015 were ₹ 19,103 crore (US\$3,056 million). The EBITDA during the same period was ₹ 6,774 crore (US\$1,084 million), while the EBIT (Earnings before Interest and Tax) was ₹ 3,325 crore (US\$532 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.

Revenues and Profit

The Revenues for the financial year ended March 31, 2015 in this segment were ₹ 4,610 crore (US\$738 million). While the EBITDA was ₹ 744 crore (US\$119 million), the EBIT was ₹ 376 crore (US\$60 million).

J. Strategic Business Units

1. 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 ₹ 2,333 crore (US\$373 million) during the year as compared to ₹ 2,890 crore (US\$482 million) for the previous year. RCIL incurred total operating expenses of ₹ 1,306 crore (US\$209 million) as compared to ₹ 2,973 crore (US\$496 million) in the previous year.

Net Profit / (Loss)

The net Profit after tax recorded by RCIL was ₹ 120 crore (US\$19 million) as compared to loss ₹ 276 crore (US\$46 million) in the previous year.

Balance Sheet

As on March 31, 2015, RCIL had total assets (net) of ₹ 5,034 crore (US\$806 million) and shareholders' fund amounting to ₹ 922 crore (US\$148 million).

2. 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 executives named are presumed to be innocent, till their alleged guilt is established after a fair trial. These preliminary charges have no impact on the business, operations, and / or licenses of RTL and RCOM and 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 ₹ 3,486 crore (US\$558 million) during the year as compared to ₹ 3,739 crore (US\$624 million) in the previous year. RTL incurred total operating expenses of ₹ 2,864 crore (US\$458 million) as compared to ₹ 3,286 crore (US\$548 million) in the previous year.

Net Profit / (Loss)

The net loss after tax recorded by RTL was ₹ 143 crore (US\$23 million) as compared to net loss of ₹ 260 crore (US\$43 million) in the previous year.

Balance Sheet

As on March 31, 2015, RTL had total assets of ₹ 5,691 crore (US\$911 million) and shareholders' fund amounting to ₹ 721 crore (US\$115 million).

3. 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

Management Discussion and Analysis

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.

Revenues and Operating Expenses

RITL earned total revenues of ₹ 5,916 crore (US\$947 million) during the year as compared to ₹ 7,792 crore (US\$1,301 million) in the previous year. The Company incurred total operating expenses of ₹ 3,518 crore (US\$563 million) as compared to ₹ 3,977 crore (US\$664 million) in the previous year.

Net Profit / (Loss)

The net loss after tax recorded by RITL was ₹ 964 crore (US\$154 million) as compared to ₹ 105 crore (US\$18 million) in the previous year.

Balance Sheet

As at March 31, 2015, RITL had total assets of ₹ 13,412 crore (US\$2,146 million). Shareholders' fund was ₹ 6,635 crore (US\$1,062 million).

4. Global Cloud Xchange (GCX)

Revenues and Operating Expenses

GCX earned total revenues of ₹ 2,938 crore (US\$470 million) during the year. The Company incurred total operating expenses of ₹ 2,256 crore (US\$361 million).

Net Profit / (Loss)

The net profit after tax recorded by GCX was ₹ 231 crore (US\$37 million).

Balance Sheet

As at March 31, 2015, GCX had total assets of ₹ 7,175 crore (US\$1,148 million). Shareholders' fund was ₹ 2,650 crore (US\$424 million).

Adequacy of Internal Control and Systems

The Company has enhanced its 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. The 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. The 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.

Corporate Governance

The Company's "Code of Conduct" policy 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.

Human Resource and Employees Relations

The key focus areas:

- Driving Employee Engagement
- Creating Performance Driven Organization
- Attracting and Retaining Talent
- Building Leadership Bandwidth

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, 2015 was 9,111 across all businesses.

Corporate Social Responsibility

We at RCOM, driven by our mission and the guiding philosophy, focus on our corporate social commitment as an integral part of our business which is embedded in to the business strategy and its policies.

Our aims at RCOM is "to be a socially responsible corporate entity with a thrust in the area of Education, Employability, Economic Empowerment, Environment and Technology based social development through sustained business conduct."

To strengthen the mandate further, a CSR Policy was adopted by the RCOM Board framed in consonance with the CSR Rules, 2014 of the Companies Act 2013.

In the last one year RCOM has undertaken several initiatives to support inclusive growth and equitable development for social and economic betterment of the community through several CSR programs and active participation from enthusiast employee volunteers.

Management Discussion and Analysis

Below are key endeavours undertaken by RCOM during the year 2014-15.

a. Volunteering Initiative for Developing Young Aptitude (VIDYA)

Project VIDYA, is an educational program initiated by RCOM with a mission to create a platform to support effective learning and improve the literacy levels in the community. Focused on establishing a learning environment for developing reading skills and literacy skills in primary and secondary school children Project VIDYA in 2014-15, launched six VIDYA Centers across India, in the state of Maharashtra, Jharkhand, Odisha, Andhra Pradesh and Rajasthan reaching out to more than 7,500 children.

b. Support to Technology Education:

Inspired by the vision of our founder, RCOM has instituted a Reliance Communication Scholarship for the deserving students and promote research and development in the field of Computational Sciences in India at DA-IICT- the renowned educational institution based at Gandhinagar, Gujarat.

c. Providing Grassroots Advancement to Youth Aspiring Growth (PRAYAG):

PRAYAG is an endeavour extending employment based employability skills to unemployed or under employed youth from semi-urban and urban slum in India. This is a platform designed to empower school and college dropout youths in the areas adjoining the company's operations. PRAYAG has reached out to 4846 beneficiaries across 7 PRAYAG Centers across 7 states.

d. Cyber Woman – a Digital Literacy Programme:

Project 'Cyber Woman' promotes digital internet literacy for women from underprivileged communities. Initiated in 2013-14, till now, the Cyber Woman programme has reached to 1600 beneficiaries from Bihar, Jharkhand, West Bengal and Karnataka.

e. Project Swawlamban:

Project "Swawlamban" focuses on creating 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. from its training centre located in West Bengal.

f. Project Reliance ASHA

Reliance ASHA is an economic empowerment initiative undertaken by RCOM, 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 has been enabling employability skills and promoting livelihood platforms for differently-

abled youth in partnership with ASHA and Army Wives Welfare Association (AWWA) a social arm of ARMY.

g. Women Empowerment

Run for Women Empowerment (RfWE) 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.

Held at Ranchi, Jharkhand on March 14, 2015 the Run witnessed more than 600 women from across the socio-cultural realms participated to champion the cause on Women empowerment, and pledged their support in creating and shaping better India. Athletic Championship was also held to promote young budding women athletes. Ten women from the field of sports, art and culture were extended citations for their contribution and commitment towards the society.

h. Launch of Project Young Energy Savers (YES)

Young Energy Savers (YES) was conceptualized to spread awareness in the society to promote awareness on conserving natural resources and motivating the individuals to adopt measures to reduce, reuse and recycle natural resources. The project focused on 10 Schools by creating awareness on saving energy and making kids take up this cause and reduce carbon footprint by reducing the energy consumption at their homes. More than 1500 students from Navi Mumbai Municipal Corporation (NMMC) schools participated in the same.

i. Blood Donation Campaign

As a tribute to our Founder Chairman, Shri Dhirubhai H Ambani and recognizing the paucity of blood supply to patients, Reliance as a group has been organizing blood donation campaigns across the country by encouraging employees for voluntary blood donation and by creating a voluntary donor base to support the community. As a group, we have contributed 1.4 lakh units of blood over the last few years.

j. Social Awareness campaign

As part of our larger mandate, we have been initiating awareness drives on social issues across our customer base in India. The focus has been on Health, Girl Child, Women Empowerment, Environment etc. Partnerships with Ministry of Health and Family Welfare and other government bodies helped us further our mandate to bridge the communication gaps.

k. Employee Volunteering Day

Every year 11th February is celebrated as "Employee Volunteering Day" all across RCOM to acknowledge and honour the contributions by the employees towards the CSR initiative undertaken by the organisation.

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, 2015, 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 statement 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's Reg. No: 101720W

For **B S R & Co. LLP**

Chartered Accountants

Firm's Reg. No: 101248W/ W-100022

Chandan Lala

Partner

Membership No: 35671

Rajesh Mehra

Partner

Membership No: 103145

Mumbai

May 29, 2015

Corporate Governance Report

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.

It is affirmed that no personnel has been denied access to the Audit Committee.

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

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreements, the Board constituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, ESOS Compensation Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board rotates the Chairman of these Committees.

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 Nomination and 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 Stakeholders Relationship Committee interact with the stakeholders on their suggestions and queries, if any, which are forwarded to the Company Secretary.

Corporate Governance Report

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. Familiarisation 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.

The details of programme for familiarisation of independent directors is put up on the website of the Company at the link http://www.rcom.co.in/Rcom/aboutus/ir/pdf/Directors_familiarisation.pdf

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. In addition to this, we have provided various

online 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 review 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 growth and retention of our talent, while facilitating professional and personal growth of employees has also made our Company a 'Learning Organisation'.

The Company has been organising, throughout the year, series of employee engagement events involving all employees and their families.

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 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 (including committees thereof) 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 assist and advice the Board in the conduct of affairs of the Company and to ensure compliance with applicable statutory requirements and Secretarial Standards to provide guidance to directors and to facilitate to convening of meetings and is the interface between the management and regulatory authorities for governance matters. All the

Corporate Governance Report

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.

N. Compliance with the code and rules of Luxembourg Stock Exchange and Singapore Stock Exchange

The Global Depository Receipts (GDRs) issued by the Company are listed on the Luxembourg Stock Exchange (LSE) and 6.5 percent Senior Secured Notes due 2020 are listed on the Singapore Stock Exchange (SGX). The Company has reviewed the code on corporate governance of LSE and SGX and the Company's corporate governance practices conform to these codes and rules.

O. 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, 2015, the Board consisted of six members. The composition and 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
Non-Executive Non-Independent Director	Smt. Manjari Kacker**	06945359

* Appointed as Independent Director by Shareholders through Postal Ballot on September 16, 2014 for a period of five consecutive years.

** Appointed as Director, liable to retire by rotation through Postal Ballot on September 16, 2014.

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 confirm annually that they qualify the conditions of their being independent as provided under the law. 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. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- b. Monitoring the effectiveness of the Company's governance practices and making changes as needed.
- c. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- d. Aligning key executive and board remuneration with the longer term interests of the Company and its shareholders.
- e. Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- f. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- g. Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- h. Overseeing the process of disclosure and communications.
- i. Monitoring and reviewing Board Evaluation framework.

3. Board meetings

The Board held six meetings during financial year 2014-15 on May 2, 2014, June 24, 2014, August 14, 2014, November 14, 2014, January 31, 2015, and February 13, 2015. The maximum time gap between any two meetings was 91 days and the minimum gap was 12 days. The meetings are normally held at Mumbai.

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

Corporate Governance Report

4. Secretarial 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 Government will become mandatory effective from July 1, 2015.

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

5. Attendance of directors

Attendance of directors at the Board meetings held during financial year 2014-15 and the last Annual General Meeting held on September 30, 2014 and the details of directorships (calculated as per provisions of Section 165 of the Companies Act, 2013), Committee Chairmanships and the Committee memberships held by the directors as on March 31, 2015 were as under:

Name of the Director	Number of Board meetings attended out of Six meetings held	Attendance at the last AGM held on September 30, 2014	Number of directorship (including RCOM)	Committee(s) membership (including RCOM)	
				Membership	Chairmanship
Shri Anil D. Ambani	6	Present	15	1	NIL
Prof. J. Ramachandran	4	Present	7	6	4
Shri Deepak Shourie	2	Present	1	2	NIL
Shri A. K. Purwar	6	Present	12	5	2
Shri R. N. Bhardwaj	6	Present	16	9	2
Smt. Manjari Kacker*	3	Present	4	2	NIL

*Smt. Manjari Kacker was appointed as a Director w.e.f. September 16, 2014.

- 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.
- None of the directors hold membership of more than 10 committees of board, nor, is a chairman of more than 5 committees of Board.
- None of the Independent Directors hold the position of the Independent Director in more than seven listed companies as required under Clause 49 of the Listing Agreement.
- 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.
- The Committee membership and chairmanship above excludes membership and chairmanship in private companies, Foreign Companies and Section 8 companies.
- Membership of Committees include chairmanship, if any.

The Company's Independent Directors meet at least once in every Financial Year without the attendance of Non Independent Directors and Management Personnel. One meeting of Independent Directors was held during the year.

6. Details of directors

The abbreviated resumes of all Directors are furnished hereunder:

Shri Anil D. Ambani, 56 years, is the Chairman of our Company, Reliance Capital Limited, Reliance Infrastructure Limited and Reliance Power Limited. He is also on the Board of Directors of Reliance Defence Limited. He is the President of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat. He is a member of Stakeholders Relationship Committee, Nomination and Remuneration Committee, Employee Stock Option Scheme Compensation Committee ("ESOS Compensation Committee") and Corporate Social Responsibility ("CSR") Committee of our 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:

- Member of Wharton Board of Overseers, the Wharton School, U.S.A.
- Member of the Presidents Global Counsel, New York University, U.S.A.
- Member of Advisory Board of Warwick Business School, UK.
- One of the Founders of Indian School of Business (ISB), Hyderabad. ISB has established formal partnership with International Business Schools- Wharton and Kellogg.

The Prime Minister of India nominated Shri Ambani as the Co-Chair from the Indian side of the India-China CEO Forum, Member of the US-India CEO Forum, Member of the Indo-French CEO Forum and Member of the India-Canada CEO Forum.

As on March 31, 2015, Shri Anil D. Ambani held 18,59,171 equity shares in the Company.

Corporate Governance Report

Prof. J. Ramachandran, 58 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 Stakeholders Relationship Committee, Nomination and Remuneration Committee, Risk Management Committee, CSR Committee and ESOS Compensation Committee and Chairman of the Audit Committee of our Company. He is a Chairman of the Audit Committee and Stakeholders Relationship Committee of Redington (India) Limited, member of Audit Committee of Reliance Infratel Limited and Chairman of Stakeholders Relationship Committee and Member of Audit Committee of Sasken Communication Technologies Limited.

He does not hold any shares in the Company as on March 31, 2015.

Shri Deepak Shourie, 66 years, holds a bachelor's degree in Economics and has more than four decades of experience in general management with an emphasis on media, consumer goods and corporate affairs. He was a Executive Vice President and Managing Director of Discovery Communications of India and director in South Asia for BBC Worldwide Media Private Limited (formerly, BBCW Channels Private Limited).

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

He does not hold any shares in the Company as on March 31, 2015.

Shri A. K. Purwar, 69 years, was the former Chairman of the State Bank of India ("SBI") and also the former Managing Director of the State Bank of Patiala. He holds a master's degree in Commerce and a diploma in Business Administration. He is also a Director of Jindal Steel and Power Limited, Jindal Power Limited, Apollo Tyres Limited, IIFL Holdings Limited, ONGC Tripura Power Company Limited, IL&FS Renewable Energy Limited, Saurya Urja Company of Rajasthan Limited, Balaji Telefilms Limited and Alkem Laboratories 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 Stakeholders Relationship Committee and Risk Management Committee and member of the Audit Committee, Nomination and Remuneration Committee CSR Committee and ESOS Compensation Committee of our Company. He is also a member of the Audit Committee of Jindal Steel and Power Limited and Jindal Power Limited and Chairman of the Audit Committees of ONGC Tripura Company Limited.

He does not hold any shares in the Company as on March 31, 2015.

Shri R. N. Bhardwaj, 70 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 39 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.

Shri Bhardwaj is also a Director of Reliance Infratel Limited, Jaiprakash Associates Limited, Jaiprakash Power Ventures Limited, Microsec Financial Services Limited, Dhunseri Petrochem Limited, Milestone Capital Advisors Limited, Amtek Auto Limited, and SBI Life Insurance Company Limited. Shri Bhardwaj is a member of the Audit Committee, Stakeholders Relationship Committee, CSR Committee, Risk Management Committee and ESOS Compensation Committee and the Chairman of Nomination and Remuneration Committee of our Company. He is a chairman of the Audit Committee of Jaiprakash Associates Limited. He is a member of the Audit Committee of Microsec Financial Services Limited, Reliance Infratel Limited, Jaiprakash Power Ventures Limited, Milestone Capital Advisors Limited and SBI Life Insurance Company Limited. He is a Chairman of Stakeholders Relationship Committee of Microsec Financial Services Limited.

He does not hold any shares in the Company as on March 31, 2015.

Smt. Manjari Kacker, 62 years, holds a master's degree in Chemistry and a diploma in Business Administration. She has more than 38 years of experience in taxation, finance, administration and vigilance. She was in the Indian Revenue Service batch of 1974. She held various assignments during her tenure in the tax department and was also a member of the Central Board of Direct Taxes. She has also served as the Functional Director (Vigilance and Security) in Air India and has also represented India in international conferences. Presently, she is a Director of the Life Insurance Corporation of India, Indiabulls Housing Finance Limited, Shubhalakshmi Polyesters Limited and Hindustan Gum & Chemicals Limited. She is a Chairperson of Corporate Social Responsibility Committee and member of the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, ESOS Compensation Committee and Risk Management Committee of our Company.

She does not hold any shares in the Company as on March 31, 2015.

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/officers of the Company and its subsidiary companies.

Corporate Governance Report

II. Audit Committee

In terms of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013, the Board has an Audit Committee comprising of Prof. J. Ramachandran, Chairman, Shri A. K. Purwar, Shri R. N. Bhardwaj, Shri Deepak Shourie, all Independent Directors and Smt. Manjari Kacker, Director as members. All members of the Committee are financially literate. Section 177 of the Act has enlarged 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 and the risk management can be improved. The minutes of the meetings of the Audit Committee are placed before the Board.

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statement and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statement arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statement.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statement before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of

a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look 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;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee has following powers:

- 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.

Attendance at the meetings of the Audit Committee held during 2014-15.

The Audit Committee held its meetings on April 12, 2014, May 2, 2014, June 24, 2014, August 14, 2014, November 14, 2014, January 31, 2015, February 13, 2015 and March 31, 2015. The maximum time gap between any

Corporate Governance Report

two meetings was 91 days and the minimum gap was 12 days.

Members	Number of Meetings	
	held during the tenure	attended
Prof. J. Ramachandran	8	6
Shri A. K. Purwar	8	8
Shri Deepak Shourie	8	4
Shri R. N. Bhardwaj	8	8
Smt. Manjari Kacker*	4	4

*Smt. Manjari Kacker was appointed as a Member w.e.f. November 14, 2014.

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 statement were prepared in accordance with prevailing laws and regulations. The Committee discussed the Company's audited financial statement, the rationality of significant judgments and the clarity of disclosures in the financial statement. Based on the review and discussions conducted with the Management and the auditors, the Audit Committee believes that the Company's financial statement 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.

The Company has appointed Cost Auditors pursuant to Section 148 of the Companies Act, 2013. Further the Cost Auditors attends the audit committee meeting wherein cost audit reports are being placed and discussed.

III. Nomination and Remuneration Committee

The reconstituted Nomination and Remuneration Committee in terms of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement comprises of six directors, viz; Shri R. N. Bhardwaj, Chairman, Shri Anil D. Ambani, Prof. J. Ramachandran, Shri Deepak Shourie, Smt. Manjari Kacker and Shri A. K. Purwar as members.

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

As per Section 178 of the Act and the Listing Agreement, the terms of reference of the Committee, inter alia, include the following:

- process for selection and appointment of new directors and succession plans.
- recommend to the Board from time to time, a compensation structure for directors and the senior management personnel. Presently, the Company has no executive director.
- to identify persons who are qualified to be appointed in Senior Management in accordance with the criteria laid down and to recommend their appointment and/or removal to the Board.
- to formulate the criteria for evaluation of Independent Directors and the Board and the committees thereof.
- to carry out evaluation of every director's performance.
- to devise a policy on board diversity.

The Members at the 6th Annual General Meeting held on September 28, 2010, had approved payment of commission upto 3 per cent of the net profits of the Company for a period of 5 (five) years from the financial year commencing April 1, 2011 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 corresponding of Section 197 of Companies Act, 2013, computed in the manner specified in the Act.

One meeting of the Nomination and Remuneration Committee was held on June 24, 2014 during the financial year 2014-15.

Members	Number of Meeting	
	held during the tenure	attended
Shri R. N. Bhardwaj	1	1
Shri Anil D. Ambani	1	1
Prof. J. Ramachandran	1	-
Shri Deepak Shourie	1	1
Shri A. K. Purwar	1	1
Smt. Manjari Kacker*	-	-

*Smt. Manjari Kacker was appointed as a Member w.e.f. November 14, 2014.

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.

Corporate Governance Report

Details of Sitting fees paid to the Directors during the Financial Year ended March 31, 2015.

Name of Directors	Designation	Sitting Fee (₹ in Lac)
Shri Anil D. Ambani	Chairman	6.00
Prof. J. Ramachandran	Director	5.20
Shri Deepak Shourie	Director	3.80
Shri A. K. Purwar	Director	10.00
Shri R. N. Bhardwaj	Director	9.60
Smt. Manjari Kacker*	Director	4.00

*Smt. Manjari Kacker was appointed as a Director w.e.f. September 16, 2014.

Notes:

- There were no other pecuniary relationships or transactions of non executive directors vis-à-vis the Company.
- Pursuant to the limits approved by the Board, all directors being non executive, were paid sitting fees of ₹ 20,000 for attending each meeting of the Board and its committees. The sitting fees was revised to ₹ 40,000 for attending each meeting of the Board and its committees w.e.f. June 24, 2014.
- No remuneration by way of Commission to the non executive directors are proposed for the financial year 2014-15.

IV. Stakeholders Relationship Committee

In accordance with the requirements of Clause 49 in the Listing Agreement and provisions of the Act, the Company has renamed the existing Shareholders/ Investors Grievance Committee as "Stakeholders Relationship Committee" to resolve the grievances of all the stakeholders of the Company and to perform all other work. The Committee has six members consisting of Shri A. K. Purwar, Chairman and Shri Anil D. Ambani, Prof. J. Ramachandran, Shri Deepak Shourie, Shri R. N. Bhardwaj and Smt. Manjari Kacker as members.

Attendance at the meetings of Stakeholders Relationship Committee held during 2014-15.

During the year, the Stakeholder's Relationship Committee held its meetings on May 2, 2014, July 24, 2014, August 14, 2014, September 30, 2014, November 14, 2014 and February 13, 2015. The maximum time gap between any two meetings was 90 days and the minimum gap was 20 days.

Members	Number of Meetings	
	held during the tenure	attended
Shri A. K. Purwar	6	6
Shri Deepak Shourie	6	3
Shri Anil D. Ambani	6	5
Prof. J. Ramachandran	6	5
Shri R. N. Bhardwaj	6	6
Smt. Manjari Kacker*	2	2

*Smt. Manjari Kacker was appointed as a Member w.e.f. November 14, 2014.

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

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

No meeting of 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 were 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, which are in compliance with the requirements of SEBI (Share Based Employee Benefits) Regulations, 2014.

VIII. Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee was constituted by the Board on May 2, 2014 considering requirements of the Companies Act, 2013. The reconstituted Committee consists of Smt. Manjari Kacker as Chairperson, Shri Anil D. Ambani, Prof. J. Ramachandran, 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 Corporate Social Responsibility Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company.

Corporate Governance Report

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013. During the year, Corporate Social Responsibility Committee held its meeting on November 14, 2014.

Members	Number of Meeting	
	held	attended
Smt. Manjari Kacker	1	1
Prof. J. Ramachandran	1	-
Shri Anil D. Ambani	1	1
Shri Deepak Shourie	1	-
Shri A. K. Purwar	1	1
Shri R. N. Bhardwaj	1	1

Shri Prakash Shenoy, Company Secretary and Manager acts as the Secretary to Corporate Social Responsibility Committee.

IX. Risk Management Committee

Risk Management Committee was constituted by the Board on November 14, 2014 pursuant to the requirements of Clause 49 of the Listing Agreement and the Companies Act, 2013 relating to the constitution of a Risk Management Committee. Till the constitution of this Committee, Audit Committee of the Company was looking after risk management functions of the Company. The Committee consists of Shri A. K. Purwar as Chairman, Prof J. Ramachandran, Shri Deepak Shourie, Smt. Manjari Kacker and Shri R. N. Bhardwaj, Directors and Shri Vinod Sawhny, CEO, Shri Gurdeep Singh, CEO Wireless, Shri Bill Barney, CEO GCX and Shri Manikantan V., CFO. are as members. The Committee is authorized to discharge its responsibilities under the provisions of the Companies Act, 2013 and Listing Agreement executed with the Stock Exchanges as follows:

- (1) Oversee and approve the risk management, internal compliance and control policies and procedures of the Company.
- (2) Oversee the design and implementation of the risk management and internal control systems (including reporting and internal audit systems), in conjunction with existing business processes and systems, to manage the Company's material business risks.
- (3) Set reporting guidelines for management.
- (4) Establish policies for the monitoring and evaluation of risk management systems to assess the effectiveness of those systems in minimising risks that may impact adversely on the business objectives of the Company.
- (5) Oversight of internal systems to evaluate compliance with corporate policies.
- (6) Provide guidance to the Board on making the Company's risk management policies.
- (7) Subsidiary companies monitoring framework.

During the year no meeting of Risk Management Committee was held.

X. 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
2013-2014	September 30, 2014 12.00 noon	Yes 1. Qualified Institutional Placement (QIP)
2012-2013	August 27, 2013 12.00 noon	Yes 1. Qualified Institutional Placement (QIP)
2011-2012	September 04, 2012 12.00 noon	Yes 1. Qualified Institutional Placement (QIP) 2. Alteration of Articles of Association to increase authorised share capital

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

Extra Ordinary General Meeting (EGM)

An EGM of members was held on Thursday, July 24, 2014 at 11.00 A.M. at Bhaidas Hall, Near Mithibai College, Vile Parle (West), Mumbai 400 056 to pass special resolution for preferential issue of equity shares / warrants to the promoter group.

XI. Postal Ballot

The Company had conducted business through Postal Ballot during the financial year 2014-15.

The Company had 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, was appointed as Scrutiniser for overseeing the Postal Ballot Process.

The result of the Postal Ballot was announced on September 16, 2014, in which the following special resolutions were passed with requisite majority:

Particulars of special resolution		Percentage of votes cast in favour of resolution
i.	Private Placement of Non Convertible Debentures	99.48
ii.	Borrowing limits of the Company	99.51
iii.	Creation of Charge / Mortgage on the assets of the Company	99.51

Corporate Governance Report

The Company had complied with the procedure for Postal Ballot in terms of the provision of Section 110 of Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

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

XII. Means of Communication

- a. **Quarterly Results:** Quarterly Results are published in Financial Express, English newspaper circulating in substantially the whole of India and in Navshakti, Marathi vernacular 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, Notice of AGM, Audited Financial Statement, Consolidated Financial Statement, 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 made 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 Statement for the year ended March 31, 2015.

- e. **NSE 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, Results 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, Results 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 as under:

Toll free no. (India) : 1800 4250 999

Telephone no. : +91 40 6716 1500

Fax no. : +91 40 6716 1791

E-mail : rcom@karvy.com
- 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 complaints redress 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.

XIII. 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(VIII)(D) of the listing agreement.

XIV. Subsidiaries

Reliance Infratel Limited (RITL) is a material non listed Indian subsidiary company in terms of Clause 49 (V) 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 statement, 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 Risk Management Committee / Audit Committee / Board.

XV. Disclosures

- a. There has been no non-compliance by the Company on any matter related to capital markets during the last three years. 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 2014-15, no transactions of material nature had been entered into by the Company that may have a potential conflict with interest of the Company. The details of related party transactions are disclosed in Notes to Accounts.

c. **Accounting treatment**

In the preparation of financial statement, 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. **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 posted 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, 2013 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 2014-15".

Prakash Shenoy
Manager

e. **CEO/CFO certification**

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

f. **Review of Directors' Responsibility Statement**

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2015 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

XVI. Policy on insider trading

The Company has formulated a Reliance Communications Limited - Code of Conduct for

Prevention of Insider Trading and Code for Fair Disclosures of Unpublished Price Sensitive Information (Code) in accordance with the guidelines specified under SEBI (Prohibition of Insider Trading) Regulations 2015. 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.

XVII. 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, 2014	108720	4053477
b. Add: Number of undelivered folios and shares were transferred to Unclaimed suspense account during the year 2014-15	82	4262
c. Number of shareholders who approached issuer for transfer of shares from suspense account during the year	262	36512
d. Less: Number of shareholders to whom shares were transferred from suspense account during the year.	262	36512
e. Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2015	108540	4021227

The voting rights on the shares outstanding in the suspense account as on March 31, 2015 shall remain frozen till the rightful owner of such shares claims the shares.

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

Corporate Governance Report

XVIII. Compliance with non-mandatory requirements

1. The Board

Our Chairman is a non-executive Chairman and is entitled to maintain Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

2. Audit Qualifications

There are no audit qualifications on the financial statement of the Company for the year 2014-15.

3. Separate posts of Chairman and CEO

The Company appointed Shri Vinod Sawhny as CEO of the Company. Thus Company maintains separate posts of Chairman and CEO.

4. Reporting of Internal Auditor

The internal auditor reports directly to the Audit Committee of the Company.

XIX. 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 19, 2015 to Wednesday, September 30, 2015 (both days inclusive) for the purpose of Annual General Meeting.

Annual General Meeting

The 11th Annual General Meeting (AGM) will be held on Wednesday, September 30, 2015 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 A.M. on September 27, 2015 to 5.00 P.M. on September 29, 2015.

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 for investors.

Registrar and Transfer Agent (RTA)

Karvy Computershare Private Limited,
Unit: Reliance Communications Limited,
Karvy Selenium, Tower - B, Plot No. 31 & 32,
Survey No. 116/22, 115/24, 115/25,
Financial District, Nanakramguda,
Hyderabad 500 032, Telangana, India.
Website: www.karvy.com
Tel: +91 40 6716 1500
Fax No. +91 40 6716 1791
Toll Free No. 1800 4250 999
E-mail: rcom@karvy.com

Shareholders / investors are requested to forward share transfer documents, dematerialisation requests (through their Depository Participant) 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
31.03.2008	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 31.03.2015		As on 31.03.2014	
	Number of Shares	%	Number of Shares	%
(A) Shareholding of Promoter and Promoter Group				
(i) Indian	1485975844	59.70	1399309177	67.80
(ii) Foreign	0	0.00	0	0.00
Total shareholding of Promoter and Promoter Group	1485975844	59.70	1399309177	67.80
(B) Public Shareholding				
(i) Institutions	735984659	29.57	429637429	20.81
(ii) Non-Institutions	261383064	10.50	229373022	11.11
Total Public Shareholding	997367723	40.07	659010451	31.92
(C) Shares held by Custodians and against which Depository Receipts have been issued	5636178	0.23	5707253	0.28
GRAND TOTAL (A)+(B)+(C)	2488979745	100.00	2064026881	100.00

Distribution of shareholding

Number of Shares	Number of Shareholders as on 31.03.2015		Total equity Shares as on 31.03.2015		Number of Shareholders as on 31.03.2014		Total equity Shares as on 31.03.2014	
	Number	%	Number	%	Number	%	Number	%
Up to 500	1591404	96.00	114796740	4.61	1661045	96.55	116909810	5.66
501 to 5000	63055	3.80	73971220	2.97	56798	3.30	64528214	3.13
5001 to 100000	2893	0.18	43865307	1.76	2284	0.13	34339378	1.66
Above 100000	350	0.02	2256346478	90.66	259	0.02	1848249479	89.55
Total	1657702	100.00	2488979745	100.00	1720386	100.00	2064026881	100.00

Dematerialisation of Shares and Liquidity

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).

Reliance Communications Limited

Investor Information

Status of dematerialisation of shares

As on March 31, 2015, 98.47 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	
	2014-15	2013-2014	2014-15	2013-2014	31.3.2015	31.3.2014
SEBI	29	41	29	41	Nil	Nil
Stock Exchanges	7	10	7	10	Nil	Nil
NSDL / CDSL	0	1	0	1	Nil	Nil
Direct from investors	0	2	0	2	Nil	Nil
Total	36	54	36	54	Nil	Nil

Analysis of Grievances

	2014-15		2013-2014	
	Numbers	%	Numbers	%
Non-receipt of Annual Reports	14	38.89	6	11.11
Non-receipt of dividends	19	52.78	46	85.19
Non-receipt of share certificates	3	8.33	2	3.70
Total	36	100.00	54	100.00

There was no complaint pending as on March 31, 2015.

Notes:

- The shareholder base was 16,57,702 as of March 31, 2015 and 17,20,386 as of March 31, 2014.
- 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	Issue 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
9	20.01.2015	Preferential allotment	150	86666667	2488979745

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

Investor Information

Stock price and volume

2014-15	BSE Limited			National Stock Exchange of India Limited		
	High ₹	Low ₹	Volume Nos.	High ₹	Low ₹	Volume Nos.
April, 2014	138.50	121.50	21000280	138.40	121.30	96302717
May, 2014	149.50	113.50	32139294	149.30	113.50	136850946
June, 2014	156.90	136.75	38170992	157.25	137.25	161505842
July, 2014	147.80	121.00	28689946	148.50	120.60	202112058
August, 2014	138.65	114.30	15187667	138.40	114.30	88057226
September, 2014	121.65	93.10	27967850	121.55	93.05	151407159
October, 2014	108.30	95.00	14319552	108.40	94.80	80980816
November, 2014	117.40	99.50	21309144	120.80	99.65	118205027
December, 2014	113.10	77.70	22578287	105.80	77.65	128117480
January, 2015	84.20	75.10	21906257	84.20	75.05	118423044
February, 2015	81.25	66.60	25530742	81.20	66.50	120208144
March, 2015	72.20	56.90	32096866	72.25	56.75	159559443

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, CNX500 and Futures and Options trading. S&P 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, 2015 represent 5636178 equity shares constituting 0.23 per cent of the paid-up equity share capital of the Company. Each GDR represent one underlying equity share in the Company.

Debt Securities

- The following Debt Securities of the Company are listed on the Wholesale Debt Market (WDM) Segment of BSE and NSE.
 - 11.20 per cent Secured Redeemable Non-Convertible Debentures
 - 11.25 per cent Secured Redeemable Non-Convertible Debentures, Series - 1
 - 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

Reliance Communications Limited

Investor Information

2. 6.5 per cent Senior Secured Notes due 2020 is listed on Singapore Exchange Securities Trading Limited, Singapore

ISIN XS1216623022

Common Code 121662302

Singapore Exchange Securities Trading Limited (SGX-ST)
2 Shenton Way #19-00 SGX Centre 1 Singapore 068804

Telephone : +65 6236 8888

Fax : + 65 6536 2005

Website : www.sgx.com

Senior Secured Notes Trustee

Standard Chartered Bank

5th Floor, 1 Basing Hall Avenue,
London, EC2V 5DD, United Kingdom.

Payment of Listing Fees

An annual listing fee for the year 2014-15 (as applicable) has been paid by the Company to the stock exchanges.

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

	RCOM	Sensex BSE	Nifty NSE
FY 2014-15	- 54.03 per cent	24.89 per cent	26.65 per cent
2 years	7.34 per cent	48.43 per cent	49.42 per cent
3 years	- 29.51 per cent	60.64 per cent	60.34 per cent

Key financial reporting dates for the financial year 2015-16

Unaudited results for the first quarter ended June 30, 2015 : On or before August 14, 2015

Unaudited results for the second quarter / half year ended September 30, 2015 : On or before November 14, 2015

Unaudited results for the third quarter ended December 31, 2015 : On or before February 14, 2016

Audited results for the financial year 2015-16 : On or before May 30, 2016

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 audit

The Securities and Exchange Board of India has directed that all issuer companies shall submit a report 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
Karvy Selenium, Tower - B, Plot No. 31 & 32,
Survey No. 116/22, 115/24, 115/25,
Financial District, Nanakramguda,
Hyderabad 500 032, Telangana.
Tel: +91 40 6716 1500
Fax No. +91 40 6716 1791
Toll Free No. 1800 4250 999
E-mail: rcom@karvy.com.

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

The Company Secretary
Reliance Communications Limited
H Block, 1st Floor, Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710.
Telephone no. : +91 22 3038 6286
Fax : +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.

Independent Auditor's Report

To

The Members of Reliance Communications Limited

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of Reliance Communications Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 Standalone Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 of the 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 whether the Company has in place an adequate internal financial control system over financial reporting and the operative effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, of the state of affairs of the Company as at 31 March 2015, and its loss and cash flows for the year ended on that date.

Emphasis of Matter

- a) We draw attention to Note 2.29 (vi) of the Standalone Financial Statements regarding the Scheme of Arrangement ('the Scheme') sanctioned on 03 July 2009 by the Hon'ble High Court of Judicature at Mumbai, the Company is permitted to adjust additional depreciation/ amortisation, expenses and/or losses, which have been or are required to be debited to the Statement of Profit and Loss by a corresponding withdrawal or credit from/ to General Reserve, as determined by the Board of Directors. During the year, the Company has withdrawn ₹ 1,177 crore to offset additional depreciation / amortisation on account of fair valuation of certain assets which may be considered to override the relevant provisions of Schedule II of the Act and Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. Our opinion is not qualified in respect of this matter.
- b) We further draw your attention to Note 2.38 (b) of the Standalone 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 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 ₹ 31 crore (previous year ₹ 54 crore), amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 199 crore (previous year ₹ 254 crore) and depreciation on exchange losses capitalised of ₹ 387 crore (previous year ₹ 333 crore), as in the opinion of the Board, such exchange losses and depreciation are considered to be of an exceptional nature and accordingly, these expenses have been met by corresponding withdrawal from General Reserve. Our opinion is not qualified in respect of this matter.

Had the effect of paragraphs (a) and (b) above, not been met from General Reserve, the Company would have reflected a loss after tax for the year of ₹ 1,948 crore (previous year- profit after tax ₹ 89 crore)

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the

Independent Auditor's Report / Annexure to the Independent Auditors' Report - 31 March 2015

Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- (a) we have sought and 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 aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014; and read with Emphasis of Matter paragraph above, the Company has exercised the option available as per the Court Order which overrides the relevant provisions of AS 5;
- (e) on the basis of written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the director is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act; and

(f) with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.32 to the Standalone Financial Statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any foreseeable losses; and
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Chandan Lala
Partner
Membership No: 35671
Mumbai
May 29, 2015

For **B S R & Co. LLP**
Chartered Accountants
Firm's Reg. No: 101248W/
W-100022

Rajesh Mehra
Partner
Membership No: 103145

Annexure to the Independent Auditors' Report - 31 March 2015

With reference to the Annexure referred to in the Independent Auditors' Report to the Members of Reliance Communications Limited ('the Company') on the standalone financial statements for the year ended 31 March 2015, we report the following:

- (i) (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. No material discrepancies were noticed on physical verification of fixed asset as compared to book records.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the 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 inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs (iii) (a) and (b) of the Order are not applicable to the Company.
- (iv) 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.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph (v) of the Order is not applicable to the Company.
- (vi) 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 sub-section (1) of Section 148 of the Act, 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.
- (vii) (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, cess 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. 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, cess and other material statutory dues were in arrears as at 31 March 2015 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 or cess 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 (₹ in Cr)	Period	Forum where the dispute is pending
Central Sales Tax, West Bengal	Central Sales Tax	0.34	2007-08	Tax revision board
		0.09	2011-12	Jt. Commissioner (Appeals)
Central Sales Tax, Uttar Pradesh	Central Sales Tax	0.07	2006-07	UP Trade Tax Tribunal
		0.08	2010-11	Addl. Commissioner (Appeals)
Central Sales Tax, Uttarakhand	Central Sales Tax	0.12	2009-10	Dy. Commissioner of Commercial Taxes
			to 2010-11	
Central Sales Tax, Madhya Pradesh	Central Sales Tax	0.01	2011-12	Dy. Commissioner (Appeals)

Reliance Communications Limited

Annexure to the Independent Auditors' Report - 31 March 2015

Name of the Statute	Nature of dues	Amount (₹ in Cr)	Period	Forum where the dispute is pending
Central Sales Tax, Orissa	Central Sales Tax	0.02	Oct 06 – Mar 09	Sales Tax Appellate Tribunal
		0.01	2009-10	Addl. Commissioner (Appeals)
Sales Tax, Maharashtra	Sales Tax	4.79	2004-05	Jt. Commissioner (Appeals)
Central Sales Tax, Maharashtra	Central Sales Tax	0.44	2005-06	Dy. Commissioner of Sales Tax
Central Sales Tax, Bihar	Central Sales Tax	0.04	2005-06	Commercial Taxes Tribunal
		0.09	2013-14	Jt. Commissioner of Commercial Taxes (Appeals)
Entry Tax, Bihar	Entry Tax	0.38	2007-08 to 2008-09	Commercial Taxes Tribunal
Entry Tax, Madhya Pradesh	Entry Tax	0.48	2002-03 to 2003-04	Asst. Commissioner of Commercial Taxes
		1.76	2005-06 to 2008-09 and 2010-11	MP Taxation Board
		0.21	2011-12	Dy. Commissioner (Appeals)
Entry Tax, Orissa	Entry Tax	0.05	Oct 06 – Mar 09	Sales Tax Appellate Tribunal
		0.08	2009-10	Addl. Commissioner (Appeals)
Entry Tax, Rajasthan	Entry Tax	18.06	2005-06, 2007-08 to 2012-13	Supreme Court
Entry Tax, Uttar Pradesh	Entry Tax	0.13	2003-04	Commercial Tax Tribunal
Entry Tax, Chattisgarh	Entry Tax	0.50	2006-07 to 2007-08	Commercial Tax Tribunal
Entry Tax, Himachal Pradesh	Entry Tax	0.82	2010-11 to 2013-14	High Court
Central Excise Act, 1944	Excise duty	4.16	2002-04	CESTAT, Mumbai
VAT, Bihar	VAT	0.24	2005-06	Commercial Tax Tribunal
VAT/Sales Tax, Uttar Pradesh	VAT/Sales Tax	0.24	2003-04	UP Trade Tax Tribunal
		0.93	2004-05	High Court
		0.72	2005-06, Jan '08 to March '08 and 2010-11	Addl. Commissioner (Appeals)
		0.71	2006-07 to 2009-10	Dy. Commissioner of Commercial Taxes
VAT, Uttarakhand	VAT	0.03	2007-08	Jt. Commissioner (Appeals)
		0.78	2009-10 to 2010-11	Dy. Commissioner of Commercial Taxes
VAT, West Bengal	VAT	1.49	2005-06	Tax Revision Board
		2.69	2007-08 to 2008-09	Tax revision board
		2.42	2006-07, 2009-10 to 2011-12	Jt. Commissioner (Appeals)
VAT, Haryana	VAT	1.15	2011-12	Jt. Excise and Taxation Commissioner (Appeals)
VAT, Kerala	VAT	0.01	2006-07	Deputy Commissioner (Appeals)
VAT, Punjab	VAT	0.05	2010-11	Deputy Commissioner (Appeals)
Finance Act, 1944	Service tax	14.31	Oct'06 to Sept'11 and May'08 to May'09	CESTAT
The Custom Act, 1962	Custom duty	0.23	2006-07	CESTAT
Income Tax Act, 1961	Income Tax	116.76	2008-09, 2009-10 and 2011-12	Commissioner Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	89.97	2002-06	Bombay High Court

Annexure to the Independent Auditors' Report - 31 March 2015

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder has been transferred to such fund within time.
- (viii) The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred any cash losses in the current year and in the immediately preceding financial year.
- (ix) 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.
- (x) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantee for loan taken, by subsidiaries and other companies with whom the Company has business dealings, from banks are not prima facie prejudicial to the interests of the Company.
- (xi) In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the term loans taken by the Company have been applied for the purpose for which they were raised except for certain term loans availed as at the end of the year, which have been placed as fixed deposits with bank and have been utilised for the stated purpose, subsequent to Balance Sheet date.
- (xii) 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

Chandan Lala
Partner
Membership No: 35671
Mumbai
May 29, 2015

For **B S R & Co. LLP**
Chartered Accountants
Firm's Reg. No: 101248W/
W-100022

Rajesh Mehra
Partner
Membership No: 103145

Reliance Communications Limited

Balance Sheet as at March 31, 2015

	Notes		As at March 31, 2015	(₹ in crore) As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	1,244		1,032
Reserves and Surplus	2.02	34,627	35,871	30,735
				31,767
Non Current Liabilities				
(a) Long Term Borrowings	2.03	25,977		22,795
(b) Other Long Term Liabilities	2.04	43		194
(c) Long Term Provisions	2.05	43	26,063	3,288
				26,277
Current Liabilities				
(a) Short Term Borrowings	2.06	1,189		7,332
(b) Trade Payables	2.07	4,385		2,076
(c) Other Current Liabilities	2.08	6,596		5,653
(d) Short Term Provisions	2.09	1,248	13,418	4,159
				19,220
TOTAL			75,352	77,264
ASSETS				
Non-Current Assets				
(a) Fixed Assets	2.10			
(i) Tangible Assets		16,776		16,982
(ii) Intangible Assets		15,556		17,441
(iii) Capital Work in Progress		631		731
		32,963		35,154
(b) Non Current Investments	2.11	21,784		21,042
(c) Deferred tax assets (net)	2.12	-		1,488
(d) Long Term Loans and Advances	2.13	3,442		4,653
(e) Other Non Current Assets	2.14	198	58,387	228
				62,565
Current Assets				
(a) Current Investments	2.15	638		-
(b) Inventories	2.16	201		269
(c) Trade Receivables	2.17	1,334		1,994
(d) Cash and Bank Balances	2.18	572		127
(e) Short Term Loans and Advances	2.19	10,861		9,375
(f) Other Current Assets	2.20	3,359	16,965	2,934
				14,699
TOTAL			75,352	77,264
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

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No.: 101248W/ W-100022

Chandan Lala
Partner
Membership No: 35671

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
May 29, 2015

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

Anil D. Ambani

Directors

J. Ramachandran
Deepak Shourie
A. K. Purwar
R. N. Bhardwaj

Company Secretary and Manager **Prakash Shenoy**

Statement of Profit and Loss for the year ended March 31, 2015

	Notes	For the year ended March 31, 2015	(₹ in crore) For the year ended March 31, 2014
INCOME			
Revenue from Operations	2.21	10,801	11,176
Other Income	2.22	335	1,269
Total Income		11,136	12,445
EXPENDITURE			
Access Charges, License Fees and Network Expenses	2.23	8,294	7,855
Employee Benefits Expenses	2.24	269	286
Finance Costs	2.25	1,680	1,796
Depreciation and Amortisation Expenses	2.10	3,117	3,272
Depreciation adjusted against Provision for Business Restructuring		-	(47)
Depreciation/Amortisation adjusted against General Reserve III		(1,177)	(1,177)
Sales and General Administration Expenses	2.26	582	1,218
Total Expenses		12,765	13,203
Profit/ (Loss) before Exceptional items, Tax and Adjustments		(1,629)	(758)
Exceptional Items	2.38		
Lease Rent Equalisation written back		4,328	-
Yield on Redeemable Preference Share receivables reversed		(1,359)	-
Depreciation on account of change in exchange rate	2.10	387	333
Equivalent amount withdrawn from General Reserve III		(387)	(333)
Foreign Currency Exchange Fluctuation Loss (net)		230	308
Equivalent amount withdrawn from General Reserve III		(230)	(308)
Profit/ (Loss) before Tax		1,340	(758)
Provision for:			
- Short provisions of earlier years		6	-
- Deferred Tax charge/ (credit)	2.12	1,488	(1,488)
Profit/ (Loss) after Tax		(154)	730
Earnings per Share of face value of ₹ 5 each fully paid up (before Exceptional items and Adjustments)	2.37		
- Basic (₹)		(13.38)	3.54
- Diluted (₹)		(13.38)	3.54
Earnings per Share of face value of ₹ 5 each fully paid up (after Exceptional items and Adjustments)	2.37		
- Basic (₹)		(0.66)	3.54
- Diluted (₹)		(0.66)	3.54

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

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No.: 101248W/ W-100022

Chandan Lala
Partner
Membership No: 35671

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
May 29, 2015

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

Anil D. Ambani

Directors

J. Ramachandran
Deepak Shourie
A. K. Purwar
R. N. Bhardwaj

Company Secretary and Manager **Prakash Shenoy**

Reliance Communications Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	(₹ in crore) For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before tax as per Statement of Profit and Loss	1,340	(758)
Adjusted for:		
Provision for Doubtful Debts	70	152
Depreciation and Amortisation Expenses	1,940	2,048
Effect of changes in Foreign Exchange Rate (net)	(28)	(5)
Loss on Sale of Capital Work in Progress	2	3
Net gain on Sale of Investments	(30)	(9)
Finance Costs (net)	1,680	1,796
Write back of Provision for Business Restructuring	-	(441)
Write back of Provision for Liabilities no longer required	(42)	(188)
Write back of Lease Rent Equalisation (Refer Note 2.38)	(4,328)	-
Reversal of Interest Receivables (Refer Note 2.38)	1,359	-
Employee Compensation Expenses (ESOS)	(2)	(1)
Rent Income	(8)	(1)
Interest Income	(254)	(596)
	359	2,758
Operating Profit before Working Capital changes	1,699	2,000
Adjusted for:		
Receivables and Other Advances	1,628	(770)
Inventories	68	35
Trade Payables and Other Liabilities*	61	2,077
	1,757	1,342
Cash Generated from Operations	3,456	3,342
Income Tax Refund	-	150
Income Tax Paid	(133)	(205)
	3,323	3,287
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets and Capital Work in Progress (including realised foreign exchange variation capitalised)	(1,383)	(668)
Realised foreign exchange variation withdrawn from General Reserve (₹ 47,44,000)	-	-
Purchase of Investments	(39,830)	(11,588)
Redemption of Investments	38,445	11,597
Refund of Loans given to Subsidiaries	21,059	9,215
Loans given to Subsidiaries	(23,361)	(9,064)
Rent received	8	1
Interest received	717	164
	717	164
Net Cash used in Investing Activities	(4,345)	(343)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Shares (net)	6,071	-
Realised foreign exchange variation	(117)	(456)
Proceeds from/ (Repayment of) Short Term Borrowings (net) (Refer Note 2.03.1)	(2,853)	(97)
Proceeds from Long Term Borrowings (Refer Note 2.03.1)	4,155	2,106
Repayment of Long Term Borrowings	(3,237)	(2,016)
Dividend Paid (including Tax)	-	(61)
Finance Costs	(2,552)	(2,521)
	1,467	(3,045)
Net Cash generated from/ (used in) Financing Activities	1,467	(3,045)
Net Increase/ (decrease) in Cash and Cash Equivalents	445	(101)
Opening Balance of Cash and Cash Equivalents	127	228
Effect of Exchange Gain on Cash and Cash Equivalents (₹ 1,25,434) (Previous year ₹ 28,26,696)	(0)	(0)
	572	127
Closing Balance of Cash and Cash Equivalents (Refer Note 2.18)	572	127

*includes an amount of ₹ 1 crore towards dividend for the FY 2006-07 transferred to Investor Education and Protection Fund (IEPF)

Notes (1) Figures in brackets indicate cash outgo.

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

(3) Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3 "Cash Flow Statements".

As per our report of even date
For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No.: 101720W

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No.: 101248W/ W-100022

For and on behalf of the Board
Chairman

Anil D. Ambani

Directors

J. Ramachandran
Deepak Shourie
A. K. Purwar
R. N. Bhardwaj

Chandan Lala
Partner
Membership No: 35671

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
May 29, 2015

Chief Financial Officer **Manikantan V.**

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 Comply with Accounting Standard specified under Section 133 the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 and other provisions of the Act to the extent notified and applicable, as well as applicable guidance note and 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 III to the Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates

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

1.03 Fixed Assets

- (i) Fixed Assets are stated at cost/ fair value net of Modvat/ Cenvat, Value Added Tax and include amount added on revaluation less accumulated depreciation, amortisation and impairment loss, if any.
- (ii) All costs including financing cost of qualifying assets till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising up to March 31, 2007 from exchange rate variations, relating to borrowings attributable to Fixed Assets are capitalised.
- (iii) Expenses incurred relating to project, prior to commencement of commercial operation, are considered as project development expenditure and shown under Capital Work in Progress.
- (iv) Telecom Licenses are stated at fair value or at cost as applicable less accumulated amortisation.
- (v) Indefeasible Rights of Connectivity (IRC) are stated at cost less accumulated amortisation.
- (vi) In respect of accounting period commencing on or after April 1, 2011, consequent to the insertion of para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', related to acquisition of depreciable assets pursuant to notifications dated December 29, 2011 and August 9, 2012 issued by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standards) (Second Amendment) Rules, 2011, the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisitions of such assets.

1.04 Lease

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

1.05 Depreciation/ Amortisation

- (i) Depreciation on Fixed Assets is provided on Straight Line Method (SLM) based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used as per technical evaluations.
 - (a) Telecom Electronic Equipments – 20 years
 - (b) Customer Premises Equipments – 3 years
 - (c) 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

Share issue expenses are charged off 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.

(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

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

date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

- (iii) Non Monetary foreign currency items are carried at cost.
- (iv) Exchange difference arising either on settlement or on translation of monetary items other than those mentioned above is recognised in the Statement of Profit and Loss.
- (v) Any loss arising out of marking of a class of derivative contracts to market price is recognised in the Statement of Profit and Loss. Income, if any, arising out of marking a class of derivative contracts to market price is not recognised in the Statement of Profit and Loss.
- (vi) All long term foreign currency monetary items consisting of liabilities which relate to acquisition of depreciable capital assets at the end of the period/ year have been restated at the rate prevailing at the Balance Sheet date. The exchange difference, arising as a result has been added or deducted from the cost of the assets as per the notifications issued by the Ministry of Corporate Affairs (MCA) dated December 29, 2011 and August 9, 2012. Exchange difference on other long term foreign currency monetary items is accumulated in "Foreign Currency Monetary Items Translation Difference Account (FCMITDA)" which will be amortized over the balance period of monetary assets or liabilities.

1.13 Revenue Recognition

- (i) Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods of one year or more are recognised over the estimated useful life of subscribers and specified fixed validity period, as appropriate. The estimated useful life is consistent with estimated churn of the subscribers.
- (ii) Interest income on investment is recognised on time proportion basis. Dividend is considered when right to receive is established.
- (iii) The Company sells rights of use (ROU) that provide customers with network capacity, typically over a 5 to 20 year without transferring the legal title or giving an option to purchase 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 service revenue on activation of services.

1.14 Provision for Doubtful Debts and Loans and Advances

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

1.15 Taxes on Income and Deferred Tax

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

1.16 Government Grants

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

1.17 Provisions, Contingent Liabilities and Contingent Assets

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

1.18 Earning per Share

In determining Earning per Share, the Company considers the net profit after tax and includes the post tax effect of any extraordinary/ exceptional item. The number of shares used in computing Basic Earning per Share is the weighted average number of shares, including owned by the Trust, outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will 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 or lapsed as per the terms of the Scheme.

Reliance Communications Limited

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

	As at March 31, 2015	(₹ in crore) As at March 31, 2014
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
	<u>2,500</u>	<u>2,500</u>
Issued, Subscribed and Paid Up		
2,48,89,79,745 Equity Shares of ₹ 5 each fully paid up (2,06,40,26,881)	1,244	1,032
	<u>1,244</u>	<u>1,032</u>

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

	No of Shares	No of Shares
(a) Reliance Innoventures Private Limited, the Holding Company	1,23,79,001	1,23,79,001
(b) Reliance Communications Enterprises Private Limited (formerly known as AAA Communication Private Limited), Subsidiary of the Holding Company	72,31,10,172	72,31,10,172
(c) Reliance Wind Turbine Installators Industries Private Limited (formerly known as AAA Industries Private Limited), Subsidiary of the Holding Company	30,00,00,000	30,00,00,000
(d) Reliance Ornatus Enterprises and Ventures Private Limited (formerly known as ADA Enterprises and Ventures Private Limited), Subsidiary of the Holding Company	30,00,00,000	30,00,00,000
(e) Telecom Infrastructure Finance Private Limited, Subsidiary of the Holding Company	8,66,66,667	-
(f) Reliance Capital Limited (Subsidiary of the Holding Company upto March 27, 2015)	-	2,96,95,295

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

	No. of Shares	%	No. of Shares	%
(a) Reliance Communications Enterprises Private Limited (formerly known as AAA Communication Private Limited)	72,31,10,172	29.05	72,31,10,172	35.03
(b) Reliance Wind Turbine Installators Industries Private Limited (formerly known as AAA Industries Private Limited)	30,00,00,000	12.05	30,00,00,000	14.53
(c) Reliance Ornatus Enterprises and Ventures Private Limited (formerly known as ADA Enterprises and Ventures Private Limited)	30,00,00,000	12.05	30,00,00,000	14.53
(d) Life Insurance Corporation of India	16,46,90,275	6.62	16,46,90,275	7.98

(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.

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

	March 31, 2015	March 31, 2014
Equity Shares	Number (₹ in crore)	Number (₹ in crore)
At the beginning of the year	2,06,40,26,881	2,06,40,26,881
Add: Changes during the year		
Allotment of Equity Shares to Qualified Institutional Buyers	33,82,86,197	-
Preferential Allotment of Equity Shares to Promoters	8,66,66,667	-
At the end of the year	<u>2,48,89,79,745</u>	<u>2,06,40,26,881</u>

(5) Refer Note 2.44 for RCOM ESOS TRUST

(6) During the year, the Company undertook Qualified Institutional Placement (QIP), as authorised by the Board of Directors, for issuance of 33,82,86,197 Equity Shares of face value of ₹ 5/- each to Qualified Institutional Buyers at a price of ₹ 142.14 per Equity Share, including share premium of ₹ 137.14 per Equity Share, aggregating to ₹ 4,808 crore in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 (SEBI ICDR Regulations) and Section 42 of the Companies Act, 2013 and the Rules made there under. The QIP issue was closed on June 27, 2014 and consequently, the said Equity Shares were allotted on July 2, 2014. Further the Company 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 ₹ 145/- per Equity Share) (up to ₹ 1,300 crore) under preferential allotment, to the Promoter Group entity. The said warrants were converted into equity shares of ₹ 5 each and allotted 8,66,66,667 equity shares to Promoter Group entity on January 20, 2015.

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

		As at March 31, 2015	(₹ in crore) As at March 31, 2014
Note : 2.02			
Reserve and Surplus			
Capital Reserve ₹ 5,00,000 (Previous year ₹ 5,00,000)		-	-
Securities Premium Account			
As per last Balance Sheet	8,047		8,047
Add: Premium on issuance of Equity shares (Refer Note 2.01.6)	5,896		-
Less : Issue Expenses on issuance of shares	49	13,894	-
			8,047
Debenture Redemption Reserve			
As per last Balance Sheet	590		419
Add : Transferred from Surplus in Statement of Profit and Loss	-	590	171
			590
General Reserve I (Refer Note 2.29)		5,538	5,538
General Reserve II (Refer Note 2.29)		2,785	2,785
General Reserve III (Refer Note 2.29)			
As per last Balance Sheet	12,375		14,193
Less: Transfer to Statement of Profit and Loss for depreciation on account of change in exchange rates (Refer Note 2.38)	387		333
Transfer to Statement of Profit and Loss for loss on account of change in exchange rates (Refer Note 2.38)	230		308
Transferred to Statement of Profit and Loss for depreciation/amortisation on fair value of assets (Refer Note 2.29)	1,177	10,581	1,177
			12,375
Reserve for Business Restructuring (Refer Note 2.29)		1,287	1,287
Foreign Currency Monetary Items Translation Difference Account (Refer Note 2.28)		(775)	(768)
Surplus in Statement of Profit and Loss			
As per last Balance Sheet	881		322
Add : Profit/ (Loss) for the year	(154)		730
Less : Transfer to Debenture Redemption Reserve	-		171
		727	881
		34,627	30,735

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	1,125	1,500

Term Loans

Secured

Foreign Currency Loans from Banks	14,445	16,637
Rupee Term Loans from Banks	6,590	510
Rupee Loans from Others	275	300

Unsecured

Rupee Term Loans from Bank	42	348
	25,977	22,795

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

2.03.1 Debentures, Foreign Currency Loan and Rupee Loans from Banks and Others

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. The Company on February 7, 2012, 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 4th 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.

The Company had 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, pursuant to the said sanction letters for Term Loan Facility, granted ₹ 4,590 crore as interim disbursement as an Interim Facility, pending execution of common loan agreement, which was classified as Short Term Borrowings during the previous year. The said Interim Facilities, upon execution of common loan agreement, during the year, have been classified as Long Term Borrowings.

NCDs along with foreign currency loans and rupee loans of ₹ 6,825 crore ("the said secured loans") have been secured by first pari passu charge on the whole of the movable plant and machinery 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 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), ("the Borrower Group"), in favour of the Security Trustee for the benefit of the NCD Holders and the Lenders of the said Secured Loans. Rupee loan of ₹ 800 crore is secured by second pari passu charge on movable plant and machinery and capital work in progress of the Borrower Group. The said loans (Refer Note 2.03.3 (b) (vi)) also include loan which are guaranteed. The Company, for the benefit of the Lenders of foreign currency loans of ₹ 17,355 crore, rupee loans of ₹ 10 crore, 1500, 11.25% NCDs aggregating to ₹ 1,500 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) (collectively referred as "telecom license") by execution of Tripartite Agreements with Department of Telecommunications (DoT) and the security agent acting on behalf of the Lenders. Assignment of Telecom Licenses of the Company for foreign currency loans of ₹ 469 crore, rupee loans from Banks of ₹ 6,015 crore and from Others of ₹ 300 crore is pending to be executed.

The Company has, for the benefit of the Lenders of foreign currency loans, rupee loans of ₹ 10 crore, and 11.60%, 5,000 Secured Redeemable, NCDs aggregating to ₹ 500 crore, apart from the above security, pledged equity shares of RCIL held by the Company and of RTL held by the Company and Reliance Infocomm Infrastructure Limited (RIIL) by execution of the Share Pledge Agreement with the Share Pledge Security Trustee. Rupee loans of ₹ 6,015 crore shall also be entitled to charge/ security on a pari passu basis with existing secured lenders, subject to regulatory and necessary approvals from existing secured lenders, by pledge of equity shares of RITL held by RCIL, apart from the above mentioned shares, on current assets, movable and immoveable assets including intangible, both present and future of the Borrower Group and Reliance Globalcom BV (RGBV).

2.03.2 Issue of Senior Secured Notes

The Company has, on May 6, 2015, issued Senior Secured Notes of USD 300 million bearing 6.5% p.a. interest, with a maturity of 5 ½ years.

2.03.3 Repayment Schedule of Long Term Loans

(a) Debentures		(₹ in crore)			
Rate of Interest	Repayment Schedule				
	2016-17	2017-18	2018-19	2019-20	2020-21
11.20%	-	-	3,000		
11.60%	500	-	-		
11.25%	375	375	375		

(b) Foreign Currency Loans		(₹ in crore)				
Rate of Interest	Repayment Schedule					
	2016-17	2017-18	2018-19	2019-20	2020-21	
2.13%	1,125	656	329	-	-	
3.51%	748	1,496	1,496	1,496	1,580	
4.03%	531	-	-	-	-	
2.46%	13	42	45	36	26	
2.07%	20	-	-	-	-	
5.14%	1,041	1,446	1,850	-	-	
4.43%	-	-	-	-	469	

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

(c) Rupee Term Loans Rate of Interest	Repayment Schedule				(₹ in crore)
	2016-17	2017-18	2018-19	2019-20	
12.25%	83	83	84	-	
14.70%	100	100	75	-	
11.75%	42	-	-	-	
12.50%	677	1,205	151	1,807	
14.15%	240	480	60	720	
14.30%	120	240	30	360	
12.00%	83	84	83	-	

(₹ in crore)

As at
March 31, 2015

As at
March 31, 2014

Note : 2.04

Other Long Term Liabilities

Capital Creditors	<u>43</u>	<u>194</u>
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Note : 2.05

Long Term Provisions

Retirement Benefits	<u>43</u>	<u>40</u>
Lease Rent Equalisation (Refer Note 2.38)	<u>-</u>	<u>3,248</u>
	<u>43</u>	<u>3,288</u>

Note : 2.06

Short Term Borrowings (Unsecured unless stated otherwise)

From Banks

Cash Credit (Secured)*	-	1,000
Rupee Loans (Secured)**	-	4,915
Foreign Currency Loans	<u>229</u>	<u>253</u>
Rupee Loans	<u>960</u>	<u>1,164</u>
	<u>1,189</u>	<u>7,332</u>

* Cash Credit from Banks as above were 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 was 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").

** Rupee Loans of ₹ 4,390 crore was secured by first pari passu charge on Movable Fixed Assets of the Borrower Group and the balance ₹ 525 crore was secured by second pari passu charge on Movable Fixed Assets of the Borrower Group.

Note : 2.07

Trade Payables

Dues to Micro and Small Enterprises (Refer Note 2.42)	<u>30</u>	<u>37</u>
Others	<u>4,355</u>	<u>2,039</u>
	<u>4,385</u>	<u>2,076</u>

Reliance Communications Limited

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

			(₹ in crore)
	As at March 31, 2015	As at March 31, 2014	
Note : 2.08			
Other Current Liabilities (Unsecured unless stated otherwise)			
Current Maturities of Long Term Debts			
Foreign Currency Loans from Banks (Secured) (Refer Note 2.03.1)	3,379	3,104	
Rupee Term Loans	71	402	
Rupee Term Loans (Secured) (Refer Note 2.03.1)	760	-	
11.25% Redeemable, Non Convertible Debentures (Secured) (Refer Note 2.03.1)	<u>375</u>	<u>-</u>	3,506
	4,585		
Others			
Interest accrued but not due on borrowings	125	146	
Income Received in advance	433	424	
Unclaimed Dividend	8	10	
Employee Stock Options	1	3	
Capital Creditors*	462	438	
Payable to tax authorities	273	232	
Other Liabilities**	<u>709</u>	<u>894</u>	2,147
	2,011		
	<u>6,596</u>	<u>5,653</u>	

* Includes ₹ 2 crore (Previous year ₹ 2 crore) towards Micro and Small Enterprises. (Refer Note 2.42)

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

			(₹ in crore)
	As at March 31, 2015	As at March 31, 2014	
Note : 2.09			
Short Term Provisions			
Provision for Employee benefits			
Retirement Benefits	21		23
Others			
Disputed Claims and Others (Refer Note 2.31(i))	1,215	1,215	
Lease Rent Equalisation (Refer Note 2.38)	-	2,920	
Wealth Tax (net of taxes paid) ₹ 23,82,817 (Previous year ₹ 28,97,753)	-	-	
Income Tax	<u>12</u>	<u>1</u>	4,136
	1,227		
	<u>1,248</u>	<u>4,159</u>	

Notes on Accounts to the 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, 2014	Additions	As at March 31, 2015	Depreciation for the year	As at March 31, 2015	As at March 31, 2014
Tangible Assets						
Leasehold Land	5	-	5	1	4	4
Freehold Land	398	2	400	-	400	398
Buildings	404	-	404	86	308	318
Plant and Machinery	29,076	1,324	30,400	12,821	14,341	16,255
Office Equipment	23	-	23	20	22	3
Furniture and Fixtures	40	-	40	39	39	1
Vehicles	45	-	45	42	42	3
Sub total	29,991	1,326	31,317	1,532	14,541	16,982
Previous year	28,065	1,926	29,991	1,304	13,009	16,761
Intangible Assets						
Indefeasible Right of Connectivity	225	27	252	102	138	123
Telecom Licenses	25,575	-	25,575	8,384	10,244	17,191
Software	314	60	374	249	315	65
Brand License	169	-	169	107	117	62
Sub total	26,283	87	26,370	8,842	10,814	17,441
Previous year	26,239	44	26,283	6,942	8,842	19,297
Grand Total	56,274	1,413	57,687	21,851	25,355	34,423
Previous year	54,304	1,970	56,274	18,246	21,851	36,058
Capital Work in Progress					631	731

2.10.1 Capital Work in Progress includes ₹ 176 crore (Previous year ₹ 175 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, 2015 is 8 years for Indefeasible Right of Connectivity, 6 years for 2G Telecom licenses and 16 years for 3G Telecom Licenses.

2.10.5 Refer Note 2.03.1 for Security in favour of the Lenders. Foreign Currency Loans of ₹ 2,188 crore (Previous year ₹ 2,097 crore) availed by RITL and Foreign Currency Loans of ₹ 1,682 crore (Previous year ₹ 1,744 crore), Rupee Term Loan of ₹ 10 crore (Previous year ₹ 10 crore) and Interim Facility of Nil (Previous year ₹ 440 crore) availed by RITL are secured by first pari passu charge on movable fixed assets of the Borrower Group. Apart from this, NCD of Nil (Previous year ₹ 120 crore, Second pari passu charge) availed issued by RITL and Rupee loan of ₹ 675 crore (Previous year ₹ 125 crore, Second pari passu charge) by RITL have been secured by first pari passu charge on movable Fixed Assets.

2.10.6 During the year additions in Plant and Machinery includes ₹ 583 crore (Previous year ₹ 1,432 crore) on account of foreign exchange variation. ₹ 387 crore (Previous year ₹ 333 crore) has been depreciated during the year.

2.10.7 Refer Note 2.40 Assets acquired under Business transfer agreement.

Reliance Communications Limited

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

		(₹ in crore)	
	As at March 31, 2015	As at March 31, 2014	
Note:2.11			
Non Current Investments			
Trade Investments (valued at cost unless stated otherwise)			
In Equity Shares of Wholly Owned Subsidiary Companies			
Unquoted, fully paid up			
9,38,00,00,000 Reliance Communications Infrastructure Limited of (2,01,00,00,000) ₹ 1 each	8,734	7,997	
50,00,000 Reliance Infocomm Infrastructure Limited of ₹ 10 each (50,00,000)	1,036	1,036	
6,87,066 Reliance Wimax Limited of ₹ 10 each (6,87,066)	8	8	
50,000 Reliance Bhutan Limited (formerly known as Reliance (50,000) Digital Home Services Limited) of ₹ 10 each ₹ 5,00,000 (Previous year ₹5,00,000)	-	-	
50,000 Reliance Webstore Limited of ₹ 10 each (50,000) ₹ 5,00,000 (Previous year ₹ 5,00,000)	-	-	
1,00,00,00,000 Reliance Big TV Limited of ₹ 10 each (1,00,00,00,000)	10	10	
35,63,601 Campion Properties Limited of ₹ 10 each (35,63,601)	9	9	
50,000 Reliance Tech Services Limited of ₹ 10 each ₹ 5,00,000 (18,200) (Previous year ₹ 1,82,000)	-	-	
20,00,000 Reliance Mobile Commerce Limited of ₹ 10 each (20,00,000)	2	2	9,062
In Equity Shares of Subsidiary Companies			
Unquoted, fully paid up			
6,69,80,100 Reliance Telecom Limited of ₹ 10 each (2,75,80,100)	521	482	
14,516 Reliance Globalcom BV of Euro 100 each (14,516)	6,515	6,515	
12,00,000 Reliance Globalcom Limited, Bermuda Class A Common (12,00,000) Shares of USD 0.01 each	233	233	
1,00,000 Gateway Net Trading Pte. Limited of USD 1 each (1,00,000) ₹ 46,78,250 (Previous year ₹ 46,78,250)	-	-	7,230
In Equity Shares of Companies			
Unquoted, fully paid up			
6,50,25,000 Warf Telecom International Private Limited of MRF 1 each (6,50,25,000)	22	22	
13,000 Mumbai Metro Transport Private Limited of ₹ 10 each (13,000) ₹ 1,30,000 (Previous year ₹ 1,30,000)	-	-	22
In Preference Shares of Wholly Owned Subsidiary Companies			
Unquoted, fully paid up			
20,000 8 % Redeemable, Cumulative Preference Shares of (20,000) Reliance Communications Infrastructure Limited of ₹ 10 each ₹ 2,00,000 (Previous year ₹ 2,00,000)	-	-	
10,00,000 0 % Redeemable, Non Cumulative, Non Convertible (10,00,000) Preference Shares of Reliance WiMax Limited of ₹ 10 each	100	100	100

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

		(₹ in crore)	
	As at March 31, 2015	As at March 31, 2014	
In Preference Shares of Subsidiary Companies			
Unquoted, fully paid up			
4,50,00,000 1% Redeemable, Non Cumulative, Non Convertible (4,50,00,000) Preference Shares of Reliance Telecom Limited of ₹10 each	445	445	
52 1% Redeemable, Non Cumulative, Non Convertible (52) Preference Shares of Reliance Globalcom BV of Euro 1 each ₹ 29,85,060 (Previous year ₹ 29,85,060)	-	-	
22,143 8 % Redeemable, Non Cumulative, Non Convertible (22,143) Preference Shares of Reliance Globalcom BV of Euro 1 each*	149	183	
4,00,00,000 0.10% Redeemable, Non Cumulative, Non Convertible (-) Preference Shares of Reliance Infratel Limited of ₹ 10 each (Refer Note 2.38)	4,000	-	
- 8% Redeemable, Non Cumulative, Non Convertible (4,00,00,000) Preference Shares of Reliance Infratel Limited of ₹ 10 each (Refer Note 2.38)	-	4,000	4,628
In Government Securities (valued at cost unless stated otherwise)			
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)	-	-	
	<u>21,784</u>	<u>21,042</u>	
Aggregate Book Value of Investments			
Unquoted	21,784	21,042	
Quoted	-	-	
	<u>21,784</u>	<u>21,042</u>	

* This investment has been considered as monetary item as per AS 11 "The Effects of Changes in Foreign Exchange Rates" and hence, cost has been revalued at the year end foreign exchange rate.

	As at March 31, 2015	(₹ in crore)	As at March 31, 2014
Note : 2.12			
Deferred Tax Assets (net)			
Deferred Tax Assets			
Related to carried forward Loss	1,708	594	
Disallowance, if any, under the Income Tax Act, 1961	986	719	
Lease Rent Equalisation	-	2,097	3,410
Deferred Tax Liabilities			
Related to timing difference on depreciation on fixed assets	1,764		1,922
Deferred Tax Assets (net) (i-ii)*	<u>930</u>	<u>1,488</u>	

* During the year, in absence of virtual certainty of realisability of deferred tax assets, the Company on conservative basis has restricted deferred tax asset to Nil. The Company has revised existing terms of lease of optic fibre cable availed from Reliance Infratel Limited (RITL), a subsidiary, as required in line with arm's length with effect from April 1, 2014 and accordingly, reversed entire amount of deferred tax assets of ₹ 1,488 crore, which was recognised in the previous year in view of the confirmed profitable orders pursuant to agreement with the customer for sharing of infrastructure and further supported by decision of structuring of its business through various measures including schemes of arrangements resulting into additional revenue.

Reliance Communications Limited

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

	As at March 31, 2015	(₹ in crore) As at March 31, 2014
Note: 2.13		
Long Term Loans and Advances (Unsecured, considered good unless stated otherwise)		
Loans to Related Parties (Refer Note 2.43)	2,719	2,719
Interest Accrued on Investments (Refer Note 2.38)	4	1,359
Capital Advances	21	9
Advance Income Tax	311	179
Other Loans and Advances (Refer Note 2.44)	387	387
	<u>3,442</u>	<u>4,653</u>
Note: 2.14		
Other Non Current Assets		
Unamortised Arrangers' Fees	<u>198</u>	<u>228</u>
Note: 2.15		
Current Investments (valued at lower of cost and fair value)		
In Government Securities (Quoted)		
34,000 6.83% GOI 2039 of ₹ 100 each fully paid up (34,000) ₹ 30,30,971 (Previous year ₹ 26,02,283) (Market value of Quoted Investments ₹ 30,58,250 (Previous year ₹ 26,35,153))	-	-
In Mutual Fund (Unquoted)		
18,71,541 Reliance Liquidity Fund - Growth of ₹ 10 each (-)	638	-
	<u>638</u>	<u>-</u>
Aggregate Book Value of Investments		
Quoted ₹ 30,30,971 (Previous year ₹ 26,02,283)	-	-
Unquoted	638	-
	<u>638</u>	<u>-</u>
Note: 2.16		
Inventories		
Stores and Spares (valued at cost or net realisable value whichever is less)	<u>201</u>	<u>269</u>
Note: 2.17		
Trade Receivables (Unsecured)		
Outstanding for more than six months from the date they became due for payment		
Considered good	363	847
Considered doubtful	1,227	977
	<u>1,590</u>	<u>1,824</u>
Less: Provision for doubtful receivables	<u>1,227</u>	<u>977</u>
	<u>363</u>	<u>847</u>
Others		
Considered good	971	1,147
Considered doubtful	17	79
	<u>988</u>	<u>1,226</u>
Less: Provision for doubtful receivables	<u>17</u>	<u>79</u>
	<u>971</u>	<u>1,147</u>
	<u>1,334</u>	<u>1,994</u>

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

(₹ in crore)

As at
March 31, 2015

As at
March 31, 2014

Note: 2.18

Cash and Bank Balances

Cheques on Hand	11	-
Balances with Banks	38	110
Earmarked Balance- Unpaid Dividend	8	10
Bank Deposits with less than 3 months' maturity	470	-
Bank Deposits with less than 12 months' maturity	45	7
	<u>572</u>	<u>127</u>

Note: 2.19

Short Term Loans and Advances

(Unsecured, considered good unless stated otherwise)

Loans to Related Parties (Refer Note 2.43)	6,974	4,660
Advances to Related Parties (Refer Note 2.46)	1,240	2,381
Balance with Customs, Excise Authorities ₹ 869 (Previous year ₹ 869)	-	-
Others*		
Considered good	2,647	2,334
Considered doubtful	74	74
	<u>2,721</u>	<u>2,408</u>
Less: Provision for doubtful advances	74	74
	<u>2,647</u>	<u>2,334</u>
	<u>10,861</u>	<u>9,375</u>

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

Note: 2.20

Other Current Assets

Deposits*	1,630	1,606
Interest Accrued on Loans and Investments	1,477	1,097
Unbilled revenue	252	231
	<u>3,359</u>	<u>2,934</u>

*Deposits includes ₹ 1,605 crore (Previous year ₹ 1,582 crore) paid against disputed claims.

Note: 2.21

Revenue From Operations

Sale of Services	11,925	12,409
Less: Service Tax	<u>1,124</u>	<u>1,233</u>
	<u>10,801</u>	<u>11,176</u>
	<u>10,801</u>	<u>11,176</u>

Reliance Communications Limited

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

			(₹ in crore)
	For the year ended March 31, 2015		For the year ended March 31, 2014
Note: 2.22			
Other Income			
Net gain on Sale of Current Investments	30		9
Rent	8		1
Miscellaneous Income (Refer Note 2.31 (ii))	43		650
Income from Current Investment ₹ 2,32,220 (Previous year ₹ 2,32,220)	-		-
Interest Income (Refer Note 2.38 (a))	254		609
	<u>335</u>		<u>1,269</u>
Note: 2.23			
Access Charges, License Fees and Network Expenses			
Access Charges	3,038		2,882
License Fees	775		851
Passive Infrastructure Charges (Refer Note 2.39)	1,676		1,216
Network Repairs and Maintenance (Refer Note 2.39)	524		351
Stores and Spares Consumed	19		12
Power, Fuel and Utilities (Refer Note 2.39)	1,289		1,063
Bandwidth Charges	582		1,228
Other Network Operating Expenses (Refer Note 2.39)	391		252
	<u>8,294</u>		<u>7,855</u>
Note: 2.24			
Employee Benefits Expenses			
Salaries (including managerial remuneration) (Refer Note 2.39)	171		186
Contribution to Provident, Gratuity and Superannuation Fund	30		33
Employee Welfare and Other Amenities	70		68
Write back of Compensation under Employee Stock Option Scheme	(2)		(1)
	<u>269</u>		<u>286</u>
Note: 2.25			
Finance Costs			
Interest and Other Charges on Term Loans	1,291		1,361
Interest on Other Loans (Refer Note 2.39)	<u>180</u>	1,471	<u>291</u>
Other Financial Costs		209	144
		<u>1,680</u>	<u>1,796</u>

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

		(₹ in crore)
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note: 2.26		
Sales and General Administration Expenses		
Selling, Marketing and Distribution Expenses (Refer Note 2.39)	190	714
Provision for Doubtful Debts	70	152
Insurance	8	7
Rent, Rates and Taxes	8	10
Other Repairs	4	6
Travelling	34	28
Professional Fees	45	63
Loss on Sale of Capital Work in Progress	2	3
Hire Charges (Refer Note 2.39)	38	58
Data Warehousing Charges	99	98
Other General and Administrative Expenses (Refer Note 2.39)	77	73
Wealth Tax (₹ Nil (Previous year ₹ 6,00,000))	-	-
Payment to Auditors		
(a) Statutory Audit Fees	6	6
(b) For Other Services	1	-
(d) For reimbursement of expenses ₹ 3,60,143 (Previous year ₹ 20,00,000)	-	-
	582	1,218

Note: 2.27

Previous year

Figures of the previous year have been regrouped and reclassified, wherever required. Amount in Financial Statements are presented in Rupee crore, except as otherwise stated.

Note: 2.28

Foreign Currency Monetary Items

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, 2015, the Company has added ₹ 583 crore (Previous year ₹ 1432 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 ₹ 206 crore (Previous year ₹ 541 crore) arising on other long-term foreign currency monetary items in FCMITDA and ₹ 199 crore (Previous year ₹ 254 crore) has been amortised during the year, leaving balance which will be amortized over the balance period of loans.

Note: 2.29

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:

Reliance Communications Limited

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

- (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 relating 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 relating to Telecommunications Undertaking transferred and vested into the Company.
- (iv) General Reserve III of ₹ 12,375 crore comprises of ₹ 4,159 crore transferred to General Reserve from Statement of Profit and Loss and ₹ 8,215 crore arising pursuant to Scheme of Amalgamation of erstwhile Reliance Gateway Net Limited and ₹ 1 crore of erstwhile Global Innovative Solutions Private Limited.
- (v) Reserve for Business Restructuring of ₹ 1,287 crore representing the unadjusted balance of revaluation of investment in Reliance Communications Infrastructure Limited, the Holding company of Reliance Infratel Limited after withdrawing an amount equivalent to writing off Passive Infrastructure assets, transferred to RITL, to the Statement of Profit and Loss. Balance in Reserve for Business Restructuring shall be available to meet the increased depreciation, costs, expenses and losses including on account of impairment of or write down of assets etc.
- (vi) Additional depreciation of ₹ 1,177 crore arising on fair value of the assets has been adjusted, consistent with the practice followed in earlier years, from General Reserve III as permitted pursuant to the Scheme of Arrangement (the Scheme) sanctioned vide an order dated July 3, 2009 by the Hon'ble High Court and as determined by the Board of Directors.
- (vii) During the previous year, the Company has adjusted ₹ 47 crore additional depreciation arising on fair value of the assets from Provision for Business Restructuring.
- (viii) Also Refer Note 2.38 "Exceptional Items" below.

Note: 2.30

Project Development Expenditure

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

	For the year ended March 31, 2015	For the year ended March 31, 2014
Opening Balance	-	199
Add: Expenditure incurred during the year		
Employee Benefit Expenses	13	17
Rent, Rates and Taxes	3	5
General and Administration Expenses	1	2
	17	24
Sub Total	17	223
Less: Capitalised/Used during the year	17	223
Closing Balance	-	-

Note: 2.31

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).

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

- (ii) During the earlier years, 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 had reassessed the requirement for maintaining such PBR and based thereon, reversed balance of ₹ 441 crore during the previous year as no longer required. The said amount on reversal of PBR was reflected as part of Other Income during the previous year.

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

Note: 2.32

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

	As at March 31, 2015	As at March 31, 2014
	(₹ in crore)	
(i) Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for	781	282
(ii) Disputed Liabilities in Appeal		
– Sales Tax and VAT	20	22
– Excise and Service Tax	23	29
– Entry Tax and Octroi	37	34
– Income Tax	451	303
– Other Litigations	1,689	1,354
(iii) Guarantees given by the Company on behalf of its Subsidiaries	5,237	4,791
(iv) Guarantees given by the Company on behalf of other companies for business purpose	10	12
(v) Spectrum Charges		
Department of Telecommunication (DoT) has, during the earlier years, 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 has 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.		
(vi) License Fees and 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 for the years ended March 31, 2007 and March 31, 2008 relating to license fees and revenue share. The Company has received show cause notice 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 ₹ 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 Telecom Disputes Settlement and Appellate Tribunal (TDSAT) and also before the Hon'ble High Court of Kerala. The impugned demand has been stayed by Hon'ble High Court of Kerala during the pendency of the Petition. Meanwhile, Hon'ble TDSAT vide its judgment dated April 23, 2015 has set aside all License fee related demands and directed DoT to rework the licence fees payable by the operators for the past periods, in light of the findings, observations and directions made in the said judgment and to issue fresh demands, which the operators will pay within the time prescribed under the law. As per the judgment of Hon'ble TDSAT and other judicial pronouncements directly applicable to the issues of License fee dues raised by Special Auditors, there shall not be any liability of License fee and hence, no provision is required in the accounts of the Company.		
(vii) Spectrum Auction		
The Company, successfully bid in the 10 service areas and won spectrum including additional spectrum at a total cost of ₹ 1,706 crore. The validity of the above spectrum will be for a fresh 20 year period starting from the effective date as mentioned in the Letter of Intent (LOI) when issued, which, in case of spectrum blocks currently held by the existing licensees, should be the date of expiry of existing licenses. As per the payment options available, the Company has opted for the deferred payment and has made upfront payment of ₹ 441 crore on April 8, 2015 and balance ₹ 2,491 crore is payable in 10 annual installments starting from FY 2017-18. Pending completion of subsequent formalities as per the Notice Inviting Applications (NIA) for the auction and any orders that may be passed by Hon'ble Supreme Court in related and connected matters currently before it.		

Reliance Communications Limited

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

		As at March 31, 2015	(₹ in crore)	As at March 31, 2014
Note: 2.33				
(i)	Value of Imports on CIF basis			
	Capital Goods	179		179
	Stores and Spares	2		4
(ii)	Expenditure in Foreign Currency			
	Professional and Technical Fees	9		15
	Long Distance Operations	991		620
	Interest on Foreign Currency Term Loans	710		789
	Others	296		161
(iii)	Consumption of Stores and Spares	(₹ in crore)	%	(₹ in crore) %
	Imported (Value) ₹ 4,94,261	-	-	1 8%
	Indigenous (Value)	19	100%	11 92%
(iv)	Dividend in Foreign Currency			
	Dividend relating to 2012-13 remitted in Foreign Currency during the year ₹ Nil (Previous year ₹ 1,42,924)	-		-
	No. of Non resident Equity Shareholders	-		646
	No. of Equity Shares held by them	-		5,71,695
(v)	Earnings in Foreign Currency			
	Long Distance Operations	1,563		1,273
	Interest and other income ₹ Nil (Previous year ₹ 6,652)	-		-

Note: 2.34

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 cables and in respect of this lease, during the year ended March 31, 2015, has revised existing terms of lease to ₹ 350 crore per annum (Previous year ₹ 1,141 crore on straight line basis) and the same has been charged off in the Statement of Profit and Loss. (Refer Note 2.38 on Exceptional items).

	As at March 31, 2015	(₹ in crore)	As at March 31, 2014
Estimated future minimum payments under non cancellable operating leases			
(i) Not later than one year	350		4,061
(ii) Later than one year and not later than five years	700		6,671
(iii) Later than five years	-		-

Note: 2.35

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, 2015 and has submitted the necessary documents to DGFT for availing discharge letter for completion of export obligation amounting to ₹ Nil (Previous year ₹ 334 crore).

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss
Note: 2.36
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: 2.37
Earnings per Share (EPS)

		(₹ in crore)
	For the year ended March 31, 2015	For the year ended March 31, 2014
(i) Basic and Diluted EPS (before Exceptional items and Adjustments)		
(a) Profit/ (Loss) attributable to Equity Shareholders before Exceptional items and Adjustments(₹ in crore) (used as numerator for calculating Basic EPS)	(3,123)	730
(b) Profit/ (Loss) attributable to Equity Shareholders before Exceptional items and Adjustments (₹ in crore) (used as numerator for calculating Diluted EPS)	(3,123)	730
(c) Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	2,33,39,04,868	2,06,40,26,881
(d) Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	2,33,39,04,868	2,06,40,26,881
(e) Basic EPS of ₹ 5 each (₹)	(13.38)	3.54
(f) Diluted EPS of ₹ 5 each (₹)	(13.38)	3.54
(ii) Basic and Diluted EPS (after Exceptional items and Adjustments)		
(a) Profit/ (Loss) attributable to Equity Shareholders after Exceptional items and Adjustments (₹ in crore) (used as numerator for calculating Basic EPS)	(154)	730
(b) Profit/ (Loss) attributable to Equity Shareholders after Exceptional items and Adjustments(₹ in crore) (used as numerator for calculating Diluted EPS)	(154)	730
(c) Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	2,33,39,04,868	2,06,40,26,881
(d) Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	2,33,39,04,868	2,06,40,26,881
(e) Basic EPS of ₹ 5 each (₹)	(0.66)	3.54
(f) Diluted EPS of ₹ 5 each (₹)	(0.66)	3.54

Note: 2.38
Exceptional Items

- (a) During the year ended March 31, 2015, the Company has revised the existing terms of lease of optic fibre cable availed from its subsidiary, as required in line with arm's length pricing, with effect from April 1, 2014. Accordingly, lease rent equalisation liabilities of ₹ 4,328 crore for is reversed / written back as an exceptional item.

During the year, terms of Redeemable Preference Shares (RPS) issued by a subsidiary have been revised. Yield on RPS has been revised to 0.1% from 8.85% per annum, and accordingly amount earlier recognised of ₹ 1,359 crore is charged off as an exceptional item in Statement of Profit and Loss.

Reliance Communications Limited

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

- (b) 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 ₹ 387 crore (Previous year ₹ 333 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 ₹ 31 crore (Previous year ₹ 54 crore) of exchange variation (net) on items other than long term monetary items, ₹ 199 crore (Previous year ₹ 254 crore) being amortization of FCMITDA excluding the portion added to the cost of fixed assets or carried forward as FCMITDA in accordance with Para 46 A inserted into (AS) 11 " The Effects 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, 2015. Such withdrawals have been included/ reflected in the Statement of Profit and Loss. The Company has been legally advised that such inclusion in the Statement of Profit and Loss is in accordance with Schedule III of the Companies Act, 2013. Had such write off of expenses, losses and depreciation/ amortisation (refer note 2.29(vi)) not met from General Reserve, the Company would have reflected a Loss after tax for the year of ₹ 1,948 crore (Previous year profit after tax of ₹ 89 crore).

Note: 2.39

Recovery of the Expenses

Expenses are net of recoveries for common cost from; Reliance Communications Infrastructure Limited, a Wholly Owned Subsidiary of the Company, includes to ₹ 149 crore (Previous year ₹ 196 crore) for Network Expenses, ₹ 37 crore (Previous year ₹ 51 crore) for Salaries, ₹ 472 crore (Previous year ₹ 371 crore) for Interest Expenses and ₹ 6 crore (Previous year ₹ 143 crore) for Sales and General and Administration Expenses, Reliance IDC Limited, a Wholly Owned Subsidiary of Reliance Webstore Limited, includes ₹ 110 crore (Previous year ₹ Nil) for Network Expenses, ₹ 18 crore (Previous year ₹ 21 crore) for Salaries, ₹ 9 crore (Previous year ₹ 14 crore) for Interest Expense, ₹ 2 crore (Previous year ₹ 3 crore) for Hire charges and ₹ 33,97,180 (Previous year ₹ 1 crore) for Other General Administration Expenses, Reliance Infratel Limited, a subsidiary of Reliance Communications Infrastructure Limited includes ₹ 40 crore (Previous year ₹ 52 crore) for Salaries and ₹ 20 crore (Previous year ₹ 28 crore) for Sales and General and Administration Expenses comprising of ₹ 4 crore (Previous year ₹ 7 crore) for Hire Charges and ₹ 16 crore (Previous year ₹ 21 crore) for Other General and Administration Expenses, Reliance Big TV Limited, a Wholly Owned Subsidiary of the Company includes ₹ 14 crore (Previous year ₹ 15 crore) for Salaries, ₹ 99 crore (Previous year ₹ 93 crore) for Interest Expenses and ₹ 2 crore (Previous year ₹ 5 crore) for Other General and Administration Expenses including Hire charges, Reliance Telecom Limited, a Subsidiary of the Company includes ₹ 16 crore (Previous year ₹ 10 crore) for Network Expenses, ₹ 101 crore (Previous year ₹ 101 crore) for Salaries, ₹ 175 crore (Previous year ₹ 199 crore) for Interest Expenses and ₹ 81 (Previous year ₹ 113 crore) for Sales and General and Administration Expenses, Reliance Tech Services Limited, a Wholly Owned Subsidiary of the Company includes ₹ 11 crore (Previous year ₹ 12 crore) for Salaries, ₹ 9 crore (Previous year ₹ Nil) for Interest Expenses and ₹ 11 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 ₹ 47 crore (Previous year ₹ 21 crore) for Salaries, ₹ 53 crore (Previous year ₹ 55 crore) for Interest Expense and ₹ 5 crore (Previous year ₹ 67 crore) for Sales and General and Administration Expenses comprising of ₹ 5 crore (Previous year ₹ 5 crore) for Hire Charges, ₹ Nil (Previous year ₹ 61 crore) for Selling and Marketing expenses and ₹ 1 crore (Previous year ₹ 1 crore) for Other General and Administration Expenses, Reliance Infocomm Infrastructure Limited, a Wholly Owned Subsidiary of the Company includes ₹ 29 crore (Previous year ₹ 27 crore) for Interest Expense and ₹ Nil (Previous year ₹ 34,48,272) for Salary, General and Administration Expenses. Expenses under the heads Selling, Marketing and Distribution are net of recoveries of cost of ₹ 699 crore incurred for and on behalf of Reliance Webstore Limited (RWSL), a wholly owned subsidiary of the Company. These costs pertain to the activities related to customer life cycle management undertaken by RWSL with effect from April 1, 2014. Finance costs is net of recovery of interest cost from respective subsidiaries as mentioned above for the fund used by them for their business.

Note: 2.40

Transfer of Business Undertaking

The Company has entered into a Business Transfer Agreement with Reliance Communications Infrastructure Limited (RCIL), a Wholly Owned Subsidiary Company and accordingly all moveable assets comprising of fixed assets of ₹ 121 crore, current assets of ₹ 208 crore alongwith liabilities of ₹ 124 crore related to Internet Service Provider (ISP) Business Division, on "as is where basis" as a going concern, have been transferred w.e.f. June 01, 2014.

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

Note: 2.41

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		As at	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation				
Obligation at the beginning of the year	31	32	36	44
Service Cost	4	5	2	2
Interest Cost	3	2	3	4
Liability Transferred in from other Company (Gratuity ₹ 33,11,746 (Previous year ₹ 14,72,390))	-	0	-	-
Liability Transferred out from other Company (Gratuity ₹ Nil (Previous year ₹ 3,85,616))	-	(0)	-	-
Actuarial (gain)/ loss	2	5	2	7
Benefits Paid	(9)	(6)	(14)	(14)
Liabilities Extinguished on Settlement	-	(7)	-	(7)
Obligation at the end of the year	31	31	31	36
* 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	10	22	-	-
Expected return on plan assets	1	2	-	-
Actuarial gain/ (loss) (Gratuity ₹ 42,96,411)	(0)	(1)	-	-
Contributions	2			-
Liability Transferred in from other Company (Gratuity ₹ 33,11,746 (Previous year ₹ 14,72,390))	0	0	-	-
Liability Transferred out to other Company (Gratuity ₹ Nil (Previous year ₹ 3,85,616))	-	(0)	-	-
Benefits paid from the fund	(10)	(6)	-	-
Assets distributed on settlement	-	(7)		
Plan assets at the end of the year, at fair value	3	10	-	-
(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	3	10	-	-
Present value of the defined benefit obligation at the end of the year	31	31	31	36
Liability recognized in the Balance Sheet	28	21	31	36

Reliance Communications Limited

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

(₹ in crore)

Particulars	Gratuity*		Leave Encashment	
	As at		As at	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(iv) Cost for the year				
Service Cost	4	5	2	2
Interest Cost	3	3	3	4
Expected return on plan assets	(1)	(2)	NA	NA
Actuarial (gain) / loss	2	6	2	7
Net Cost	8	12	7	13
(v) Investment details of plan assets				
100% of the plan assets are invested in balanced Fund Instruments				
(vi) Actual return on plan assets (₹ 49,61,714)	-	1	-	-
(vii) Assumptions				
Interest rate	7.98%	9.30%	7.98%	9.30%
Estimated return on plan assets	7.98%	9.30%	-	-
Salary growth rate	8%	8%	8%	8.00%
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.				

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

	Gratuity				
	As at March 31				
	2015	2014	2013	2012	2011
Present Value of benefit obligation	31	31	32	30	32
Fair value of plan assets	3	10	22	25	25
Excess of obligation over plan assets (plan assets over obligation)	28	21	10	5	7
(ix) Experience Adjustment					
	2015	2014	2013	2012	2011
On Plan Liabilities	2	4	(2)	-	2
On Plan Assets (₹ 42,96,411)	(-)	(1)	-	(1)	(1)

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, 2015, based on the actuarial valuation, Fair value of plan assets is ₹ 259 crore (Previous year ₹ 283 crore), the present value of defined benefit obligation is ₹ 259 crore (Previous year ₹ 283 crore). For the year ended March 31, 2015, the Company has contributed ₹ 15 crore (Previous period ₹ 17 crore) towards Provident Fund.

The assumptions made for the above are Discount rate of 7.98%, average remaining tenure of Investment Portfolio is 5 years and guaranteed rate of return is 8.75%.

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

Note: 2.42

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, 2015	As at March 31, 2014
(i) Principal amount due to any supplier as at the year end	32	39
(ii) Interest due on the principal amount unpaid at the year end to any supplier	4	6
(iii) 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	-	-
(iv) Payment made to the enterprises beyond appointed date under Section 16 of MSMED	81	70
(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	11	9
(vi) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	15	15
(vii) 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.	10	11

Note: 2.43

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, 2015	As At March 31, 2014	Maximum Balance during the current year	Maximum Balance during the previous year
(i)	Reliance Webstore Limited	-	-	949	490
(ii)	Reliance Telecom Limited	1,245	1,581	1,711	2,261
(iii)	Campion Properties Limited	153	153	153	153
(iv)	Reliance Communications Infrastructure Limited	2,454	1,216	5,035	2,484
(v)	Reliance Infocomm Infrastructure Limited	980	220	980	312
(vi)	Reliance Big TV Limited	774	622	945	922
(vii)	Reliance Infratel Limited*	2,719	2,719	2,719	2,719
(viii)	Reliance Communications Tamilnadu Limited	-	600	600	600
(ix)	Reliance Globalcom B.V.	230	268	268	268
(x)	Reliance IDC Limited	-	-	147	-
(xi)	Reliance Tech Services Limited	1,138	-	1,140	-
		<u>9,693</u>	<u>7,379</u>		

* a Company in which director is interested.

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

Reliance Communications Limited

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

Note: 2.44

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/ 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 utilized by the Trust for purchasing 2.13 crore (Previous year 2.13 crore) Equity Shares during the period upto March 31, 2015. The fall in the value of these underlying shares on account of market volatility and loss, if any, can be determined only at the end of the exercise period under ESOS Scheme.

Pursuant to the SEBI "Share Based Employee Benefit Regulations 2014 (the Regulation)" prescribing accounting treatment to be based on the Guidance Note on "Accounting for Employee Share Based Payments" issued by the ICAI, the Company has ceased to consolidate Financial Statements of the RCOM ESOS Trust with financial results for the year ended on March 31, 2015. The Company had, during the previous year, consolidated the financial statements of RCOM ESOS Trust as at March 31, 2014 with the Financial Statement of the Company in terms of SEBI (ESOS and ESPS) Guidelines, 1999 and the opinion of the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India (the ICAI) and accordingly made comparable.

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

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 38 415	466	18 12 990	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	2 76 141	476	5 37 632	206
Number of Options outstanding at the end of the year	62 274	419	12 75 358	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, 2015 for ESOS Plan 2008 and ESOS Plan 2009 would have been ₹ 0.45 crore and ₹ 3 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	7.93%	7.90%
Expected life	3 years	4 years
Expected volatility	39.80%	39.80%
Expected dividend yield	0.02%	0.07%
Price of the underlying share in market at the time of option grant	₹ 541	₹ 174

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

Note: 2.45

Particulars of Derivative Instruments

Particulars of Derivative Instruments acquired for hedging	For the year ended March 31, 2015			For the year ended March 31, 2014		
	No. of Instruments	Value (US \$ crore)	Value (₹ in crore)	No. of Instruments	Value (US \$ crore)	Value (₹ in crore)
Principal Only Swap	-	-	-	1	1	60
Interest Rate Swap-Foreign Currency	-	-	-	2	1	48
Interest Rate Swap-Indian Rupee	-	-	-	1	1	25
Options - Cross Currency	-	-	-	-	-	-

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 \$ 284 crore (Previous year \$ 333 crore), equivalent to ₹ 17,726 crore (Previous year ₹ 19,934 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 ₹ 4 crore) for one or more subsequent accounting periods.

Note: 2.46

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)	Sr. No.	Name of the Subsidiary Companies (direct and step down subsidiaries)
1	Reliance WiMax Limited	18	Reliance Globalcom B.V.
2	Reliance Bhutan Limited (formerly known as Reliance Digital Home Services Limited)	19	Reliance Communications (UK) Limited
3	Reliance Webstore Limited	20	Reliance Communications (Hong Kong) Limited
4	Reliance Infocomm Infrastructure Limited	21	Reliance Communications (Singapore) Pte. Limited
5	Campion Properties Limited	22	Reliance Communications (New Zealand) Pte Limited
6	Reliance Big TV Limited	23	Reliance Communications (Australia) Pty Limited
7	Reliance Tech Services Limited	24	Anupam Global Soft (U) Limited
8	Reliance Telecom Limited	25	Gateway Net Trading Pte Limited
9	Reliance Communications Infrastructure Limited	26	Reliance Globalcom Limited, Bermuda
10	Reliance IDC Limited	27	FLAG Telecom Singapore Pte. Limited
11	Reliance Infratel Limited	28	FLAG Atlantic UK Limited
12	Reliance Mobile Commerce Limited	29	Reliance FLAG Atlantic France SAS
13	Reliance BPO Private Limited	30	FLAG Telecom Taiwan Limited
14	Reliance Globalcom Limited, India	31	Reliance FLAG Pacific Holdings Limited
15	Reliance Communications Tamilnadu Limited	32	FLAG Telecom Group Services Limited
16	Reliance Infra Realty Limited (w.e.f. November 11, 2014)	33	FLAG Telecom Deutschland GmbH
17	Reliance Infra Projects Limited (w.e.f. October 31, 2014)	34	FLAG Telecom Hellas AE

Reliance Communications Limited

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

Sr. No.	Name of the Subsidiary Companies (direct and step down subsidiaries)	Sr. No.	Name of the Subsidiary Companies (direct and step down subsidiaries)
35	FLAG Telecom Asia Limited	78	Net Direct SA (Proprietary) Ltd. (Under liquidation)
36	FLAG Telecom Nederland B.V.	79	Global Cloud Xchange Limited
37	Reliance Globalcom (UK) Limited	80	GCX Limited
38	Yipes Holdings Inc.	81	Seoul Telenet Inc.
39	Reliance Globalcom Services Inc.	82	FLAG Holdings (Taiwan) Limited
40	YTV Inc.	83	Reliance Telecom Infrastructure (Cyprus) Holdings Limited
41	Reliance Infocom Inc.	84	Lagerwood Investments Limited
42	Reliance Communications Inc.		Holding Company
43	Reliance Communications International Inc.	85	Reliance Innovatures Private Limited
44	Reliance Communications Canada Inc.		Individuals Promoters
45	Bonn Investment Inc.	86	Shri Anil D. Ambani, the person having control during the year
46	FLAG Telecom Development Limited		Key Managerial Person
47	FLAG Telecom Development Services Company LLC	87	Shri Prakash Shenoy, Company Secretary and Manager
48	FLAG Telecom Network Services Limited		B List of Other Related Parties : where there have been transactions
49	Reliance FLAG Telecom Ireland Limited		Associates
50	FLAG Telecom Japan Limited	1	Warf Telecom International Private Limited
51	FLAG Telecom Ireland Network Limited	2	Mumbai Metro Transport Private Limited
52	FLAG Telecom Network USA Limited		Fellow Subsidiary Company
53	FLAG Telecom Espana Network SAU	3	Telecom Infrastructure Finance Private Limited
54	Reliance Vanco Group Ltd	4	Reliance Big Entertainment Private Limited
55	Euronet Spain SA	5	Reliance Big Broadcasting Private Limited
56	Vanco (Shanghai) Co Ltd.	6	Big Animation (India) Private Limited
57	Vanco (Asia Pacific) Pte. Ltd.	7	Big Flicks Private Limited
58	Vanco Australasia Pty. Ltd.	8	Zapak Digital Entertainment Limited
59	Vanco Sp Zoo		Enterprises over which individual described in Sr. No. 86 above having control with effect from March 28, 2015. (Fellow Subsidiary Company upto March 27, 2015)
60	Vanco Gmbh	9	Reliance Capital Limited
61	Vanco Japan KK	10	Reliance Capital Asset Management Limited
62	Vanco NV	11	Reliance General Insurance Company Limited
63	Vanco SAS	12	Reliance Equity Advisors (India) Limited
64	Vanco South America Ltda	13	Reliance Money Precious Metals Private Limited
65	Vanco Srl	14	Reliance Money Express Limited
66	Vanco Sweden AB	15	Reliance Home Finance Limited
67	Vanco Switzerland AG	16	Reliance Securities Limited
68	Vanco Deutschland GmbH	17	Reliance Composite Insurance Broking Limited
69	Vanco BV	18	Reliance Financial Limited
70	Vanco Benelux BV	19	Reliance Money Solutions Private Limited
71	Vanco UK Ltd	20	Reliance Exchangenext Limited
72	Vanco International Ltd	21	Reliance Spot Exchange Infrastructure Limited
73	Vanco Row Limited		
74	Vanco Global Ltd		
75	VNO Direct Ltd		
76	Vanco US LLC		
77	Vanco Solutions Inc		

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

Disclosure in respect of transactions, which are more than 10% of the total transactions of the same type with a related party during the year ended March 31, 2015.

- 1 Fixed assets acquired during the period include ₹ 89 crore from Reliance Tech Services Limited and ₹ 22 crore from Reliance Flag Atlantic France SAS. *(Previous year – Fixed assets acquired during the year include ₹ 108 crore from Reliance Tech Services Limited and ₹ Nil from Reliance Flag Atlantic France SAS).*
- 2 Loans and Advances include loans granted during the year of ₹ 10,633 crore to Reliance Communications Infrastructure Limited, ₹ 2,441 crore to Reliance Telecom Limited, ₹ 8,329 crore to Reliance Webstore Limited and repaid /adjusted during the year ₹ 9,396 crore by Reliance Communications Infrastructure Limited, ₹ 2,777 crore by Reliance Telecom Limited, ₹ 8,329 crore by Reliance Webstore Limited. *(Previous year – 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, ₹ 626 crore to Reliance Webstore Limited and repaid /adjusted during the year ₹ 4,765 crore by Reliance Communications Infrastructure Limited, ₹ 3,214 crore by Reliance Telecom Limited, ₹ 656 crore by Reliance Webstore Limited).*
- 3 Trade Receivables include ₹ 6 crore from Reliance Communications Infrastructure Limited, ₹ 94 crore from Reliance Communications Inc, ₹ 19 crore from Reliance Communications International Inc., ₹ 76 crore from Reliance Telecom Limited, ₹ 4 crore from Reliance Webstore Limited and ₹ 82 crore from Reliance Flag Atlantic France SAS. *(Previous year – Trade Receivables include ₹ 460 crore from Reliance Communications Infrastructure Limited, ₹ Nil from Reliance Communications Inc, ₹ 46 crore from Reliance Communications International Inc., ₹ 337 crore from Reliance Telecom Limited and ₹ 23 crore from Reliance Webstore Limited and ₹ 42 crore from Reliance Flag Atlantic France SAS).*
- 4 Loans include ₹ 1,245 crore to Reliance Telecom Limited, ₹ 2,719 crore to Reliance Infratel Limited, ₹ 774 crore to Reliance Big TV Limited, ₹ 2,454 crore to Reliance Communications Infrastructure Limited, ₹ 980 crore to Reliance Infocomm Infrastructure Limited and ₹ 1,138 crore to Reliance Tech Services Limited and Advances include ₹ Nil to Reliance Communications Infrastructure Limited, ₹ 1,156 crore to Reliance Webstore Limited, ₹ 2 crore to Reliance Telecom Limited, ₹ Nil to Reliance Infratel Limited. *(Previous year – Loans include ₹ 1,581 crore to Reliance Telecom Limited, ₹ 2,719 crore to Reliance Infratel Limited, ₹ 622 crore to Reliance Big TV Limited, ₹ 1,216 crore to Reliance Communications Infrastructure Limited, ₹ 220 crore to Reliance Infocomm Infrastructure Limited and ₹ Nil crore to Reliance Tech Services Limited and Advances include ₹ 2,086 crore to Reliance Communications Infrastructure Limited, ₹ Nil to Reliance webstore Limited., ₹ 8 crore Reliance Telecom Limited, ₹ 273 crore to Reliance Infratel Limited).*
- 5 Trade Payables include ₹ 494 crore to Reliance Infratel Limited, ₹ 281 crore to Reliance Flag Atlantic France SAS, ₹ Nil to Reliance Communications Inc, ₹ Nil to Reliance Webstore Limited, ₹ 161 crore to Reliance Communication UK, ₹ 443 crore to Reliance Communication Infrastructure Limited and ₹ 115 crore to Reliance Tech Services Limited. *(Previous year – Trade Payables include ₹ Nil to Reliance Infratel Limited, ₹ 63 crore to Reliance Flag Atlantic France SAS, ₹ 58 crore to Reliance Communications Inc, ₹ 239 crore to Reliance Webstore Limited, ₹ 108 crore to Reliance Communication UK, ₹ Nil to Reliance Communication Infrastructure Limited and ₹ 9 crore to Reliance Tech Services Limited).*
- 6 Revenue from Operations includes ₹ 747 crore from Reliance Communications Inc., ₹ 700 crore from Reliance Telecom Limited., and ₹ 14 crore from Reliance Communications Infrastructure Limited. *(Previous year – Revenue From Operations includes ₹ 620 crore from Reliance Communications Inc, ₹ 702 crore from Reliance Telecom Limited and ₹ 382 crore from Reliance Communications Infrastructure Limited).*
- 7 Expenditure includes Access Charges: ₹ 370 crore to Reliance Communications Inc. and ₹ 258 crore to Reliance Telecom Limited, Network Operation Expenses: ₹ 2,965 crore to Reliance Infratel Limited, Selling and Marketing expenses: ₹ 120 crore to Reliance Webstore Limited and ₹ Nil to Reliance Communications Infrastructure Limited, General and Administration Expenses: ₹ Nil to Reliance Communications Infrastructure Limited, ₹ 18 crore to Reliance Infocomm Infrastructure Limited, ₹ 99 crore to Reliance IDC Limited, ₹ 29 crore to Reliance Tech Services Limited and Finance Cost: ₹ Nil to Reliance Communications Infrastructure Limited. *(Previous year – 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 Limited, ₹ 86 crore to Reliance IDC Limited, ₹ 32 crore to Reliance Tech Services Limited and Finance Cost: ₹ 14 crore to Reliance Communications Infrastructure Limited).*
- 8 Corporate Guarantee issued includes ₹ 2,337 crore to Reliance Infratel Limited and ₹ 2,050 crore to Reliance Telecom Limited. Assurance/ Letter of comfort which are not in nature of guarantee for financial support to subsidiary. *(Previous year – Corporate Guarantee issued includes ₹ 2,476 crore to Reliance Infratel Limited and ₹ 1,810 crore to Reliance Telecom Limited).*
- 9 Interest Income include ₹ 245 crore received from Reliance Infratel Ltd. *(Previous year – Interest Income include ₹ 595 crore received from Reliance Infratel Limited).*
- 10 Other Current Assets include ₹ 52 crore of Unbilled revenue of Reliance Communications Inc. Interest Receivable includes ₹ 649 crore from Reliance Infratel Limited, ₹ 175 crore from Reliance Telecom Limited and ₹ 475 crore from Reliance Communications Infrastructure Limited. *(Previous year – 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).*

Reliance Communications Limited

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

- 11 Interest Accrued on Investment includes ₹ 4 crore of Dividend Yield on Preference Share from Reliance Infratel Limited. (Previous year – Interest Accrued on Investment includes ₹ 1,359 crore of Dividend Yield on Preference Share from Reliance Infratel Limited).
- 12 Unearned Income includes ₹ 11 crore from Flag Telecom Ireland Network Limited. (Previous year– Unearned Income includes ₹ 14 crore from Flag Telecom Ireland Network Limited).
- 13 Prepaid expenses include ₹ 35 crore from Reliance FLAG Atlantic France SAS. (Previous year– Prepaid expenses include ₹ 25 crore from Reliance FLAG Atlantic France SAS).
- 14 Refer Note 2.39 for Recovery of Expenses and Interest cost from subsidiaries.
- 15 Other Current Liability includes Advance from customer ₹ Nil of Reliance Communications Inc, ₹ Nil of Reliance Telecom Limited, ₹ 71,88,369 of Reliance Communication Canada Inc. and ₹ 217 crore to Reliance Infratel Limited for availing passive infrastructure services for 3G operations. (Previous year – Other Current Liability includes Advance from customer ₹ 106 crore of Reliance Communications Inc, ₹ 170 crore of Reliance Telecom Limited and ₹ Nil of Reliance Communications Canada Inc. Other Current Liability also includes ₹ 217 crore to Reliance Infratel Limited for availing passive infrastructure services for 3G operations).

Transactions during the year with Related Parties.

(Figures in bracket represent Previous year)

Sr. No	Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which person having control	Associates/ Others	(₹ in crore)
						Total
1	Investments					
	Balance as at April 1, 2014	21,020 (20,991)	- (-)	- (-)	22 (22)	21,042 (21,013)
	Purchased during the year	776 (-)	38,341 (-)	- (-)	- (-)	39,117 (-)
	Sold during the year	- (-)	37,733 (-)	- (-)	- (-)	37,733 (-)
	Foreign exchange variation	(34) (29)	- (-)	- (-)	- (-)	(34) (29)
	Balance as at March 31, 2015	21,762 (21,020)	- (-)	638 (-)	22 (22)	22,422 (21,042)
2	Purchase of Assets	111 (108)	- (-)	- (-)	- (-)	111 (108)
3	Trade Receivables as at March 31, 2015	305 (934)	4 (-)	7 (-)	- (-)	316 (934)
4	Loans and Advances					
	(i) Loans					
	Balance as at April 1, 2014	7,379 (7,527)	- (-)	- (-)	- (-)	7,379 (7,527)
	Given during the period	23,961 (9,064)	- (-)	- (-)	- (-)	23,961 (9,064)
	Repaid & Adjusted during the year	21,659 (9,215)	- (-)	- (-)	- (-)	21,659 (9,215)
	Foreign exchange variation	12 (3)	- (-)	- (-)	- (-)	12 (3)
	Balance as at March 31, 2015	9,693 (7,379)	- (-)	- (-)	- (-)	9,693 (7,379)
	(ii) Short Term Advances	1,240 (2,381)	- (-)	1 (-)	- (-)	1,241 (2,381)

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

						(₹ in crore)
Sr. No	Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which person having control	Associates/ Others	Total
5	Interest Accrued on Investments and Loans	4	-	-	-	4
		(1,359)	(-)	(-)	(-)	(1,359)
6	Other Current Assets	1,525	-	-	-	1,525
		(1,130)	(-)	(-)	(-)	(1,130)
7	Prepaid Expenses	35	-	-	-	35
		(25)	(-)	(-)	(-)	(25)
8	Trade Payables as at March 31, 2015	1,515	3	1	-	1,519
		(485)	(1)	(-)	(-)	(486)
9	Unearned Income	12	-	-	-	12
		(14)	(-)	(-)	(-)	(14)
10	Other Current Liability	218	-	-	-	218
		(493)	(-)	(-)	(-)	(493)
11	Income					
	Revenue From Operations (₹ 4,33,680)	1,549	21	-	-	1,570
		(1,806)	(-)	(-)	(-)	(1,806)
	Other Income	245	30	-	-	275
		(595)	(-)	(-)	(-)	(595)
12	Expenditure					
	Access Charges	629	-	-	-	629
		(472)	(-)	(-)	(-)	(472)
	Network Operation Expenses	3,407	-	-	-	3,407
		(2,577)	(-)	(-)	(-)	(2,577)
	Selling and Marketing Expenses	120	-	-	-	120
		(176)	(-)	(-)	(-)	(176)
	General and Administration Expenses	148	1	-	-	149
		(145)	(2)	(-)	(-)	(147)
	Finance Costs	-	-	-	-	-
		(14)	(-)	(-)	(-)	(14)
	Recovery of Expenses	2,216	-	-	-	2,216
		(1,610)	(-)	(-)	(-)	(1,610)
13	Corporate Guarantee	5,237	-	-	-	5,237
		(4,791)	(-)	(-)	(-)	(4,791)
14	Person having control during the year					-
	Shri Anil D. Ambani- Sitting Fees ₹ 6,00,000	-	-	-	-	-
	(Previous year ₹ 2,00,000)	(-)	(-)	(-)	(-)	(-)
15	Managerial Remuneration					-
	Shri Prakash Shenoy- ₹ 22,21,658	-	-	-	-	-
	(Previous year ₹ 22,16,809)	(-)	(-)	(-)	(-)	(-)

As per our report of even date

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

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No.: 101248W/ W-100022

Chandan Lala
Partner
Membership No: 35671

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
May 29, 2015

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

Anil D. Ambani

Directors

J. Ramachandran
Deepak Shourie
A. K. Purwar
R. N. Bhardwaj

Company Secretary and Manager **Prakash Shenoy**

Independent Auditors' Report on Consolidated Financial Statements

To

The Members of Reliance Communications Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Reliance Communications Limited (hereinafter referred to as 'the Holding Company' or 'the Company'), its subsidiaries (the Holding Company and its subsidiaries together referred as 'the Group') and its associates, comprising the Consolidated Balance Sheet as at 31 March 2015, 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 (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standard 21, Consolidated Financial Statements and Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements) The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Holding Company's preparation 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 whether the Company has an adequate internal financial control system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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 reports of other auditors on separate financial statements of the subsidiaries and its associates as noted below, the aforesaid consolidated 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:

- i) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Group and its associates as at 31 March 2015;
- ii) in the case of the Consolidated Statement of Profit and Loss, of the consolidated profits for the year ended on that date; and
- iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

Emphasis of Matter

- a. We draw attention to Note 2.31 (vii) of the consolidated financial statements regarding the Scheme of Arrangement ('the Scheme') sanctioned on 03 July 2009 by the Hon'ble High Court of

Independent Auditors' Report on Consolidated Financial Statements

Judicature at Mumbai, the Holding Company is permitted to adjust additional depreciation/ amortisation, expenses and/ or losses, which have been or are required to be debited to the Statement of Profit and Loss by a corresponding withdrawal or credit from/ to General Reserve, as determined by the Board of Directors. During the year, the Holding Company has withdrawn ₹ 1,177 crore to offset additional depreciation/ amortisation on account of fair valuation of certain assets which may be considered to override the relevant provisions of Schedule II of the Act and Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. Our opinion is not qualified in respect of this matter.

- b. We draw your attention to Note 2.39 of the consolidated financial statements regarding the Schemes of Arrangement ('the Schemes') sanctioned by the Hon'ble High Court of Judicature at Mumbai, permit the Company and three of its subsidiaries, namely, Reliance Communications Infrastructure Limited, Reliance Infratel Limited and Reliance Telecom Limited to adjust expenses and/or losses identified by the respective Board of the Company and its three subsidiaries, which are required to be debited/credited to the Statement of Profit and Loss by a corresponding withdrawal or credit from/to General Reserve, which is considered to be an override to the relevant provisions of Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. The Company and its three subsidiaries have identified exchange variations incurred during the year of ₹ 71 crore (previous year ₹ 155 crore), depreciation on exchange losses capitalised of ₹ 431 crore (previous year ₹ 385 crore) and amortisation of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 463 crore (previous year ₹ 440 crore), as in the opinion of the respective Board, such exchange losses and costs are considered to be of an exceptional nature and accordingly, these expenses have been met by corresponding withdrawal from General Reserve. Our opinion is not qualified in respect of this matter.

Had such write off of depreciation/ amortisation and exchange loss, as mentioned in paragraphs (a) and (b) above, not been met from General Reserve, the Group and its associates would have reflected a loss after tax for the year of ₹ 1,428 crore (previous year – profit after tax ₹ 67crore). Our opinion is not qualified in respect of this matter.

- c. We draw your attention to Note 2.35(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 the director of a subsidiary company and the subsidiary company, against which the Director and the subsidiary company have filed writ petitions in October, 2013 before Hon'ble Supreme Court of India, which are pending for hearing as set out in the aforesaid note. Our opinion is not qualified in respect of this matter.

Other Matters

1. The Company has computed goodwill on consolidation by comparing the cost of investments with the equity of subsidiaries as on date on which investments were made by Reliance Industries Limited ('the transferor company') prior to demerger instead of considering the date of demerger as the date of investment.
2. We did not audit the financial statements of certain subsidiaries whose financial statements reflect total assets of ₹ 12,392 crore as at 31 March 2015, total revenues of ₹ 5,037 crore and net cash inflows amounting to ₹ 522 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 0.01 crore for the year ended 31 March 2015, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of the other auditors.
3. The financial statements of certain subsidiaries which reflect total assets of ₹ 19,221 crore as at 31 March 2015, total revenue of ₹ 6,319 crore and net cash out flows amounting to ₹ 47 crore for the year then ended, have been audited by one of the joint auditors, Chaturvedi & Shah, Chartered Accountants.
4. We did not audit the financial statements of certain subsidiaries whose financial statements reflect total assets of ₹ 1,332 crore as at 31 March 2015, total revenues of ₹ 165 crore and net cash out flows amounting to ₹ 22 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 3 crore for the year ended 31 March 2015, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These unaudited

Independent Auditors' Report on Consolidated Financial Statements

financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on such unaudited financial statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Company and subsidiary companies incorporated in India, we give in Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by sub-section (3) of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements of subsidiaries and associates, as noted in the 'Other Matters' paragraph, we report, to the extent applicable that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014; and read

with Emphasis of Matter paragraph above, the Company and three of its subsidiaries have exercised the option available as per the Court Order which overrides the relevant provisions of the AS 5.

- (e) On the basis of the written representations received from the Directors of the Holding Company as on 31 March 2015, taken on record by the Board of Directors of the Holding Company and the reports of the auditors of its subsidiary companies and an associate company incorporated in India, none of the Directors of the Holding Company and its subsidiaries and associate incorporated in India is disqualified as on 31 March 2015 from being appointed as a Director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 separate financial statements of subsidiaries and associates, as noted in the 'Other Matters' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer note 2.35 to the consolidated financial statements.
 - ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies and an associate company incorporated in India.

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

Chandan Lala
Partner
Membership No: 35671
Mumbai
May 29, 2015

For **B S R & Co. LLP**
Chartered Accountants
Firm's Reg. No: 101248W/
W-100022

Rajesh Mehra
Partner
Membership No: 103145

Annexure I to the Independent Auditors' Report on Consolidated Financial Statements–March 31, 2015

As stated in Para 1 of 'Report on Other Legal and Regulatory Requirements' in our Auditors' Report of even date, the following statement is based on the comments in the independent auditors' reports on the standalone financial statements of the Company and its subsidiary companies incorporated in India.

- (i) (a) The Company and its subsidiary companies incorporated in India have maintained proper records showing full particulars including quantitative details and situation of fixed assets, wherever applicable.
- (b) The Company and its subsidiary companies incorporated in India have a regular program of physical verification of its fixed assets by which all fixed assets are verified over a period ranging from one to three years except for base trans-receiver stations and assets installed at customer premises. We are informed that base trans-receiver stations are under continuous operational surveillance at National Network Operating Centre and are therefore not separately physically verified. In the opinion of the respective statutory auditors, this periodicity of physical verification is reasonable having regard to the size of the Company and its subsidiary companies incorporated in India and the nature of its assets. In accordance with the above program, the respective management of the Company and its subsidiary companies incorporated in India have verified the relevant fixed assets during the year and as informed, No material discrepancies were noticed on physical verification of fixed assets as compared to book records.
- (ii) (a) The inventory has been physically verified by the respective management of the Company, and its subsidiary companies incorporated in India during the year, wherever applicable. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the management as referred to above are reasonable and adequate in relation to the size of the Company, and its subsidiary companies incorporated in India and the nature of its business.
- (c) The Company and its subsidiary companies incorporated in India are maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company and its subsidiary companies incorporated in India, have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register

maintained by these companies under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable.

- (iv) In the opinion of and according to the information and explanations obtained by the respective statutory auditors of the Company and its subsidiary companies incorporated in India, and having regard to the explanation, that purchases of certain items of inventories and fixed assets are for the companies' specialised requirements for which suitable alternative sources are not available to obtain comparable quotations, these companies have an adequate internal control system commensurate with the respective size of each company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. There is no continuing failure to correct major weaknesses in the internal control system in any of these companies.
 - (v) The Company and its subsidiary companies, incorporated in India have not accepted any deposits in accordance with the provisions of Sections 73 to 76 of the Act and the Rules framed there under.
 - (vi) The statutory auditors of the Company and its subsidiary companies incorporated in India have broadly reviewed the books of account maintained by each company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section (1) of Section 148 of the Act wherever applicable and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, the statutory auditors have not made a detailed examination of the records.
 - (vii) (a) According to the information and explanations given to us and on the basis of the examination of the records of the Company and its subsidiary companies incorporated in India by the respective statutory auditors, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues, as applicable, have been generally regularly deposited during the year by each of these companies with the appropriate authorities.
- According to the information and explanations given to the statutory auditors of the Company and its subsidiary companies incorporated in India, no undisputed dues in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Value added tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

Annexure I to the Independent Auditors' Report on Consolidated Financial Statements–March 31, 2015

- (b) According to the information and explanations given to the statutory auditors of the Company and its subsidiary companies incorporated in India, such dues of Income-tax, Sales tax, Value added tax, Service tax, Customs duty, Excise duty and Cess, as have not been deposited with the appropriate authorities on account of any dispute are disclosed in Annexure II of this report. There are no dues of Wealth tax which have not been deposited with the appropriate authorities on account of any dispute.
- (c) According to the information and explanations given to us and on the basis of the examination by the statutory auditors of the records of the company and its subsidiary companies incorporated in India, the amount required to be transferred by the Company to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder has been transferred to such fund within time. The subsidiary companies incorporated in India did not have any dues on account of Investor Education and Protection Fund.
- (viii)(a) The Company and its five subsidiary companies incorporated in India do not have any accumulated losses at the end of the year on a standalone basis and have not incurred cash losses on a standalone basis during the year and in the immediately preceding financial year.
- (b) Two subsidiary companies incorporated in India have accumulated losses exceeding fifty percent of net worth on a standalone basis at the end of the year and have incurred cash losses on a standalone basis in the current and the immediately preceding financial year.
- (c) Two subsidiary companies incorporated in India have accumulated losses exceeding fifty percent of net worth on a standalone basis at the end of the year. However, these subsidiaries have not incurred cash losses on a standalone basis in the current and in the immediately preceding financial year.
- (d) One subsidiary company has accumulated losses exceeding fifty percent of net worth at the end of the year and has not incurred cash losses in the current year on standalone basis however has incurred cash losses on a standalone basis in immediately preceding financial year.
- (e) In respect of two subsidiary companies incorporated in India, as a period of five years has not elapsed since the date of incorporation as at the balance sheet date, the provisions of paragraph 4(viii) of the Order relating to accumulated losses is not applicable.
- (f) Two subsidiary companies incorporated in India do not have accumulated losses at the end of the year on a standalone basis and have not incurred cash losses on a standalone basis in the current year. However, these subsidiaries have incurred cash losses on a standalone basis in the immediately preceding financial year.
- (g) One subsidiary company incorporated in India does not have accumulated losses exceeding fifty percent of its net worth on standalone basis at the end of the year and has incurred cash losses on a standalone basis in the current year and in the immediately preceding financial year.
- On a consolidated basis, the Company and its subsidiaries incorporated in India do not have any accumulated losses at the end of the year and have not incurred cash losses during the year and in the immediately preceding financial year.
- (ix) The Company and its subsidiary companies incorporated in India has not defaulted in repayment of dues to its bankers or debenture holders or to any financial institutions wherever applicable.
- (x) According to the information and explanations given to the statutory auditors of the Company, 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 is not prima facie prejudicial to its interest. The subsidiary companies incorporated in India have not given any guarantees for the loans taken by others from bank.
- (xi) In the opinion of the respective statutory auditors and according to the information and explanations given to the respective statutory auditors, the term loans taken by the Company and its subsidiary companies incorporated in India, wherever applicable, have been applied for the purpose for which they were raised except for certain term loans availed as at the end of the year, which have been placed as fixed deposits with bank and have been utilised for the stated purpose, subsequent to Balance Sheet date.
- (xii) According to the information and explanations given to the respective statutory auditors of the Company and its subsidiary companies, incorporated in India, no instances of material fraud, on or by each company, have been noticed or reported during the course of audit by the statutory auditors of the Company and subsidiary companies incorporated in India.

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

Chandan Lala
Partner
Membership No: 35671

Mumbai
May 29, 2015

For **B S R & Co. LLP**
Chartered Accountants
Firm's Reg. No: 101248W/
W-100022

Rajesh Mehra
Partner
Membership No: 103145

Annexure II to the Independent Auditors' Report on Consolidated Financial Statements–March 31, 2015

Name of the Statute	Nature of Dues	₹ in crore	Period	Forum where the dispute is pending
Custom Duty Act, 1962	Custom Duty	0.23	2002-03 to 2013-14	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty	4.16	2002-03 to 2003-04	CESTAT
Meghalaya (Mobile Phone Connection Cess) Act, 2002	CESS	0.59	2002-03	High Court
Entry Tax Act of various states	Entry Tax	0.09	2009-10	Additional Commissioner (Appeals)
		7.32	2004-05 to 2009-10, 2011-12	Appellate Authority –upto Commissioner's Level
		0.48	2002-03, 2003-04	Assistant Commissioner of Commercial Taxes
		3.48	2004-05 to 2010-11	Commercial Tax Board
		0.22	2006-07,2010-11,2011-12	Deputy Commissioner (Appeals)
		5.88	1998-99 to 2014-15	High Court
		0.21	2005-06 to 2011-12	Joint Commissioner (Appeals)
		26.06	2005-06 to 2012-13	Supreme Court
		4.21	2003-04 to 2009-10	Tribunal
		0.45	2009-10	Joint/ Additional Commissioner (Appeals)
		3.80	2004-05 to 2007-08, 2009-10 to 2011-12	Additional Commissioner (Appeals)
		1.42	1997-98 to 2005-06, 2009-10, 2013-14 to 2014-15	Appellate Authority –upto Commissioner's Level
		7.17	2006-07 to 2010-11	Assistant/ Deputy Commissioner
		2.64	2008-09 to 2012-13	Assistant Commissioner
		0.07	2005-06 to 2011-12, 2014-15	Deputy Commissioner (Appeals)
Central Sales Tax Act, 1956 and Sales Tax Act/ VAT of various states	Central Sales Tax and Value Added Tax	0.05	2010-11	Director (Appeals)
		18.20	1997-98 to 2004-05, 2007-08 to 2008-09	High Court
		14.09	2003-04 to 2013-14	Joint Commissioner (Appeals)
		2.31	2001-02	Sales Tax Officer
		9.28	2005-06 to 2008-09	Tax Revision Board
		8.86	1997-98 to 2009-10	Tribunal
		4.37	2005-06 to 2011-12, 2014-15	Deputy Commissioner
		34.16	2002-03 to 2013-14	CESTAT
		1,344.81	2002-03 to 2013-14	CESTAT
		0.52	2005-06 to 2010-11	Commissioner of Service Tax (Appeals)
Finance Act, 1994	Service Tax	34.16	2002-03 to 2013-14	CESTAT
		1,344.81	2002-03 to 2013-14	CESTAT
Income Tax Act, 1961	Income Tax	0.52	2005-06 to 2010-11	Commissioner of Service Tax (Appeals)
		707.91	2002-03 to 2014-15	Commissioner of Income Tax (Appeals)
		0.27	2002-03 to 2014-15	Income Tax Appellate Tribunal

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

Chandan Lala
Partner
Membership No: 35671

Mumbai
May 29, 2015

For **B S R & Co. LLP**
Chartered Accountants
Firm's Reg. No: 101248W/ W-100022

Rajesh Mehra
Partner
Membership No: 103145

Reliance Communications Limited

Consolidated Balance Sheet as at March 31, 2015

	Notes		As at March 31, 2015	(₹ in crore) As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	1,244		1,032
Reserves and Surplus	2.02	36,692	37,936	31,764
			512	
Minority Interest				
Non Current Liabilities				
(a) Long Term Borrowings	2.03	30,356		27,913
(b) Deferred Tax Liabilities (net)	2.04	529		1,803
(c) Other Long Term Liabilities	2.05	736		915
(d) Long Term Provisions	2.06	292	31,913	1,031
Current Liabilities				
(a) Short Term Borrowings	2.07	1,587		8,909
(b) Trade Payables	2.08	6,206		3,516
(c) Other Current Liabilities	2.09	11,860		11,856
(d) Short Term Provisions	2.10	1,270	20,923	1,257
TOTAL			91,284	90,739
ASSETS				
Non Current Assets				
(a) Fixed Assets	2.11			
(i) Tangible Assets		42,590		43,934
(ii) Intangible Assets		17,024		19,319
(iii) Capital Work in Progress		2,688		3,190
		62,302		66,443
(b) Goodwill		5,423		5,300
(c) Non Current Investments	2.12	125		118
(d) Deferred Tax Asset (net)	2.04	-		1,488
(e) Long Term Loans and Advances	2.13	4,369		3,701
(f) Other Non Current Assets	2.14	275	72,494	312
Current Assets				
(a) Current Investments	2.15	1,270		605
(b) Inventories	2.16	401		415
(c) Trade Receivables	2.17	4,916		3,919
(d) Cash and Bank Balances	2.18	1,408		504
(e) Short Term Loans and Advances	2.19	8,544		5,828
(f) Other Current Assets	2.20	2,251	18,790	2,106
TOTAL			91,284	90,739
Significant Accounting Policies				
Notes on Accounts				

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

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No.: 101248W/ W-100022

Chandan Lala
Partner
Membership No: 35671

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
May 29, 2015

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

Anil D. Ambani

Directors

J. Ramachandran
Deepak Shourie
A. K. Purwar
R. N. Bhardwaj

Company Secretary and Manager **Prakash Shenoy**

Consolidated Statement of Profit and Loss for the year ended March 31, 2015

	Notes	For the year ended March 31, 2015	(₹ in crore) For the year ended March 31, 2014
INCOME			
Revenue from Operations	2.21	21,770	21,238
Other Income	2.22	328	1,083
Total Income		22,098	22,321
EXPENDITURE			
Access Charges, License Fees and Network Expenses	2.23	10,875	10,550
Employee Benefits Expenses	2.24	998	1,025
Finance Costs	2.25	2,755	3,019
Depreciation, Impairment and Amortisation	2.11	4,994	5,939
Depreciation and Amortisation adjusted by/transfer from :			
Provision for Business Restructuring (Refer Note 2.31 (iii))		-	(47)
General Reserve (Refer Note 2.31 (vi))		-	(132)
General Reserve (Refer Note 2.31 (vii))		(1,177)	(1,225)
Sales and General Administration Expenses	2.26	2,707	3,020
Total Expenses		21,152	22,149
Profit before Exceptional Items, Adjustments and Tax		946	172
Exceptional Items			
Depreciation on account of Change in exchange rate	2.11	431	385
Equivalent amount withdrawn from General Reserve		(431)	(385)
Foreign Currency Exchange Fluctuation Loss (net)		534	595
Equivalent amount withdrawn from General Reserve		(534)	(595)
Prior Period Adjustments (Refer Note 2.32)		-	56
Profit Before Tax		946	116
Provision for:			
- Current Tax		127	46
- Short provision of earlier years		6	-
Less: MAT Credit Entitlement		(19)	(10)
		114	36
- Deferred Tax Charge/ (Credit) (net)	2.04	212	(1,057)
Profit After Tax (before adjustment of Minority Interest/ Associates)		620	1,137
Share of Profit/ (Loss) attributable to/ (from) Minority		(91)	92
Share of Loss/ (Profit) of Associates		(3)	(2)
Profit After Tax (after adjustment of Minority Interest/ Associates)		714	1,047
Earnings per Share of ₹ 5 each fully paid up (before and after Exceptional Items)	2.38		
- Basic (₹)		3.05	5.07
- Diluted (₹)		3.05	5.07

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**
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Firm Reg. No.: 101720W

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Mumbai
May 29, 2015

Chief Financial Officer **Manikantan V.**

Company Secretary and Manager **Prakash Shenoy**

Reliance Communications Limited

Consolidated Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	(₹ in crore) For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	946	116
Adjusted for:		
Provision for Doubtful Debts, Loans and Advances	116	289
Depreciation/ Impairment and Amortisation	3,817	4,535
Prior Period Adjustment	-	56
Effect of Changes in Foreign Exchange Rate (net)	(46)	(38)
(Profit)/Loss on Sale of Assets and Capital Work in Progress (net)	(2)	20
Net gain on Sale of Investments	(30)	(9)
Finance Costs	2,755	3,019
Write back of Provision for Business Restructuring	-	(441)
Write back of Provision for Liabilities no longer required	(84)	(450)
Interest Income	(47)	(47)
Operating Profit before Working Capital Changes	6,479	6,934
Adjusted for:	7,425	7,050
Receivables and Other Advances	(3,434)	(581)
Inventories	14	82
Trade Payables and Other Liabilities *	(412)	559
Cash Generated from Operations	3,593	60
Income Tax Refund	129	250
Income Tax Paid	(565)	(521)
Net Cash from Operating Activities	3,157	6,839
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets and Capital Work in Progress (including Realised exchange variation capitalised)	(2,496)	(2,165)
Purchase of Investments	(39,053)	(11,588)
Sale of Investments	38,445	11,604
Interest Income	30	49
Net Cash used in Investing Activities	(3,074)	(2,100)
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from Issue of Shares/ Share Warrants	6,071	-
Net Proceeds from/ (Repayment) of Short term Borrowings (net) (Refer Note 2.03.1)	(3,515)	132
Realised foreign exchange variation withdrawn from General Reserve	(111)	(524)
Proceeds from Long Term Borrowings (Refer Note 2.03.1)	6,442	2,499
Repayment of Long Term Borrowings	(5,364)	(3,995)
Dividend Paid (Including tax on dividend)	-	(61)
Finance Costs	(2,702)	(3,018)
Net Cash from/ (used in) Financing Activities	821	(4,967)
Net Increase/ (Decrease) in Cash and Cash Equivalents	904	(228)
Opening Balance of Cash and Cash Equivalents	504	731
Effect of Exchange Gain/ (Loss) on Cash and Cash Equivalents (₹ 1,25,434/-)	-	1
Closing Balance of Cash and Cash Equivalents (Refer Note 2.18)	1,408	504

* Includes an amount of ₹ 1 crore towards dividend for the FY 2006-07 transferred to Investor Education and Protection Fund (IEPF)

Notes: (1) Cash and Cash Equivalents include cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.

(2) Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard 3 "Cash Flow Statements"

As per our report of even date

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

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No.: 101248W/ W-100022

Chandan Lala
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Mumbai
May 29, 2015

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

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Directors

J. Ramachandran
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R. N. Bhardwaj

Company Secretary and Manager **Prakash Shenoy**

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

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 (Accounts) Rules, 2014.
- (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 preceding 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 AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements" as referred to in the Companies (Accounts) Rules, 2014. 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 AS 27 "Financial Reporting of Interests in Joint Ventures" as referred to in Companies (Accounts) Rules, 2014.
- (i) 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 far as possible, as the standalone financial statements of the Company.

- 1.2** Investments other than in subsidiaries, associates and joint ventures are accounted as per 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 Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and comply with Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 and other provisions of the Act, to the extent notified as well as applicable guidance notes and 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 III to the Act. 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 consolidated 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 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.

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

- (v) Indefeasible Right 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 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 based on useful life of the assets prescribed in Schedule II to the Companies Act, 2013 except in case of the following assets where useful life is different than those prescribed in Schedule II are used :
 - (a) Telecom Electronic Equipments – 20 years
 - (b) Telecom Towers – 35 years
 - (c) Ducts and OFC – 35 years
 - (d) Furniture, Fixtures and Office Equipments – 5, 10 years
 - (e) Customer Premises Equipments – 3 to 5 years
 - (f) Vehicles – 5 years
 - (g) Leasehold improvements – Shorter of the remaining lease term or useful life
 - (h) Cable Systems – Shorter of 15 years or remaining useful life

In case of Falcon project, the asset life of Sub Marine Cable Network and Terrestrial Network is estimated at 25 years and 15 to 25 years respectively.
 - (ii) Depreciation on assets, taken on finance lease on or after April 1, 2001, is provided over the remaining period of lease from commencement of commercial operations.
 - (iii) Expenditure of capital nature incurred on assets taken on operating lease is depreciated over the remaining period of the lease term.
 - (iv) Leasehold Land is depreciated over the period of the lease term.
 - (v) Intangible assets, namely entry fees/ fees for Telecom Licenses and Brand Licenses are amortised over the balance period of Licenses. IRC and Software are amortized from the date of acquisition or commencement of commercial services, whichever is later. The life of amortisation of the intangible assets are as follows.
 - (a) Telecom Licenses – 12.50 to 20 years
 - (b) Brand License – 10 years
 - (c) DTH License – 10 years
 - (d) Indefeasible Right of Connectivity – In the year of purchase, 15/ 20 years
 - (e) Software – 5 years
 - (f) Trade Names and Trademarks – 5 to 10 years
 - (g) Intellectual Property – 7 years
 - (h) Building access Rights – 5 years
 - (vi) Depreciation on foreign exchange differences 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.

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

(h) Investments

Current Investments are carried at lower of cost and fair 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.

(j) Employee Benefits

Short-term employee benefits

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

Long term employee benefits

(i) Defined contribution plan

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

(ii) Defined benefit plans

Provident Fund

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

Gratuity Plan

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

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

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

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

(iii) Other Long term employment benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the Balance Sheet date, determined based on actuarial valuation using Projected Unit Credit Method.

The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

(k) Borrowing Cost

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

(l) Issue Expenses

Share issue expenses are charged off to Securities Premium Account at the time of the issue.

(m) Foreign Currency Transactions

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

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

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

(iv) Any income or expense on account of exchange difference in case of monetary items other than mentioned above, either on settlement or on translation, is recognised in the Statement of Profit and Loss.

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

(vi) All long term foreign currency monetary items consisting of 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

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

currency loans is accumulated in "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)" which will be amortized over the balance period of monetary assets or liabilities.

(n) Revenue Recognition

- (i) Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods of one year or more are recognised over the estimated useful life of subscribers and specified fixed validity period, as appropriate. The estimated useful life is consistent with estimated churn of the subscribers.
- (ii) The Company sells Right of Use (ROUs) that provide customers with network capacity/ passive infrastructure, typically over a 5 to 20 year period without transferring the legal title or giving an option to purchase the network capacity/ passive infrastructure. 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. Revenue from other services are recognised as and when service is rendered.
- (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 statement of profit and loss 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 respect 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.

(o) Provision for Doubtful Debts and Loans and Advances

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

(p) Miscellaneous Expenditure

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

(q) Taxes on Income and Deferred Tax

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

(r) Government Grants

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

(s) Provisions and Contingent Liabilities and Contingent Assets

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

(t) Earning per Share

In determining Earning per Share, the Group considers the net profit after tax and includes the post tax effect of any extra-ordinary / exceptional item. The number of shares used in computing Basic Earnings per Share is the weighted average number of shares, including owned by the Trust, outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will be anti dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

(u) Employee Stock Option Scheme

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

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

	As at March 31, 2015	(₹ in crore) As at March 31, 2014
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
	<u>2,500</u>	<u>2,500</u>
Issued, Subscribed and Paid up		
2,48,89,79,745 Equity Shares of ₹ 5 each fully paid up (2,06,40,26,881)	1,244	1,032
	<u>1,244</u>	<u>1,032</u>

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

	No. of Shares	No. of Shares
(a) Reliance Innoventures Private Limited, the Holding Company	1,23,79,001	1,23,79,001
(b) Reliance Communications Enterprises Private Limited (formerly known as AAA Communication Private Limited), Subsidiary of the Holding Company	72,31,10,172	72,31,10,172
(c) Reliance Wind Turbine Installators Industries Private Limited (formerly known as AAA Industries Private Limited), Subsidiary of the Holding Company	30,00,00,000	30,00,00,000
(d) Reliance Ornatus Enterprises and Ventures Private Limited (formerly known as ADA Enterprises and Ventures Private Limited), Subsidiary of the Holding Company	30,00,00,000	30,00,00,000
(e) Telecom Infrastructure Finance Private Limited, Subsidiary of the Holding Company	8,66,66,667	-
(f) Reliance Capital Limited, (Subsidiary of the Holding Company - upto March 27, 2015)	-	2,96,95,295

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

	No. of Shares	%	No. of Shares	%
(a) Reliance Communications Enterprises Private Limited (formerly known as AAA Communication Private Limited)	72,31,10,172	29.05	72,31,10,172	35.03
(b) Reliance Wind Turbine Installators Industries Private Limited (formerly known as AAA Industries Private Limited)	30,00,00,000	12.05	30,00,00,000	14.53
(c) Reliance Ornatus Enterprises and Ventures Private Limited (formerly known as ADA Enterprises and Ventures Private Limited)	30,00,00,000	12.05	30,00,00,000	14.53
(d) Life Insurance Corporation of India	16,46,90,275	6.62	16,46,90,275	7.98

(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 share 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 shareholder.

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

	March 31, 2015 Number (₹ in crore)	March 31, 2014 Number (₹ in crore)
Equity Shares		
At the beginning of the year	2,06,40,26,881	1,032
Add: Changes during the year		
Allotment of Equity Shares to Qualified Institutional Buyers	33,82,86,197	169
Preferential Allotment of Equity Shares to Promoters	8,66,66,667	43
At the end of the year	<u>2,48,89,79,745</u>	<u>2,06,40,26,881</u>
	<u>1,244</u>	<u>1,032</u>

(5) Refer Note 2.43 for RCOM ESOS TRUST

(6) During the year, the Company undertook Qualified Institutional Placement (QIP), as authorised by the Board of Directors, for issuance of 33,82,86,197 Equity Shares of face value of ₹ 5/- each to Qualified Institutional Buyers at a price of ₹ 142.14 per Equity Share, including share premium of ₹ 137.14 per Equity Share, aggregating to ₹ 4,808 crore in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 (SEBI ICDR Regulations) and Section 42 of the Companies Act, 2013 and the Rules made there under. The QIP issue was closed on June 27, 2014 and consequently, the said Equity Shares were allotted on July 2, 2014. Further, the Company has, on August 7, 2014, 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 ₹ 145/- per Equity Share) (up to ₹ 1,300 crore) under preferential allotment, to the Promoter Group entity. The said warrants were converted into equity shares of ₹ 5/- each and 8,66,66,667 Equity Shares have been allotted to the Promoter Group entity on January 20, 2015.

Reliance Communications Limited

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

		As at March 31, 2015	(₹ in crore) As at March 31, 2014
Note : 2.02			
Reserves and Surplus			
Capital Reserve			
As per last Balance Sheet ₹ 5,00,000, (Previous year ₹ 5,00,000)		-	-
Debenture Redemption Reserve			
As per last Balance Sheet	620		441
Add: Transferred from Surplus in Statement of Profit and Loss/ (Transfer to General Reserve)	<u>(30)</u>	590	<u>179</u> 620
Exchange Fluctuation Reserve		1,109	901
Securities Premium Account			
As per last Balance Sheet	8,047		8,047
Add: Premium on Issue of Equity Shares (Refer Note 2.01.6)	5,896		-
Less : Issue Expenses on issuance of shares	<u>49</u>	13,894	<u>-</u> 8,047
General Reserve			
As per last Balance Sheet	8,461		10,788
Add: Transferred from Debenture Redemption Reserve	30		-
Less: Transferred to Statement of Profit and Loss (Refer Note 2.39)	965		980
Transferred to Statement of Profit and Loss(Refer Note 2.31(vi))	-		132
Transferred to Statement of Profit and Loss (Refer Note 2.31(vii))	1,177		1,225
Add : Minority Interest	<u>135</u>	6,484	<u>10</u> 8,461
Reserve for Business Restructuring		1,287	1,287
Foreign Currency Monetary Items Translation Difference Account (Refer Note 2.29)		(818)	(984)
Surplus in the Statement of Profit and Loss			
As per last Balance Sheet	13,432		12,564
Add: Profit for the year	714		1,047
Less: Transferred to Debenture Redemption Reserve	<u>-</u>	14,146	<u>179</u> 13,432
		36,692	<u>31,764</u>
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		1,125	1,500
7% Senior Secured Notes (Refer Note 2.03.2)		2,188	-
Term Loans			
Secured			
Foreign Currency Loans from Banks	15,961		21,745
Rupee Term Loans from Banks	7,265		520
Rupee Loans from Others	<u>275</u>	23,501	<u>300</u> 22,565
Unsecured			
Rupee Term Loans		42	348
		30,356	<u>27,913</u>

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

2.03.1 Debenture and Term Loans

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. The Company on February 7, 2012 also allotted 1,500, 11.25% and 5,000, 11.60% 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 4th 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.

The Company and its subsidiary had 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, pursuant to the said sanctioned letters for Term Loan Facility, granted ₹ 5,155 crore as interim disbursement as an Interim Facility, pending execution of common loan agreement, which was classified as Short Term Borrowings during the previous year. The said Interim Facilities, upon execution of common loan agreement, during the year, have been classified as Long Term Borrowings.

NCDs along with foreign currency loans and rupee term loans of ₹ 7,510 crore ("the said secured loans") have been secured by first pari passu charge on the whole of the movable plant and machinery 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 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) ("the Borrower Group") in favour of the Security Trustee for the benefit of the NCD Holders and the Lenders of the said Secured Loans. Rupee Loan of ₹ 800 crore is secured by second pari passu charge on movable plant and machinery and capital work in progress of the Borrower Group. The said loans also include ₹ 8,563 crore (Previous year ₹ 8,896 crore) which are guaranteed. The Company, for the benefit of the Lenders of foreign currency loans of ₹ 17,356 crore, rupee term loans of ₹ 10 crore, 1,500, 11.25% NCDs aggregating to ₹ 1,500 crore and 5,000, 11.60% NCDs 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) (collectively referred as "Telecom License") by execution of Tripartite Agreements with Department of Telecommunications (DoT) and the security agent acting on behalf of the Lenders. Assignment of Telecom Licenses of the Company for foreign currency loans of ₹ 469 crore, rupee loans from banks of ₹ 6,015 crore and from others of ₹ 300 crore is pending to be executed. Similarly, RTL, a subsidiary of the Company has, apart from the above, for the benefit of its lenders of foreign currency loans of ₹ 1,682 crore and rupee loan of ₹ 10 crore, assigned 8 Telecom Licenses for services under UAS and assignment for Rupee loan of ₹ 675 crore is pending to be executed.

The Company has, for the benefit of the Lenders of foreign currency loans, rupee loans of ₹ 20 crore, and 5,000, 11.60%, NCDs aggregating to ₹ 500 crore, apart from the above security, pledged equity shares of RCIL held by the Company and of RTL held by the Company and Reliance Infocomm Infrastructure Limited (RIIL) by execution of the Share Pledge Agreement with the Share Pledge Security Trustee. Rupee loans of ₹ 6,750 crore shall also be entitled to charge/ security on a first pari passu basis with the existing secured lenders, subject to regulatory and necessary approvals from the existing secured lenders, by pledge of equity shares of RITL held by RCIL, apart from the above mentioned shares, on current assets, immovable and movable assets including intangible, both present and future of the Borrower Group and Reliance Globalcom B.V. (RGBV).

RGBV, the Netherlands, a subsidiary of the Company has repaid USD 550 million upto March 31, 2015 out of the facility of USD 700 million availed against pledge of shares of its material subsidiaries.

2.03.2 7% Senior Secured Notes

GCX Limited, a subsidiary of the Company has, on August 1, 2014 issued Senior Secured Notes of USD 350 million bearing 7% p.a. interest, with a maturity of 5 year against pledge of Shares of material subsidiaries of GCX Limited.

2.03.3 Issue of Senior Secured Notes

Subsequent to end of the financial year, the Company has, on May 6, 2015, issued Senior Secured Notes of USD 300 million bearing 6.5% p.a. interest, with a maturity of 5½ years.

2.03.4 Repayment Schedule of Long Term Loans

(a) **Debentures**

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

(₹ in crore)

Reliance Communications Limited

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

(b) Foreign Currency Loans

(₹ in crore)

Rate of Interest	Repayment Schedule					
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
1.73%	68	68	72	78	26	6
2.07%	20	-	-	-	-	-
2.13%	1,125	656	329	-	-	-
2.46%	111	348	379	301	221	-
3.51%	748	1,496	1,496	1,496	1,580	-
4.03%	531	-	-	-	-	-
4.43%	-	-	-	-	469	-
5.14%	1,041	1,446	1,850	-	-	-

(c) 7% Senior Secured Notes

(₹ in crore)

Rate of Interest	Repayment Schedule	
	2019-20	
7.00%	2,188	

(d) Rupee Term Loans

(₹ in crore)

Rate of Interest	Repayment Schedule			
	2016-17	2017-18	2018-19	2019-20
11.75%	42	-	-	-
12.00%	83	83	84	-
12.25%	83	83	84	-
12.50%	717	1,285	161	1,927
14.15%	260	520	65	780
14.30%	168	336	42	504
14.70%	100	100	75	-

(₹ in crore)

As at
March 31, 2015

As at
March 31, 2014

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	
Related to timing difference on depreciation on fixed assets	538	538	350	2,447

(ii) Deferred Tax Assets

Related to carried forward loss	-		644	
Related to other disallowances	9	9	-	644
Net Deferred Tax Liabilities		529		1,803

Deferred Tax Liability of ₹ 1,274 crore has been reversed by RITL.

The Deferred Tax Assets of the Company and its other subsidiaries comprise of the following.

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

		(₹ in crore)
	As at March 31, 2015	As at March 31, 2014
(i) Deferred Tax Assets		
Related to carried forward loss	3,437	2,236
Related to timing difference on depreciation / amortisation	310	547
Disallowances, if any, under the Income Tax Act, 1961	1,007	855
Lease Rent Equalisation	-	2,097
	4,754	5,735
(i) Deferred Tax Liabilities		
Related to timing difference on depreciation/ amortisation on fixed assets	2,277	2,298
Net Deferred Tax Assets*	2,477	3,437

* During the year, in absence of virtual certainty of realisability of deferred tax assets, the Company on conservative basis has restricted deferred tax asset to Nil. The Company has revised existing terms of lease of optic fibre cable availed from Reliance Infratel Limited (RITL), a subsidiary, as required in line with arm's length with effect from April 1, 2014 and accordingly, reversed entire amount of deferred tax assets of ₹ 1,488 crore, which was recognised in the previous year in view of the confirmed profitable orders pursuant to agreement with the customer for sharing of infrastructure and further supported by decision of structuring of its business through various measures including schemes of arrangements resulting into additional revenue.

	As at March 31, 2015	(₹ in crore) As at March 31, 2014
Note : 2.05		
Other Long Term Liabilities		
Liability for leased assets	125	271
Security Deposits	216	51
Unearned Income	349	397
Capital Creditors	43	194
Others	3	2
	736	915

Note : 2.06

Long Term Provisions

Provision for Income Tax	78	82
Provision for Retirement Benefit	55	53

Others

Asset Retirement Obligations (Refer Note 2.30 and 2.34 (i))	159	896
	292	1,031

Reliance Communications Limited

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

		As at March 31, 2015	(₹ in crore) As at March 31, 2014
Note : 2.07			
Short Term Borrowings (Unsecured unless stated otherwise)			
From Banks			
Cash Credit (Secured)*	-	1,000	
Foreign Currency Loans	387	656	
Rupee Loans (Secured)**	-	5,480	
Rupee Loans	1,200	1,500	
From Others	-	273	8,909
		1,587	8,909

* Cash Credit from Banks as above were 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 was 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").

** Rupee Loans of ₹ 4,830 crore were secured by first pari passu charge on Movable Fixed Assets of the Borrower Group and the balance ₹ 650 crore was secured by second pari passu charge on Movable Fixed Assets of the Borrower Group.

		As at March 31, 2015	(₹ in crore) As at March 31, 2014
Note : 2.08			
Trade Payables			
Due to Micro, Small and Medium Enterprises	99	105	
Others	6,107	3,411	3,516
		6,206	3,516

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from October 2, 2006, certain disclosures are required to be made relating to MSME. On the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro and Small Enterprises.

		As at March 31, 2015	(₹ in crore) As at March 31, 2014
(i)	Principal amount due to any supplier as at the year end	81	103
(ii)	Interest due on the principal amount unpaid at the year end to any supplier	23	38
(iii)	Amount of Interest paid by the Company in terms of Section 16 of the MSMED, alongwith the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(iv)	Payment made to the enterprises beyond appointed date under Section 16 of MSMED	186	182
(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	35	26
(vi)	Amount of interest accrued and remaining unpaid at the end of each accounting year	58	64
(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	30	35

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

(₹ in crore)

As at
March 31, 2015

As at
March 31, 2014

Note : 2.09

Other Current liabilities (Unsecured unless stated otherwise)

Current Maturities of Long Term Debts

Foreign Currency Loan from Banks (Secured) (Refer Note 2.03.1)	6,669		4,634	
Rupee Term Loans (Secured) (Refer Note 2.03.1)	770		-	
Rupee Term Loans	71		402	
Non Convertible Debentures (NCDs) (Secured)*	<u>375</u>	7,885	<u>120</u>	5,156

Others

Interest accrued but not due on loans	185		162	
Unclaimed Dividend	8		10	
Employees Stock Option	1		3	
Capital Creditors **	494		854	
Other Payables	2,126		4,704	
Advance from Customers and Income Received in Advance	<u>1,161</u>	3,975	<u>967</u>	<u>6,700</u>
		11,860		11,856

* ₹ 120 crore of NCDs of Previous year were secured by second pari-passu charge over the movable fixed assets (plant and machinery and capital work in progress) of the Borrower Group. ₹ 375 crore of NCDs of the year, are secured as mentioned in note 2.03.1

** includes ₹ 2 crore (Previous year ₹ 2 crore) towards Micro and Small Enterprises (Refer Note 2.08)

(₹ in crore)

As at
March 31, 2015

As at
March 31, 2014

Note : 2.10

Short Term Provisions

(a) **Provision for Employee Benefits**

Retirement Benefits	27	34
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(b) **Others**

Disputed and Other Claims (Refer Note 2.34(i))	1,215	1,215
Income Tax (net of advance tax)	27	6
Fringe Benefit Tax (net of taxes paid)	-	1
Wealth Tax (net of taxes paid)	<u>1</u>	<u>1,223</u>
	1,243	
	1,270	1,257

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

Note 2.11 Fixed Assets

Description	Gross Block			Depreciation/ Amortisation			Net Block	
	As at April 1, 2014	Additions / Adjustments	(Deductions)/ Adjustment Including on Account of CTR	As at March 31, 2015	As at April 1, 2014	Depreciation for the year	As at March 31, 2015	As at March 31, 2014
Tangible Assets								
Leasehold Land	25	-	-	25	3	-	22	22
Leasehold Improvement	185	2	(30)	157	168	5	14	17
Freehold Land	486	-	-	486	-	-	486	486
Buildings	2,415	2	2	2,419	772	36	1,610	1,643
Plant and Machinery	74,944	2,424	(257)	77,111	33,219	3,127	40,434	41,725
Office Equipment	122	-	-	122	115	6	8	7
Furniture and Fixtures	192	-	(10)	182	162	18	12	30
Vehicles	73	-	1	74	69	1	4	4
Sub Total	78,442	2,428	(294)	80,576	34,508	3,193	42,590	43,934
Previous year	73,667	3,559	1,216	78,442	29,328	4,121	43,934	44,339
Intangible Assets								
Telecom Licenses	28,047	-	(1)	28,046	9,346	2,039	16,661	18,701
Indefeasible Right of Connectivity	2,033	6	(171)	1,868	1,699	32	179	334
Software	545	60	8	613	418	107	81	127
Brand License	354	-	-	354	223	33	98	131
License and Knowhow	261	-	10	271	235	21	5	26
Sub Total	31,240	66	(154)	31,152	11,921	2,232	17,024	19,319
Previous year	30,926	111	203	31,240	9,877	2,203	19,319	21,049
Grand Total	1,09,682	2,494	(448)	1,11,728	46,429	5,425	59,614	63,253
Previous year	1,04,593	3,670	1,419	1,09,682	39,205	6,324	63,253	65,388
Capital Work in Progress								
	-	-	-	-	-	-	2,688	3,190

Notes:

- 2.11.1 (a) Freehold Land includes ₹ 55,808 (Previous year ₹ 55,808) acquired from Karnataka Industrial Areas 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 Company 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 ₹ 159 crore (Previous year ₹ 896 crore). Accumulated Depreciation ₹ 117 crore (Previous year ₹ 317 crore) and Net Block ₹ 42 crore (Previous year ₹ 579 crore). (Refer Note 2.30)
- 2.11.5 (a) Gross Block includes ₹ 3,585 crore being the amount added on revaluation as on 1st January, 2006.
(b) Gross Block for the previous years include ₹ 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 ₹ 655 crore (Previous year ₹ 1,700 crore) on account of foreign exchange variation.
- 2.11.7 Assets taken on finance lease:
(a) Plant and Machinery includes Gross Block ₹ 268 crore (Previous year ₹ 453 crore). Accumulated Depreciation ₹ 114 crore (Previous year ₹ 145 crore) and Net Block ₹ 154 crore (Previous year ₹ 308 crore).
(b) Vehicles include Gross Block ₹ 1 crore (Previous year ₹ 1 crore). Accumulated Depreciation ₹ 1 crore (Previous year ₹ 15,141).
- 2.11.8 Capital work in progress includes:
(a) ₹ 2 crore (Previous year ₹ 50 crore) on account of project development expenditure.
(b) ₹ 176 crore (Previous year ₹ 175 crore) on account of materials at site.
- 2.11.9 Transfer of title of certain land and buildings received from Reliance Industries Limited pursuant to the Schemes of Arrangements 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 for security in favour of the Lenders.

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

		As at March 31, 2015	(₹ in crore) As at March 31, 2014
Note:2.12			
Non Current Investments			
Trade Investment (Valued at cost unless stated otherwise)			
In Equity Shares of Companies			
Quoted, fully paid up			
39,342 Groupon Inc.-Class A Common Stock of USD 0.0001 each	15	14	
(39,342)			
5,95,074 Sequans Communications SA of Euro 0.02 each	23	22	
(5,95,074)			
86,879 Bank of Cyprus Ltd. of Euro 1 each fair value ₹14,24,063	-	38	1
(86,879)			37
Other Investments			
Unquoted, fully paid up			
6,50,25,000 Warf Telecom International Private Limited of ₹ 1 each	22	22	
(6,50,25,000) Less : Share of Loss of Associates	(6)	(9)	
	16	13	
13,000 Mumbai Metro Transport Private Limited of ₹ 10 each	-	-	
(13,000) ₹ Nil (Previous year ₹ 1,22,807)			
Nil Macronet Private Limited of ₹ 10 each	-	-	
(1,600) (₹ Nil Previous year ₹ 16,000)			
Nil Macronet Mercantile Private Limited of ₹ 10 each	-	16	-
(1,600) (₹ Nil Previous year ₹ 16,000)			13
In Preference Shares of Companies			
Unquoted, fully paid up			
20,45,455 Series D Preferred Stock of Stoke Inc. of USD 2.2 each	28	26	
(20,45,455)			
5,85,993 Series A Preferred Stock of Scalable Display Technologies Inc. of	6	6	
(5,85,993) USD 1.62 each			
14,63,415 Series C Preferred Stock of Stoke Inc. of USD 2.05 each	19	18	
(14,63,415)			
84,74,576 Series B Preferred Stock of E Band Communications Corporation	18	71	18
(84,74,576) of USD 0.354 each			68
In Government Securities			
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)			
	125	118	
Aggregate Book Value of Investments			
Unquoted	87	81	
Quoted	38	37	
	125	118	

Reliance Communications Limited

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

(₹ in crore)

As at
March 31, 2015

As at
March 31, 2014

Note : 2.13

Long Term Loans and Advances (Unsecured, Considered good / unless stated otherwise)

Capital Advances	2,244	1,944
Security Deposits	238	224
MAT Credit Entitlement	49	97
Advance Income Tax (net of provision for tax)	1,305	937
Other Loans and Advances (Refer Note 2.43)	387	387
Prepaid Expenses	146	112
	<u>4,369</u>	<u>3,701</u>

Note : 2.14

Other Non Current Assets (Unsecured, Considered good / unless stated otherwise)

Deposit with Bank (Margin Money Deposits)	5	5
Deposits	71	79
Unamortised Arrangers' Fees	198	228
Bank Deposits with Maturity for more than 12 months (Previous year ₹ 19,84,878)	1	-
	<u>275</u>	<u>312</u>

Note: 2.15

Current Investment (valued at lower of cost and fair value)

Quoted

Government Securities

34,000 6.83% GOI Bonds – 2039 of ₹ 100 each fully paid up (34,000) ₹ 30,30,971 (Previous year ₹ 26,02,283)	-	-
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Unquoted

In Units of Mutual Funds

18,71,664 Reliance Liquidity Fund – Growth of ₹ 10 each (121) (Previous year ₹ 1,84,707)	638	-
2,67,343 BlackRock US Dollar Liquidity First Fund – Institutional Share (2,67,343) Class of USD 1 each	2	2
15,721 BlackRock US Dollar Liquid Investment Fund of USD 1 each (15,721)	630	603
	<u>1,270</u>	<u>605</u>
	<u>1,270</u>	<u>605</u>
Aggregate Book Value of Investments		
Unquoted	1,270	605
Quoted ₹ 30,52,000 (Previous year ₹ 30,52,000)	-	-
	<u>1,270</u>	<u>605</u>

Note : 2.16

Inventories

Stores and Spares	245	335
Stock in Trade (Communication Devices and Accessories)	156	80
	<u>401</u>	<u>415</u>

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

(₹ in crore)

As at
March 31, 2015

As at
March 31, 2014

Note : 2.17

Trade Receivables (Unsecured)

Outstanding for more than six months from the date they became due for payment

Considered Good	1,194	1,127
Considered Doubtful	1,566	1,509
	2,760	2,636
Less: Provision for doubtful receivables	1,566	1,509
	1,194	1,127

Others

Considered Good	3,722	2,792
Considered Doubtful	23	89
	3,745	2,881
Less: Provision for doubtful receivables	23	89
	3,722	2,792
	4,916	3,919

Note : 2.18

Cash and Bank Balances

Cash on hand ₹ 15,21,877 (Previous year ₹ 2,89,315)	-	-
Cheques on hand	65	82
Balance with Banks	448	398
Earmarked Balances – Unpaid Dividend	8	10
Balance held due to Repatriation Restrictions	7	10
Bank deposits with less than 3 months' maturity	828	4
Bank deposits with less than 12 months' maturity	52	-
	1,408	504

Note : 2.19

Short Term Loans and Advances

(Unsecured, Considered good – unless stated otherwise)

Other Loans and Advances

Considered good	8,232	5,579
Considered doubtful	124	124
	8,356	5,703
Less: Provision for doubtful advances	124	124
	8,232	5,579
Balance with Customs, Central Excise Authorities etc.	312	249
	8,544	5,828

Note : 2.20

Other Current Assets

Deposits*	1,695	1,683
Interest accrued on Investments (Previous year ₹ 31,88,402)	18	-
Unbilled Revenue	529	406
Others	9	17
	2,251	2,106

*Deposits include ₹ 1,605 crore (Previous Year ₹ 1,582 crore) paid against disputed claims.

Reliance Communications Limited

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

(₹ in crore)

For the year ended
March 31, 2015

For the year ended
March 31, 2014

Note : 2.21

Revenue from Operations

Sale of services	24,440		23,964	
Less: Service Tax	<u>3,017</u>	21,423	<u>3,024</u>	20,940
Other Operating Income *		347		298
(*includes realisation from telecom terminals, accessories and trade receivables etc.)				
		<u>21,770</u>		<u>21,238</u>

Note : 2.22

Other Income

Net Gain on Sale of Investments	30	9
Profit on Disposal of Fixed Assets	6	-
Interest Income	47	47
Miscellaneous Income (Refer Note 2.34(ii))	245	1,027
	<u>328</u>	<u>1,083</u>

Note : 2.23

Access Charges, License Fees and Network Expenses

Access Charges	2,793	2,791
License Fees	1,094	1,203
Rent, Rates and Taxes	1,052	900
Network Repairs and Maintenance	1,739	1,660
Stores and Spares Consumed	59	45
Power, Fuel and Utilities	1,808	1,856
Cost of Service Contents and Applications	290	302
Other Network Operating Expenses	2,040	1,793
	<u>10,875</u>	<u>10,550</u>

Note : 2.24

Employee Benefits Expenses

Salaries (Including Managerial Remuneration)	856	875
Contribution to Provident, Gratuity and Superannuation Fund	51	56
Employee Welfare and Other Amenities	93	95
Write back of compensation under Employee Stock Option Scheme	(2)	(1)
	<u>998</u>	<u>1,025</u>

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

(₹ in crore)

For the year ended
March 31, 2015

For the year ended
March 31, 2014

Note : 2.25

Finance Costs

Interest and Other charges on Term Loans	1,765		1,540	
Interest on other loans	<u>697</u>	2,462	<u>1,250</u>	2,790
Other Financial Cost		293		229
		<u>2,755</u>		<u>3,019</u>

Note : 2.26

Sales and General Administration Expenses

Selling Expenses

Commission	755		569	
Selling and Marketing	444		456	
Advertisement	139		164	
Customer Acquisition and Customer Care	103		94	
Cost of Sale of Telecom Terminals and Accessories	<u>234</u>	1,675	<u>260</u>	1,543

Provision for Doubtful Debts, Loans and Advances

116 289

General Administration Expenses

Insurance	21		17	
Rent, Rates and Taxes	150		191	
Repairs and Maintenance				
- Machinery	38		48	
- Others	28		34	
Travelling	75		62	
Professional Fees	136		187	
Foreign Exchange (Gain)/ Loss (net)	16		63	
Loss on Sale/ discarding of Assets and/ capital work in progress	4		20	
Hire Charges	211		225	
CSR Expenses (Refer Note 2.41)	2		-	
Other General and Administrative Expenses	226		332	
Wealth Tax ₹ 36,00,000 (Previous year ₹ 40,00,000)	<u>-</u>	907	<u>-</u>	1,179

Payment to Auditors

9 9

2,707 **3,020**

Note: 2.27

Previous Year

Figures of the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees in crore, except as otherwise stated.

Reliance Communications Limited

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

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 Bhutan Limited (formerly Reliance Digital Home Services Limited)	India	100.00%
3	Reliance Webstore Limited	India	100.00%
4	Reliance Infocomm Infrastructure Limited	India	100.00%
5	Campion Properties Limited	India	100.00%
6	Reliance Big TV Limited	India	100.00%
7	Reliance Tech Services Limited	India	100.00%
8	Reliance Telecom Limited	India	100.00%
9	Reliance Communications Infrastructure Limited	India	100.00%
10	Reliance IDC 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	100.00%
15	Reliance Communications Tamilnadu Limited	India	100.00%
16	Reliance Globalcom B.V.	The Netherlands	100.00%
17	Reliance Communications (UK) Limited	United Kingdom	100.00%
18	Reliance Communications (Hong Kong) Limited	Hong Kong	100.00%
19	Reliance Communications (Singapore) Pte. Limited	Singapore	100.00%
20	Reliance Communications (New Zealand) Pte Limited	New Zealand	100.00%
21	Reliance Communications (Australia) Pty Limited	Australia	100.00%
22	Anupam Global Soft (U) Limited	Uganda	90.00%
23	Gateway Net Trading Pte Limited	Singapore	100.00%
24	Global Cloud Xchange Limited	Bermuda	100.00%
25	GCX Limited	Bermuda	100.00%
26	Reliance Globalcom Limited	Bermuda	100.00%
27	FLAG Telecom Singapore Pte. Limited	Singapore	100.00%
28	FLAG Atlantic UK Limited	United Kingdom	100.00%
29	Reliance FLAG Atlantic France SAS	France	100.00%
30	FLAG Telecom Taiwan Limited	Taiwan	60.00%
31	Reliance FLAG Pacific Holdings Limited	Bermuda	100.00%
32	FLAG Telecom Group Services Limited	Bermuda	100.00%
33	FLAG Telecom Deutschland GmbH	Germany	100.00%
34	FLAG Telecom Hellas AE	Greece	100.00%
35	FLAG Telecom Asia Limited	Hong Kong	100.00%
36	FLAG Telecom Nederland B.V.	The Netherlands	100.00%
37	Reliance Globalcom (UK) Limited	United Kingdom	100.00%

Notes on account 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
38	Yipes Holdings Inc.	USA	100.00%
39	Reliance Globalcom Services Inc.	USA	100.00%
40	YTV Inc.	USA	100.00%
41	Reliance Infocom Inc.	USA	100.00%
42	Reliance Communications Inc.	USA	100.00%
43	Reliance Communications International Inc.	USA	100.00%
44	Reliance Communications Canada Inc.	USA	100.00%
45	Bonn Investment Inc.	USA	100.00%
46	FLAG Telecom Development Limited	Bermuda	100.00%
47	FLAG Telecom Development Services Company LLC	Egypt	100.00%
48	FLAG Telecom Network Services Limited	Ireland	100.00%
49	Reliance FLAG Telecom Ireland Limited	Ireland	100.00%
50	FLAG Telecom Japan Limited	Japan	100.00%
51	FLAG Telecom Ireland Network Limited	Ireland	100.00%
52	FLAG Telecom Network USA Limited	USA	100.00%
53	FLAG Telecom Espana Network SAU	Spain	100.00%
54	Reliance Vanco Group Limited	United Kingdom	100.00%
55	Euronet Spain SA	Spain	100.00%
56	Net Direct SA (Proprietary) Ltd. (Under liquidation)	South Africa	100.00%
57	Vanco (Shanghai) Co Ltd.	China	100.00%
58	Vanco (Asia Pacific) Pte. Limited	Singapore	100.00%
59	Vanco Australasia Pty. Ltd.	Australia	100.00%
60	Vanco Sp Zoo	Poland	100.00%
61	Vanco Gmbh	Germany	100.00%
62	Vanco Japan KK	Japan	100.00%
63	Vanco NV	Belgium	100.00%
64	Vanco SAS	France	100.00%
65	Vanco South America Ltda	Brazil	100.00%
66	Vanco Srl	Italy	100.00%
67	Vanco Sweden AB	Sweden	100.00%
68	Vanco Switzerland AG	Switzerland	100.00%
69	Vanco Deutschland GmbH	Germany	100.00%
70	Vanco BV	The Netherlands	100.00%
71	Vanco Benelux BV	The Netherlands	100.00%
72	Vanco UK Ltd	United Kingdom	100.00%
73	Vanco International Ltd	United Kingdom	100.00%
74	Vanco Row Limited	United Kingdom	100.00%
75	Vanco Global Ltd	United Kingdom	100.00%
76	VNO Direct Ltd	United Kingdom	100.00%
77	Vanco US LLC	USA	100.00%
78	Vanco Solutions Inc	USA	100.00%

Reliance Communications Limited

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

(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	49.00%
2	FLAG Holdings (Taiwan) Limited	Taiwan	50.00%
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 Limited	India	26.00%

(d) The following subsidiary companies/ associates acquired during the year also form part of Consolidated Financial Statements

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership interest
1	Reliance Infra Realty Limited –w.e.f. November 11, 2014	India	100.00%
2	Reliance Infra Projects Limited – w.e.f. October 31, 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, 2015, the Company has added ₹ 655 crore (Previous year ₹ 1,700 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 ₹ 297 crore (Previous year ₹ 738 crore) arising on other long term foreign currency monetary items in FCMITDA and ₹ 463 crore (Previous year ₹ 440 crore) has been amortised during the year, leaving balance to be amortised over the balance period of loans.

Note 2.30

Assets Retirement Obligation (ARO)

During the year, the Company has reassessed its legal obligation and estimated amount of cash flows for Asset Retirement Obligation. As a result, the Company has reduced its asset retirement obligations liability by ₹ 776 crore with an offsetting reduction of carrying amount of related Network Assets by ₹ 588 crore and remaining amount of ₹ 188 crore has been credited to the Statement of Profit and Loss under the heading "Depreciation"

Note 2.31

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;

- ₹ 8,047 crore being Securities Premium Account, which was part of the Securities Premium of erstwhile Reliance Infocomm Limited (RIC), the transferor company.
- ₹ 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.
- During the previous year, the Company adjusted ₹ 47 crore additional depreciation arising on fair value of the assets from Provision for Business Structuring.
- ₹ 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 in to RITL.
- During the previous year, ₹ 7 crore being Goodwill arising on consolidation pursuant to the Scheme of Amalgamation between subsidiaries debited to General Reserve.
- During the previous year, additional depreciation consequent upon revaluation of assets carried out had been adjusted to General Reserve by subsidiaries.

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

- (vii) Additional depreciation of ₹ 1,177 crore arising on fair value of the assets has been adjusted, consistent with the practice followed in earlier years, to General Reserve as permitted pursuant to the Scheme of Arrangement (the Scheme) sanctioned vide an order dated July 3, 2009 by the Hon'ble High Court and as determined by the Board of Directors.
- (viii) During the previous year, ₹ 470 crore being excess of liabilities over assets has been adjusted from General Reserve pursuant to demerger of BPO division to RCIL.
- (ix) Pursuant to the said Scheme of Amalgamation (Refer Note (ii) above), on account of the fair valuation during the year ended on March 31, 2009, additions/ adjustments to the fixed assets included increase in Freehold Land by ₹ 225 crore, Buildings by ₹ 130 crore and Telecom Licenses by ₹ 14,145 crore.
- (x) 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.
- (xi) Also refer note 2.39 "Exceptional Items" below.

Note 2.32

Prior Period Adjustments

During the previous year, Prior Period adjustments of ₹ 56 crore was considered in Statement of Profit and Loss for the accounting effect arising upon audit of earlier years of its certain subsidiaries; Reliance Communications (Hongkong) Limited and Gateway Net Trading Pte. Limited.

Note 2.33

Project Development Expenditure

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

	For the year ended March 31, 2015	(₹ in crore) For the year ended March 31, 2014
Opening Balance	50	296
Add:		
Expenditure incurred during the year	42	66
	<u>92</u>	<u>362</u>
Less:		
Capitalized during the year	90	312
Closing Balance	<u>2</u>	<u>50</u>

Note 2.34

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), provisions for Asset Retirement Obligation (ARO) made by the Company's subsidiary in respect of undersea cables and equipments of ₹ 159 crore (Previous year ₹ 896 crore).

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

- (ii) During the earlier year, 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 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 had during the previous year, reassessed the requirement for maintaining such PBR and based thereon, reversed balance of ₹ 441 crore as no longer required. The said amount on reversal of PBR was reflected as part of Other Income during the previous year.

Reliance Communications Limited

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

Note 2.35

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

	As at March 31, 2015	(₹ in crore) As at March 31, 2014
(i) Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for	1,258	708
(ii) Disputed Liabilities not provided for		
– Sales Tax and VAT	65	61
– Custom, Excise and Service Tax	1,364	1,136
– Entry Tax and Octroi	70	67
– Income Tax	730	730
– Other Litigations	2,934	1,376
(iii) Claims against the Company not acknowledged as debts	1,090	794
(iv) Guarantees given including on behalf of other companies for business purpose	10	132

- (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, unless their alleged guilt is established after a fair trial.

As legally advised, the persons so named deny all charges, and writ petitions are filed in October, 2013 before the Hon'ble Supreme Court against charges framed by the Trial Court, which are pending for hearing. These preliminary charges have no impact on the business, operations, and/ or licenses of RTL and the Company and, even more so, are not connected in any manner to any other listed group companies.

- (vi) Spectrum Charges

Department of Telecommunication (DoT) had, during the earlier 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 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 demands, inter alia, are 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.

- (vii) License Fees and 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 notice 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 said notices, inter alia demanding license fee on non telecom revenue based on Special Audit Report before the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) and also before the Hon'ble High Court of Kerala. The impugned demand has been stayed by Hon'ble High Court of Kerala during the pendency of the Petition. Meanwhile, Hon'ble TDSAT vide its judgment dated April 23, 2015 has set aside all License fee related demands and directed DoT to rework the License fees payable by the operators for the past periods, in light of the findings, observations and directions as per said judgment and to issue fresh demands, which the operators will pay within the time prescribed under the law. As per the judgment of Hon'ble TDSAT and other judicial pronouncements directly applicable to the issues of License fee dues also raised by Special Auditors, there shall not be any liability of License fee and hence, no provision is required in the accounts of the Company.

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

(viii) Spectrum Auction

Department of Telecommunications (DoT) conducted auction for spectrum in March, 2015 in the service areas that have been held by existing licensees whose licenses for the respective service areas due to expire during the year 2015-16. The Company has successfully bid in the 13 service areas and won spectrum including additional spectrum at a total cost of ₹ 4,291 crore. The validity of the above spectrum will be for a fresh 20 year period starting from the effective date as mentioned in the Letter of Intent (LOI) when issued, which, in case of spectrum blocks currently held by the existing licensees, should be the date of expiry of existing licenses. As per the payment options available, the Company has opted for the deferred payment and has made upfront payment of ₹ 1,104 crore on April 8, 2015, and balance amount of ₹ 6,275 crore is payable in 10 annual installments starting from FY 2017-18 pending completion of subsequent formalities as per the Notice Inviting Applications (NIA) for the auction and any orders that may be passed by Hon'ble Supreme Court in related and connected matters currently before it.

Note 2.36

Leases

(a) **Operating Lease**

	For the year ended March 31, 2015	(₹ in crore) For the year ended March 31, 2014
Estimated future minimum payments under non cancellable operating leases.		
(i) Not later than one year	35	32
(ii) Later than one year and not later than five years	28	46
(iii) Later than five years	5	8

(b) **Finance Lease**

- (i) The details of gross investments and minimum lease rentals outstanding as at March 31, 2015 in respect of Fixed assets acquired on or after April 1, 2001.

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	As At March 31		As At March 31	
	2015	2014	2015	2014
Not later than one year	21	37	11	20
Later than one year and not later than five years	82	149	53	95
Later than five years	89	209	72	175
Total	192	395	136	290
Less: Finance Cost	56	105		
Present Value of Minimum Lease Payments	136	290		
Disclosed under				
Other Long Term Liabilities	125	271		
Other Current Liabilities	11	19		
Total	136	290		

- (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.

Reliance Communications Limited

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

Note 2.37

Particulars of Derivative Instruments

Particulars of Derivative Instruments acquired for hedging	For the year ended March 31, 2015			For the year ended March 31, 2014		
	No. of Instruments	Value		No. of Instruments	Value	
		(US \$ crore) (₹ in crore)			(US \$ crore) (₹ in crore)	
Principal Only Swap	-	-	-	1	2	127
Interest Rate Swaps FC	-	-	-	5	16	947
Interest Rate Swaps INR	-	-	-	3	4	225

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 \$ 352 crore (Previous year US \$ 404 crore), equivalent to ₹ 21,984 crore (Previous year ₹ 24,180 crore), Pounds 3,512 (Previous year Pounds 4,000), equivalent to ₹ 3,24,815 (Previous year ₹ 1,67,557) and Euro 49,791 (Previous year Euro 38,378), equivalent to ₹ 33,45,426 (Previous year ₹ 31,73,289)

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

Note 2.38

Earnings per Share (EPS)		For the year ended March 31, 2015	For the year ended March 31, 2014
Basic and Diluted EPS (before and after Exceptional Items)			
(a)	Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic EPS)	714	1,047
(b)	Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	2,33,39,04,868	2,06,40,26,881
(c)	Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Diluted EPS)	714	1,047
(d)	Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	2,33,39,04,868	2,06,40,26,881
(e)	Basic Earnings per Share of ₹ 5 each (₹)	3.05	5.07
(f)	Diluted Earnings per Share of ₹ 5 each (₹)	3.05	5.07

Note 2.39

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 ₹ 431 crore (Previous year ₹ 385 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 ₹ 71 crore (Previous year ₹ 155 crore) of exchange variations (net) on items other than long term monetary items, ₹ 463 crore (Previous year ₹ 440 crore) being amortisation of FCMITDA, excluding the portion added to the cost of fixed assets or carried forward as FCMITDA in accordance with Para 46 A inserted into AS 11 "The Effects of Changes in Foreign Exchange Rates" in context of unprecedented volatility in exchange rates during the year, leaving no impact on profit for the year ended March 31, 2015. Such withdrawals have been included/ reflected in the Statement of Profit and Loss. The Company has been legally advised that such inclusion in the Statement of Profit and Loss is in accordance with Schedule III of the Companies Act, 2013. Had such write off of expenses, losses and depreciation/ amortisation (refer note 2.31(vii)) not met from General Reserve, the consolidated financial statements would have reflected a loss after tax of ₹ 1,428 crore (Previous year profit after tax of ₹ 67 crore).

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

Note 2.40

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 RGNL.

Note 2.41

Corporate Social Responsibility (CSR) Expenses

(a) **Gross amount required to be spent by the subsidiary during the year ₹ 2 crore.**

	In Cash	Yet to be paid in cash
(b) Amount spent during the year on:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	2	-

Note 2.42

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
1 Reliance Innoventures Private Limited	Holding Company
2 Telecom Infrastructure Finance Private Limited	
3 Reliance Big Entertainment Private Limited	Fellow subsidiary
4 Reliance Big Broadcasting Private Limited	
5 Big Animation (India) Private Limited	
6 Big Flicks Private Limited	
7 Zapak Digital Entertainment Limited	
8 Shri Anil D. Ambani	Person having control during the year
9 Reliance Capital Limited	Enterprises over which individual described in Sr. No. 8 above having control with effect from March 28, 2015. (Fellow Subsidiary upto March 27, 2015)
10 Reliance Capital Asset Management Limited	
11 Reliance General Insurance Company Limited	
12 Reliance Equity Advisors (India) Limited	
13 Reliance Money Precious Metals Private Limited	
14 Reliance Money Express Limited	
15 Reliance Home Finance Limited	
16 Reliance Securities Limited	
17 Reliance Composite Insurance Broking Limited	
18 Reliance Financial Limited	
19 Reliance Money Solutions Private Limited	
20 Reliance Exchangenext Limited	
21 Reliance Spot Exchange Infrastructure Limited	
22 Reliance Wealth Management Limited	
23 Shri Prakash Shenoy – Company Secretary and Manager	Key Managerial Personnel

Reliance Communications Limited

Notes on account 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	Enterprises over which person having control	Others	Total
(i) Investments					
Opening Balance as on April 1, 2014	-	-	-	-	-
	(-)	(-)	-	-	(-)
Purchases during the year	-	38,341	-	-	38,341
	(-)	(-)	-	-	(-)
Redemption during the year	-	37,733	-	-	37,733
	(-)	(-)	(-)	(-)	(-)
Balance as on March 31, 2015	-	-	638	-	638
	(-)	(-)	-	-	(-)
(ii) Trade Receivable as on March 31, 2015	-	9	90	-	99
	(-)	(6)	-	-	(6)
(iii) Loans and Advances	-	-	-	-	-
Short Term Advances	(-)	(-)	(-)	(-)	(-)
(Previous year ₹ 30,89,108)					
(iv) Trade Payable as on March 31, 2015	-	3	1	-	4
	(-)	(1)	(-)	(-)	(1)
(v) Other Liabilities	-	-	4	-	4
	(-)	(-)	(-)	(-)	(-)
(vi) Loans Taken					
Opening Balance as on April 1, 2014	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Add: Taken/Adjusted during the year	-	285	-	-	285
	(-)	(175)	(-)	(-)	(175)
Less: Repayment during the year	-	285	-	-	285
	(-)	(175)	(-)	(-)	(175)
Balance as on March 31, 2015	-	-	-	-	-
	-	(-)	-	-	(-)
(vii) Income					
Service Income	-	67	-	-	67
	(-)	(1)	(-)	(-)	(1)
(viii) Expenditure					
General and Administration Expenses	-	1	-	-	1
	(-)	(-)	(-)	(-)	(-)
Finance Cost	-	4	-	-	4
	(-)	(-)	(-)	(-)	(-)
(ix) Person having control during the year					
Shri Anil D. Ambani – Sitting fees	-	-	-	-	-
₹ 6,00,000 (Previous year ₹ 2,00,000)	(-)	(-)	(-)	(-)	(-)
(x) Key Managerial Personnel					
Managerial Remuneration					
Shri Prakash Shenoy	-	-	-	-	-
₹ 22,21,658 (Previous year ₹ 22,16,809)	(-)	(-)	(-)	(-)	(-)

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

C. Significant Transactions

Sr. No.	Particulars	(₹ in crore)	
		As at March 31, 2015	As at March 31, 2014
1	Investments		
	Reliance Capital Asset Management Limited		
	Purchase of Mutual Fund	38,341	-
	Redemption of Mutual Fund	37,733	-
	Closing Balance of Mutual Fund	638	-
2	Short Term Loans and Advances		
	Reliance Capital Limited	-	0.31
3	Loans		
	Reliance Capital Limited		
	Loan Taken	285	175
	Repayment of Loan	285	175
4	Trade Receivable		
	Reliance Capital Limited	43	2
	Reliance General Insurance Company Limited	30	4
	Zapak Digital Entertainment Limited	4	-
	Reliance Big Entertainment Private Limited	4	-
5	Trade Payables		
	Zapak Digital Entertainment Limited	3	-
	Reliance General Insurance Company Limited	1	1
6	Other Liabilities		
	Reliance Capital Limited	3	-
	Reliance Securities Limited	1	-
7	Income		
	Reliance Capital Asset Management Limited	34	-
	Reliance Capital Limited (Previous Year ₹ 4,33,514)	9	-
	Reliance General Insurance Company Limited	8	1
8	Expenditure		
	General and Administration Expenses		
	Reliance General Insurance Company Limited	1	-
	Finance Cost		
	Reliance Capital Limited	4	-

Note 2.43

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, 2015. The fall in the value of these underlying shares on account of market volatility and the loss, if any, can be determined only at the end of the exercise period under ESOS Scheme.

Reliance Communications Limited

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

Pursuant to the "SEBI Share Based Employee Benefit Regulations 2014 (the Regulation)" prescribing accounting treatment to be based on the Guidance Note on "Accounting for Employee Share Based Payments" issued by the ICAI, the Company has ceased to consolidate financial statements of the RCOM ESOS Trust with Standalone financial results for the year ended on March 31, 2015. The Company had, during the previous year, consolidated financial statements of RCOM ESOS Trust as at March 31, 2014 with the Standalone financial statement of the Company in terms of SEBI (ESOS and ESPS) Guidelines, 1999 and opinion of the Expert Advisory Committee (EAC) of the ICAI and accordingly, made comparable.

Amortization of compensation includes write back of ₹ 2 crore (Previous year ₹ 1 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 38 415	466	18 12 990	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	2 76 141	476	5 37 632	206
Number of Options outstanding at the end of the year	62 274	419	12 75 358	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, 2015 for ESOS Plan 2008 and ESOS Plan 2009 would have been ₹ 0.45 crore and ₹ 3 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	7.93%	7.90%
Expected life	3 years	4 years
Expected volatility	39.80%	39.80%
Expected dividend yield	0.02%	0.07%
Price of the underlying share in market at the time of grant of option	₹ 541	₹ 174

Note 2.44

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 (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, 2015 and has submitted the necessary documents to DGFT for availing discharge letter for completion of export obligation amounting to ₹ Nil (Previous year ₹ 334 crore). Balance export obligations outstanding as on March 31, 2015 in case of its subsidiaries namely; RCIL and RITL under the aforesaid licenses/ authorisations is ₹ Nil (Previous year ₹ 472 crore and ₹ 1,100 crore respectively).

Note 2.45

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 account to the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss

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

(₹ in crore)

Particulars	Gratuity*		Leave Encashment	
	As at March 31, 2015	March 31, 2014	As at March 31, 2015	March 31, 2014
(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation				
Obligation at beginning of the year	41	39	45	54
Service cost	5	6	4	4
Interest cost	4	3	4	4
Actuarial (gain)/ loss	3	8	1	6
Benefits paid	(12)	(8)	(18)	(16)
Liabilities Extinguished on Settlement	-	(7)	-	(7)
Obligation at year end	41	41	36	45
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	16	29	1	1
Expected return on plan assets	1	2	-	-
Actuarial (gain)/ loss	(-)	(1)	-	-
Contributions	5	-	1	2
Benefits	(12)	(7)	(1)	(2)
Assets distributed on settlement	-	(7)	-	-
Plan assets at year end, at fair value	10	16	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	10	16	1	1
Present value of the defined benefit obligations at the end of the year	41	41	36	45
Liability recognised in the Balance Sheet	31	25	35	44
(iv) Cost for the year				
Service Cost	5	6	4	4
Interest Cost	4	3	4	4
Expected return on plan assets	(1)	(2)	(-)	-
Actuarial (gain)/ loss	3	8	1	6
Net Cost	11	15	9	14
(v) Experience adjustment				
On Plan Liabilities (Gain)/Loss	3	6	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	-	-
(viii) Assumptions				
Interest rate	7.98%	9.30%	7.98%	9.30%
Estimated return on plan assets	7.98%	9.30%	-	-
Salary Growth rate	8.00%	8.00%	8.00%	8.00%

* 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.

Reliance Communications Limited

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

(ix) Particulars of the amounts for the year and previous years

	Gratuity As at March 31,				
	2015	2014	2013	2012	2011
Present Value of benefit obligation	41	41	39	35	38
Fair value of plan assets	10	16	29	31	32
Excess of (obligation over plan assets) / plan assets over obligation	(31)	(25)	(10)	(4)	(6)

The expected contribution is based on the same assumptions used to measure the company's gratuity obligations as of March 31, 2015.

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, 2015, Fair value of plan assets is ₹ 272 crore (Previous year ₹ 298 crore), the present value of defined benefit obligation is ₹ 272 crore (Previous year ₹ 298 crore). For the year ended March 31, 2015, the Company has contributed ₹ 16 crore (Previous year ₹ 18 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 7.98%, average remaining tenure of Investment Portfolio is 5 years and guaranteed rate of return is 8.75%.

Note 2.46

Consolidated Segment Information:

The Company has identified geographic segments as primary segments and disclosed segment information, as "India Operations" and "Global Operations". The segment has been identified and reported taking into account its internal financial reporting, performance evaluation and organisational structure by geographical locations of its operations, where its service rendering activities are based. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

- 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".
- 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	18,257	3,841	-	-	22,098
	17,843	4,037	441	-	22,321
Inter Segment Revenue	846	769	-	(1,615)	-
	726	584	-	(1,310)	-
Total	19,103	4,610	-	(1,615)	22,098
	18,569	4,621	441	(1,310)	22,321
Segment Result before Exceptional and non recurring items, interest & taxes	3,325	376	-	-	3,701
	2,385	365	441	-	3,191
Less: Finance Expense	-	-	2,755	-	2,755
	-	-	3,019	-	3,019

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

Segment Result before Exceptional and non recurring items, taxes	3,325	376	(2,755)	-	946
	2,385	365	(2,578)	-	172
Less: Provision for Taxation	-	-	326	-	326
	-	-	(1,021)	-	(1,021)
Less: Prior Period Adjustment	-	-	-	-	-
	-	-	56	-	56
Segment Result after Tax	3,325	376	(3,081)	-	620
	2,385	365	(1,613)	-	1,137
Other Information					
Segment Assets	78,092	10,570	4,159	(1,537)	91,284
	76,745	11,064	3,749	(1,206)	90,352
Segment Liabilities	10,816	2,699	40,357	(1,036)	52,836
	10,608	3,661	43,780	(849)	57,200
Capital Expenditure	1,513	102	-	-	1,615
	3,214	128	-	-	3,342
Depreciation	3,449	367	-	-	3,817
	3,979	556	-	-	4,535

(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 IDC Limited and Reliance Infocomm Infrastructure 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
1. Segment Revenue – External Turnover	14,266	7,832	22,098
	14,196	8,125	22,321

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.

Reliance Communications Limited

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

Note: 2.47

Additional Informations of Subsidiaries/ Associates as required under Schedule III to the Companies Act, 2013

Name of the Company	Net Assets i.e. total assets minus total liabilities		Share in profit/ (loss)	
	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit	Amount (₹ in crore)
Parent Company				
1 Reliance Communications Limited	94.56	35,871.00	(21.57)	(154.00)
Indian Subsidiaries				
2 Reliance Communications Infrastructure Limited	2.43	922.35	16.80	119.98
3 Reliance Infratel Limited	17.49	6,634.62	(135.06)	(964.33)
4 Reliance WiMax Limited	0.28	104.41	(0.06)	(0.39)
5 Reliance IDC Limited	0.07	25.23	2.88	20.55
6 Reliance Bhutan Limited (formerly know as Reliance Digital Home Services Limited)	-	-	-	-
7 Campion Properties Limited	(0.08)	(30.20)	(0.77)	(5.46)
8 Reliance Webstore Limited	0.22	83.74	13.69	97.78
9 Reliance Infocomm Infrastructure Limited	1.20	455.01	5.44	38.81
10 Reliance Telecom Limited	1.90	721.30	(19.98)	(142.67)
11 Reliance Big TV Limited	(2.10)	(796.22)	1.68	11.97
12 Reliance Tech Services Limited	0.01	2.72	0.16	1.13
13 Reliance Mobile Commerce Limited	0.01	2.51	0.01	0.10
14 Reliance Globalcom Limited	0.01	2.05	0.03	0.18
15 Reliance Communications Tamilnadu Limited	-	(1.58)	-	-
16 Reliance BPO Private Limited	-	(0.51)	(0.05)	(0.34)
17 Reliance Infra Reality Limited	-	0.05	-	-
18 Reliance Infra Projects Limited	-	0.05	-	-
Foreign Subsidiaries				
19 Gateway Net Trading Pte. Limited	(0.27)	(101.34)	(0.26)	(1.86)
20 Reliance Globalcom BV	6.84	2,596.20	27.44	195.92
21 Reliance Infocom Inc.	(0.02)	(7.21)	(0.50)	(3.56)
22 Reliance Communications Inc.	0.50	190.47	0.69	4.95
23 Reliance Communications International Inc.	0.18	66.55	0.59	4.23
24 Reliance Communications Canada Inc.	-	(0.49)	0.03	0.19
25 Bonn Investment Inc.	(0.01)	(5.24)	0.12	0.85
26 Reliance Communications (U.K.) Limited	0.56	212.65	1.85	13.18
27 Reliance Communications (Hong Kong) Limited	0.01	3.36	(0.70)	(4.97)
28 Reliance Communications (Australia) Pty. Limited	0.01	2.27	0.01	0.09
29 Reliance Communications (New Zealand) Pte. Limited	-	(0.70)	(0.01)	(0.06)
30 Reliance Communications (Singapore) Pte. Limited	4.13	1,567.09	(0.04)	(0.26)
31 Anupam Globalsoft (U) Limited	0.01	2.44	-	-
32 Reliance Globalcom Limited, Bermuda	16.52	6,266.33	21.14	150.95
33 FLAG Telecom Asia Limited	0.06	20.98	(1.04)	(7.46)
34 FLAG Telecom Japan Limited	(1.38)	(522.04)	0.80	5.69
35 FLAG Telecom Singapore Pte. Limited	(0.25)	(96.33)	0.05	0.33
36 Seoul Telenet Inc.	(0.24)	(91.01)	0.25	1.78
37 FLAG Holdings (Taiwan) Limited	0.08	30.24	-	0.01
38 FLAG Telecom Taiwan Limited	0.19	73.68	1.03	7.33
39 Reliance Globalcom (UK) Limited	0.13	48.17	(0.30)	(2.13)
40 FLAG Telecom Deutschland GmbH	-	(1.47)	-	-
41 FLAG Telecom Network Services Limited	(0.02)	(5.82)	-	-
42 Reliance FLAG Telecom Ireland Limited	2.06	781.14	4.77	34.04
43 FLAG Telecom Ireland Network Limited	(0.16)	(61.60)	0.71	5.05
44 FLAG Atlantic UK Limited	(1.99)	(755.45)	0.68	4.86
45 Reliance FLAG Atlantic France SAS	(2.65)	(1,003.42)	1.81	12.91
46 FLAG Telecom Nederland BV	(0.01)	(2.24)	-	0.01
47 FLAG Telecom Hellas AE	-	(1.76)	-	(0.01)
48 FLAG Telecom Espana Network SAU	(0.17)	(62.62)	0.02	0.11
49 FLAG Telecom Development Services Company LLC	(0.01)	(2.00)	(0.01)	(0.10)

Reliance Communications Limited

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

Name of the Company	Net Assets i.e. total assets minus total liabilities		Share in profit/ (loss)	
	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit	Amount (₹ in crore)
50 Reliance FLAG Pacific Holdings Limited	(1.11)	(421.72)	(0.07)	(0.52)
51 FLAG Telecom Network USA Limited	(1.25)	(474.97)	1.13	8.04
52 FLAG Telecom Group Services Limited	0.10	39.16	(0.18)	(1.31)
53 FLAG Telecom Development Limited	10.80	4,098.10	47.98	342.60
54 Yipes Holdings Inc.	5.20	1,974.56	0.02	0.16
55 Reliance Globalcom Services Inc.	2.80	1,061.37	(20.32)	(145.10)
56 YTV Inc.	-	-	-	-
57 Reliance Vanco Group Limited	1.45	548.72	(9.42)	(67.24)
58 Vanco UK Limited	(1.04)	(393.18)	(2.09)	(14.92)
59 Vanco (Asia Pacific) Pte. Limited	0.01	2.30	0.11	0.82
60 Vanco Sweden AB	-	(0.47)	(0.44)	(3.17)
61 Vanco GmbH	(0.29)	(108.94)	(2.13)	(15.20)
62 Vanco Deutschland GmbH	(0.22)	(83.67)	(1.51)	(10.75)
63 Vanco SRL (Italy)	(0.02)	(8.22)	0.05	0.35
64 Vanco BV (Holland)	(0.13)	(50.26)	(0.73)	(5.20)
65 Euronet Spain SA	0.03	12.22	0.34	2.42
66 Vanco SAS (France)	(0.89)	(336.95)	(6.63)	(47.32)
67 Vanco Sp Zoo	-	(0.01)	(0.02)	(0.15)
68 Vanco Australasia Pty Limited	(0.07)	(25.59)	0.05	0.34
69 Vanco NV	(0.15)	(56.90)	(1.22)	(8.72)
70 Vanco Japan KK	-	0.96	0.01	0.04
71 Vanco South America Ltda	(0.03)	(13.15)	(0.86)	(6.13)
72 Net Direct SA (Proprietary) Limited	(0.01)	(2.69)	-	-
73 Vanco (Shanghai) Co. Ltd.	-	0.47	(0.03)	(0.20)
74 Vanco Solutions Inc.	(0.02)	(7.23)	0.96	6.83
75 Vanco US LLC	(0.30)	(112.83)	5.13	36.60
76 Vanco International Limited	0.01	2.51	0.21	1.51
77 Vanco Switzerland A.G.	0.02	7.60	-	(0.03)
78 Vanco Benelux BV	0.01	2.61	(0.11)	(0.77)
79 Vanco Global Limited	(0.05)	(18.78)	0.21	1.51
80 Vanco ROW Limited	0.03	10.86	0.26	1.87
81 VNO Direct Limited	(0.08)	(30.97)	(0.01)	(0.06)
82 Lagerwood Investments Limited	0.01	2.31	0.21	1.50
83 Reliance Telecom Infrastructure (Cyprus) Holdings Limited	0.07	26.88	(0.09)	(0.65)
84 Global Cloud Xchange Limited	5.59	2,121.79	-	-
85 GCX Limited	5.26	1,996.20	(17.21)	(122.88)
Minority Interests in all subsidiaries	(1.35)	(512.39)	(12.78)	(91.27)

Associates (Investment as per the equity method)

Indian

1 Mumbai Metro Transport Private Limited	-	-	-	(0.01)
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Foreign

2 Warf Telecom International Private Limited	0.04	14.93	0.35	2.52
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As per our report of even date

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

For **B S R & Co. LLP**
Chartered Accountants
Firm Reg. No.: 101248W/ W-100022

Chandan Lala
Partner
Membership No: 35671

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
May 29, 2015

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

Anil D. Ambani

Directors

J. Ramachandran
Deepak Shourie
A. K. Purwar
R. N. Bhardwaj

Company Secretary and Manager **Prakash Shenoy**

Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures
(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

Part "A" : Subsidiaries

Sl. No.	Name of the Subsidiary	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
1	Reliance Communications Infrastructure Limited	93,802.40	(1,367.13)	5,03,378.14	4,11,142.87	1.00	2,33,284.07	11,998.41	-	11,998.41	-	100.00
2	Reliance Infratel Limited	2,83,314.19	3,80,147.85	13,41,181.95	6,77,719.91	-	5,91,592.55	(2,16,986.83)	(1,20,554.00)	(96,432.83)	-	90.45
3	Reliance Wimax Limited	168.71	10,272.18	10,458.11	17.22	-	-	(39.46)	-	(39.46)	-	100.00
4	Reliance IDC Limited	210.00	2,312.71	41,842.29	39,319.58	-	43,580.83	2,104.66	49.17	2,055.49	-	100.00
5	Reliance Bhutan Limited (formally know as Reliance Digital Home Services Limited)	5.00	(4.65)	4.70	4.35	-	0.37	0.11	0.04	0.07	-	100.00
6	Campton Properties Limited	356.36	(3,376.15)	13,077.97	16,097.76	-	175.13	(546.43)	-	(546.43)	-	100.00
7	Reliance Webstore Limited	5.00	8,368.94	1,90,505.81	1,82,131.87	-	1,88,089.15	12,035.89	2,258.06	9,777.83	-	100.00
8	Reliance Infocomm Infrastructure Limited	500.00	45,000.85	1,51,510.79	1,06,009.94	-	23,103.91	4,017.85	1,364.3	3,881.42	-	100.00
9	Reliance Telecom Limited	14,348.00	57,782.01	5,69,128.00	4,96,997.99	-	3,48,552.00	(14,267.00)	-	(14,267.00)	-	100.00
10	Reliance Big TV Limited	1,000.00	(80,622.27)	1,00,261.47	1,79,883.74	0.34	99,373.86	1,197.06	-	1,197.06	-	100.00
11	Reliance Tech Services Limited	5.00	267.24	1,73,247.30	1,72,975.06	0.23	42,482.57	148.86	36.23	112.63	-	100.00
12	Reliance Mobile Commerce Limited	200.00	51.07	272.45	21.38	-	15.75	15.38	51.5	10.23	-	100.00
13	Reliance Globalcom Limited	5.00	199.79	3,500.06	3,295.27	-	4,339.01	30.74	12.87	17.87	-	100.00
14	Reliance Communications Tamilnadu Limited	5.00	(162.79)	26,007.92	26,165.71	-	0.20	(0.12)	-	(0.12)	-	100.00
15	Reliance BPO Private Limited	1.00	(51.65)	776.32	826.97	1.96	0.11	(33.82)	-	(33.82)	-	100.00
16	Reliance Infra Reality Limited	5.00	(0.45)	12,005.00	12,000.45	-	-	(0.45)	-	(0.45)	-	100.00
17	Reliance Infra Projects Limited	5.00	(0.45)	5.00	0.45	-	-	(0.45)	-	(0.45)	-	100.00
18	Gateway Net Trading Pte. Limited	16,313.13	(26,446.97)	7,909.46	18,043.30	-	0.02	(186.43)	-	(186.43)	-	100.00
19	Unit of Currency - USD	2,61,01,000.00	(4,23,15,148.92)	1,26,55,141.51	2,88,69,290.43	-	33.04	(3,04,852.78)	-	(3,04,852.78)	-	100.00
20	Reliance Globalcom BV	1,319.55	2,58,300.84	5,41,062.44	2,81,442.05	74,129.31	14,976.81	19,591.94	-	19,591.94	-	100.00
21	Unit of Currency - USD	21,11,282.11	41,32,81,337.00	86,59,99,897.98	45,03,07,278.87	11,86,06,891.00	2,44,90,768.00	3,20,37,636.57	-	3,20,37,636.57	-	100.00
22	Reliance Infocom Inc.	562.50	(1,28,381)	4,17,77.8	4,899.09	-	-	(6.85)	349.53	(356.38)	-	100.00
23	Unit of Currency - USD	9,00,000.00	(20,54,097.49)	66,84,451.70	78,38,549.19	-	-	(11,202.74)	5,71,574.00	(5,82,776.74)	-	100.00
24	Reliance Communications Inc.	3,125.00	15,922.09	58,551.16	39,504.07	-	1,94,055.03	628.39	1,329.7	495.42	-	100.00
25	Unit of Currency - USD	5,00,000.00	2,54,75,343.51	9,36,81,848.45	6,32,06,504.94	-	31,73,27,085.88	10,27,567.68	2,17,44,394	8,10,123.74	-	100.00
26	Reliance Communications International Inc.	6.25	6,649.07	11,849.78	5,194.46	-	11,753.52	429.46	6.06	423.40	-	100.00
27	Unit of Currency - USD	10,000.00	1,06,38,502.11	1,89,59,645.59	83,11,143.48	-	1,92,19,857.96	7,02,275.80	9,913.00	6,92,362.80	-	100.00
28	Reliance Communications Canada Inc.	6.25	(55.38)	372.73	421.86	-	579.60	19.47	-	19.47	-	100.00
29	Unit of Currency - USD	10,000.00	(88,605.00)	5,96,362.64	6,74,967.64	-	9,47,789.05	31,842.90	-	31,842.90	-	100.00
30	Bonn Investment Inc.	6.25	(529.89)	4,168.47	4,692.11	-	242.15	90.61	6.03	84.58	-	100.00
31	Unit of Currency - USD	10,000.00	(8,47,830.36)	66,69,553.84	75,07,384.20	-	3,95,970.00	1,48,163.60	9,861.60	1,38,302.00	-	100.00
32	Reliance Communications (U.K.) Limited	13.75	21,251.52	27,390.18	6,124.91	-	80,575.42	1,318.19	-	1,318.19	-	100.00
33	Unit of Currency - GBP	14,869.58	2,29,82,074.77	2,96,20,612.09	66,23,667.74	-	8,16,89,252.96	13,36,411.98	-	13,36,411.98	-	100.00
34	Reliance Communications (Hong Kong) Limited	-	336.27	4,936.50	4,600.23	-	40,415.41	(497.23)	-	(497.23)	-	100.00
35	Unit of Currency - USD	0.13	5,38,029.76	78,98,395.23	73,60,365.34	-	6,60,89,018.14	(8,13,087.24)	-	(8,13,087.24)	-	100.00
36	Reliance Communications (Australia) Pty. Limited	-	226.86	347.51	120.65	-	90.74	18.05	9.44	8.61	-	100.00
37	Unit of Currency - AUD	1.00	4,77,248.34	7,31,070.24	2,53,820.90	-	1,69,741.76	33,764.38	17,649.70	16,114.68	-	100.00
38	Reliance Communications (New Zealand) Pte. Limited	-	(70.16)	291.3	99.29	-	2.68	(6.24)	-	(6.24)	-	100.00
39	Unit of Currency - NZD	1.01	(1,50,096.98)	62,318.22	2,12,414.19	-	5,425.22	(12,627.22)	-	(12,627.22)	-	100.00
40	Reliance Communications (Singapore) Pte. Limited	45.28	1,56,663.88	1,56,876.73	167.57	-	23.98	(25.64)	-	(25.64)	-	100.00
41	Unit of Currency - USD	72,450.00	25,06,62,216.00	25,10,02,783.00	2,68,117.00	-	39,216.60	(41,921.39)	-	(41,921.39)	-	90.00
42	Anupam Globalsoft (U) Limited	640.13	(396.16)	2,224.41	1,980.44	-	0.28	0.28	-	0.28	-	90.00
43	Unit of Currency - USD	3,00,00,000.00	(1,85,66,51,919.90)	10,42,48,85,846.20	9,28,15,37,766.10	-	12,69,914.20	12,69,914.20	-	12,69,914.20	-	100.00
44	Reliance Globalcom Limited, Bermuda	2,33,940.59	3,92,692.81	14,96,712.42	8,70,079.02	-	1,13,199.64	16,078.60	983.55	15,095.05	-	100.00
45	Unit of Currency - USD	37,43,04,950.00	62,83,08,502.60	2,39,47,39,871.50	1,39,21,26,418.90	-	18,51,08,888.96	2,62,92,402.88	16,08,339.00	2,46,84,081.88	-	100.00
46	FLAG Telecom Asia Limited	6.29	2,091.67	50,810.77	48,712.81	-	7,080.96	(734.73)	11.21	(745.94)	-	100.00
47	Unit of Currency - USD	10,063.87	33,46,677.30	8,12,97,233.41	7,79,40,492.24	-	1,15,79,090.69	(12,01,348.48)	18,333.65	(12,19,682.13)	-	100.00

Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures
(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

Part "A" - Subsidiaries

Sl. No.	Name of the Subsidiary	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
(₹ in lakh unless otherwise stated)												
33	FLAG Telecom Japan Limited Unit of Currency - USD	57.13 91,405.17	(52,260.71) (8,36,17,143.00)	3,980.75 63.69,189.00	56,184.33 8,98,94,926.83	-	4,699.70 76.85,146.62	569.61 9,31,450.49	0.70 1,151.05	568.91 9,30,299.44	-	100.00
34	FLAG Telecom Singapore Pte. Limited Unit of Currency - USD	17.82 28,504.68	(9,650.41) (1,54,40,653.98)	4,544.17 72,70,678.85	14,176.76 2,26,82,828.15	-	1,841.90 30,11,965.20	33.02 54,002.29	-	33.02 54,002.29	-	100.00
35	Seoul Telenet Inc. Unit of Currency - USD	1,415.95 22,65,518.80	(10,51,673) (1,68,26,774.19)	2,684.51 42,95,222.62	11,785.29 1,88,56,478.01	-	2,799.14 45,77,269.81	177.83 2,90,792.81	-	177.83 2,90,792.81	-	49.00
36	FLAG Holdings (Taiwan) Limited Unit of Currency - USD	3,363.74 53,81,987.56	(34,009) (5,44,138.26)	6,306.08 1,00,89,725.38	3,282.43 52,51,876.08	-	15.45 25,268.64	0.67 1,089.13	-	0.67 1,089.13	-	50.00
37	FLAG Telecom Taiwan Limited Unit of Currency - USD	7,832.97 1,25,32,745.19	(46,467) (7,43,47,23.7)	18,739.48 2,99,83,175.24	11,371.18 1,81,93,902.42	-	3,180.27 52,00,515.45	791.93 12,95,002.06	58.71 96,010.43	733.22 11,98,991.63	-	60.00
38	Reliance Globalcom (UK) Limited Unit of Currency - USD	3.00 14.27	4,816.87 (161.63)	8,946.14 1,43,13,818.30	4,129.27 66,06,825.95	-	4,548.85 74,38,477.49	(212.68) (3,47,778.65)	-	(212.68) (3,47,778.65)	-	100.00
39	FLAG Telecom Deutschland GmbH Unit of Currency - USD	22,835.00 18.00	(2,58,609.00) (9,31,62,889)	280.34 725.90	427.70 9,32,336.79	-	34.03 2,138.00	0.25 0.23	0.64 -	(0.39) -	-	100.00
40	FLAG Telecom Network Services Limited Unit of Currency - USD	18.00 2.00	(582.27) (12,08,72,330.24)	0.45 13,260.33	582.72 88,805.54	-	1.31 4,714.42	402.00 485.54	1,050.00 -	(648.00) -	-	100.00
41	Reliance FLAG Telecom Ireland Limited Unit of Currency - USD	0.01 18.00	78,114.27 12,49,82,830.28	3,00,790.67 48,12,65,076.01	2,22,676.39 35,62,82,227.73	-	48,625.91 7,95,15,161.99	1,580.32 25,84,206.06	(1,823.73) (29,82,246.15)	3,404.05 55,66,452.21	-	100.00
42	FLAG Telecom Ireland Network Limited Unit of Currency - USD	0.01 18.00	(6,159.71) (98,55,536.08)	1,29,860.39 20,77,76,629.00	1,36,020.09 21,76,32,147.08	-	6,970.60 1,13,98,621.00	505.08 8,25,936.41	(0.20) (324.00)	505.28 8,26,260.41	-	100.00
43	FLAG Atlantic UK Limited Unit of Currency - USD	- 2.00	(75,545.21) (12,08,72,330.24)	13,260.33 2,12,16,526.00	88,805.54 14,20,88,854.24	-	4,714.42 77,09,219.00	485.54 7,93,968.73	-	485.54 7,93,968.73	-	100.00
44	Reliance FLAG Atlantic France SAS Unit of Currency - USD	23.18 37,080.00	(1,00,365.59) (16,05,84,938.63)	50,063.27 8,01,01,232.00	1,50,405.68 24,06,49,090.63	-	47,798.61 7,81,62,332.30	2,531.69 41,39,932.68	1,240.99 20,29,325.20	1,290.70 21,10,607.48	-	100.00
45	FLAG Telecom Nederland BV Unit of Currency - USD	9.55 15,282.00	(233.46) (3,73,534.20)	213.42 3,41,477.47	437.33 6,99,729.67	-	14.92 24,395.65	0.11 178.85	(0.39) (643.61)	0.50 822.46	-	100.00
46	FLAG Telecom Hellas AE Unit of Currency - USD	31.87 50,996.00	(208.18) (3,33,088.60)	52.42 83,871.84	228.73 3,65,964.44	-	7.57 12,375.00	0.07 111.36	0.83 1,363.94	(0.76) (1,252.58)	-	100.00
47	FLAG Telecom Espana Network SAU Unit of Currency - USD	33.37 53,389.00	(6,295.65) (1,00,73,042.53)	1,793.76 28,70,008.49	8,056.04 1,28,89,662.02	-	506.51 8,28,259.78	11.27 18,430.92	-	11.27 18,430.92	-	100.00
48	FLAG Telecom Development Services Company LLC Unit of Currency - USD	8.25 13,201.00	(208.20) (3,33,127.52)	544.11 8,70,573.00	744.06 11,90,499.52	-	405.37 6,62,877.58	23.93 39,126.21	34.31 56,102.46	(10.38) (16,976.25)	-	100.00
49	Reliance FLAG Pacific Holdings Limited Unit of Currency - USD	7.50 12,000.00	(42,179.35) (6,74,86,953.02)	438.39 7,01,422.55	42,610.24 6,81,76,375.57	-	2,536.60 41,47,955.00	(52.34) (85,581.00)	-	(52.34) (85,581.00)	-	100.00
50	FLAG Telecom Network USA Limited Unit of Currency - USD	- 1.00	(47,496.72) (7,59,94,758.35)	39,069.80 6,25,11,681.28	86,566.52 13,85,06,438.63	-	11,773.56 1,92,52,634.00	795.55 13,00,911.50	(8.24) (13,472.00)	803.79 13,14,383.50	-	100.00
51	FLAG Telecom Group Services Limited Unit of Currency - USD	7.50 12,000.00	3,908.84 62,54,150.33	3,77,106.29 60,27,50,699.00	3,73,189.95 59,64,84,548.67	-	- 1,882.25	(131.18) (2,14,519.42)	-	(131.18) (2,14,519.42)	-	100.00
52	FLAG Telecom Development Limited Unit of Currency - USD	7.50 12,000.00	4,09,802.26 65,56,833,609.85	4,53,879.62 72,62,07,396.95	44,069.86 7,05,11,787.10	-	- 30,77,941.00	34,260.28 5,60,23,876.78	-	34,260.28 5,60,23,876.78	-	100.00
53	Vipes Holdings Inc. Unit of Currency - USD	1,97,466.61 31,59,46,575.00	(10,13) (16,200.00)	1,97,466.93 31,59,47,080.00	10.45 16,705.00	-	20.67 33,800.00	15.78 25,800.00	-	15.78 25,800.00	-	100.00
54	Reliance Globalcom Services Inc. Unit of Currency - USD	1,83,716.61 29,39,46,574.79	(77,579.76) (12,41,27,620.02)	1,53,167.18 24,50,67,483.46	47,030.33 7,52,48,528.69	-	28,599.11 4,67,66,493.95	(14,455.63) (2,36,38,460.65)	53.90 86,245.00	(14,509.53) (2,37,24,705.65)	-	100.00
55	YTV Inc. Unit of Currency - USD	- 1.00	- 54,585.60	- 1,00	- 59,125.97	-	- 857.49	- (6,723.93)	-	- (6,723.93)	-	100.00
56	Reliance Vancor Group Limited Unit of Currency - GBP	286.72 3,10,071.94	- 5,90,30,606.66	1,13,998.29 12,32,81,376.28	59,125.97 6,39,40,697.68	-	8,69,490.00	(6,723.93)	-	(6,723.93)	-	100.00

Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures
(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

Part "A" : Subsidiaries

Sl. No.	Name of the Subsidiary	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
(₹ in lakh unless otherwise stated)												
57	Vanco UK Limited Unit of Currency - GBP	33.93 36,690.00	(39,352.18) (4,25,56,701.11)	8,861.11 95,82,686.09	48,179.36 5,21,02,697.20	-	44,215.39 4,48,34,100.00	(1,492.45) (15,13,331.54)	-	(1,492.45) (15,13,331.54)	-	100.00
58	Vanco (Asia Pacific) Pte. Limited Unit of Currency - GBP	908.04 9,81,980.65	(677.75) (7,32,944.12)	1,614.17 17,45,611.06	1,383.88 14,96,574.53	-	7,921.73 80,32,579.19	81.51 82,646.08	-	81.51 82,646.08	-	100.00
59	Vanco Sweden AB Unit of Currency - GBP	36.12 39,058.23	(83.58) (90,390.53)	204.24 2,20,866.62	251.70 2,72,198.92	-	1,020.51 10,34,789.67	(316.89) (3,21,320.57)	0.46 470.33	(317.35) (3,21,790.90)	-	100.00
60	Vanco GmbH Unit of Currency - GBP	598.70 6,47,456.77	(11,49,262) (1,24,28,483.70)	3,397.64 36,74,320.56	14,291.56 1,54,55,347.49	-	17,722.25 1,79,70,236.00	(1,51,952) (15,40,779.99)	0.21 209.27	(1,51,973) (15,40,989.26)	-	100.00
61	Vanco Deutschland GmbH Unit of Currency - GBP	16.73 18,088.42	(8,383.47) (90,661,500.01)	644.37 6,96,838.34	9,011.11 97,44,899.93	-	3,038.63 30,81,145.58	(1,07,539) (10,90,436.30)	-	(1,07,539) (10,90,436.30)	-	100.00
62	Vanco SRL (Italy) Unit of Currency - GBP	66.24 71,630.13	(888.21) (9,60,537.78)	5,295.60 57,26,831.43	6,117.57 66,15,739.08	-	7,161.07 72,61,271.40	28.88 29,279.92	(6.58) (6,673.46)	35.46 35,953.38	-	100.00
63	Vanco BV (Holland) Unit of Currency - GBP	13.38 14,470.73	(5,03,987) (54,50,272.00)	2,188.78 23,67,015.24	7,215.27 78,02,816.51	-	8,139.51 82,53,405.63	(519.55) (5,26,824.29)	-	(519.55) (5,26,824.29)	-	100.00
64	Euronet Spain SA Unit of Currency - GBP	83.63 90,442.08	1,138.01 12,30,680.36	1,528.32 16,52,768.06	306.68 3,31,645.62	-	2,867.47 29,07,595.26	242.51 2,45,907.18	0.37 371.20	242.14 2,45,535.98	-	100.00
65	Vanco SAS (France) Unit of Currency - GBP	200.72 2,17,060.99	(33,896.17) (3,66,56,392.84)	30,290.92 32,75,676.89	36,724.47 3,97,15,008.74	-	15,783.93 1,60,04,798.20	(4,71,266) (47,78,606.95)	19.09 19,356.70	(4,731.75) (47,97,963.65)	-	100.00
66	Vanco Sp Zoo Unit of Currency - GBP	16.43 17,771.14	(17,911) (19,372.76)	89.41 96,692.00	90.89 98,293.62	-	252.05 2,55,576.47	(10.75) (10,896.10)	4.22 4,278.54	(14.97) (15,174.64)	-	100.00
67	Vanco Australasia Pty Limited Unit of Currency - GBP	1,475.48 15,95,635.17	(4,034.88) (43,63,447.12)	2,135.16 23,09,026.28	4,694.56 50,76,838.23	-	11,891.85 1,20,58,257.47	46.84 47,498.68	12.71 12,888.86	34.13 34,609.82	-	100.00
68	Vanco NV Unit of Currency - GBP	375.67 4,06,264.83	(6,065.26) (65,591,644.47)	154.73 1,67,329.48	5,844.32 63,20,229.12	-	1,547.65 15,69,302.78	(871.99) (8,84,190.14)	-	(871.99) (8,84,190.14)	-	100.00
69	Vanco Japan KK Unit of Currency - GBP	46.75 50,553.16	48.86 52,838.82	113.81 1,23,082.28	18.20 19,690.30	-	151.94 1,54,067.54	5.77 5,846.23	1.52 1,542.89	4.25 4,303.34	-	100.00
70	Vanco South America Ltda Unit of Currency - GBP	153.42 1,65,916.59	(1,468.15) (15,87,704.49)	904.55 9,78,206.01	2,219.28 23,99,993.91	-	1,116.45 11,32,070.40	(447.59) (4,53,854.00)	165.15 1,67,465.39	(612.74) (6,21,319.39)	607.91 6,16,414.00	100.00
71	Net Direct SA (Proprietary) Limited Unit of Currency - GBP	0.01 5.56	(269.00) (2,90,900.56)	-	268.99 2,90,895.00	-	-	-	-	-	-	100.00
72	Vanco (Shanghai) Co., Ltd. Unit of Currency - GBP	112.83 1,22,012.67	(65.36) (70,678.22)	69.47 75,128.43	22.00 23,793.98	-	14.60 14,808.05	3.39 3,440.45	23.63 23,964.95	(20.24) (20,524.50)	-	100.00
73	Vanco Solutions Inc. Unit of Currency - GBP	31.14 33,676.84	(754.61) (8,16,058.81)	2,560.22 27,68,704.85	3,283.69 35,51,086.83	-	4,757.08 48,23,650.08	682.68 6,92,236.51	-	682.68 6,92,236.51	-	100.00
74	Vanco US LLC Unit of Currency - GBP	1,307.92 14,14,427.16	(12,590.99) (1,36,16,296.93)	1,841.46 19,91,410.81	13,124.53 1,41,93,280.58	-	18,246.86 1,85,02,185.97	3,665.60 37,16,892.14	5.71 5,791.16	3,659.89 37,11,100.98	-	100.00
75	Vanco International Limited Unit of Currency - GBP	93.70 1,01,325.00	157.02 1,69,809.11	923.54 9,98,751.10	672.82 7,27,616.99	-	3,571.12 36,21,094.00	150.65 1,52,754.96	-	150.65 1,52,754.96	-	100.00
76	Vanco Switzerland A.G. Unit of Currency - GBP	64.12 69,343.32	696.11 7,52,798.97	790.31 8,54,664.94	30.08 32,522.65	-	24.84 25,185.00	(0.11) (107.84)	2.68 2,713.23	(2.79) (2,821.07)	-	100.00
77	Vanco Benelux BV Unit of Currency - GBP	12.14 13,132.91	248.87 2,69,130.87	336.86 3,64,291.38	75.85 82,027.60	-	-	(77.35) (78,432.45)	-	(77.35) (78,432.45)	-	100.00
78	Vanco Global Limited Unit of Currency - GBP	249.79 2,70,126.00	(2,127.43) (23,00,668.80)	1,192.00 12,89,062.50	3,069.64 33,19,605.30	-	4,558.66 46,22,448.20	150.76 1,52,864.86	-	150.76 1,52,864.86	-	100.00
79	Vanco ROW Limited Unit of Currency - GBP	-	1,085.72 11,74,134.09	1,556.64 16,83,399.07	470.92 5,09,262.98	-	2,736.24 27,74,524.67	186.66 1,89,273.51	-	186.66 1,89,273.51	-	100.00
80	WNO Direct Limited Unit of Currency - GBP	480.84 5,20,000.00	(3,577.77) (38,691,133.4)	-	3,096.93 33,49,113.34	-	-	(5.92) (6,000.00)	-	(5.92) (6,000.00)	-	100.00

Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures
(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

Part "A" : Subsidiaries

Sl. No.	Name of the Subsidiary	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
81	Lagerwood Investments Limited Unit of Currency - USD	1.42 2,268.00	229.79 3,67,666.00	250.78 4,01,245.00	19.57 31,311.00	-	158.02 2,58,400.00	150.23 2,45,657.00	-	150.23 2,45,657.00	-	-
82	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	1.40	2,686.42	3,100.94	413.12	-	-	(64.47)	0.07	(64.54)	-	-
83	Unit of Currency - USD Global Cloud Xchange Limited	2,246.00 1,47,076.74	42,98,267.00 65,102.30	49,61,501.00 2,12,180.80	6,60,988.00 1.76	-	-	(1,05,430.00) 0.11	112.00	(1,05,542.00) 0.11	-	100.00
84	Unit of Currency - USD GCX Limited	23,53,22,790.00 1,47,076.74	10,41,63,686.00 52,543.30	33,94,89,289.00 4,25,025.36	2,813.00 2,25,405.32	-	3,000.00 16.53	187.50 (12,288.22)	-	187.50 (12,288.22)	-	100.00
	Unit of Currency - USD	23,53,22,790.00	8,40,69,280.00	68,00,40,569.00	36,06,48,499.00	-	27,033.00	(2,00,94,219.00)	-	(2,00,94,219.00)	-	-

Notes

- Financial Year of the Subsidiaries is for 12 months from April 1, 2014 to March 31, 2015.
 - Investment exclude investment in Subsidiaries.
 - Exchange rate as of March 31, 2015: 1 USD = ₹ 62.500 1 GBP = ₹ 92.4700 1 AUD = ₹ 47.5350 1 NZD = ₹ 47.0632 1 USh = ₹ 0.0213 (*converted at average rate)
- Name of subsidiaries which are yet to commence operations**
- Reliance Mobile Commerce Limited
 - Reliance Infra Realty Limited
 - Reliance Infra Projects Limited
- Name of subsidiaries which have been liquidated or sold during the year - Nil.**

Part "B" : Associates

Sr.	Name of Associates	Latest audited Balance Sheet Date	Shares of Associate held by the company on the year end	Network attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss) for the year	Description of how there is significant influence	Reason why the associate is not consolidated
			No.	Amount of Investment in Associates	Considered in Consolidation	Not Considered in Consolidation	
1	Mumbai Metro Transport Private Limited	31.03.2015	13 000	-	(1.23)	(4.99)	Refer Note A below
2	Warf Telecom International Private Limited	31.12.2014	6 50 25 000	2,230.00	251.58	1,006.32	-

Name of associates which are yet to commence operations - Nil

Name of associates which have been liquidated or sold during the year - Nil

Notes:

- There is significant influence due to percentage (%) of Share Capital.
- The Company does not have any Joint Venture during the year.

For and on behalf of the Board

Chairman

Anil D. Ambani

Directors

J. Ramachandran

Deepak Shourie

A. K. Purwar

R. N. Bhardwaj

Company Secretary and Manager

Prakash Shenoy

Chief Financial Officer

Manikantan V.

Mumbai

May 29, 2015

If undelivered please return to :

**Karvy Computershare Private Limited
(Unit: Reliance Communications Limited)**

Karvy Selenium, Tower – B, Plot No. 31 & 32,
Survey No. 116/22, 115/24, 115/25,
Financial District, Nanakramguda,
Hyderabad 500 032, Telangana, India

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