

Reliance WiMax Limited

Independent Auditor's Report

To The Members of Reliance WiMax Limited, Report on the Financial Statements

1. We have audited the accompanying financial statements of Reliance WiMax Limited ("the company"), which comprises the Balance Sheet as at 31st 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 Financial Statements

2. 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 financial statements to 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Company's preparation of the financial statements that give 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 controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 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 knowledge and belief and according to the information and explanations given to us:

Independent Auditor's Report

- i) The Company does not have any pending litigations as at March 31, 2015, which would impact its financial position in its Financial Statements.
- ii) The Company did not have any long-term contracts including derivatives contracts as at March 31, 2015 for which there were no material foreseeable losses. The company did not have any long term derivative contract as at March 31, 2015.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Chaturvedi & Shah
Chartered Accountant
(Firm Reg No. 101720W)

Place: Mumbai
Dated: May 27, 2015

Lalit R. Mhalsekar
(Partner)
Membership No. : 103418

Annexure To Independent Auditor's Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the Members of Reliance Wimax Limited on the financial statements as of and for the year ended March 31, 2015, we report the following:

1. As the company has no fixed assets and inventories during the year, clause 3(i) and 3(ii) of the order are not applicable to the company.
2. 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 Companies Act, 2013. Therefore, the provisions of Clause 3(iii) (a) and 3(iii) (b) of the said order are applicable to the company.
3. Internal control system of the company is commensurate with the size of the company and nature of its business.
4. The Company has not accepted any deposits. Therefore, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of Section 73, 74, 75 and 76 of the Companies Act, 2013 or any other relevant provisions of the Companies Act and the rules framed there under to the extent notified does not arise.
5. As informed to us, the Central Government has not prescribed maintenance of cost records under section 148(1). Therefore, the clause 3(vi) is not applicable.
6. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues wherever applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities were in arrears as at March 31, 2015 for a period of more than six months from the date they become payable.
(b) According to the information and explanation given to us and the records of the company examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax and Cess which have not been deposited on account of any dispute.
- (c) There are no amounts required to be transferred by the company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made there under.
7. The Company's accumulated losses at the end of the financial year are not more than fifty percent of its net worth. The Company has incurred cash losses in the current financial year and in the immediately preceding financial year.
8. The company has not raised any loans from Financial Institutions or Banks or Debenture holders. Hence clause 3(ix) of order is not applicable.
9. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provision of Clause 3(x) of the Order is not applicable to the company.
10. According to the information and explanations given to us, the Company has not availed any term loans during the year. Accordingly, the provision of Clause 3(xi) of the Order is not applicable to the company.
11. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Chaturvedi & Shah
Chartered Accountant
(Firm Reg No. 101720W)

Place: Mumbai
Dated: May 27, 2015

Lalit R. Mhalsekar
(Partner)
Membership No. : 103418

Reliance WiMax Limited

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	1 68 70 660	1 68 70 660	
(b) Reserves and Surplus	2.02	<u>102 72 18 344</u>	<u>104 40 89 004</u>	<u>103 11 64 249</u>
				104 80 34 909
Non Current Liabilities				
Long Term Provisions	2.03		39 278	27 775
Current Liabilities				
(a) Other Current Liabilities	2.04	12 99 185		12 72 007
(b) Trade Payables	2.05	3 80 750		-
(c) Short Term Provisions	2.06	<u>3 252</u>	<u>16 83 187</u>	<u>2 375</u>
				12 74 382
TOTAL			<u><u>104 58 11 469</u></u>	<u><u>104 93 37 066</u></u>
ASSETS				
Non Current Assets				
Fixed Asset				
Tangible Assets	2.07		-	-
Current Assets				
(a) Cash and Bank Balance	2.08	2 99 346		2 16 071
(b) Short Term Loans and Advances	2.09	<u>104 55 12 123</u>	<u>104 58 11 469</u>	<u>104 91 20 995</u>
				104 93 37 066
TOTAL			<u><u>104 58 11 469</u></u>	<u><u>104 93 37 066</u></u>
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountant
(Firm Reg No. 101720W)

Lalit R. Mhalsekar
(Partner)
Membership No.: 103418

Mumbai
Dated : May 27, 2015

For and on Behalf of the Board

Anil C Shah DIN: 00004368	} Directors
Shrenik Vaishnav DIN: 00386889	

Reliance WiMax Limited

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

	Note		For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
INCOME				
Revenue from Operations			-	-
Other Income			-	-
Total Income			<u>-</u>	<u>-</u>
EXPENDITURE				
WPC Royalty charges	2.10	19 24 000		19 24 000
Employee Benefits Expenses	2.11	6 38 921		6 78 998
General Administration Expenses	2.12	13 82 984	39 45 905	20 21 585
Total Expenses			<u>39 45 905</u>	<u>46 24 583</u>
Profit / (Loss) Before Tax			<u>(39 45 905)</u>	<u>(46 24 583)</u>
Provision for:				
- Current Tax			-	-
Profit / (Loss) After tax			<u>(39 45 905)</u>	<u>(46 24 583)</u>
Earning per share of face value of ₹ 10 each fully paid				
- Basic (₹)	2.16		(5.74)	(6.73)
- Diluted (₹)			(5.74)	(6.73)
Significant Accounting Policies	1			
Notes on Accounts	2			

The notes referred to above form an integral part of Financials Statements

As per our Report of even date

For Chaturvedi & Shah

Chartered Accountant
(Firm Reg No. 101720W)

Lalit R. Mhalsekar

(Partner)

Membership No.: 103418

Mumbai

Dated : May 27, 2015

For and on Behalf of the Board

Anil C Shah

DIN: 00004368

Shrenik Vaishnav

DIN: 00386889

} Directors

Reliance WiMax Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015		(Amount in ₹) 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		(39 45 905)		(46 24 583)
Operating Profit/ (Loss) before Working Capital Changes		(39 45 905)		(46 24 583)
Adjusted for:				
Receivables and other advances	36 08 872		45 33 913	
Trade Payable and Other Liabilities	4 20 308	40 29 180	96 189	46 30 102
Cash Generated from/(used in) Operations		83 275		5 519
Net Cash from/(used in) Operating Activities		83 275		5 519
B CASH FLOW FROM INVESTING ACTIVITIES		-		-
Net Cash from/(used in) Investing Activities		-		-
C CASH FLOW FROM FINANCING ACTIVITIES		-		-
Net Cash from/(used in) Financing Activities		-		-
Net Increase/ (Decrease) in Cash and Bank Balance		83 275		5 519
Opening Balance of Cash and Bank Balance		2 16 071		2 10 552
Closing Balance of Cash and Bank Balance (Refer Note 2.08)		2 99 346		2 16 071

Note:

Cash and Bank balance includes balance with Bank and Fixed Deposits with Banks.

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountant
(Firm Reg No. 101720W)

Lalit R. Mhalsekar
(Partner)
Membership No.: 103418

Mumbai
Dated : May 27, 2015

For and on Behalf of the Board

Anil C Shah DIN: 00004368	} Directors
Shrenik Vaishnav DIN: 00386889	

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 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 note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles 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 result and estimates are recognised in the period in which the results are known / materialised.

1.03 Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

1.04 Leases

(i) Finance leases

Assets taken on finance lease on and after April 01, 2001 are capitalised at their fair value or present value of minimum lease payments, whichever is less, at the inception of the lease and are depreciated over the period of lease

(ii) Operating leases

Lease payments for operating leases are recognised as expense on a straight-line basis over the lease term.

1.05 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 periods is reversed if there has been a change in the estimate of recoverable amount.

1.06 Investment

Current investments are carried at the lower of cost and quoted / fair value. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary in the opinion of the management.

1.07 Inventories of stores and spares

Stores and spares are stated at cost. Cost is determined on a first-in-first-out basis.

1.08 Employee Retirement Benefits

Retirement benefits to employees comprise contributions to provident fund and gratuity fund. The Company's contributions to these funds are expensed, as incurred, in the statement of Profit and Loss. The contributions towards provident fund are made to statutory authorities and contributions towards gratuity fund are made under policies taken from the Life Insurance Corporation of India ('LIC'). In respect of gratuity, the adequacy of the accumulated fund available with LIC has been confirmed on the basis of an actuarial valuation made at year-end.

Leave encashment liability is charged to the Statement of Profit and Loss on the basis of the Actuarial valuation made at year end.

1.09 Revenue Recognition

Revenue (Service Income) is recognised as and when the services are performed on the basis of actual usage of the company's network, service income includes Internet service revenues which comprise of activation fees, recurring charges, service tax and are stated net of discounts. Activation fees are recognised at the time of customer activation. Recurring charges are recognised pro-rata for the contract period till such time that the customer has access to the bandwidth.

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

1.10 Provision for Doubtful Debts

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.

1.11 Taxes on Income and Deferred Tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprise both 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.

1.12 Provision, 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. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.13 Earning per Share

In determining Earning per Share, company 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 Earning per Share is the weighted average number of shares outstanding during the period. the number of shares used in computing Diluted Earnings per share comprises the weighted average number of shares considered for deriving Basic Earning per share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares. Dilutive potential Equity shares are deemed converted as of beginning of the period, unless issued at a later date.

	(Amount in ₹)	
	As at March 31, 2015	As at March 31, 2014
2.01 SHARE CAPITAL		
Authorised		
Equity		
25 00 000 Equity Shares of ₹ 10 each fully paid up (25 00 000)	2 50 00 000	2 50 00 000
Preference		
10 00 000 0% Non cumulative Redeemable Preference Shares of ₹ 10 each (10 00 000)	1 00 00 000	1 00 00 000
	3 50 00 000	3 50 00 000
Issued, Subscribed and Paid up		
6 87 066 Equity Shares of ₹ 10 each fully paid up (6 87 066)	68 70 660	68 70 660
10 00 000 0% Non cumulative Redeemable Preference Shares of ₹ 10 each (10 00 000)	1 00 00 000	1 00 00 000
	1 68 70 660	1 68 70 660

Reliance WiMax Limited

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

		As at		(Amount in ₹)	
		March 31, 2015		As at March 31, 2014	
Note :					
2.01.01	Share held by holding/Ultimate holding company and/or their subsidiaries/asscoicates				
	Equity Shares	No. of Shares		No. of Shares	
	Reliance Communications Limited, (Holding Company) & its Nominees	6 87 066		6 87 066	
	Preference Shares				
	Reliance Communications Limited, (Holding Company)	10 00 000		10 00 000	
2.01.02	Details of Shareholders holding more than 5% shares in the Company :				
	Equity Shares	%	No. of Shares	%	No. of Shares
	Reliance Communications Limited, (Holding Company) & its Nominees	100	6 87 066	100	6 87 066
	Preference Shares				
	Reliance Communications Limited, (Holding Company)	100	10 00 000	100	10 00 000
2.01.03	Terms/Rights attached to Equity Share				
	The company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.				
2.01.04	Terms/ Rights attached to Preference Share				
	0% Non cumulative Redeemable Preference Shares shall be redeemed at the end of 20 (twenty) years from the date of allotment. The above shares shall be redeemed at 8.85% yield p.a. on face value plus premium paid at the time of applicaion.				
2.01.05	Reconciliation of shares outstanding at the beginning and at the end of the reporting year.				
		No. of Shares	Amount	No. of Shares	Amount
	Equity shares				
	At the beginning of the year	6 87 066	68 70 660	6 87 066	68 70 660
	Add/ (Less): Changes during the year	-	-	-	-
	At the end of the year	6 87 066	68 70 660	6 87 066	68 70 660
	Preference Shares				
	At the beginning of the year	10 00 000	1 00 00 000	10 00 000	1 00 00 000
	Add/ (Less): Changes during the year	-	-	-	-
	At the end of the year	10 00 000	1 00 00 000	10 00 000	1 00 00 000

Reliance WiMax Limited

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

		(Amount in ₹)
	As at March 31, 2015	As at March 31, 2014
2.02 RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	124 44 42 554	124 44 42 554
General Reserve		
As per last Balance Sheet	46 78 000	46 78 000
Surplus/ (Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(21 79 56 305)	(21 33 31 722)
Add: Profit/ (Loss) during the year	(39 45 905)	(46 24 583)
Balance Carried forward	<u>(22 19 02 210)</u>	<u>(21 79 56 305)</u>
	<u>102 72 18 344</u>	<u>103 11 64 249</u>
2.03 LONG TERM PROVISIONS		
Retirement Benefits	<u>39 278</u>	<u>27 775</u>
	<u>39 278</u>	<u>27 775</u>
2.04 OTHER CURRENT LIABILITIES		
Payable to Related Party (Refer Note 2.19)	6 14 829	5 75 493
Provision for Expenses	6 76 828	6 92 775
Other Payables	7 528	3 739
	<u>12 99 185</u>	<u>12 72 007</u>
2.05 TRADE PAYABLES		
Trade Payables	<u>3 80 750</u>	-
	<u>3 80 750</u>	<u>-</u>
2.06 SHORT TERM PROVISIONS		
Retirement Benefits	<u>3 252</u>	<u>2 375</u>
	<u>3 252</u>	<u>2 375</u>

NOTE 2.07

Fixed Assets

(Amount in ₹)

Description	Gross Block			Depreciation			Net Block	
	As at April 1, 2014	Additions / Adjustments	As at March 31, 2015	As at April 1, 2014	Depreciation for the year	As at April 1, 2015	As at April 1, 2015	As at March 31, 2014
Tangible Assets								
Vehicles	18 92 510	-	18 92 510	18 92 510	-	18 92 510	-	-
Leasehold Improvement	44 50 308	-	44 50 308	44 50 308	-	44 50 308	-	-
Office Equipment	65 54 983	-	65 54 983	65 54 983	-	65 54 983	-	-
Computers	81 69 347	-	81 69 347	81 69 347	-	81 69 347	-	-
Plant and Machinery	23 22 74 437	-	23 22 74 437	23 22 74 437	-	23 22 74 437	-	-
Furniture and Fixtures	19 61 483	-	19 61 483	19 61 483	-	19 61 483	-	-
Electrical Installation	2 37 285	-	2 37 285	2 37 285	-	2 37 285	-	-
Grand Total	25 55 40 353	-	25 55 40 353	25 55 40 353	-	25 55 40 353	-	-
Previous year	25 55 40 353	-	25 55 40 353	25 55 40 353	-	25 55 40 353	-	-

Reliance WiMax Limited

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

			(Amount in ₹)
		As at March 31, 2015	As at March 31, 2014
2.08 CASH AND BANK BALANCES			
Balance in Current Account		2 79 346	1 96 071
Fixed Deposit		20 000	20 000
		<u>2 99 346</u>	<u>2 16 071</u>
2.09 SHORT TERM LOANS AND ADVANCES			
(Unsecured, Considered good – unless stated otherwise)			
Loans to related Party (Refer Note 2.19)		100 00 00 000	100 00 00 000
Others			
Advances to Related Parties (Refer Note 2.19)		4 47 78 853	4 83 78 853
Other Prepaid Expenses		7 20 000	7 20 000
Retirement Benefits		13 270	22 142
		<u>104 55 12 123</u>	<u>104 91 20 995</u>
			(Amount in ₹)
	For the year ended March 31, 2015		For the year ended March 31, 2014
2.10 WPC ROYALTY EXPENSES			
WPC Royalty Charges		19 24 000	19 24 000
2.11 EMPLOYEE BENEFITS EXPENSES			
(Including Managerial Remuneration)			
Salaries	5 91 468		5 91 468
Contribution to Provident fund, Gratuity and Superannuation Fund	<u>47 453</u>	<u>6 38 921</u>	<u>87 530</u>
			6 78 998
2.12 GENERAL ADMINISTRATION EXPENSES			
Insurance	1 00 140		9 26 231
Bank Charges	1 36 476		1 28 000
Legal and Professional Fees	5 95 122		4 08 790
Others	<u>1 247</u>	<u>8 32 984</u>	<u>8 564</u>
			14 71 585
Payment to Auditors		5 50 000	5 50 000
		<u>13 82 984</u>	<u>20 21 585</u>

Reliance WiMax Limited

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

2.13 Previous Year :

The Financial statements have been prepared as per Schedule III under the Companies Act, 2013. Figures of the previous year have been regrouped and reclassified, wherever required.

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
2.14 Contingent Liabilities		
Bank guarantees and letters of credit	2 20 20 000	2 20 20 000

2.15 Employee Benefits Expenses

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

Defined benefit Plan

The employees' gratuity fund scheme managed by a Life Insurance Company Limited is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

The following table set out the status of the gratuity plan as required under AS 15.

	Gratuity (Funded)		Leave Encashment (Unfunded)	
Particulars	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at 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	10 394	5 324	30 150	19 394
Service Cost	3 403	2 662	12 876	9 552
Interest Cost	967	431	2 804	1 571
Actuarial (gain)/ loss	7 430	52 946	(3 300)	(367)
Benefits Paid	-	(50 969)	-	-
Obligation at year end	22 194	10 394	42 530	30 150
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	32 536	80 379	-	-
Expected return on plan assets	3 026	6 993	-	-
Actuarial gain/ (loss)	(98)	(3,867)	-	-
Contributions	-	-	-	-
Benefits Paid	-	(50 969)	-	-
Plan assets at the year end, at fair value	35 464	32 536	-	-
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	35 464	32 536	-	-
Present value of the defined benefit obligations at the end of the year	(22 194)	(10,394)	42 530	30 150
Liability recognized in the balance sheet	(13 270)	(22 142)	42 530	30 150
iv) Cost for the year				
Service Cost	3 403	2 662	12 876	9 552
Interest Cost	967	431	2 804	1 571
Expected return on plan assets	(3 026)	(6 993)	-	-
Actuarial (gain)/ loss	7 528	56 813	(3 300)	(367)
Net Cost	8 872	52 913	12 380	10 756

Reliance WiMax Limited

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

Particulars	(Amount in ₹)			
	Gratuity (Funded)		Leave Encashment (Unfunded)	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
v) Investment details of plan assets				
100% of the plan assets are invested in debt instruments	-	-	-	-
vi) Actual return on plan assets	2 928	3 126	-	-
vii) Experience Adjustment				
on plan liabilities (Gain)/ Loss	6 667	52 555	(4 262)	2 776
on plan Assets Gain/ (Loss)	(98)	(3 867)	-	-
viii) Assumptions				
Interest rate	7.98%	9.3%	7.98%	9.30%
Estimated return on plan assets	7.98%	9.3%	N.A.	N.A.
Salary Escalation	8.00%	8.0%	8.00%	8.00%

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

ix) Particulars of the amount for the year and Previous years

	Gratuity for the year ended March 31				
	2015	2014	2013	2012	2011
Present Value of benefit obligation	22 194	10 394	5 324	76 347	1 13 956
Fair Value of plan assets	35 464	32 536	80 379	1 82 993	3 64 604
Excess of obligation over plan assets/ (Plan assets over obligation)	(13 270)	(22 142)	(75 055)	(1 06 646)	(2 50 648)

2.16 Earning per Share

Basic Earnings / (loss) per share is calculated by dividing the net profit / (loss) for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year. The Company has not issued any potential equity shares, and accordingly, the basic earnings /(loss) per share and diluted earnings /(loss) per share are the same.

	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit / (Loss) for the year	(39 45 905)	(46 24 583)
Weighted average number of shares	6 87 066	6 87 066
Face value of shares	10	10
Earnings per share – basic and diluted ₹	(5.74)	(6.73)

2.17 Deferred Tax Assets and Liabilities

Deferred Tax Asset	As at March 31, 2015	As at March 31, 2014
(i) Related to carried forward losses	2 34 52 443	2 84 39 714
(ii) Related to timing difference on depreciation of Fixed Assets	68 99 780	80 18 399
Total Deferred Tax Assets	3 03 52 223	3 64 58 113

In absence of virtual certainty of realisability of deferred tax assets, the company on a conservative basis has restricted deferred tax asset Nil.

Reliance WiMax Limited

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

2.18 Segment Reporting

The Company has a single line of activity. Hence Accounting Standard on Segmental Reporting (AS -17) issued by the Institute of Chartered Accountants of India is not applicable.

2.19 Related Party Transactions

As per the Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

(i) List of Related parties with whom transactions have taken place and relationships

Sr No	Name of the Related Party	Relationship
1	Reliance Innoventures Private Limited	Ultimate Holding Company
2	Reliance Communications Limited (RCOM)	Holding Company
3	Reliance Communications Infrastructure Limited (RCIL)	Fellow-subsidiary Companies

(ii) Transactions during the year with Related Parties

				(Amount in ₹)
Sr.	Nature of Transactions	Holding Company	Fellow Subsidiary	Total
A	Loans		100 00 00 000	100 00 00 000
			(100 00 00 000)	(100 00 00 000)
B	Advances			
	Balance as at April 1, 2014	-	4 83 78 853	4 83 78 853
		-	(5 28 59 545)	5 28 59 545
	Paid/ Adjusted during the year	-	36 00 000	36 00 000
		-	(44 81 000)	(44 81 000)
	Received/ Adjusted during the year	-	-	-
		-	-	-
	Balance as at March 31, 2015	-	4 47 78 853	4 47 78 853
		-	(4 83 78 545)	(4 83 78 545)
C	Other Liabilities			
	Balance as at March 31, 2015	6 14 829	-	6 14 829
		(5 75 493)	-	(5 75 493)

Note: The figures in bracket are previous year figures

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountant
(Firm Reg No. 101720W)

Lalit R. Mhalsekar
(Partner)
Membership No.: 103418

Mumbai
Dated : May 27, 2015

For and on Behalf of the Board

Anil C Shah
DIN: 00004368

Shrenik Vaishnav
DIN: 00386889

} **Directors**

Independent Auditor's Report

To The Members of Reliance IDC Limited, Report on the Financial Statements

1. We have audited the accompanying financial statements of Reliance IDC Limited ("the company"), which comprise the Balance Sheet as at 31st 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 Financial Statements

2. 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 financial statements to 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. 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.
6. 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 judgment, 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 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 controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 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 does not have any pending litigations as at March 31, 2015, which would impact its financial position in its Financial Statements.
 - ii) The Company did not have any long-term contracts including derivatives contracts for which there were any foreseeable losses; and
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Pathak H.D & Associates

Chartered Accountants
Firm Reg No. 107783W

Place: Mumbai
Dated: May 23, 2015

Vishal D. Shah
(Partner)
Membership No. 119303

Reliance IDC Limited

Annexure To Independent Auditor's Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the Members of Reliance IDC Limited on the financial statements as of and for the year ended March 31, 2015, we report the following:

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and location of Fixed Assets.
(b) We are informed that, the Fixed Assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
2. (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year.
(b) In our opinion and according to the information and explanations given to us, the procedures of 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 has maintained proper records of inventories. As explained to us, discrepancies noticed on physical verification of inventory have been fully provided for in the books of accounts.
3. 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 Companies Act, 2013. Therefore, the provisions of Clause 3(iii) (a) and 3(iii) (b) of the said order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that certain items of Fixed Assets and Inventories purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of Fixed Assets and Inventory and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company carried out in accordance with the Standards on Auditing generally accepted in India, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits. Therefore, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of Section 73, 74, 75 and 76 of the Companies Act, 2013 or any other relevant provisions of the Companies Act and the rules framed there under to the extent notified does not arise.
6. As informed to us, the Central Government has not prescribed maintenance of cost records under section 148(1). Therefore, the provisions of clause 3(vi) is not applicable.
7. (a) According to the information and explanations given to us and on the basis of our examination of the records, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it. Employee State Insurance is not applicable to the company.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
(c) According to the information and explanation given to us and the records of the company examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax and Cess which have not been deposited on account of any dispute.
(d) There are no amounts required to be transferred by the company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made there under.
8. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses in the current and immediately preceding financial year.
9. According to the information and explanations given to us, the company has not raised any loans from Financial Institutions or Banks or Debenture holders. Hence clause 3(ix) of the order is not applicable.
10. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provision of Clause 3(x) of the Order is not applicable to the company.
11. In our opinion and according to the information and explanations given to us, the Company has not availed any term loans during the year. Accordingly, the provision of Clause 3(xi) of the Order is not applicable to the company.
12. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Pathak H.D & Associates

Chartered Accountants

Firm Reg No. 107783W

Vishal D Shah

(Partner)

Membership No. 119303

Place: Mumbai

Dated: May 23, 2015

Reliance IDC Limited

Balance Sheet as at March 31, 2015

(₹ in crore)

	Notes	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2.01	2.10	2.10
(b) Reserves and Surplus	2.02	23.13	25.23
			2.57
			4.67
Current Liabilities			
(a) Trade Payables	2.03	252.96	283.75
(b) Other Current Liabilities	2.04	139.89	72.30
(c) Short Term Provisions	2.05	0.34	-
		393.19	356.05
TOTAL		418.42	360.72
ASSETS			
Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.06	61.66	66.98
(ii) Capital Work in Progress		75.22	74.27
(b) Long Term Loans and Advances	2.07	4.06	141.25
			3.60
Current Assets			
(a) Inventories	2.08	1.77	11.33
(b) Trade Receivables	2.09	226.29	175.92
(c) Cash and Bank Balances	2.10	5.34	3.57
(d) Short Term Loans and Advances	2.11	34.04	14.01
(e) Other Current Assets	2.12	10.04	11.04
		277.48	215.87
TOTAL		418.42	360.72

Significant Accounting Policies

1

Notes On Accounts

2

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

As per our report of even date

For Pathak H. D. & Associates

Chartered Accountants
Firm Regn No 107783W

Vishal D.Shah

(Partner)

Membership No. 119303

Mumbai

Dated : May 23, 2015

For and on behalf of the Board

Anil C Shah

Shrenik Vaishnav

Directors

Reliance IDC Limited

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	2.13	432.64	353.69
Other Income	2.14	3.17	0.47
Total Revenue		435.81	354.16
EXPENDITURE			
Operating Expenses	2.15	308.74	229.47
Finance Costs	2.16	10.25	14.81
Depreciation	2.06	12.23	26.07
General Administration Expenses	2.17	83.54	82.91
Total Expenses		414.76	353.26
Profit Before Tax		21.05	0.90
Current Tax		4.41	0.18
Short Provision for earlier year		0.14	-
Less: Mat Credit entitlement		(4.06)	-
		0.49	0.18
Profit After tax		20.56	0.72
Basic and Diluted Earning per Share of ₹ 10 each (₹)	2.24	97.91	3.43

Significant Accounting Policies

1

Notes On Accounts

2

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

As per our report of even date

For Pathak H. D. & Associates

Chartered Accountants

Firm Regn No 107783W

Vishal D.Shah

(Partner)

Membership No. 119303

Mumbai

Dated : May 23, 2015

For and on behalf of the Board

Anil C Shah

Shrenik Vaishnav

} **Directors**

Reliance IDC Limited

Cash Flow Statement for the year ended March 31, 2015

Sl. Particulars	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	21.05	0.90
Adjusted for:		
Write Back of Creditors & Expense provision no longer required	(3.06)	
Depreciation/ Impairment and Amortisation	12.23	26.07
Interest Expenses	9.22	14.47
Interest Income	(0.11)	(0.33)
	<u>18.28</u>	<u>40.21</u>
Operating Profit before Working Capital Changes	39.33	41.11
Adjusted for:		
Receivables and other Advances	(69.57)	136.39
Inventories	9.56	0.16
Trade Payables	45.75	(115.63)
	<u>(14.26)</u>	<u>20.92</u>
Cash Generated from Operations	<u>25.07</u>	<u>62.04</u>
Tax Paid	<u>(0.65)</u>	<u>(1.31)</u>
Net Cash from Operating Activities	<u>24.42</u>	<u>60.72</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Work in Progress	(13.76)	(46.34)
Interest Income	0.32	0.33
Net Cash Used in Investing Activities	<u>(13.44)</u>	<u>(46.01)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	<u>(9.22)</u>	<u>(14.47)</u>
Net Cash used in Financing Activities	<u>(9.22)</u>	<u>(14.47)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	1.77	0.24
Opening Balance of Cash and Cash Equivalents	3.57	3.32
Closing Balance of Cash and Cash Equivalents	<u>5.34</u>	<u>3.57</u>

Notes:

Cash and Cash Equivalent includes bank balance and Fixed Deposits with Banks.

As per our report of even date

For Pathak H. D. & Associates

Chartered Accountants
Firm Regn No 107783W

Vishal D.Shah

(Partner)
Membership No. 119303

Mumbai
Dated : May 23, 2015

For and on behalf of the Board

Anil C Shah

Shrenik Vaishnav

} **Directors**

Notes on Accounts to 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, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 2013 read with the 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 and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates

The 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 are recognised in the period in which the results are known / materialised.

1.03 Revenue Recognition

- i) Revenue from Internet Data Centre Services is recognised as and when the services are provided.
- ii) Service Income is recorded net of Taxes.
- iii) Revenue from the sale of equipments are recognised upon delivery, which is when the title passes to the customer.
- iv) Interest Income is recognised on time proportion basis.

1.04 Fixed Assets

- i) Fixed Assets are stated at cost net of Cenvat / Value Added Tax and includes amounts added on revaluation, less accumulated depreciation / amortisation and impairment loss, if any.
- ii) Expenditure incurred relating to project, prior to commencement of project is considered as Project Development Expenditure and is shown under Capital Work in Progress.

1.05 Depreciation / Amortisation

Depreciation on Fixed Assets is provided on Written Down Value Method (WDV) based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

1.06 Impairment of Assets

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

1.07 Inventories of Stores and Spares

Items of Inventories are measured at lower of cost or net realisable value. Cost of stores and spares are determined on weighted average basis.

1.08 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.

1.09 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 till the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

1.10 Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- iii) Non Monetary foreign currency items are carried at cost
- iv) Any Income or expense on account of exchange difference either on settlement or on translation, is recognised in the Statement of Profit and Loss.

Reliance IDC Limited

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

1.11 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.

1.12 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. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.13 Earning per Share

In determining Earning per Share, the Company 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 Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average number of shares considered for deriving Basic Earnings per Share, and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

	(₹ in crore)	
	As at March 31, 2015	As at March 31, 2014
Note 2.01		
SHARE CAPITAL		
Authorised		
21 00 000 Equity Shares of ₹ 10 each (21 00 000)	2.10	2.10
	2.10	2.10
Issued, Subscribed and Paid up		
21 00 000 Equity Shares of ₹ 10 each (21 00 000)	2.10	2.10
	2.10	2.10

2.01.01 Shares held by holding company

	% of Holding	No. of Shares	% of Holding	No. of Shares
Reliance Communications Infrastructure Limited & its Nominee	-	-	100%	21 00 000
Reliance Webstores Limited & its Nominee	100%	21 00 000	-	-

2.01.02 Terms/rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the Company after the distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

2.01.03 Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2015		As at March 31, 2014	
	Number	(₹ in crore)	Number	(₹ in crore)
Equity shares				
At the beginning of the Year	21 00 000	2.10	21 00 000	2.10
Add/(Less): Changes during the year	-	-	-	-
At the end of the Year	21 00 000	2.10	21 00 000	2.10

Reliance IDC Limited

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

	As at March 31, 2015	(₹ in crore) As at March 31, 2014
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Note : 2.02

RESERVES AND SURPLUS

Surplus in the Statement of Profit and Loss

As per last Balance Sheet	2.57	1.85
Add: Profit during the year	<u>20.56</u>	<u>0.72</u>
Balance Carried forward	<u>23.13</u>	<u>2.57</u>
	<u><u>23.13</u></u>	<u><u>2.57</u></u>

Note : 2.03

TRADE PAYABLES

Due to Micro, Small and Medium Enterprises	0.62	1.38
Others	<u>252.34</u>	<u>282.37</u>
	<u><u>252.96</u></u>	<u><u>283.75</u></u>

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2nd October, 2006, certain disclosures are required to be made relating to MSME. On the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro and Small Enterprises.

	As at March 31, 2015	(₹ in crore) As at March 31, 2014
Principal amount due to any supplier as at the year end	0.62	1.38
Interest due on the principal amount unpaid at the year end to any supplier	0.03	0.09
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	-	-
Payment made to the enterprises beyond appointed date under Section 16 of MSMED	2.82	0.48
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	0.17	0.02
Amount of interest accrued and remaining unpaid at the end of each accounting year	0.21	0.11
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	0.15	0.05

Reliance IDC Limited

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

	As at March 31, 2015	(₹ in crore) As at March 31, 2014
--	-------------------------	---

Note : 2.04

OTHER CURRENT LIABILITIES

Capital Creditors	1.82	5.90
Security Deposits from Customers	24.50	24.50
Income Received in advance	44.22	30.86
Advance from Customers	25.67	4.34
Payable to Tax Authorities	2.61	0.60
Other Liabilities*	41.07	6.10
	<u>139.89</u>	<u>72.30</u>

* Includes amounts due towards material and services rendered.

Note : 2.05

SHORT TERM PROVISIONS

Provision For Income Tax (Net)	0.34	-
	<u>0.34</u>	<u>-</u>

Note : 2.06

Fixed Assets

	Gross Block			Depreciation				Net Block		
Description	As at April 01, 2014	Additions	Deduction	As at March 31, 2015	As at April 01, 2014	Depreciation for the year	Deduction	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Own Assets										
Tangible Assets										
Plant and Machinery	116.04	6.92	0.13	122.83	51.04	11.79	0.12	62.71	60.12	65.00
Electrical Installations	1.09	-	-	1.09	0.32	0.14	-	0.46	0.63	0.77
Office Equipment	0.05	-	-	0.05	0.02	-	-	0.02	0.03	0.03
Furniture and Fixtures	1.96	-	-	1.96	0.78	0.30	-	1.08	0.88	1.18
Sub Total	119.14	6.92	0.13	125.93	52.16	12.23	0.12	64.27	61.66	66.98
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-	-	-	-
Grand Total	119.14	6.92	0.13	125.93	52.16	12.23	0.12	64.27	61.66	66.98
Previous year	119.58	0.44	-	119.14	26.53	26.07	0.44	52.16	66.98	93.05
Capital Work- in - Progress									75.22	74.27

Note :-

Capital Work - in- progress includes ₹ 0.64 crores (previous year ₹ 0.35 crores) on account of Project Development Expenditure.

Reliance IDC Limited

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

(₹ in crore)

As at
March 31, 2015

As at
March 31, 2014

Note : 2.07

LONG TERM LOANS AND ADVANCES

(Unsecured, Considered good – unless stated otherwise)

TDS and Advance Tax (Net)	-	3.60
Mat credit entitlement	4.06	-
	<u>4.06</u>	<u>3.60</u>

Note : 2.08

INVENTORIES

Stores and Spares	1.77	11.33
(valued at cost or net realisable value, whichever is less)	<u>1.77</u>	<u>11.33</u>

Note : 2.09

TRADE RECEIVABLES (Unsecured)

Due for More than Six months from the date they are due for payment

Considered Good	140.91	119.08
Considered Doubtful	-	-
	<u>140.91</u>	<u>119.08</u>
Less: Provision for doubtful debts	-	-
	<u>140.91</u>	<u>119.08</u>

Others

Considered Good	85.38	56.84
Considered Doubtful	-	-
	<u>85.38</u>	<u>56.84</u>
Less: Provision for doubtful debts	-	-
	<u>85.38</u>	<u>56.84</u>
	<u>226.29</u>	<u>175.92</u>

Note : 2.10

CASH AND BANK BALANCES

Balance with Banks	1.52	0.05
Fixed Deposits with Banks with less than 12 months maturity	3.82	3.52
	<u>5.34</u>	<u>3.57</u>

Reliance IDC Limited

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

		(₹ in crore)
	As at March 31, 2015	As at March 31, 2014
Note : 2.11		
SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered good – unless stated otherwise)		
Other Advances		
Balance with Customs, Central Excise Authorities	23.32	11.64
Advance to Vendors and others	10.72	2.37
	<u>34.04</u>	<u>14.01</u>
Note : 2.12		
OTHER CURRENT ASSETS		
Deposits	1.84	1.80
Interest accrued on Fixed Deposits	0.07	0.28
Unbilled Revenue	8.13	8.96
	<u>10.04</u>	<u>11.04</u>
Note : 2.13		
REVENUE FROM OPERATIONS		
A) Service Revenue		
Income from Data Centre Services	487.69	395.79
Less: Service Tax	<u>55.45</u>	<u>42.10</u>
	432.24	353.69
B) Sales Revenue		
Sale of Equipment	0.42	-
Less: VAT	<u>0.02</u>	<u>-</u>
	0.40	-
	<u>432.64</u>	<u>353.69</u>
Note : 2.14		
OTHER INCOME		
Interest Income	0.11	0.41
Write back of Creditors & Expense provision no longer required	3.06	0.06
	<u>3.17</u>	<u>0.47</u>

Reliance IDC Limited

Notes on Accounts to 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 : 2.15		
OPERATING EXPENSES		
Power, Fuel and Utilities	113.91	105.26
Repairs and Maintenance – Plant and Machinery	14.56	32.19
Leased Capacity Charges & Other Rent	172.53	88.80
Stores and Spares	7.28	2.89
Cost of Goods Sold	0.21	-
Rates & Taxes – Others	0.25	0.33
	<u>308.74</u>	<u>229.47</u>
Note : 2.16		
FINANCE COSTS		
Interest and Financial Costs	10.25	14.81
	<u>10.25</u>	<u>14.81</u>
Note : 2.17		
GENERAL ADMINISTRATION EXPENSES		
Hire Charges-Contracted Services	48.94	51.04
IT Services Expenses	27.00	24.00
Professional Fees (₹ 19000)	0.00	0.50
Other Expenses	7.58	7.36
Loss on sale of Asset	0.01	-
	<u>83.53</u>	82.90
Payment to Auditors	<u>0.01</u>	0.01
	<u>83.54</u>	<u>82.91</u>
Note : 2.18		
Previous year figures have been re-grouped, re-arranged and re-classified wherever necessary. Amount in financial statements are presented Rupees in crore, except as otherwise stated.		
Note : 2.19		
Project Development Expenditure		
Opening Balance	0.35	0.01
Add : Expenditure incurred during the year		
Freight and Transport charges	0.29	0.34
Closing Balance	<u>0.64</u>	<u>0.35</u>
Note : 2.20		
Value of Imports on CIF basis in respect of		
Capital Goods	0.80	1.24
Note : 2.21		
Earnings in Foreign Currency	0.47	0.63
Note : 2.22		
Deferred Tax Assets		
Related to timing difference on depreciation on fixed assets	6.35	6.00
The Company on conservative basis has restricted deferred tax asset to NIL.		

Reliance IDC Limited

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

Note : 2.23

Sharing of Expenses

The Company has, during the year, reimbursed Operating Expenses of ₹ 12.76 crore (Previous year ₹ 21.09 crore) and General Administration Expenses of ₹ 0.31 crore (Previous year ₹ 0.02 crore) to Reliance Communications Infrastructure Limited (RCIL), the Fellow Subsidiary. General Administrative Expenses of ₹ 20.76 crore (Previous year ₹ 24.96 crore) and Interest Cost of ₹ 9.22 crore (previous year ₹ 14.47) charged by Reliance Communications Limited for the funds used by the Company for its business.

(₹ in crore)

**For the year ended
March 31, 2015**

**For the year ended
March 31, 2014**

Note : 2.24

Earning Per Share (before and after Exceptional Items)

Net Profit (Numerator used for calculation) (₹ in crore)	20.56	0.72
Weighted Average number of Equity Shares used as denominator for calculating EPS	21 00 000	21 00 000
Basic and Diluted Earning Per Share of ₹ 10 each (₹)	97.91	3.43

**As at
March 31, 2015**

**As at
March 31, 2014**

Note : 2.25

Contingent Liabilities

(i) Estimated amount of contracts remaining to be executed on capital accounts and not provided for.	21.09	26.97
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Note : 2.26

Segment Information

The Company is operating only in India and providing Internet Data Centre Services only. So there is neither more than one business segment and nor more than one geographical segment. Hence segment information as per AS -17 is not required to be disclosed.

Note : 2.27

Related Party disclosures as per Accounting Standard (AS-18) of The Institute of Chartered Accountants of India is as under

a) Name of the Related Party (with whom transaction taken place)	Relationship
1 Reliance Communications Limited	Ultimate Holding Company
2 Reliance Webstores Limited (with effect from December 3, 2014)	Holding Company
3 Reliance Telecom Limited	Fellow Subsidiary Companies
4 Reliance Infratel Limited	
5 Reliance Big TV Limited	
6 Reliance Tech Services Limited	
7 Reliance Infocomm Infrastructure Limited	
8 Reliance Communications Infrastructure Limited (Holding Company Up to December 3, 2014)	
9 Reliance Globalcom Limited, Bermuda and its Subsidiaries	
10 Reliance Big Broadcasting Private Limited	
11 Reliance Big Entertainment Private limited	Enterprise over which Promoter of Holding Company having control with effect from March 28, 2015. (Fellow Subsidiary Companies upto March 27, 2015)
12 Zapak Digital Entertainment Limited	
13 Reliance Capital Limited	
14 Reliance Capital Asset Management Limited	
15 Reliance Securities Limited	
16 Reliance General Insurance Company Limited	
17 Reliance Commodities Limited	
18 Reliance Spot Exchange Infrastructure Limited	

Reliance IDC Limited

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

Note : 2.27

(b) Transactions with related parties :

(figures Shown in brackets pertains to Previous year)

						(₹ in crore)
Sr. No.	Nature of Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Enterprise over which Promoter of Holding Company having control	Total
1	Trade Payable	61.47 (-)	- (149.39)	141.16 (102.15)	- (-)	202.63 (251.54)
2	Other Current Liabilities					
i)	Advance from customer	- (-)	- (-)	23.88 (-)	0.79 (-)	24.67 (-)
ii)	Income Received in Advance	- (-)	0.39 (-)	2.49 (1.62)	3.17 (-)	6.04 (1.62)
3	Trade Receivable	- (4.12)	3.92 (-)	28.59 (12.02)	31.40 (-)	63.91 (16.14)
4	Short Term loans And advances					
	Advance to vendor	- (-)	- (-)	8.46 (-)	- (-)	8.46 (-)
5	Other Current Assets					
	Unbilled revenue	- (-)	- (-)	- (-)	0.09 (-)	0.09 (-)
6	Revenue from Operations					
	Services Income	99.01 (85.99)	1.56 (-)	74.80 (81.53)	- (-)	175.37 (167.52)
7	Expenditure					
i)	Operating Expenditure	109.95 (-)	- (-)	146.74 (153.49)	- (-)	256.69 (153.49)
ii)	General Administration Expenditure	20.76 (-)	- (-)	27.31 (24.00)	- (-)	48.07 (24.00)
iii)	Finance Cost	9.22 (14.47)	- (-)	- (-)	- (-)	9.22 (14.47)

(c) Significant Related Party Transactions

- Trade Payable include ₹ 61.47 crore (Previous year ₹ Nil) due to Reliance Communications Limited, ₹ 135.81 crore (Previous year ₹ 149.39 crore) due to Reliance Communications Infrastructure Limited, ₹ Nil (Previous year ₹ 48 crore) due to Reliance Infocomm Infrastructure Limited and ₹ 5.35 crore (Previous year ₹ 54.15 crore) due to Reliance Tech Services Limited.
- Advance from Customer Includes ₹ 23.88 crore (Previous year ₹ Nil) from Reliance Infratel Limited.
 - Income Received in Advance include ₹ 1.22 crore (Previous year ₹ 1.23 crore) from Reliance Big TV Limited, ₹ 0.39 crore (Previous year ₹ 0.39 crore) from Reliance Webstore Limited, ₹ 1.16 crore (Previous year ₹ Nil) from Reliance Communications Infrastructure Limited and ₹ 2.25 crore (Previous year ₹ Nil) from Reliance Capital Limited.
- Trade Receivable include ₹ Nil (Previous year ₹ 4.12 crore) due from Reliance Communications Limited, ₹ Nil (Previous year ₹ 69.93 crore) due from Reliance Infratel Limited, ₹ 14.05 (Previous year ₹ Nil) due from Reliance Telecom Limited, ₹ 8.71 crore (Previous year ₹ 2.83 crore) due from Reliance Big TV Limited, ₹ 3.92 crore (Previous year ₹ 2.17 crore) due from Reliance Webstore Limited, ₹ 6.85 crore (Previous year ₹ Nil) due from Reliance General Insurance Company Limited and ₹ 20.18 crore (Previous year ₹ Nil) due from Reliance Capital Limited.
- Advance To Vendor Includes ₹ 8.46 crore (Previous year ₹ Nil) to Reliance Infocomm Infrastructure Limited.
- Unbilled Revenue Includes ₹ 0.06 crore (Previous year ₹ Nil) to Reliance Capital Limited and ₹ 0.03 crore (Previous year ₹ Nil) to Reliance General Insurance Company Limited.

Reliance IDC Limited

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

- 6 Service Income include ₹ 99.01 crore (Previous year ₹ 85.99) from Reliance Communications Limited, ₹ 2.86 crore (Previous year ₹ Nil) from Reliance Communications Infrastructure Limited, ₹ 28.00 crore (Previous year ₹ 50.00 crore) from Reliance Infratel Limited, ₹ 25.00 crore (Previous year ₹ 25.00 crore) from Reliance Telecom Limited, ₹ 4.85 crore (Previous year ₹ 4.96 crore) from Reliance Big TV Limited and ₹ 1.56 crore (Previous year ₹ 1.57 crore) from Reliance Webstore Limited and ₹ 9.10 crore (Previous year ₹ Nil) from Reliance Capital Limited.
- 7 (i) Operating Expenditure include ₹ 109.95 crore (Previous year ₹ Nil) of Reliance Communications Limited, ₹ 12.76 crore (Previous year ₹ Nil) of Reliance communications infrastructure Limited and ₹ 125.88 crore (Previous year ₹ 153.49 crore) of Reliance Infocomm Infrastructure Limited.
- (ii) General Administration Expenses includes ₹ 27 crore (Previous year ₹ 24 crore) from Reliance Tech Services Limited and ₹ 20.76 crore (Previous year ₹ Nil) of Reliance Communications Limited.
- (iii) Finance Cost includes interest of ₹ 9.22 crore (previous year ₹ 14.47 crore) charged by Reliance Communications Limited for the funds used by the Company for it's business.

As per our report of even date

For Pathak H. D. & Associates

Chartered Accountants
Firm Regn No 107783W

Vishal D.Shah

(Partner)
Membership No. 119303

Mumbai
Dated : May 23, 2015

For and on behalf of the Board

Anil C Shah

Shrenik Vaishnav

} **Directors**

Independent Auditor's Report

To
The members of Reliance Bhutan Limited (Formerly known as Reliance Digital Home Services Limited),

Report on the Financial Statements

1. We have audited the accompanying financial statements of Reliance Bhutan Limited (Formerly known as Reliance Digital Home Services Limited) ("the company"), which comprise the Balance Sheet as at 31st 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 Financial Statements

2. 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 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, 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

3. Our responsibility is to express an opinion on these 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 there under.
4. 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.
5. 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 judgment, 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 financial control relevant to the Company's preparation of the financial

statements that give 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 controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

7. 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 March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
9. 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 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 explanations given to us:

Annexure To Independent Auditor's Report

- | | |
|---|---|
| i) The Company does not have any pending litigations as at March 31, 2015, which would impact its financial position in its Financial Statements. | iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015. |
| ii) The Company did not have any long-term contracts including derivatives contracts for which there were no material foreseeable losses; and | |

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

Place: Mumbai
Dated: May 27, 2015

Lalit R. Mhalsekar
(Partner)
Membership No. : 103418

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 8 of the Independent Auditors' Report of even date to the Members of Reliance Bhutan Limited (Formerly known as Reliance Digital Home Services Limited) on the financial statements as of and for the year ended March 31, 2015, we report the following:

- | | |
|--|---|
| 1. The Company has no fixed assets and inventories during the year, clause 3(i) and 3(ii) of the order are not applicable to the company. | Duty of Custom, Value Added Tax and Cess which have not been deposited on account of any dispute. |
| 2. 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 Companies Act, 2013. Therefore, the provisions of Clause 3(iii) (a) and 3(iii) (b) of the said order are not applicable to the company. | (c) According to the information and explanation given to us and the records of the company examined by us, there are no amounts required to be transferred by the company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made there under. |
| 3. The company has not commenced its operations, it does not have internal control system. However, the company has adequate internal control system for the expenses incurred during the year. | 7. The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred any cash losses during the period covered by the report. However in the immediately preceding financial year, the company had incurred cash loss. |
| 4. The Company has not accepted any deposits. Therefore, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of Section 73, 74, 75 and 76 of the Companies Act, 2013 or any other relevant provisions of the Companies Act and the rules framed there under to the extent notified does not arise. | 8. According to the information and explanation given to us, the Company has not raised any loans from Financial Institutions or Banks or Debenture holders. Hence clause 3(ix) of order is not applicable. |
| 5. As informed to us, the Central Government has not prescribed maintenance of cost records under section 148(1). Therefore, the clause 3(vi) is not applicable. | 9. According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provision of Clause 3(x) of the Order is not applicable to the company. |
| 6. (a) According to the information and explanation given to us and on the basis of our examination of the records, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues wherever applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities were in arrears as at March 31, 2015. | 10. According to the information and explanation given to us, the Company has not availed any term loans during the year. Accordingly, the provision of Clause 3(xi) of the Order is not applicable to the company. |
| (b) According to the information and explanation given to us and the records of the company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, | 11. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management. |

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

Place: Mumbai
Dated: May 27, 2015

Lalit R. Mhalsekar
(Partner)
Membership No. : 103418

Reliance Bhutan Limited (formerly know as Reliance Digital Home Services Limited)

Balance Sheet as at March 31, 2015

(Amount in ₹)

			As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	5 00 000	5 00 000	
(b) Reserves and Surplus	2.02	(4 65 158)	34 842	(4 72 679)
				27 321
Current Liabilities				
(a) Short Term Borrowings	2.03	3 97 466	3 97 466	
(b) Other Current Liabilities	2.04	37 366	14 683	
			4 34 832	4 12 149
TOTAL			4 69 674	4 39 470
ASSETS				
Non Current Assets				
(a) Long Term Loans and Advances	2.05		35 744	32 261
Current Assets				
(a) Cash and Bank Balances	2.06	4 32 560	4 05 934	
(b) Other Current Assets	2.07	1 370	4 33 930	1 275
				4 07 209
TOTAL			4 69 674	4 39 470
Significant Accounting Policies	1			
Notes to the Financial Statements	2			

As per our report of even date

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

Lalit R. Mhalsekar
(Partner)
Membership No.: 103418

Mumbai
Dated : May 27, 2015

For and on behalf of the Board

Anil C Shah
DIN:- 00004368
Anil Kalya
DIN:- 06460981

Directors

Reliance Bhutan Limited (formerly know as Reliance Digital Home Services Limited)

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

	Notes	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
INCOME			
Interest Income	2.08	36 913	33 242
TOTAL REVENUE		<u>36 913</u>	<u>33 242</u>
EXPENDITURE			
Other Expenses	2.09	25 492	1 59 085
TOTAL EXPENSES		<u>25 492</u>	<u>1 59 085</u>
Profit/(Loss) Before Tax		11 421	(1 25 843)
Current Tax		3 900	-
Profit/(Loss) After tax		<u>7 521</u>	<u>(1 25 843)</u>
Earning per Share of face value of ₹ 10 each fully paid up shares	2.11		
Basic (₹)		0.15	(2.52)
Significant Accounting Policies	1		
Notes to the Financial Statements	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)

Lalit R. Mhalsekar
(Partner)
Membership No.: 103418

Mumbai
Dated : May 27, 2015

For and on behalf of the Board

Anil C Shah DIN:- 00004368	} Directors
Anil Kalya DIN:- 06460981	

Reliance Bhutan Limited (formerly know as Reliance Digital Home Services Limited)

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	(Amount in ₹) 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	11 421	(1 25 843)
Adjusted for:		
Interest on Fixed Deposit with Bank	<u>(36 913)</u>	<u>(33 242)</u>
	(36 913)	(33 242)
Operating Profit/(Loss) before Working Capital Changes	(25 492)	(1 59 085)
Adjusted for:		
Other Current Liabilities	<u>18 783</u>	<u>600</u>
	18 783	600
Cash (used in) / Generated from Operations	(6 709)	(1 58 485)
Tax Paid	<u>(3 483)</u>	<u>(6 696)</u>
	(3 483)	(6 696)
Net Cash used in Operating Activities	(10 192)	(1 65 181)
B CASH FLOW FROM INVESTING ACTIVITIES		
Interest on Fixed Deposit with Bank	<u>36 818</u>	<u>34 451</u>
Net Cash Generated from Investing Activities	36 818	34 451
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short Term Borrowings	<u>-</u>	<u>1 41 574</u>
Net Cash from Financing Activities	-	1 41 574
Net Increase/ (Decrease) in Cash and Cash Equivalents	26 626	10 844
Opening Balance of Cash and Cash Equivalents	4 05 934	3 95 090
Closing Balance of Cash and Cash Equivalents	4 32 560	4 05 934

Note:

Cash and Cash Equivalent includes cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.

As per our report of even date

For Chaturvedi & Shah

Chartered Accountants
(Firm Reg. No. 101720W)

Lalit R. Mhalsekar

(Partner)

Membership No.: 103418

Mumbai

Dated : May 27, 2015

For and on behalf of the Board

Anil C Shah

DIN:- 00004368

Anil Kalya

DIN:- 06460981

} Directors

Notes to the Financial Statement

Significant Accounting Policies to the Financial Statements.

Note : 1

1.1 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.2 Revenue Recognition

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis. Interest Income is recognised using the time proportion method, based on the underlying interest rates.

1.3 Investments

Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary in the opinion of the management.

1.4 Provision for Current Tax and Deferred Tax

Provision for Income Tax is made on the basis of estimated 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 recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized 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.

1.5 Provison,Contingent Liabilites and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note : 2.01		
Share Capital		
Authorised		
50 000 (50 000) Equity Shares of ₹ 10 each	5 00 000	5 00 000
	<u>5 00 000</u>	<u>5 00 000</u>
Issued, Subscribed and Paid up		
50 000 (50 000) Equity Shares of ₹ 10 each	5 00 000	5 00 000
	<u>5 00 000</u>	<u>5 00 000</u>

2.01.01 Equity Shares

a) All the 50,000 shares are held by Reliance Communications Limited, the Holding Company & its Nominee.

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 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 the remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder

Reliance Bhutan Limited (formerly know as Reliance Digital Home Services Limited)

Notes to the Financial Statement

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note : 2.02		
Reserves and Surplus		
Surplus / (Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(4 72 679)	(3 46 836)
Add: Profit/(Loss) during the year	7 521	(1 25 843)
	(4 65 158)	(4 72 679)
	(4 65 158)	(4 72 679)
Note : 2.03		
Short Term Borrowings		
Unsecured		
Loans and Advances from Related Parties (Refer Note 2.14)	3 97 466	3 97 466
	3 97 466	3 97 466
Note : 2.04		
Other Current Liabilities		
Provision for expenses	37 366	14 683
	37 366	14 683
Note : 2.05		
Long Term Loans And Advances		
(Unsecured, Considered good – unless stated otherwise)		
Tax Deducted at Source (net)	35 744	32 261
	35 744	32 261
Note : 2.06		
Cash and Bank Balances		
Balance in Current Account with Scheduled Banks	5 307	8 116
Other Bank Balances		
In Fixed Deposit with Scheduled Bank	4 27 253	3 97 818
	4 32 560	4 05 934
Note : 2.07		
Other Current Assets		
Interest accrued on Fixed Deposits	1 370	1 275
	1 370	1 275
Note : 2.08		
Interest Income		
Interest on Fixed Deposit with Bank	36 913	33 242
	36 913	33 242

*(Tax Deducted at Source ₹ 7,382 (Previous year ₹ 6,696)

Notes to the Financial Statement

	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
Note : 2.09		
Other Expenses		
Filing Fees	9 200	600
Bank Commission Charges	-	1 41 574
	9 200	1 42 174
Payment to Auditors – Audit Fees	13 483	13 483
Bank Charges	2 809	3 428
	25 492	1 59 085

	As at March 31, 2015	As at March 31, 2014
Note : 2.10		
Contingent Liabilities		
Bank Guarantee (against the Corporate Guarantee given by Holding Company)	-	2 10 00 000

	For the year ended March 31, 2015	For the year ended March 31, 2014
Note : 2.11		
Earnings per Share (EPS)		
Numerator – Profit /(Loss) after tax (₹)	7 521	(1 25 843)
Denominator – Weighted number of equity shares	50 000	50 000
Basic as well as diluted, earning per equity share (₹)	0.15	(2.52)

Note : 2.12		
Deferred Tax Assets		
The Deferred tax Asset comprise the following		
Related to Unabsorbed Depreciation/Carried forward Loss	50 569	67 465
	50 569	67 465

The Company on a conservative basis has restricted deferred tax asset to Nil.

Note : 2.13

Segment Reporting

There are no reportable Segments as per AS-17 (segment reporting) issued by the Institute of Chartered Accountants of India.

Note : 2.14

1 Related Parties :

As per AS-18, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below:

a)	Name of the Related Party	Relationship
i	Reliance Communications Limited	Holding Company
ii	Reliance Communications Infrastructure Limited	Fellow Subsidiary Company

Notes to the Financial Statement

b) Transactions during the year with related parties :

		(Amount in ₹)		
Sr. No.	Nature of Transactions	Holding Company	Fellow Subsidiary	Total
Short Term Borrowings				
1	Balance as at April 01, 2014	1 41 574	2 55 892	3 97 466
		(-)	(2 55 892)	(2 55 892)
	Taken During the year		-	
		(1 41 574)	-	
	Repaid during the year	-	-	-
		(-)	(-)	(-)
	Balance as at March 31, 2015	1 41 574	2 55 892	3 97 466
		(1 41 574)	(2 55 892)	(3 97 466)

As per our report of even date

For Chaturvedi & Shah

Chartered Accountants
(Firm Reg. No. 101720W)

Lalit R. Mhalsekar

(Partner)

Membership No.: 103418

Mumbai

Dated : May 27, 2015

For and on behalf of the Board

Anil C Shah

DIN:- 00004368

Anil Kalya

DIN:- 06460981

Directors

Independent Auditor's Report

To The Members of Campion Properties Limited Report on the Financial Statements

We have audited the accompanying financial statements of Campion Properties Limited ("the Company"), which comprises the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss, the Cash Flow Statement of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matter stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting 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 of 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 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 financial 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 controls system over financial reporting 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31st March, 2015, and its profit/loss and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

- a) Note 22(i) in the financial statements which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note 22(i), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said note.

Our opinion is not modified in respect of these matters.

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 Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the said Order, to the extent applicable.
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 it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read Rule 7 of Companies (Accounts) Rule 2014.
 - e) The going concern matter described in sub-paragraph (a) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) With respect to the 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 litigation on its financial position in the financial statement- refer note 22(ii) to the financial statements;

Campion Properties Limited

Annexure To Independent Auditor's Report

- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For A S P & Co.
Chartered Accountant
(Firm Registration No. 000576N)

Rajendra Prasad
(Partner)
M No. : 098941

Place : New Delhi
Date : May 23, 2015

Annexure to Auditors' Report

[Referred in paragraph 2 of Report on Other Legal and Regulatory Requirements of even date]

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the fixed assets have been physically verified by the management during the year, which in our opinion is considered reasonable having regard to the size of the company and the nature of its assets and no material discrepancy was noticed on such verification as compared to book records.
- ii) The provisions of Clause 3(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2015 relating to "Inventories of the Company" are not applicable to the Company as during the period under audit the Company has no inventory.
- 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 Companies Act, 2013. Therefore, clauses (a) & (b) of 3 (iii) the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- v) According to the information and explanations given to us, the company has not accepted any deposit from the public in terms of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Companies Act, 2013 for the product of the company.
- vii) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, duty of customs, duty of excise value added tax, cess and other statutory dues as applicable, with the appropriate authorities. There are no outstanding statutory dues for more than six months as on 31st March 2015,

- b) According to the information and explanations given to us and the records of the company, there are no dues of income tax or sale tax or wealth-tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute other than given below:

Name of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where Dispute is pending
Income Tax	Income Tax	Rs. 27,00,000	A.Y. 2003-04	ITAT

- c. According to the information and explanations given to us and the records of the company, there are no amount which are required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder.
- viii) Accumulated losses of the company have exceeded its net worth as on 31st March 2015. However, as explained to us, the company does not have any intention to suspend the operational activities and there is continuous support from the parent company. Further, the company has not incurred cash loss during the current financial year and in the immediately preceding financial year, refer note no. 22(i).
- ix) Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the company has not defaulted in the repayment of dues to a financial institution or bank or debenture holders during the year.
- x) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly the provisions of clause 3(x) of the order are not applicable.
- xi) As per the information and explanations provided, the company has not taken any term loan therefore, the provisions of clause 3(xi) of the order are not applicable.
- xii) As per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For A S P & Co.
Chartered Accountant
(Firm Registration No. 000576N)

Rajendra Prasad
(Partner)
M No. : 098941

Place : New Delhi
Date : May 23, 2015

Campion Properties Limited

Balance Sheet as at March 31, 2015

			(Amount in ₹)	
	Note	As at March 31, 2015	As at March 31, 2014	
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2	3 56 36 010	3 56 36 010	
(b) Reserve and Surplus	3	<u>(33 76 15 332)</u>	<u>(28 29 72 684)</u>	(24 73 36 674)
Current Liabilities				
(a) Short-Term Borrowings	4	157 99 38 320	156 41 23 398	
(b) Other Current Liabilities	5	2 96 80 946	3 09 51 198	
(c) Short-Term Provisions	6	<u>1 57 121</u>	<u>1 57 121</u>	159 52 31 717
TOTAL		<u>130 77 97 065</u>		<u>134 78 95 043</u>
ASSETS				
Non-Current Assets				
(a) Fixed Assets				
(i) Tangible Assets	7	109 31 82 688	115 21 81 882	
(ii) Capital Work-in-Progress	7	<u>5 12 59 083</u>	<u>5 12 59 083</u>	120 34 40 965
(b) Long-Term Loans and Advances	8	1 84 84 017		1 84 84 017
Current Assets				
(a) Trade Receivables	9	12 74 46 380	10 95 22 025	
(b) Cash and Bank Balance	10	1 33 115	5 46 993	
(c) Short-Term Loans and Advances	11	<u>1 72 91 782</u>	<u>1 59 01 043</u>	12 59 70 061
TOTAL		<u>130 77 97 065</u>		<u>134 78 95 043</u>

The accompanying notes 1 to 22 are an integral part of the financial statements.

Signed in terms of our report of even date attached

For and on behalf of the Board

For A S P & Co.

Chartered Accountant
(Firm Registration No. 000576N)

Rajendra Prasad

(Partner)
M No. : 098941

Gaurang Shah
DIN: 00004408

Hitesh Chawda
DIN: 00373540

Directors

Place : New Delhi
Date : May 23, 2015

Campion Properties Limited

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

		For the Year ended March 31, 2015	(Amount in ₹) For the Year ended March 31, 2014
INCOME			
Revenue from Operations (net)	12	1 75 13 400	1 91 18 600
Other Income	13	-	2 82 77 235
TOTAL REVENUE		1 75 13 400	4 73 95 835
EXPENSES			
Depreciation and Amortization Expenses	7	5 89 99 194	3 22 39 908
Other Expenses	14	1 31 56 854	1 78 87 930
TOTAL EXPENSE		7 21 56 048	5 01 27 838
Profit/ (Loss) before Tax		(5 46 42 648)	(27 32 003)
Tax Expense		-	-
Profit/ (Loss) after Tax		(5 46 42 648)	(27 32 003)
Earning Per Share of face value of ₹ 10 each			
Basic ₹	15	(15.33)	(0.77)
Diluted ₹	15	(15.33)	(0.77)

The accompanying notes 1 to 22 are an integral part of the financial statements.

Signed in terms of our report of even date attached

For and on behalf of the Board

For A S P & Co.

Chartered Accountant
(Firm Registration No. 000576N)

Rajendra Prasad

(Partner)
M No. : 098941

Place : New Delhi
Date : May 23, 2015

Gaurang Shah
DIN: 00004408

Hitesh Chawda
DIN: 00373540

Directors

Campion Properties Limited

Cash Flow Statement for the year ended March 31, 2015

		(Amount in ₹)
	For the year ended March 31, 2015	For the year ended March 31, 2014
A CASH FLOW- OPERATING ACTIVITIES		
Profit Before Tax	(5 46 42 648)	(27 32 003)
Adjusted for:		
Depreciation	5 89 99 194	3 22 39 908
Write-back of Creditors	- 5 89 99 194	2 82 77 235
Operating Profit before Working capital Changes	43 56 546	5 77 85 140
Adjusted for Working Capital Changes		
Trade Payables	-	(2 82 77 235)
Other Current Liabilities	(12 70 252)	(2 49 39 855)
Trade Receivables	(1 79 24 355)	(1 80 75 387)
Short Term Loans & Advance	(3 751)	-
Cash generated from Operations	(1 48 41 812)	(1 35 07 337)
Income Tax Paid	(13 86 988)	-
Net Cash from Operating Activities	(1 62 28 800)	(1 35 07 337)
B CASH FLOW-INVESTING ACTIVITIES		
Fixed Assets/Capital WIP	-	(1 67 43 617)
Net Cash from Investing Activities		(1 67 43 617)
C CASH FLOW - FINANCING ACTIVITIES		
Proceeds /(Repaid) of Short term borrowing	1 58 14 922	(44 42 619)
Loans/Advance - (Given)received back	- 1 58 14 922	3 49 79 773
Net Cash from Financing Activities	1 58 14 922	3 05 37 154
Net Cash Increase / (Decrease)	(4 13 878)	2 86 200
Opening Cash & Cash Equivalents	5 46 993	2 60 793
Closing Cash & Cash Equivalents	1 33 115	5 46 993

Signed in terms of our report of even date attached

For and on behalf of the Board

For A S P & Co.

Chartered Accountant
(Firm Registration No. 000576N)

Rajendra Prasad

(Partner)

M No. : 098941

Place : New Delhi

Date : May 23, 2015

Gaurang Shah

DIN: 00004408

Hitesh Chawda

DIN: 00373540

Directors

Campion Properties Limited

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

1. Significant Accounting Policies

A. Basis of preparation

The Company follows the mercantile system of accounting and the Financial Statements of the company have been prepared under the historical cost convention on an accrual basis of accounting unless otherwise stated, and in accordance with the generally accepted accounting principles and the applicable Accounting Standards notified u/s 133 of the Companies Act, 2013 (herein referred the "Act"), read with Rule 7 of the Companies (Accounts) Rules 2014.

B. Fixed Assets and Depreciation

1. Tangible Assets

- a) Fixed Asset are valued at historical cost less depreciation and accumulated impairment value.
- b) Depreciation on tangible assets is provided pro-rata to the period of use, on the Straight Line Method (SLM). The depreciation rates for all assets up to the year ended March 31, 2014 were as per Schedule XIV of the Companies Act 1956. Effective from April 01, 2014, Depreciation is charged on the basis of useful life of the Tangible Assets as given in Part C of Schedule II of the Companies Act, 2013, which are as follows:

Building	60 Years
Furniture & Fittings	10 Years
Office Equipment	05 Years
Plant & Machinery	15 Years

- c) Leasehold Land is amortised over the period of lease.

C. Inventories :

Inventories are valued at lower of cost and net realizable value. Cost includes all expenses incurred in bringing the goods till their first location in the company.

D. Retirement and other Employees Benefits :

1. Long Term Employee Benefits

a) Defined Contribution Plans

The company's contribution to defined contribution plans i.e. Provident Fund and superannuation fund is recognised in the Statement of Profit & Loss.

b) Defined Benefit Plans

Liability for gratuity and leave encashment benefit is made on accrual basis as determined on actuarial valuation.

E. Foreign Currency Transactions :

Transactions in foreign currency are recorded at the rates of exchange prevailing on the date of transaction. All foreign currency Assets/ liabilities are re-stated at the exchange rate prevailing at the date of balance sheet and the difference is taken to the Statement of Profit and Loss as foreign exchange fluctuation loss/ gain. Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at year end rates.

F. Earning per share :

Basic earnings are calculated by dividing the net profit/ (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share are calculated by dividing the net profits attributable to ordinary equity holders and potential equity holders by the weighted average number of ordinary equity shares outstanding during the year and weighted average number of equity shares that would be issued on conversion of all the diluted potential ordinary shares into ordinary shares.

G. Taxation

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year and in accordance with the provision of Income tax Act 1961. Deferred tax is recognised using the enacted tax rates and laws as on the Balance Sheet date, subject to the consideration of prudence in respect of deferred tax assets on all timing differences, between taxable income and accounting income that originate in one period and are capable of reversal in one of more subsequent periods.

H. Contingent Liabilities and Provisions :

Liabilities of contingent nature are not provided for in the books and are disclosed by way of notes on accounts.

I. 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.

J. Operating Leases :

Leases, where significant portion of risk and reward of ownership are retained by the Lessor, are classified as Operating Leases and lease rentals thereon are charged to the Statement of Profit & Loss.

Campion Properties Limited

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

	(Amount in ₹)	
	As at March 31, 2015	As at March 31, 2014
Note 2		
Share Capital		
Authorized Share Capital		
	3 60 00 000	3 60 00 000
	3 60 00 000	3 60 00 000
Issued, Subscribed & Fully Paid up		
35 63 601 (35 63 601) Equity shares of ₹ 10 each fully paid up*	3 56 36 010	3 56 36 010
	3 56 36 010	3 56 36 010

*(Out of the above shares 3,553,601 are allotted as fully paid up under demerger scheme of Hotel Ranjit, New Delhi from ITDC to the company sanctioned by department of company affairs, Govt of India vide its order dated 12/7/2002 without payment being received. 3,563,601 equity shares are held by holding company: Reliance Communications Limited)

a. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	No. of shares	₹	No. of shares	₹
Equity Shares				
At the beginning of period	35 63 601	356 36 010	35 63 601	356 36 010
Add : Issue of Equity Shares	-	-	-	-
Outstanding at the end period	35 63 601	356 36 010	35 63 601	356 36 010

b. The rights, preferences and restrictions attaching to equity shares including restrictions on the distribution of dividends and the repayment of capital;

The company has only one class of Equity shares having a par value of ₹ 10 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 share will be entitled to receive remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of the Equity shares held by the shareholders..

c. Details of shares held by Holding/Ultimate Company and/ or their Subsidiaries

	No. of shares	₹	No. of shares	₹
Equity Shares of Rs. 10 each fully paid				
Reliance Communications Limited and its nominee's*	35 63 601	3 56 36 010	35 63 601	3 56 36 010

d. Details of shareholder holding more than 5% shares in the company:

	No. of shares	₹	No. of shares	₹
Equity Shares of Rs. 10 each fully paid				
Reliance Communications Limited and its nominee's*	35 63 601	3 56 36 010	35 63 601	3 56 36 010

*As per the records of the company, including its register of shareholder/ member and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both the legal and beneficial ownership of shares.

	(Amount in ₹)	
	As at March 31, 2015	As at March 31, 2014
Note 3		
Reserve and Surplus		
Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance as per last balance sheet	(28 29 72 684)	(28 02 40 681)
Add :Profit /(Loss) for the year	(5 46 42 648)	(27 32 003)
Net Surplus/(Deficit) in the Statement of Profit and Loss	(33 76 15 332)	(28 29 72 684)

Campion Properties Limited

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

	(Amount in ₹)	
	As at March 31, 2015	As at March 31, 2014
Note 4		
Short-Term Borrowings		
Loan from Holding Company	157 99 38 320	156 41 23 398
	<u>157 99 38 320</u>	<u>156 41 23 398</u>
Note 5		
Other Current Liabilities		
Statutory Dues Payable	6 88 462	12 53 795
Expenses Payable	2 19 93 445	2 26 98 364
Security Deposit	69 99 039	69 99 039
	<u>2 96 80 946</u>	<u>3 09 51 198</u>
Note 6		
Short-Term Provisions		
Provision for Income-tax	1 57 121	1 57 121
	<u>1 57 121</u>	<u>1 57 121</u>
Note 8		
Long-Term Loans & Advances		
Security Deposits	1 84 84 017	1 84 84 017
	<u>1 84 84 017</u>	<u>1 84 84 017</u>
Note 9		
Trade Receivables		
(Unsecured, considered good)		
Outstanding for more than six months	11 86 97 344	9 68 11 187
Others	87 49 036	1 27 10 838
	<u>12 74 46 380</u>	<u>10 95 22 025</u>
Note 10		
Cash and Bank Balance		
Balance with Banks	1 33 115	5 46 993
	<u>1 33 115</u>	<u>5 46 993</u>
Note 11		
Short-Term Loans & Advances		
Mobilization Advance	1 11 33 676	1 11 33 676
Advance to Supplier	2 81 749	2 81 749
Loans and advances to Employees	-	600
Service Tax Receivable	12 67 116	12 62 665
TDS Receivable	46 09 241	32 22 353
	<u>1 72 91 782</u>	<u>1 59 01 043</u>

Campion Properties Limited

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

	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
Note 12		
Revenue from Operations (net)		
Rental Income (Refer note 16)	1 75 13 400	2 83 03 800
Less: Rate Difference	-	(91 85 200)
	<u>1 75 13 400</u>	<u>1 91 18 600</u>
Note 13		
Other Income		
Balance Written back	-	2 82 77 235
	<u>-</u>	<u>2 82 77 235</u>
Note 14		
Other Expenses		
Lease Rent	52 91 423	52 91 423
Rates & Taxes	73 25 890	1 17 43 781
Legal & Professional	9 000	6 87 654
Insurance -Fixed Assets	3 91 526	26 341
Interest on Service Tax	45 726	66 809
Other Sundry Expense	3 289	21 922
Auditors Remuneration		
- Statutory Audit	50 000	35 000
- Tax Audit	25 000	15 000
- Limited Review	15 000	-
	<u>90 000</u>	<u>50 000</u>
	<u>1 31 56 854</u>	<u>1 78 87 930</u>
Note 15		
Earning Per Share		
Profit after taxation as per Statement of profit and loss	(5 46 42 648)	(27 32 003)
Weighted average number of equity shares outstanding (Nos.)	35 63 601	35 63 601
Weighted average number of equity shares for diluted earnings (Nos.)	35 63 601	35 63 601
Nominal value of equity share	10	10
Earnings Per Share		
Basic (₹)	(15.33)	(0.77)
Diluted (₹)	(15.33)	(0.77)

Campion Properties Limited

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

(Amount in ₹)

Note 7 FIXED ASSETS

Description	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As at April 01, 2014	Additions/ Adjustments	As at March 31, 2015	As at April 01, 2014	Additions/ Adjustments	As at March 31, 2015
Leasehold Land	16 46 29 259	-	16 46 29 259	1 90 97 025	2 07 59 881	14 38 69 378
Building	75 62 04 775	-	75 62 04 775	3 98 49 281	5 18 02 363	70 44 02 412
Furniture & Fittings	10 26 24 443	-	10 26 24 443	2 18 07 265	3 32 30 933	6 93 93 510
Office Equipment	4 30 05 596	-	4 30 05 596	64 59 922	2 65 69 912	1 64 35 684
Plant & Machinery	20 44 62 209	-	20 44 62 209	3 15 30 907	4 53 80 505	15 90 81 704
TOTAL	127 09 26 282	-	127 09 26 282	11 87 44 400	17 77 43 594	109 31 82 688
Previous Year	127 09 26 282		127 09 26 282	8 65 04 492	11 87 44 400	115 21 81 882
CAPITAL WORK IN PROGRESS		-		-	-	5 12 59 083

Note: Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II, Except in respect of certain assets as disclosed in Accounting Policy on Depreciation. Accordingly the unamortised carrying value is being depreciated/amortised over the revised /remaining useful lives. However, there was no case of Fixed Assets whose live have expired as at April 01, 2014.

Campion Properties Limited

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

Note 16

Revenue Recognition

Rental income is booked on the basis of provisional rate where the rent agreement are in process of finalization. The increase or decrease due to any change in rate of earlier years upon finalization of rent agreement is booked as rate difference during the year in which rent agreement is finalized.

Note 17

Disclosure under AS- 15: Employee Benefit Plans

Defined Benefit Plans: Provision for Gratuity

Provision of Gratuity: The Gratuity Liability has been provided on accrual basis as per actuarial valuation, however at present the Company does not have any employee hence no provision has been made.

Note 18

Segment Reporting

The Company is solely in development of properties, thus in the absence of any segment, separate reporting as per AS-17 is not made.

Note 19

Related Party Transaction

As per Accounting Standard-18 and the provisions of Companies Act, 2013, the Company's related parties and transactions are disclosed below:

(i) Names of Related Parties and Related Party Relationship

a. Holding Company

Reliance Communications Ltd. Holding Company

b. Fellow Subsidiary Company

Reliance Capital Limited Fellow Subsidiary Company upto 27 March 2015.
Reliance General Insurance Co. Limited Fellow Subsidiary Company upto 27 March 2015.
Zapak Digital Entertainment Limited Fellow Subsidiary Company

		(Amount in ₹)	
(ii) Transactions with Related Parties	Holding companies	Fellow Subsidiary companies	Total
Income Heads			
Rental Income	1 20 00 000 (1 20 00 000)	30 24 000 (1 63 03 800)	1 50 24 000 (2 83 03 800)
Expense Paid			
Insurance Expenses	3 65 476 (26 341)	26 050 -	3 91 526 (26 341)
Loans and Advances			
Loans and Advances Taken	1 58 14 922 (3 48 18 598)	- -	1 58 14 922 (3 48 18 598)
Balance outstanding as on March 31, 2015			
Payables	157 99 38 320 156 41 23 398	- -	157 99 38 320 156 41 23 398
Receivables	5 00 85 600 (3 78 02 400)	7 72 63 701 (7 17 19 624)	12 73 49 301 (10 95 22 024)

Previous years figures have been given in brackets

Campion Properties Limited

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

Note 20

Deferred Taxation

In compliance with AS-22, "Accounting for Taxes on Income" issued by "The Institute of Chartered Accountants of India", the deferred tax asset arising on account of the brought forward losses, unabsorbed depreciation and current year loss etc. has not been recognized in view of consideration of prudence and uncertainty regarding the realization of the same in the foreseeable future.

Note 21

Impairment Of Assets

As per internal assessment of the company, there is no asset requiring provision for asset impairment as on March 31, 2015 as per AS-28 "Impairment of assets".

Note 22

Other Disclosures

- i. Though the accumulated losses of the Company have exceeded its net worth as on March 31, 2015, the Company does not have any intention to suspend the operational activities. Further in view of :
 - Construction work is going on at site
 - The Company has been funded by its Holding Company.The accounts have been prepared on going concern basis.
- ii. Following disclosures are made for Contingent Liabilities not provided for in accordance with AS-29, on provisions, contingent liabilities and contingent assets:
 - (a) The total cost of capital commitment as on March 31, 2015 is Rs. 54 51 218 (Previous year: Rs 54 51 218/-)
 - (b) For the A.Y. 2003-04 (i.e. F.Y. 2002-03) Assessment u/s 143(3) was completed on 23.12.05 assessing loss at Rs. 3.62 Cr. Thereafter CIT-VI, Delhi passed revision order u/s 263 dated 28.03.2008 for disallowance of claim of revenue expenditure of Rs. 0.73 Cr paid for vacating the premises. The assessment was accordingly revised vide Order u/s 143(3) r.w.s. 263 on 24.09.2008. No appeals were filed against the CIT's order u/s 263 or assessment revision order since there was no tax effect in view of losses. However, the AO levied penalty of Rs. 27 lakhs u/s 271(1)(c) dated 31.03.2009. The Company's appeal before CIT(A) – XXVIII, New Delhi was dismissed and the penalty confirmed. The Company has filed an appeal before ITAT, therefore no provision has been accounted in the Books of accounts.
- iii. In the opinion of the management, the current assets and loans & advances are at least equal to the value stated in the Balance Sheet, if realized in the ordinary course of business.
- iv. Balances with sundry debtors / creditors are subject to confirmation/ reconciliation.
- v. Micro, Small & Medium Enterprises :

Based on information available with the company there are no dues as at 31 March, 2015 (Previous Year: Nil) payable to the enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest is paid or payable by the company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.
- vi. Previous year figures have been rearranged or regrouped wherever necessary.

Signed in terms of our report of even date attached

For A S P & Co.

Chartered Accountant
(Firm Registration No. 000576N)

Rajendra Prasad

(Partner)
M No. : 098941

Place : New Delhi
Date : May 23, 2015

For and on behalf of the Board

Gaurang Shah
DIN: 00004408

Hitesh Chawda
DIN: 00373540

} Directors

Reliance Infocomm Infrastructure Limited

Independent Auditor's Report

To the Members of Reliance Infocomm Infrastructure Limited, Report on the Financial Statements

1. We have audited the accompanying financial statements of Reliance Infocomm Infrastructure Limited ("the company"), which comprises the Balance Sheet as at 31st 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 Financial Statements

2. 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 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. 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 judgment, 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 financial 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 controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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 purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) on the basis of written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act; and
 - f) with respect to the 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 knowledge and belief and according to the information and explanations given to us:
 - i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its financial statement – Refer Note 2.26 forming part of Notes to Financial Statements;
 - ii) The Company did not have any long-term contracts including derivatives contracts as at March 31, 2015 for which there were no material foreseeable losses; and
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

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

Lalit R. Mhalsekar
Partner

Place: Mumbai
Dated: May 23, 2015

Membership No : 103418

Reliance Infocomm Infrastructure Limited

Annexure To Independent Auditor's Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the Members of Reliance Infocomm Infrastructure Limited on the financial statements as of and for the year ended March 31, 2015, we report the following:

1. (a) The company has maintained proper records showing full particulars, including quantitative details and location of Fixed Assets.
(b) The Fixed Assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
2. (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. The Company does not have inventory at the end of the year. Therefore, the provisions of Clause 2 (b) of the said order are not applicable to company.
(c) The company has maintained proper records of inventories. As explained to us, discrepancies noticed on physical verification of inventory have been fully provided for in the books of accounts.
3. 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 Companies Act, 2013. Therefore, the provisions of Clause 3(iii) (a) and 3(iii) (b) of the said order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of Fixed Assets and Inventory and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company carried out in accordance with the Standards on Auditing generally accepted in India, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. In our opinion, and information and explanations given to us, the Company has not accepted any deposits. Therefore, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Companies Act, 2013 or any other relevant provisions of the Companies Act and the rules framed there under to the extent notified does not arise.
6. As informed to us, the Central Government has not prescribed maintenance of cost records under section 148(1). Therefore, the clause 3(vi) is not applicable.
7. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it. Employee State Insurance is not applicable to the company. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
(b) According to the information and explanation given to us and the records of the company examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax and Cess which have not been deposited on account of any dispute.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no amounts required to be transferred by the company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made there under.
8. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred any cash losses in the current and immediately preceding financial year.
9. The company has not raised any loans from Financial Institutions or Banks or Debenture holders. Hence clause 3(ix) of the order is not applicable.
10. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provision of Clause 3(x) of the Order is not applicable to the company.
11. In our opinion and according to the information and explanations given to us, the Company has not availed any term loans during the year. Accordingly, the provision of Clause 3(xi) of the Order is not applicable to the company.
12. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

Lalit R. Mhalsekar
Partner
Membership No : 103418

Place: Mumbai
Dated: May 23, 2015

Reliance Infocomm Infrastructure Limited

Balance Sheet as at March 31, 2015

	Notes		As at March 31, 2015		(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	5 00 00 000		5 00 00 000	
(b) Reserves and Surplus	2.02	450 00 84 644	455 00 84 644	411 19 42 924	416 19 42 924
Non Current Liabilities					
(a) Long Term Provisions	2.03	5 87 647	5 87 647	7 55 193	7 55 193
Current Liabilities					
(a) Short Term Borrowings	2.04	980 07 21 577		265 33 12 128	
(b) Trade Payables	2.05	7 24 45 466		12 31 46 131	
(c) Other Current Liabilities	2.06	71 08 74 933		58 48 10 414	
(d) Short Term Provisions	2.07	1 63 64 862	1060 04 06 838	2 48 814	336 15 17 487
TOTAL			1515 10 79 129		752 42 15 604
ASSETS					
Non Current Assets					
(a) Fixed Assets					
Tangible Assets	2.08		601 73 62 463		629 30 11 659
(b) Non Current Investments	2.09		17 48 83 400		6 88 83 400
(c) Long Term Loans and Advances	2.10		10 63 00 000		10 82 98 528
(d) Other Non Current Assets	2.11		10 24 46 165		9 73 71 965
Current Assets					
(a) Inventories	2.12	-		5 62 277	
(b) Trade Receivables	2.13	116 68 62 114		92 54 43 918	
(c) Cash and Bank Balances	2.14	31 88 921		43 97 889	
(d) Short Term Loans and Advances	2.15	757 25 25 348		2 61 97 175	
(e) Other Current Assets	2.16	75 10 718	875 00 87 101	48 793	95 66 50 052
TOTAL			1515 10 79 129		752 42 15 604
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 Regn No. 101720W

Lalit R. Mhalsekar
Partner
Membership No. 103418

For and on behalf of the Board

Anil C Shah
DIN:00004368
Prakash Shenoy
DIN:00005394
} **Directors**

Tunu Sahu Asst. Company Secretary & Manager

Place : Mumbai
Date : May 23, 2015

Reliance Infocomm Infrastructure Limited

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

	Notes	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
INCOME			
Revenue from Operations	2.17	224 23 89 998	190 37 23 303
Other Income	2.18	6 80 00 851	5 29 04 317
Total Revenue		231 03 90 849	195 66 27 620
EXPENDITURE			
Employee Benefit Expenses	2.19	1 10 47 691	1 70 48 765
Finance Costs	2.20	28 72 15 382	27 02 72 335
Depreciation Expenses	2.08	27 56 49 196	80 74 54 071
Depreciation withdrawal from Revaluation Reserve (Refer Note 2.02.1)	2.02	-	(51 71 75 151)
Sales and General Administration Expenses	2.21	133 46 93 227	137 44 82 640
Total Expenses		190 86 05 496	195 20 82 660
Profit before Tax		40 17 85 353	45 44 960
Provision for:			
- Current Tax	12 00 00 000	10 00 000	
Less: MAT Credit Entitlement	(10 63 00 000)	1 37 00 000	-
			10 00 000
Income Tax /(reversal) of earlier year		(56 367)	-
Profit After tax		38 81 41 720	35 44 960
Earning per share of face value of ₹ 10 each fully paid	2.22		
Basic (₹)		77.63	0.71
Diluted (₹)		77.63	0.71

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 Regn No. 101720W

Lalit R. Mhalsekar

Partner

Membership No. 103418

For and on behalf of the Board

Anil C Shah

DIN:00004368

Prakash Shenoy

DIN:00005394

Directors

Tunu Sahu

Asst. Company Secretary & Manager

Place : Mumbai

Date : May 23, 2015

Reliance Infocomm Infrastructure Limited

Cashflow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per statement of Profit and Loss	40 17 85 353	45 44 960
Adjusted for:		
Depreciation	27 56 49 196	29 02 78 920
Finance Cost	28 59 62 325	26 92 47 166
Interest Income	(1 13 206)	(95 844)
Write Back of Creditors no longer required	(5 08 77 771)	(4 77 06 292)
Operating Profit before Working Capital Changes	91 24 05 897	51 62 68 910
Adjusted for:		
Receivables and other Advances	(24 02 17 021)	19 94 47 559
Inventories	5 62 277	(5 62 275)
Trade Payable & Other Liabilities	(81 26 880)	8 33 31 280
Cash Generated from Operations	66 46 24 273	79 84 85 474
Income Tax Refund	3 17 09 356	2 20 99 253
Income Tax Paid	(2 70 35 084)	(2 94 30 930)
Net Cash from Operating Activities	66 92 98 545	79 11 53 797
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Investment	-	1 000
Purchase of Investment	(10 60 00 000)	-
Interest Received	97 856	88 639
Fixed Deposit with Bank made	(40 00 000)	-
Net Cash Used in / (from) Investing Activities	(10 99 02 144)	89 639
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from/ (Repayment of) Short Term Borrowings (net)	714 74 09 449	(79 19 03 217)
Loan Given to Body Corporate	(754 86 03 548)	-
Interest Paid	(15 94 11 271)	-
Net Cash from / (Used in) Financing Activities	(56 06 05 370)	(79 19 03 217)
Net Increase/ (Decrease) in Cash and Bank Balances	(12 08 968)	(6 59 781)
Opening Balance of Cash and Bank Balances	43 97 889	50 57 670
Closing Balance of Cash and Bank Balances (Refer Note 2.14)	31 88 921	43 97 889

Note

Cash and Cash Balances include cash on hand and bank balances including Fixed Deposits.

As per our report of even date

For Chaturvedi & Shah

Chartered Accountants
Firm Regn No. 101720W

Lalit R. Mhalsekar

Partner
Membership No. 103418

For and on behalf of the Board

Anil C Shah

DIN:00004368

Prakash Shenoy

DIN:00005394

Directors

Tunu Sahu

Asst. Company Secretary & Manager

Place : Mumbai

Date : May 23, 2015

Reliance Infocomm Infrastructure Limited

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

Note 01

Significant Accounting Policies to Balance sheet and statement of Profit and Loss

1.01 Basis of Preparation of Financial Statements

- i) The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to comply with Accounting Standard 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 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

- ii) The Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

1.02 Use of Estimates

The presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

1.03 Fixed Assets and Depreciation

- i) Fixed assets are stated at cost net of Modvat / Cenvat, Value Added Tax wherever applicable and includes amount added on revaluation less accumulated depreciation, amortisation and impairment loss if any. All cost including finance costs till commencement of operation are capitalised.
- ii) Depreciation on fixed assets is provided on the Written Down Value method over the useful lives of the assets prescribed in Schedule II of Companies Act, 2013 except for Interiors, forming part of building where the useful life of asset is estimated as 15 years. Premium on leasehold land is amortised over the remaining life of the lease.

1.04 Pre-operative Expenditure

Expenditure during construction / installation period are included under Capital Work-in-Progress and are allocated to the fixed assets on completion of the project.

1.05 Revenue Recognition

- i) Revenue (Income) is recognized when it is earned and no significant uncertainty exists as to its ultimate realisation and collections. Revenue from Infrastructure, Facility Usages Charges is recognized as a service which is charged on the basis of actual usage of infrastructure facility in accordance with the respective contractual terms specified in the Agreements.
- ii) Interest on Investment is booked on time proportion basis taking into account the amounts invested and the rate of interest and in case of Fixed Maturity Plans, the gains are accrued.
- iii) Dividend income on investments is accounted for when the right to receive the payment is established.

1.06 Employee Retirement Benefits

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the statement of Profit and Loss of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognized as an expense in the statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the statement of Profit and Loss.

1.07 Investments

Long term investments are carried at cost and provision for diminution in value is made only if such decline is other than temporary in the opinion of the management. Current investments are carried at the lower of cost and quoted / fair value.

1.08 Inventories

Items of inventories are measured at lower of cost (determined on weighted average basis) or net realisable value.

1.09 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

Reliance Infocomm Infrastructure Limited

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

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.

1.10 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

1.11 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 asset's net selling price and value in use.

1.12 Provision, 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. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note 2.01		
Share Capital		
Authorised		
1 00 00 000 Equity Shares of ₹ 10 each (1 00 00 000)	10 00 00 000	10 00 00 000
	<u>10 00 00 000</u>	<u>10 00 00 000</u>
Issued, Subscribed and Paid up		
50 00 000 Equity Shares of ₹ 10 each fully paid up (50 00 000)	5 00 00 000	5 00 00 000
	<u>5 00 00 000</u>	<u>5 00 00 000</u>
2.01.1 Share held by Holding Company	No. of shares	No. of shares
Reliance Communications Limited, and its Nominees	50 00 000	50 00 000
2.01.2 Details of Share Holders Holding more than 5% Shares in the company		
Reliance Communications Limited, and its Nominees	50 00 000	50 00 000
2.01.3 Type of Equity Share		
The Company has only one class of Equity Share having at par value of ₹10 per share. Each holder of Equity share is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all the preferential amounts, in proportion to their shareholdings.		
2.01.4 Reconciliation of shares outstanding at the beginning and at the end of the reporting year		
Equity Shares		
	No. of shares	No. of shares
At the beginning of the Year	50 00 000	50 00 000
Add / (Less) : Changes during the year	-	-
At the end of the year	<u>50 00 000</u>	<u>50 00 000</u>

Reliance Infocomm Infrastructure Limited

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

		As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note 2.02			
Reserves and Surplus			
General Reserve			
As per last Balance Sheet	-	-	-
Add: Transferred from Revaluation Reserve (To the extent depreciation on revaluation)	17 00 62 284	17 00 62 284	-
Revaluation Reserve			
As per last Balance Sheet	412 02 02 824	463 73 77 975	
Less: Transferred to statement of Profit and Loss	-	51 71 75 151	
Less: Transferred to General Reserve (To the extent depreciation on revaluation)	17 00 62 284	395 01 40 540	412 02 02 824
Surplus/ (Deficit) in the statement of Profit and Loss			
As per last Balance Sheet	(82 59 900)	(1 18 04 860)	
Add: Profit during the year	38 81 41 720	35 44 960	
Balance Carried forward		37 98 81 820	(82 59 900)
		450 00 84 644	411 19 42 924

Note 2.02.1

The Company, based on the report by independent valuer, has revalued Buildings situated at Dhirubhai Ambani Knowledge City, Navi Mumbai as at April 1, 2006 by an amount of ₹ 1007 92 00 000 and an equivalent amount has been credited to Revaluation Reserve. ₹ 17 00 62 284 (Previous year ₹ 51 71 75 151) being equivalent to additional depreciation arising on revaluation has been transferred, during the year, to General Reserve in line with the applicable provisions of the Companies Act 2013. During the previous year, such amount was withdrawn from Revaluation Reserve and credited to the statement of Profit and Loss.

Note 2.03

Long Term Provision

Retirement Benefits	5 87 647	7 55 193
	5 87 647	7 55 193

Note 2.04

Short Term Borrowings

Unsecured

Loan repayable on demand

Loan from Holding Company	980 07 21 577	219 86 42 128
Loan from Fellow Subsidiary	-	45 46 70 000
	980 07 21 577	265 33 12 128

Reliance Infocomm Infrastructure Limited

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

	(Amount in ₹)	
	As at March 31, 2015	As at March 31, 2014
Note 2.05		
Trade Payables		
Due to Micro, Small and Medium Enterprises units (Refer Note Below)	30 17 201	55 81 869
Others	6 94 28 265	11 75 64 262
	7 24 45 466	12 31 46 131

Note:

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Under the Micro, Small & 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.

	As at March 31, 2015	As at March 31, 2014
a. Principal amount due to any supplier as at the year end	30 17 201	55 81 869
b. Interest due on the principal amount unpaid at the year end to any supplier	3 29 312	9 19 444
c. Amount of Interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
d. Payment made to the enterprises beyond appointed date under section 16 of MSMED	68 56 181	21 31 098
e. Amount of Interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the year, but without adding the interest specified under MSMED	12 62 987	2 00 137
f. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	15 92 445	10 25 169
g. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED	8 07 016	7 02 627

Note 2.06

Other Current Liabilities

Payable to tax Authorities	36 96 622	2 24 329
Other Statutory Dues	6 45 83 960	1 58 74 209
Deposit received from customer	1 23 46 968	1 23 93 310
Interest Payable	40 32 44 795	26 92 47 166
Other Liabilities*	22 70 02 588	28 70 71 400
	71 08 74 933	58 48 10 414

* Includes advance received from customers, amounts due towards material & service received, payable to employees and other payable

Note 2.07

Short Term Provisions

Provision for employee benefit

Retirement Benefits	45 484	2 48 814
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Others

Provision for Income Tax (net of advance Tax)	1 63 19 378	-
	1 63 64 862	2 48 814

Reliance Infocomm Infrastructure Limited

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

Description	(Amount in ₹)						
	Gross Block		Depreciation		Net Block		
	As at April 1, 2014	As at March 31, 2015	As at April 1, 2014	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014	As at March 31, 2014
Tangible Assets							
Leasehold Land	2 72 82 127	-	-	-	53 14 231	2 19 67 896	2 22 95 368
Buildings	1636 48 15 633	-	1024 87 40 506	24 30 64 071	1049 18 04 577	587 30 11 056	611 60 75 127
Electrical Installations	151 68 87 343	-	142 69 82 221	87 66 800	143 57 49 021	8 11 38 322	8 99 05 122
Office Equipments	18 36 49 434	-	15 90 19 845	1 53 65 368	17 43 85 213	92 64 221	2 46 29 589
Furniture and Fixtures	43 30 36 255	-	39 43 36 964	77 83 236	40 21 20 200	3 09 16 055	3 86 99 291
Computers	33 66 30 432	-	33 64 11 195	-	33 64 11 195	2 19 237	2 19 237
Vehicles	65 25 787	-	53 37 862	3 42 249	56 80 111	8 45 676	11 87 925
Total	1886 88 27 011	-	1257 58 15 352	27 56 49 196	1285 14 64 548	601 73 62 463	629 30 11 659
Previous year	1886 88 27 011	0	1176 83 61 281	80 74 54 071	1257 58 15 352	629 30 11 659	710 04 65 730

Notes : 2.08 1 Gross Block of Electrical installations includes ₹ 2 65 59 000 towards Metering equipments (Previous year ₹ 2 65 59 000) which are under custody and control of Maharashtra State Electricity Board.

Reliance Infocomm Infrastructure Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note 2.09		
Non Current Investments		
In Equity Shares of Companies		
Trade Investment		
Unquoted, fully paid up		
1 80 19 900 Reliance Telecom Limited of ₹ 10 each (74 19 900)	17 48 83 400	6 88 83 400
	<u>17 48 83 400</u>	<u>6 88 83 400</u>
Note 2.09.1		
Equity Shares of Reliance Telecom Limited, held by the Company, has been pledged against Loans and/ or Debentures availed by Reliance Communication Limited (Holding Company) and Reliance Telecom Limited (Fellow Subsidiary).		
Note 2.10		
Long Term Loans and Advances		
Unsecured		
Advance taxes and Tax deducted at source (Net)	-	10 82 98 528
MAT Credit Entitlement	10 63 00 000	-
	<u>10 63 00 000</u>	<u>10 82 98 528</u>
Note 2.11		
Other Non Current Assets		
(Unsecured, Considered good – unless stated otherwise)		
Electricity and other deposits	9 84 46 165	9 73 71 965
Bank Deposit with Maturity for more than 12 months	40 00 000	-
	<u>10 24 46 165</u>	<u>9 73 71 965</u>
Note 2.12		
Inventories		
Stores and Spares	-	5 62 277
	<u>-</u>	<u>5 62 277</u>
Note 2.13		
Trade Receivables (Unsecured)		
Due for More than Six months from the date they are due for payment.		
Considered Good	46 83 35 132	40 60 07 016
Considered Doubtful	-	-
	<u>46 83 35 132</u>	<u>40 60 07 016</u>
Less: Provision for doubtful debts	-	-
	<u>46 83 35 132</u>	<u>40 60 07 016</u>
Others		
Considered Good	69 85 26 982	51 94 36 902
Considered Doubtful	-	-
	<u>69 85 26 982</u>	<u>51 94 36 902</u>
Less: Provision for doubtful debts	-	-
	<u>69 85 26 982</u>	<u>51 94 36 902</u>
	<u>116 68 62 114</u>	<u>92 54 43 918</u>

Reliance Infocomm Infrastructure Limited

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

		(Amount in ₹)
	As at March 31, 2015	As at March 31, 2014
Note 2.14		
Cash and Bank Balances		
Balances with Banks	18 36 415	33 23 922
Fixed Deposit – with maturity less than 12 months	13 52 506	10 73 967
	<u>31 88 921</u>	<u>43 97 889</u>
Note 2.15		
Short Term Loans and Advances		
(Unsecured, Considered good – unless stated otherwise)		
Loan to Body Corporate	755 00 00 000	13 96 452
Others		
Considered good		
Advance to vendor	1 10 21 337	1 26 28 303
Prepaid expenses	82 050	63 757
Advance to Employees	16 860	74 060
Gratuity	-	10 73 349
Service Tax/ Cenvat Credit	1 14 05 101	2 48 00 723
	<u>2 25 25 348</u>	<u>2 61 97 175</u>
	<u>757 25 25 348</u>	<u>2 61 97 175</u>
Note 2.16		
Other Current Assets		
Interest accrued on Fixed Deposit	64 143	48 793
Interest accrued on Loan	74 46 575	-
	<u>75 10 718</u>	<u>48 793</u>
	<u>75 10 718</u>	<u>48 793</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 2.17		
Revenue From Operations		
Service Revenue	251 82 19 447	213 85 13 427
Less: Service Tax	27 58 29 449	23 47 90 124
	<u>224 23 89 998</u>	190 37 23 303
	<u>224 23 89 998</u>	<u>190 37 23 303</u>
Note 2.18		
Other Income		
Interest Income	1 71 23 080	51 72 450
Write back of Creditors / Provisions no longer required	5 08 77 771	4 77 31 867
	<u>6 80 00 851</u>	<u>5 29 04 317</u>
Note 2.19		
Employee Benefit Expenses		
(Including Managerial Remuneration)		
Salaries (Including Managerial Remuneration)	92 99 865	1 19 41 415
Contribution to Provident, Gratuity and Superannuation Fund	9 37 226	40 58 252
Employee Welfare and Other Amenities	8 10 600	10 49 098
	<u>1 10 47 691</u>	<u>1 70 48 765</u>

Reliance Infocomm Infrastructure Limited

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

Note : 2.19.1 Employee Benefits :

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

2.19.2 Defined Contribution Plan

Contribution of Defined Contribution Plan, recognized as expense for the year are as under :

	March 31, 2015	(Amount in ₹) March 31, 2014
Employer's Contribution to Provident Fund	2 34 458	3 51 522
Employer's contribution to Pension Scheme	1 38 830	1 18 713

2.19.3 Defined benefit Plan

The employees' gratuity fund scheme managed by Self Managed Fund and is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

	Gratuity		Leave Encashment	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
	(Funded)		(Unfunded)	
i) Reconciliation of Opening and Closing balances of the present value of the defined benefit obligation				
Obligation at beginning of the year	10 73 349	9 27 286	10 04 007	10 13 197
Service Cost	1 37 132	1 72 301	2 19 603	1 76 543
Interest Cost	99 821	75 110	93 373	82 069
Actuarial (gain)/ loss	17 971	2 18 085	92 969	1 25 448
Benefits Paid	(3 00 046)	(3 19 433)	(7 76 821)	(3 93 250)
Obligation at end of the year	10 28 227	10 73 349	6 33 131	10 04 007
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	77 03 197	73 53 935	-	-
Expected return on plan assets	7 16 397	6 39 792	-	-
Actuarial gain/ (loss)	(60 140)	28 903	-	-
Contributions	-	-	-	-
Benefits	(3 00 046)	(3 19 433)	-	-
Plan assets at year end, at fair value	80 59 408	77 03 197	-	-
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	80 59 408	77 03 197	-	-
Present value of the defined benefit obligations at the end of the year	10 28 227	10 73 349	6 33 131	10 04 007
Asset	70 31 181	66 29 848	6 33 131	10 04 007
iv) Cost for the year				
Service Cost	1 37 132	1 72 301	2 19 603	1 76 543
Interest Cost	99 821	75 110	93 373	82 069
Expected return on plan assets	(7 16 397)	(6 39 792)	-	-
Actuarial (gain) / loss	78 111	1 89 182	92 969	1 25 448
Net Cost	(4 01 333)	(2 03 199)	4 05 945	3 84 060

Reliance Infocomm Infrastructure Limited

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

(Amount in ₹)				
	Gratuity		Leave Encashment	
	As at March 31, 2015 (Funded)	As at March 31, 2014	As at March 31, 2015 (Unfunded)	As at March 31, 2014
v) Investment details of plan assets				
100% of the plan assets are invested in debt instruments in case of gratuity	-	-	-	-
vi) Actual return on plan assets	6 56 257	6 68 695	-	-
vii) Assumptions				
Interest rate	7.98%	9.30%	7.98%	9.30%
Estimated return on plan assets	7.98%	9.30%	-	-
Salary Escalation	8.00%	8.00%	8.00%	8.00%
viii) Particulars of the amounts for the year and Previous years				
	Gratuity for the year ended March 31,			
	2015	2014	2013	2012
Present Value of benefit obligation	10 28 227	10 73 349	9 27 286	7 31 762
Fair Value of Plan assets	80 59 408	77 03 197	73 53 935	52 21 204
Excess of obligation over plan assets (plan assets over obligation)	(70 31 181)	(66 29 848)	(64 26 649)	(44 89 442)

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

	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 2.20		
Finance Costs		
Interest and Other Charges (Net)	28 72 15 382	27 02 72 335
	<u>28 72 15 382</u>	<u>27 02 72 335</u>

Reliance Infocomm Infrastructure Limited

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

(Amount in ₹)

For the year ended
March 31, 2015

For the year ended
March 31, 2014

Note 2.21

Sales and General Administration Expenses

Insurance	34 25 774		34 87 918	
Rent, Rates & Taxes	2 37 30 824		2 74 60 362	
Electricity Expenses	102 14 33 561		102 02 09 661	
Repairs and Maintenance	17 52 69 980		22 06 62 203	
Professional Fees	32 62 528		7 15 377	
Water Charges	1 84 53 314		1 49 87 363	
Postages and Telegram	19 59 981		25 04 141	
Horticulture Expenses	1 71 33 612		1 23 81 303	
Guest House Exp	3 02 83 195		2 79 21 805	
Catering/Lunch/Canteen Expenses	1 12 50 841		1 64 17 487	
Other General and Administrative Expenses	2 81 39 617	133 43 43 227	2 73 85 020	137 41 32 640

Payment to Auditors

3 50 000	3 50 000
133 46 93 227	137 44 82 640

Note 2.21.1

Payment to Auditors :

Audit Fees	2 50 000	2 50 000
Tax Audit Fees	1 00 000	1 00 000
	3 50 000	3 50 000

(Amount in ₹)

For the year ended
March 31, 2015

For the year ended
March 31, 2014

2.22 Earnings per share

Profit attributable to Equity Shareholders (₹) (used as numerator for calculating EPS)	38 81 41 720	35 44 960
Weighted average number of Equity Shares (used as denominator for calculating EPS)	50 00 000	50 00 000
Basic EPS of ₹ 10 each (₹)	77.63	0.71
Diluted EPS of ₹ 10 each (₹)	77.63	0.71

2.23 Deferred Tax Assets and Liabilities

Deferred Tax Asset of the company is as under

(i) Related to carried forward losses	-	15 35 08 710
(ii) Related to timing difference on depreciation of Fixed Assets	10 75 30 817	15 92 58 068
(iii) Related to others	36 19 205	-
Net Deferred Tax Assets	11 11 50 022	31 27 66 778

In absence of virtual certainty of realisability of deferred tax assets, the company on a conservative basis has restricted deferred tax asset NIL.

2.24 Segment Reporting

The Company is mainly engaged in the business of providing business centre facilities and other income is incidental in nature, hence in the opinion of the management there are no other reportable segments as per Accounting Standard - 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

Reliance Infocomm Infrastructure Limited

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

2.25 Sharing of Expenses

Financial Cost includes interest of ₹ 29 34 08 900 (previous year ₹ 26 92 47 166) charged by the holding company for the funds used by the Company for its business.

2.26 Maharashtra State Electricity Distribution Co. Limited has served assessment orders, during the month of April 2015, claiming ₹1,203 crore considering commercial rate for alleged use of power at its premises for the activities other than IT/ITES service as per its registration. The Company is in the process of furnishing legal recourse and as legally advised, no provision is required.

2.27 Related Parties

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties are given below :

i) List of related parties and their relationships :

Ultimate Holding Company

- 1 Reliance Innoventures Private Limited

Holding Company

- 1 Reliance Communications Limited

Name of the Fellow Subsidiary Companies with whom transactions have taken place

- 1 Reliance Webstore Limited
- 2 Reliance Communications Infrastructure Limited
- 3 Reliance Infratel Limited
- 4 Reliance Big TV Limited
- 5 Reliance Tech Services Limited
- 6 Reliance Telecom Limited
- 7 Reliance IDC Limited
- 8 Reliance Globalcom Limited
- 9 Reliance Big Entertainment Private Limited
- 10 Big Flicks Private Limited
- 11 Talenthouse Entertainment Private Limited

Enterprise over which promoter of holding company having control with effect from March 28, 2015. Fellow Subsidiary upto March 27, 2015

- 12 Reliance Capital Limited
- 13 Reliance General Insurance Company Limited
- 14 Reliance Money Express Limited
- 15 Reliance Home Finance Limited
- 16 Reliance Commodities Limited
- 17 Reliance Composite Insurance Broking Limited
- 18 Reliance Wealth Management Limited
- 19 Reliance Financial Limited
- 20 Reliance Money Solutions Private Limited
- 21 Reliance Securities Limited

Key Managerial Personnel

- 1 Tunu Sahu

Note : Related party transaction is as identified by the company and relied upon by the Auditors.

Reliance Infocomm Infrastructure Limited

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

ii) Transaction with the related parties :-

April 1, 2014 to March 31, 2015

Amount in ₹

Sr. No.	Nature of Transactions	Holding Company	Fellow Subsidiaries	Enterprise over which promoter of holding company having control	Key Managerial Personnel	Total
A	Allotment of Shares					
	Equity Shares					
	Opening Balance	5 00 00 000	-	-	-	5 00 00 000
		5 00 00 000	-	-	-	5 00 00 000
	Allotted during the year	-	-	-	-	-
		-	-	-	-	-
	Closing Balance	5 00 00 000	-	-	-	5 00 00 000
		5 00 00 000	-	-	-	5 00 00 000
B	Unsecured Loans					
	Opening Balance	219 86 42 128	45 46 70 000	-	-	265 33 12 128
		299 05 45 343	45 46 70 000	-	-	344 52 15 343
	Taken during year	764 70 00 000	-	-	-	764 70 00 000
		34 40 65 785	-	-	-	34 40 65 785
	Repayment of Loan	4 49 20 551	45 46 70 000	-	-	49 95 90 551
		113 59 69 000	-	-	-	113 59 69 000
	Closing Balance	980 07 21 577	-	-	-	980 07 21 577
		219 86 42 128	45 46 70 000	-	-	265 33 12 128
C	Trade Receivables	-	65 33 32 458	4 89 57 573	-	70 22 90 031
		-	54 90 81 316	-	-	54 90 81 316
D	Trade Payable	2 48 031	13 52 960	-	-	16 00 991
		-	7 92 973	-	-	7 92 973
E	Advance from Customers	-	8 28 50 857	-	-	8 28 50 857
		8 03 19 754	3 52 33 078	-	-	11 55 52 832
F	Interest Payable	40 32 44 795	-	-	-	40 32 44 795
		26 92 47 166	-	-	-	26 92 47 166
G	Advance to Vendors	-	-	-	-	-
		-	51 192	-	-	51 192
H	Loans and Advances					
	Opening Balance	-	-	-	-	-
		27 48 805	-	-	-	27 48 805
	Given during the year	-	-	-	-	-
		-	-	-	-	-
	Returned during the year	-	-	-	-	-
		27 48 805	-	-	-	27 48 805
	Closing Balance	-	-	-	-	-
		-	-	-	-	-
I	Income					
	Facility usage charges / Rent	18 48 05 394	192 47 96 850	-	-	210 96 02 244
		11 02 84 251	157 94 76 628	-	-	168 97 60 879
J	Finance Cost	29 34 08 900	-	-	-	29 34 08 900
		26 92 47 166	-	-	-	26 92 47 166
K	Managerial Remuneration	-	-	-	11 95 251	11 95 251
		-	-	-	11 58 890	11 58 890
L	Investment					
	Opening Balance	-	6 88 83 400	-	-	-
		-	6 88 83 400	-	-	-
	Invested during the year	-	10 60 00 000	-	-	-
		-	10 60 00 000	-	-	-
	Closing Balance	-	17 48 83 400	-	-	-
		-	6 88 83 400	-	-	-

Note : Figures in bold represents current year figures.

Reliance Infocomm Infrastructure Limited

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

Significant Related Party Transactions :-

- i) Trade Receivables from fellow subsidiaries includes :-
- a) ₹ 5 33 65 118 (Previous year ₹ 12 98 667) receivable from Reliance Communications Infrastructure Limited.
 - b) ₹ Nil (Previous year ₹ 47 99 61 466) receivable from Reliance IDC Limited
 - c) ₹ 57 13 27 032 (Previous year ₹ 1 05 34 987) receivable from Reliance Tech Services Limited
- ii) Trade Payables from fellow subsidiaries includes :-
- a) ₹ 7 85 409 (Previous year ₹ 3 77 038) Payable to Reliance Big TV Limited
 - b) ₹ 5 60 244 (Previous year ₹ 4 15 935) Payable to Reliance Communications Infrastructure Limited
- iii) Advance from Customers from fellow subsidiaries includes :-
- a) ₹ 75 12 867 (Previous year ₹ Nil) payable to Reliance WebStores Limited
 - b) ₹ 7 53 37 990 (Previous year ₹ Nil) Payable to Reliance IDC Limited
 - c) ₹ Nil (Previous year ₹ 44 27 712) payable to Reliance Big TV Limited.
 - d) ₹ Nil (Previous year ₹ 3 07 88 710) payable to Reliance Globalcom Limited
 - e) ₹ Nil (Previous year ₹ 16 656) billed to Reliance Infratel Limited
- iv) Advance to Vendors includes ₹ Nil (Previous year ₹51 192) to fellow subsidiaries as detailed below :-
- a) ₹ Nil (Previous year ₹ 51 192) payable to Reliance General Insurance Limited
- iv) Income billed to fellow subsidiaries includes :-
- a) ₹ 5 02 47 380 (Previous year ₹ 15 58 456) billed to Reliance Communications Infrastructure Limited
 - b) ₹ 125 87 93 417 (Previous year ₹ 153 48 92 258) billed to Reliance IDC Limited
 - d) ₹ 26 58 945 (Previous year ₹ 13 66 144) billed to Reliance Infratel Limited
 - e) ₹ 507 92 636 (Previous year ₹ 55 15 809) billed to Reliance Globalcom Limited
 - f) ₹ 70 46 201 (Previous year ₹ 36 20 284) billed to Reliance Big TV Limited
 - g) ₹ 54 50 00 682 (Previous year ₹ 2 54 64 983) billed to Reliance Tech Services Limited.
- v) Finance Cost includes ₹ 29 34 08 900 (Previous year ₹ 26 92 47 166) interest cost to Reliance Communication Limited

As per our report of even date

For Chaturvedi & Shah

Chartered Accountants
Firm Regn No. 101720W

Lalit R. Mhalsekar

Partner
Membership No. 103418

Place : Mumbai
Date : May 23, 2015

For and on behalf of the Board

Anil C Shah

DIN:00004368

Prakash Shenoy

DIN:00005394

} Directors

Tunu Sahu

Asst. Company Secretary & Manager

Reliance Telecom Limited

Independent Auditors' Report

To the Members of Reliance Telecom Limited Report on the Financial Statements

1. We have audited the accompanying financial statements of Reliance Telecom Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 to 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 of 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, 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

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(1o) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 financial 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 controls system over financial reporting 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 Directors, as well as evaluating the overall presentation of the financial statements.

7. 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

8. 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 March 31, 2015, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

9. We draw your attention to the following matter:

Note 2.25(f) of the financial statements regarding investigations by an investigating agency (CBI) and framing of certain preliminary charges by a Trial Court in October, 2011 against a director and the Company, against which the Company has filed a writ petition in October, 2013 in Hon'ble Supreme Court of India, which is pending for hearing as set out in the aforesaid note.

Our opinion is not qualified in respect of above matter.

Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it 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.
 - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our

Reliance Telecom Limited

Independent Auditors' Report

opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its financial statements — Refer Note 2.25 forming part of Notes to Financial Statements;
- ii. The Company has long term contracts as at March 31, 2015 for which there were no material foreseeable losses. The Company did not have any long term derivative contract as at March 31, 2015;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Chaturvedi & Shah

Firm Registration Number:
101720W
Chartered Accountants

For Price Waterhouse

Firm Registration Number:
301112E
Chartered Accountants

Lalit R Mhalsekar

Partner
Membership Number 103418
Mumbai
May 28, 2015

Partha Ghosh

Partner
Membership Number 55913
Mumbai
May 28, 2015

Reliance Telecom Limited

Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Reliance Telecom Limited on the financial statements as of and for the year ended March 31, 2015

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years 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. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to 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. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. We have broadly reviewed the books of account maintained by the Company in respect of services where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax, customs duty, duty of excise which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, entry tax, service tax and cess as at March 31, 2015 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount* (Rs. Crore)	Period to which the amount relates	Forum where the dispute is pending
Local Sales Tax, Value Added Tax and Central Sales Tax Act	Sales Tax, VAT and CST	1.42	1997-98, 1998-99, 2000-01 to 2005-06, 2009-10, 2013-14 and 2014-15	Appellate Authority – upto Commissioner's Level
		6.53	1997-98 to 2009-10	Tribunal
		8.65	1997-98 to 2001-02 and 2004-05	High Court
Entry Tax Act, 1976	Entry Tax	7.30	2005-06 to 2009-10 and 2011-12	Appellate Authority – upto Commissioner's Level.
		1.78	1998-99, 1999-00, 2006-07 to 2009-10	Tribunal
		0.98	2003-04, 2004-05 and 2010-11 to 2014-15	High Court

Reliance Telecom Limited

Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Reliance Telecom Limited on the financial statements as of and for the year ended March 31, 2015

The Finance Act, 1994	Service Tax	1.14	2005-06, 2006-07	Commissioner , Central Excise and Customs/ Service Tax (Appeals)
		34.16	2005-06 to 2008-09	Tribunal
Meghalaya (Mobile Phone Connection Cess) Act, 2002	Cess	0.59	2002-03	High Court
Income Tax Act, 1961	Income Tax	445.06	2007-08 (AY 2008-09)	Appellate Authority- upto Commissioner's Level

* Net of amount deposited under protest

- (c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The Company has accumulated losses exceeding fifty percent of its networth as at the end of the financial year and it has not incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
- ix. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Chaturvedi & Shah
Firm Registration Number:
101720W
Chartered Accountants

For Price Waterhouse
Firm Registration Number:
301112E
Chartered Accountants

Lalit R Mhalsekar
Partner
Membership Number 103418
Mumbai
May 28, 2015

Partha Ghosh
Partner
Membership Number 55913
Mumbai
May 28, 2015

Reliance Telecom Limited

Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015		(₹ in Crore) As at March 31, 2014	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.01	143.48		93.48	
Reserves and Surplus	2.02	<u>577.82</u>	721.30	<u>720.49</u>	813.97
Non Current Liabilities					
Long-term Borrowings	2.03	2,191.93		1,622.51	
Long-term Provisions	2.04	<u>2.08</u>	2,194.01	<u>1.57</u>	1,624.08
Current Liabilities					
Short-term Borrowings	2.05	1,247.83		2,307.23	
Trade Payables	2.06	902.06		805.52	
Other Current Liabilities	2.07	625.59		642.27	
Short-term Provisions	2.08	<u>0.49</u>	<u>2,775.97</u>	<u>0.86</u>	<u>3,755.88</u>
TOTAL			<u>5,691.28</u>		<u>6,193.93</u>
ASSETS					
Non Current Assets					
Fixed Assets					
Tangible Assets	2.09	3,538.17		3,455.20	
Intangible Assets	2.09	1,327.95		1,507.95	
Capital Work-in-Progress	2.09	<u>149.71</u>	5,015.83	<u>363.17</u>	5,326.32
Long-term Loans and Advances	2.10	<u>254.62</u>	5,270.45	<u>259.48</u>	5,585.80
Current Assets					
Inventories	2.11	8.26		10.02	
Trade Receivables	2.12	112.95		104.15	
Cash and Bank balances	2.13	8.62		48.16	
Short-term Loans and Advances	2.14	268.34		413.13	
Other Current Assets	2.15	<u>22.66</u>	<u>420.83</u>	<u>32.67</u>	<u>608.13</u>
TOTAL			<u>5,691.28</u>		<u>6,193.93</u>

Significant Accounting Policies 1

Notes form an integral part of the Financial Statements.

In terms of our report of even date

For Chaturvedi & Shah
Firm Regn No. 101720W
Chartered Accountants

For Price Waterhouse
Firm Regn No. 301112E
Chartered Accountants

For and on behalf of the Board

S. Seth
Gautam B. Doshi } Directors

Lalit R Mhalsekar
Partner
Membership No. 103418

Partha Ghosh
Partner
Membership No. 55913

Gaurang Shah
Sanjay K Agarwal } Company Secretary and Manager
Chief Financial Officer

Mumbai
Dated : May 28, 2015

Mumbai
Dated : May 28, 2015

Mumbai
Dated : May 28, 2015

Reliance Telecom Limited

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

	Note	For the year ended March 31, 2015	(₹ in crore) For the year ended March 31, 2014
INCOME			
Revenue from Operations	2.16	3,470.04	3,682.81
Other Income	2.17	15.48	56.43
Total Revenue		3,485.52	3,739.24
EXPENSES			
Access charges, License Fees and Network Expenses	2.18	2,546.53	2,615.26
Employee Benefit Expenses	2.19	115.62	119.47
Finance Costs	2.20	356.82	339.13
Depreciation and Amortisation Expenses	2.09	407.85	374.59
Other Expenses	2.21	201.37	550.95
Total Expenses		3,628.19	3,999.40
Profit / (Loss) before Exceptional Items and Tax		(142.67)	(260.16)
Exceptional Items			
Loss on account of change in exchange rate		-	4.91
Equivalent amount withdrawn from General Reserve		-	(4.91)
Profit / (Loss) Before Tax		(142.67)	(260.16)
Tax Expenses:			
- Current Tax		-	-
Profit / (Loss) After Tax		(142.67)	(260.16)
Earning / (Loss) per Share			
[Nominal Value per Share: ₹ 10 (2014: ₹ 10)]			
-Basic/ Diluted - of ₹ 10 each fully paid up (before Exceptional Items)	2.28	(33.65)	(74.33)
-Basic/ Diluted - of ₹ 10 each fully paid up (after Exceptional Items)	2.28	(33.65)	(74.33)

Significant Accounting Policies

1

Notes form integral part of the Financial Statements.

In terms of our report of even date

For Chaturvedi & Shah

Firm Regn No. 101720W
Chartered Accountants

For Price Waterhouse

Firm Regn No. 301112E
Chartered Accountants

For and on behalf of the Board

S. Seth
Gautam B. Doshi

} Directors

Lalit R Mhalsekar

Partner
Membership No. 103418

Partha Ghosh

Partner
Membership No. 55913

Gaurang Shah
Sanjay K Agarwal

Company Secretary and Manager
Chief Financial Officer

Mumbai
Dated : May 28, 2015

Mumbai
Dated : May 28, 2015

Mumbai
Dated : May 28, 2015

Reliance Telecom Limited

Cash Flow Statement for the year ended March 31, 2015

(₹ in Crore)
For the year ended
March 31, 2015

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	(142.67)	(260.16)
Adjusted for:		
Provision for Bad and Doubtful Debts	14.16	13.11
Depreciation and Amortisation Expenses	407.85	374.59
Provision for Liabilities no longer required, written back	(11.59)	(54.23)
Effect of change in Foreign Exchange Rate (net)	(2.57)	(18.59)
Loss on Sale of Fixed Assets and Capital Work in Progress	0.08	1.07
Finance Costs	356.88	339.13
	764.81	655.08
Operating Profit / (Loss) before Working Capital Changes	622.14	394.92
Adjusted for:		
Receivables and Other Advances	135.42	(102.42)
Inventories	1.76	3.37
Trade Payables and Other liabilities	95.21	(102.08)
	232.39	(201.13)
Cash Generated from Operations	854.53	193.79
Tax Refund	2.93	2.29
Tax Paid	(20.19)	(21.53)
Net Cash from Operating Activities	837.27	174.55

B CASH FLOW FROM INVESTING ACTIVITIES

Additions of Fixed Assets and Capital Work in Progress (including realised foreign exchange variation capitalised)	(76.11)	(1,660.83)
Proceeds from Sale of Fixed Assets	0.28	8.45
Net Cash from/ (Used in) Investing Activities	(75.83)	(1,652.38)

C CASH FLOW FROM FINANCING ACTIVITIES

Realised Forex Loss withdrawn from General Reserve	-	(4.91)
Proceeds from issue of Equity Shares	50.00	-
Proceeds from issue of Preference Shares	-	1,347.70
Net Proceeds from / (Repayment of) Short term Borrowings (Refer Note 2.03.01)	(550.48)	40.75
Proceeds from Long Term Borrowings (Refer Note 2.03.01)	170.00	273.81
Repayment of Long Term Borrowings	(106.34)	(73.09)
Finance Costs	(364.16)	(133.65)
Net Cash from/ (used in) Financing Activities	(800.98)	1,450.61
Net Increase/ (Decrease) in Cash and Cash Equivalents	(39.54)	(27.22)
Opening Balance of Cash and Cash Equivalents	48.16	75.38
Closing Balance of Cash and Cash Equivalents	8.62	48.16

Note:

Cash and Cash Equivalent includes cash on hand, cheques on hand, remittances-in-transit and bank balance.

In terms of our report of even date

For Chaturvedi & Shah

Firm Regn No. 101720W

Chartered Accountants

Lalit R Mhalsekar

Partner

Membership No. 103418

Mumbai

Dated : May 28, 2015

For Price Waterhouse

Firm Regn No. 301112E

Chartered Accountants

Partha Ghosh

Partner

Membership No. 55913

Mumbai

Dated : May 28, 2015

For and on behalf of the Board

S. Seth

Gautam B. Doshi

} Directors

Gaurang Shah

Sanjay K Agarwal

Mumbai

Dated : May 28, 2015

Company Secretary and Manager
Chief Financial Officer

Note: 1

1.01 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention and / fair valuation under a Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates

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

1.03 Fixed Assets

- (i) Fixed Assets other than those acquired on finance lease are stated at acquisition cost/ fair value less accumulated depreciation / amortisation. Cost includes incidental costs directly attributable for bringing the asset to its working condition for the intended use. Capital Work-in-Progress is stated at cost.
- (ii) All costs including financing cost of qualifying assets till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, including attributable to interest, related to acquisition of depreciable assets are being capitalised pursuant to notifications dated December 29, 2011 and August 9, 2012 issued by the Ministry of Corporate Affairs (MCA), New Delhi.
- (iii) Intangible assets are stated at cost or fair value, as applicable, less accumulated amortisation.

1.04 Depreciation/Amortisation

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.

- (i) Network Electronic Equipment are depreciated over the estimated useful life of 20 years as technically assessed.
- (ii) Fixed assets individually costing ₹ 5,000 or less are depreciated fully in the year of acquisition.
- (iii) Premium on Leasehold Land is amortised over the period of lease.
- (iv) License Fee relating to Cellular Mobile Telephone Services is amortised over the period of license.
- (v) Leasehold development expenditure is amortised over the period of lease.
- (vi) Surplus on fair valuation is depreciated/amortised over the remaining useful life of the asset.

1.05 Inventories

Inventories of Spare Parts and Communication Devices are valued at cost, determined on weighted average basis or net realisable value, whichever is lower.

1.06 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) 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.

1.07 Borrowing Costs

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

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

1.09 Revenue Recognition and Receivables

- (i) Revenue is recognised as and when the services are provided on the basis of actual usage of the company's network
- (ii) Overdue outstanding receivables are reviewed and provisions are made for those considered doubtful of recovery.

1.10 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.

1.11 Taxation

- (i) 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.
- (ii) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the extent that the Company will pay normal income tax during the specified period.

1.12 Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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. Where there is a possible obligation or a present obligation that 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.

1.13 Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the Asset. If such recoverable amount of the Asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the Asset is reflected at the recoverable amount.

1.14 Leases

- (i) As Lessee – Operating Lease

Lease rentals in respect of Assets taken on 'Operating Lease' are charged to the Statement of Profit and Loss on a straight-line basis over the lease term.

- (ii) As Lessee – Finance Lease

Assets acquired on 'Finance Lease' which transfer risk and rewards of ownership to the Company are capitalized as assets by the Company at the lower of fair value of the leased property or the present value of the related lease payments or where applicable, estimated fair value of such Assets. Amortization of capitalised leased assets is computed on the Straight Line method over the useful life of the assets. Lease rental payable is apportioned between principal and finance charge using the internal rate of return method. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

1.15 Earning per Share

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

Reliance Telecom Limited

Notes to the Financial Statements

	As at March 31, 2015	(₹ in Crore) As at March 31, 2014
Note: 2.01		
SHARE CAPITAL		
Authorised		
120,000,000 (March 31, 2014: 120,000,000) Equity Shares of ₹ 10 each	120.00	120.00
100,000,000 (March 31, 2014: 100,000,000) Preference Shares of ₹ 10 each	100.00	100.00
280,000,000 (March 31, 2014: 280,000,000) Unclassified Shares of ₹ 10 each	280.00	280.00
	500.00	500.00
Issued, Subscribed and Paid up		
85,000,000 (March 31, 2014: 35,000,000) Equity Shares of ₹ 10 each fully paid	85.00	35.00
45,000,000 (March 31, 2014: 45,000,000) 1% Non Convertible, Non Cumulative, Redeemable Preference Shares of ₹ 10 each fully paid	45.00	45.00
13,477,000 (March 31, 2014: 13,477,000) 1% Redeemable, Non Cumulative, Non Convertible Preference Shares of ₹ 10 each fully paid	13.48	13.48
	143.48	93.48
2.01.01 Equity Shares		
(a) Equity Shares held by Holding Company and its subsidiaries	No of Shares	No of Shares
Reliance Communications Limited, Holding Company and its nominees	6 69 80 100	2 75 80 100
	78.80%	78.80%
Reliance Infocomm Infrastructure Limited, a fellow subsidiary	1 80 19 900	74 19 900
	21.20%	21.20%
(b) The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after the distribution of all the preferential amounts, in proportion to their shareholding.		
(c) Reconciliation of Shares outstanding at beginning and at the end of the reporting period.		
	March 31, 2015	March 31, 2014
	No of Shares	No of Shares
	(₹ in crore)	(₹ in crore)
Equity Shares		
At the beginning of the year	3 50 00 000	35.00
Add/(Less): Shares issued during the year	5 00 00 000	-
At the end of the year	8 50 00 000	85.00
2.01.02 Preference Shares		
	March 31, 2015	March 31, 2014
	No of Shares	No of Shares
(a) 1% Non Convertible, Non Cumulative, Redeemable Preference Shares		
Reliance Communications Limited, Holding Company	4 50 00 000	4 50 00 000
	100.00%	100.00%
Preference Shares are redeemable at any time after expiry of 6 months from the date of allotment (i.e. March 3, 2003) and before expiry of 20 years from the date of allotment, at a face value of ₹ 10/- each by one month notice from the Preference Shareholders; or on expiry of 20 years from the date of allotment at a price of ₹ 100/- per share (including ₹ 90/- premium per share), in case above option is not exercised.		
(b) 1% Redeemable, Non Cumulative, Non Convertible Preference Shares		
Reliance Communications Tamilnadu Limited (RCTL)	1 34 77 000	1 34 77 000
	100.00%	100.00%
Preference Shares are redeemable at any time after the date of allotment (i.e. December 11, 2013) and before expiry of 20 years from the date of allotment, at 1% yield per annum less dividend paid, if any, at the time of redemption on issue price (Face value plus premium paid at the time of application) by giving three months notice to the Preference Shareholders; or on expiry of 20 years from the date of allotment at a price of ₹ 1000/- per share (including ₹ 990/- premium per share), in case above option is not exercised.		

Reliance Telecom Limited

Notes to the Financial Statements

	(₹ in Crore)	
	As at March 31, 2015	As at March 31, 2014
Note: 2.02		
RESERVES AND SURPLUS		
Preference Shares Redemption Reserve	200.00	200.00
General Reserve		
As per last Balance Sheet	-	4.91
Less: Transferred to Statement of Profit and Loss on account of Foreign exchange loss due to change in exchange rate (Refer Note 2.30)	-	(4.91)
Securities Premium Account		
As per last Balance Sheet	1,334.22	-
Add: On Issue of Preference Shares during the year	-	1,334.22
Surplus/ (Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(813.73)	(553.57)
Add: Profit / (Loss) during the year	(142.67)	(260.16)
	577.82	720.49

Note: 2.03

LONG-TERM BORROWINGS

Secured

Term Loan from Banks

Foreign Currency Loans	1,516.93	1,612.51
Rupee Loans	675.00	10.00
	2,191.93	1,622.51

2.03.01 The Company, during earlier years, had availed Foreign Currency Loan and rupee loan of ₹ 10 crore (Secured Loans), which have been secured by way of 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 rights, title, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company, Reliance Communications Limited (RCOM), the Holding Company and its fellow subsidiaries namely Reliance Infratel Limited (RITL) and Reliance Communications Infrastructure Limited (RCIL) (Borrower Group) in favour of the Security Trustee for the benefit of the Lenders. The Company, in favour of the Lenders of the said Secured Loans, has also assigned eight Unified Access Services (UAS) Licences, by execution of Tripartite Agreements with Department of Telecommunications (DoT) and IDBI Bank, being the agent acting on behalf of the Lenders.

The Company had been sanctioned Rupee Loans of ₹ 735 crore (Term Loan Facility) under consortium banking arrangement on the terms and conditions as set out in sanction letters. Certain Lenders, pursuant to the sanction letters for Term Loan Facility, granted ₹ 565 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 Facility, upon execution of common loan agreement, during the year, has been classified as Long Term Borrowings. The said Term Loans have been secured by first pari passu charge, as mentioned above, in case of foreign currency loans. Assignment of eight UAS Telecom Licenses of the Company for the Term Loans of ₹ 675 crore is pending to be executed.

The foreign currency loans and rupee loans of ₹ 10 crore, apart from the above security, are also secured by pledged equity shares of RCIL held by RCOM and of the Company held by RCOM and Reliance Infocomm Infrastructure Limited (RIIL) by execution of the Share Pledge Agreement with the Share Pledge Security Trustee. Further to the above, Rupee loans of ₹ 675 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, on current assets, immovable and movable assets including intangible, both present and future of the Borrower Group and Reliance Globalcom B.V. (RGBV).

Reliance Telecom Limited

Notes to the Financial Statements

(₹ in Crore)

2.03.02	Rate of Interest (per annum)	Repayment Schedule				
		2016-17	2017-18	2018-19	2019-20	2020-21
	1.7239%	67.60	67.60	72.46	77.64	25.75
	2.4636%	97.56	306.62	334.50	264.81	195.10
	14.3000%	48.00	96.00	12.00	144.00	-
	14.1500%	20.00	40.00	5.00	60.00	-
	12.5000%	40.00	80.00	10.00	120.00	-

(₹ in Crore)

As at
March 31, 2015

As at
March 31, 2014

Note: 2.04

LONG-TERM PROVISIONS

Leave Encashment	1.46	1.57
Gratuity	0.62	-
	2.08	1.57

Note: 2.05

SHORT-TERM BORROWINGS

Secured

Loan from Banks

Rupee Loans (Refer Note 2.03.01)	-	565.00
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Unsecured

Loans and Advances from Related Parties (Refer Note 2.31)	1,245.21	1,675.24
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Loan from Banks

Foreign Currency Loans-Buyers Credit	2.62	66.99
	1,247.83	2,307.23

Note: 2.06

TRADE PAYABLES

Micro, Small and Medium Enterprises	37.37	21.63
Related Parties (Refer Note 2.31)	498.90	502.48
Others	365.79	281.41
	902.06	805.52

Reliance Telecom Limited

Notes to the Financial Statements

Micro and Small Enterprises

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	17.72	19.98
(ii) Interest due to suppliers and remaining unpaid as at year end	6.24	13.12
(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	32.13	11.52
(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	8.48	2.10
(vi) Amount of interest accrued and remaining unpaid at the end of each accounting year	14.72	15.22
(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	-	-

Note: 2.07

OTHER CURRENT LIABILITIES

Current maturity of borrowings		
Foreign Currency Loans from Banks (Refer Note 2.03.01)	165.16	131.60
Rupee Loans from Banks	10.00	-
Interest accrued but not due on borrowings	8.17	3.31
Interest accrued and due on borrowings	173.04	198.93
Creditors for Capital goods	48.88	81.26
Advance from Customers	18.54	3.33
Income received in advance	120.18	125.53
Book Overdraft	3.42	37.06
Deposits	20.76	23.14
Statutory dues payable	56.09	36.68
Employee Benefits payable	1.35	1.43
	625.59	642.27

Note: 2.08

SHORT TERM PROVISIONS

Provident and Superannuation Fund	0.04	0.08
Gratuity	0.34	0.65
Leave Encashment	0.11	0.13
	0.49	0.86

Notes to the Financial Statements

Note: 2.09

Fixed Assets as at March 31, 2015

(₹ in Crore)

Description	As at April 1, 2014	Gross Block			Depreciation			Net Block	
		Additions	(Deductions)/ Adjustment on Account of Foreign exchange difference	Deductions	As at March 31, 2015	As at April 1, 2014	Depreciation for the year	Deductions	As at March 31, 2015 As at March 31, 2014
Tangible Assets									
Leasehold Land	0.13	-	-	-	0.13	0.02	-	-	0.11
Leasehold Improvement	14.08	-	-	-	14.08	7.33	0.77	-	5.98
Buildings	0.07	-	-	-	0.07	0.02	-	-	0.05
Plant and Machinery	4,991.50	239.46	71.65	(0.44)	5,302.17	1,551.68	222.80	(0.15)	3,527.84
Equipments	17.31	-	-	-	17.31	13.00	1.34	-	2.97
Office Equipment	13.58	-	-	-	13.58	10.18	2.78	-	0.62
Furniture and Fixtures	3.91	-	-	-	3.91	3.22	0.13	-	0.56
Vehicles	0.90	-	-	-	0.90	0.83	0.03	-	0.04
Sub Total- A	5,041.48	239.46	71.65	(0.44)	5,352.15	1,586.28	227.85	(0.15)	3,538.17
Intangible Assets									
Entry fee for Telecom License	2,470.36	-	-	-	2,470.36	962.41	180.00	-	1,327.95
Software	0.23	-	-	-	0.23	0.23	-	-	-
Sub Total- B	2,470.59	-	-	-	2,470.59	962.64	180.00	-	1,327.95
Grand Total (A+B)	7,512.07	239.46	71.65	(0.44)	7,822.74	2,548.92	407.85	(0.15)	4,866.12
Previous Year	7,216.07	161.57	140.12	(5.69)	7,512.07	2,175.76	374.59	(1.43)	4,963.15
Capital Work- in - Progress									149.71
									363.17

2.09.01 Building includes cost of shares in Co-operative Society ₹ 250 (Previous year ₹ 250)

2.09.02 Reliance Communications Limited (RCOM), the Holding Company had, during the earlier years, 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, ₹ 10,00,000 each respectively, aggregating ₹ 2,000 crore and 3,000, 11.20% Secured Redeemable, Non Convertible Debentures (NCDs) of the face value of ₹ 1,00,00,000 each, aggregating to ₹ 3000 crore. The said NCD's and Rupee Term Loans alongwith Foreign Currency Loans ("the Secured Loans") availed by Reliance Communications Limited (RCOM), the Holding Company and Reliance Infratel Limited (RITL), a fellow subsidiary were secured by a first pari passu charge on the whole of the movable plant and machinery of the Company including (without limitations) tower assets and optic fiber cables, if any (whether attached or otherwise), capital work-in-progress (pertaining to movable fixed assets) both present and future including all the rights, title, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company, Reliance Communications Limited (RCOM), the Holding Company and its fellow subsidiaries namely Reliance Infratel Limited (RITL) and Reliance Communications Infrastructure Limited (RCIL) in favour of the Security Trustee for the benefit of the NCD Holders and the Lenders of the said secured loans. Long term facility of ₹ 6825 crore (Previous year ₹ 4,390 crore) availed by RCOM has been secured by first pari passu charge on the said assets. Further, Cash Credit of ₹ Nil (Previous year ₹ 1,000 crore) and Rupee Term Loan of ₹ 800 crore (Previous year ₹ 525 crore) availed by RCOM from Banks and NCDs of ₹ Nil (Previous year ₹ 120 crore) issued by RITL have been secured by second pari passu charge on the said assets.

2.09.03 In view of the option allowed pursuant to notifications dated December 29, 2011 and dated August 9, 2012 issued by the Ministry of Corporate Affairs (MCA), Government of India, for the year ended March 31, 2015, the Company has added ₹ 71.65 crore (Previous year ₹ 140.12 crore) of exchange variation on long term borrowings relating to acquisition of depreciable capital assets to the cost of capitalised assets. Depreciation is including ₹ 24.39 crore (Previous year ₹ 22.02 crore) on addition of exchange variation to cost of Capitalised assets and net of ₹ 35.80 crore arising on implementation of Schedule II of the Companies Act, 2013.

Reliance Telecom Limited

Notes to the Financial Statements

	As at March 31, 2015	(₹ in Crore) As at March 31, 2014
Note: 2.10		
LONG-TERM LOANS AND ADVANCES		
Unsecured, Considered good – unless stated otherwise		
Capital Advances	31.56	36.74
Deposits	52.14	54.91
Prepaid Expenses	66.60	80.77
Advance Tax and Tax deducted at Source	75.01	57.75
MAT Credit Entitlement	29.31	29.31
	<u>254.62</u>	<u>259.48</u>

Note: 2.11

INVENTORIES

Stores and Spares	5.99	6.86
Communication Devices and Components	2.27	3.16
	<u>8.26</u>	<u>10.02</u>

Inventories are valued at cost, determined on weighted average basis or net realisable value, whichever is lower.

Note: 2.12

TRADE RECEIVABLES (Unsecured)

Due for more than six months

Considered Good	11.99	8.03
Considered Doubtful	54.41	39.14
	<u>66.40</u>	<u>47.17</u>
Less: Provision for doubtful debts	54.41	39.14
	<u>11.99</u>	<u>8.03</u>

Others

Considered Good	100.96	96.12
Considered Doubtful	4.53	5.64
	<u>105.49</u>	<u>101.76</u>
Less: Provision for doubtful debts	4.53	5.64
	<u>100.96</u>	<u>96.12</u>
	<u>112.95</u>	<u>104.15</u>

Receivable from Related parties Refer Note 2.31

Trade Receivables are partly secured to the extent of Security Deposit received ₹ 14.15 crore (Previous year ₹ 16.30 crore)

Note: 2.13

CASH AND BANK BALANCES

Cash and Cash equivalents

Cheques on hand	3.08	3.22
Balances with Banks	5.54	44.94
	<u>8.62</u>	<u>48.16</u>

Reliance Telecom Limited

Notes to the Financial Statements

(₹ in Crore)

As at
March 31, 2015

As at
March 31, 2014

Note: 2.14

SHORT-TERM LOANS AND ADVANCES

Unsecured, Considered good – unless stated otherwise

Advances to Related Parties (Refer Note 2.31)	13.11	30.73
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Other Loans and Advances:

Prepaid Expenses	18.41	24.88
Advance to Employees	0.15	0.04
Advances to Vendors and Others	61.74	199.27
Balance with Customs, Central Excise Authorities etc.	174.93	158.21
	<u>268.34</u>	<u>413.13</u>

Note: 2.15

OTHER CURRENT ASSETS

Unbilled Revenue	22.53	31.12
Unamortised Forward Premium	0.13	1.55
	<u>22.66</u>	<u>32.67</u>

(₹ in Crore)

For the year ended
March 31, 2015

For the year ended
March 31, 2014

Note: 2.16

REVENUE FROM OPERATIONS

Sale of Services	3,908.67		4,150.48	
Less: Service Tax	438.63	3,470.04	468.41	3,682.07
Other Operating Income (Refer Note 2.16.01)		-		0.74
		<u>3,470.04</u>		<u>3,682.81</u>

2.16.01 Represents Universal Service Obligation (USO) Part-B Subsidy in accordance with the agreement with Department of Telecommunication (DOT) for North East states.

Note: 2.17

OTHER INCOME

Interest Income	3.89	2.20
Miscellaneous Income / Liabilities written back	11.59	54.23
	<u>15.48</u>	<u>56.43</u>

Note: 2.18

ACCESS CHARGES, LICENSE FEES AND NETWORK EXPENSES

Access Charges	930.85	932.28
License Fees	311.57	342.77
Bandwidth Charges	161.74	159.89
Passive Infrastructure Charges*	960.68	1023.17
Rent	8.71	9.47
Rates and Taxes	0.05	0.59
Insurance	1.14	1.08
Repairs and Maintenance	106.91	88.73
Stores and Spares Consumed	21.37	21.95
Power, Fuel and Utilities*	14.22	14.22
Cost of Service Contents and Applications	26.58	19.46
Other Network Operating Expenses	2.71	1.65
	<u>2,546.53</u>	<u>2,615.26</u>

*Refer Note 2.29

Reliance Telecom Limited

Notes to the Financial Statements

	(₹ in Crore)
For the year ended March 31, 2015	For the year ended March 31, 2014
Note: 2.19	
EMPLOYEE BENEFITS EXPENSES	
Salaries and Wages*	113.65
Contribution to Provident and Other Funds	1.02
Employee Welfare and Other Amenities*	0.95
	115.62
	118.01
	1.29
	0.17
	119.47

*Refer Note 2.29

Employee Benefits

The disclosures as required by revised AS 15 are as under:

Brief description of the Plans :

The Company has long-term benefit schemes for Provident fund, ESI, Gratuity and Leave Encashment. In case of funded schemes, the funds are recognised by the Income tax authorities and administered through trustees. The Company's defined contribution plans are Employees' Provident Fund (under the Provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). Liability is recognised for any shortfall in the income of funds vis-a-vis liability of the interest to the members as per statutory rates. The Company's defined benefit plans are Gratuity and Leave encashment.

2.19.01 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 to be 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 ₹ 13.36 crore (Previous year ₹ 14.55 crore), the present value of defined benefit obligation is ₹ 13.39 crore (previous year ₹ 14.58 crore). Accordingly, based on such actuarial valuation, the Company has charged ₹ Nil (Previous year ₹ 0.01 crore) , being shortfall in interest, during the year. For the year ended March 31, 2015, the Company has contributed ₹ 0.57 crore (Previous year ₹ 0.64 crore) towards Provident Fund. The Employee Benefits as disclosed herein pertain to the Company.

The assumptions made for the above are Discount rate of 7.98% (Previous year 9.25%), average remaining tenure of Investment Portfolio is 7 years and guaranteed rate of return is 8.75% (Previous year 8.75%).

2.19.02 Disclosures for defined gratuity and Leave Encashment benefit plans based on actuarial reports as on March 31, 2015:

	As at March 31, 2015		As at March 31, 2014	
	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)
a. Change in Defined Benefit Obligation				
Opening defined benefit obligation	1.82	1.70	1.50	1.90
Current service cost	0.18	0.24	0.18	0.01
Interest cost	0.17	0.16	0.12	0.15
Actuarial loss/ (gain)	0.07	0.19	0.30	0.31
Benefits paid	(0.56)	(0.72)	(0.28)	(0.67)
Closing defined benefit obligation	1.68	1.57	1.82	1.70
b. Change in Fair Value of Plan Assets				
Opening fair value of plan assets	1.17	-	1.34	-
Expected return on plan assets	0.11	-	0.11	-
Actuarial gain/ (loss)	(0.02)	-	-	-
Contributions by employer	0.02	0.72	-	0.67
Benefits paid	(0.56)	(0.72)	(0.28)	(0.67)
Closing fair value of plan assets	0.72	-	1.17	-

Reliance Telecom Limited

Notes to the Financial Statements

(₹ in crore)

	As at March 31, 2015		As at March 31, 2014	
	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)
c. Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Plan Assets				
Present Value of funded obligation as at year end	1.68	1.57	1.82	1.70
Fair Value of plan assets as at year end	0.72	-	1.17	-
Funded (asset)/ liability recognised in the Balance Sheet	0.96	-	0.65	1.70
Present value of unfunded obligation as at year end	-	1.57	-	-
Unrecognised actuarial Gain / (Loss)	-	-	-	-
Unfunded (asset)/ Liability recognised in the Balance Sheet	-	-	-	-
d. Amount recognised in the Balance Sheet				
Present value of obligations as at year end	1.68	1.57	1.82	1.70
Fair value of plan assets as at year end	0.72	-	1.17	-
Net (asset)/ liability recognised in the Balance Sheet	0.96	1.57	0.65	1.70
e. Expenses recognised in the Statement of Profit and Loss				
Current service cost	0.18	0.24	0.18	0.01
Interest on defined benefit obligation	0.17	0.16	0.12	0.15
Expected return on plan assets	(0.11)	-	(0.11)	-
Net actuarial loss/(gain) recognised in the current year	0.09	0.19	0.30	0.31
Total expense	0.33	0.59	0.49	0.47
f. Actual return on Plan Assets				
Expected return on plan assets	0.11	-	0.11	-
Actuarial loss on plan assets	(0.02)	-	-	-
Actual return on plan assets	0.09	-	0.11	-
g. Expected Employers contribution for the next year	0.33	-	0.44	-
h. Investment details of plan assets				
100% of the plan assets are invested in debt instruments				
i. Principal actuarial assumptions used				
Discount rate (p.a.)	7.98%	7.98%	9.30%	9.30%
Estimated rate of return on plan assets (p.a.)	7.98%	-	9.30%	-
Rate of increase in compensation levels	8.00%	8.00%	8.00%	8.00%

j. Particulars of the amounts for the year and Previous years

		Gratuity For the year ended March 31			
	2015	2014	2013	2012	2011
Present value of benefit obligation	1.68	1.82	1.50	1.45	1.69
Fair value of plan assets	0.72	1.17	1.34	2.36	2.76
Excess of obligation over plan assets (plan assets over obligation)	0.96	0.65	0.16	(0.91)	(1.07)
Experience Adjustments					
On Plan Liabilities	(0.13)	0.40	(0.04)	(0.05)	(0.06)
On Plan Assets	(0.02)	-	(0.01)	(0.14)	(0.06)

Reliance Telecom Limited

Notes to the Financial Statements

			(₹ in Crore)
	For the year ended March 31, 2015		For the year ended March 31, 2014
Note: 2.20			
FINANCE COSTS			
Interest on Borrowings	128.61	109.76	
Interest on Others*	181.04	309.65	315.09
Commitment Charges/ Agency fee for Borrowings		205.33	
Other Financial Cost		43.16	20.76
Net loss/ (Gain) on Foreign currency transactions and translation		4.07	3.28
		(0.06)	-
	356.82		339.13

*Refer Note 2.29

Note: 2.21			
OTHER EXPENSES			
Selling Expenses*	60.00		363.40
Provision for Doubtful Debts	14.16		13.11
General Administration Expenses			
Rent*	3.82	3.57	
Rates and Taxes*	0.92	0.91	
Repairs and Maintenance -Others*	2.92	3.11	
Travelling Expenses*	7.59	9.89	
Professional Fees*	26.07	35.53	
Net loss on Foreign currency transactions and translation	1.63	24.77	
Net loss on Sale of Fixed Assets	0.08	1.07	
Communication Expenses*	0.34	0.64	
Data Warehousing Charges	25.00	25.00	
Printing and Stationery*	1.88	0.73	
Billing and IT expenses	9.72	8.78	
Postage and Courier*	1.20	0.95	
Membership and Subscription Fee	0.56	0.61	
Hire Charges*	10.72	18.53	
Other General and Administrative Expenses*	34.25	126.70	173.93
Payment to Auditors			
- Audit Fees	0.50	0.50	
- Reimbursement of Expenses	0.01	0.01	0.51
	201.37		550.95

*Refer Note 2.29

Note: 2.22

Figures of the Previous year have been regrouped and reclassified, wherever required.

Note: 2.23

		(₹ in Crore)
	For the year ended March 31, 2015	For the year ended March 31, 2014
Foreign Exchange		
(a) Value of Imports on C.I.F. Basis in respect of		
Capital goods	1.46	7.32
(b) Expenditure in Foreign Currency on account of		
(i) Commitment Charges/ Agency fee for Borrowings	0.06	0.14
(ii) Interest on Buyer's credit and loans	41.85	33.83
(iii) Others	2.50	2.80
(c) Earnings in foreign currency on account of		
International Roaming	27.04	31.90

Reliance Telecom Limited

Notes to the Financial Statements

	As at March 31, 2015	(₹ in Crore) As at March 31, 2014
Note: 2.24		
Project Development Expenditure		
Opening balance	-	89.81
Additions during the year :		
Passive Infrastructure Charges and Other Incidental charges	9.78	21.85
	9.78	111.66
Less:		
Capitalised during the year	9.78	111.66
	-	-

Note: 2.25

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

	As at March 31, 2015	(₹ in Crore) As at March 31, 2014
(a) Contingent Liabilities		
Claims against the Company not acknowledged as debts*	1,090.12	793.85
<p>* These represent demands received from Sales Tax/ Service Tax/ Entry Tax authorities in various States/ Department of Telecommunications, which are pending before the Appellate Authorities/ Tribunal/ High Court/ TDSAT and the stay orders are granted against the said demands. The Company is confident that the aforesaid claims will be successfully contested.</p> <p>The Company has deposited ₹ 89.35 crore (Previous year ₹ 41.79 crore) under protest with the Sales tax / Service Tax / Entry Tax authorities/ Income Tax/ Department of Telecommunications against the demand, which is included in "Loans and Advances" Note 2.10.</p>		
(b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	9.96	6.47
(c) Department of Telecommunication (DoT) has issued a demand on the Company towards levy of one time Spectrum Charges, being retrospective charges of ₹ 4.70 crore for holding GSM Spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012 and prospective charge of ₹ 168.77 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, the Hon'ble High Court of Kolkata, vide its order dated February 14, 2013, has stayed the operation of the impugned demand till further order. The Company is of the opinion that the said demand, inter alia, is an alteration of financial terms of the licenses issued in the past and has also been legally advised. Accordingly, no provision in this regard is required.		
(d) 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, demand note dated November 8, 2012 based on report of the Special Audit directed by DoT relating to alleged shortfall of license fees of ₹13.85 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). 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 said judgment of Hon'ble TDSAT and other judicial pronouncements directly applicable to the issues of License fee dues raised by the Special Auditors, there shall not be any liability of License fee and hence, no provision is required.		
(e) The Department of Telecommunications (DoT) conducted auction for spectrum in March 2015 in the service areas that are currently held by existing licensees whose licenses for the respective service areas are due to expire during year 2015-16. As per the bid condition, Reliance Communications Limited (RCOM), being the Holding Company, successfully bid, for and on behalf of the Company and won spectrum in 5 service areas at a total cost of ₹ 2,584.57 crore. The validity of the above spectrum will be for 20 years period starting from the effective date as mentioned in the Letter of Intent (LOI) when issued. RCOM has made upfront payment of ₹ 663.09 crore on behalf of the Company, under the deferred payment option, on April 8, 2015. Balance ₹ 3,783.78 crore, which is payable in 10 annual installment starting from Financial year 2018. 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, the amount payable has been disclosed.		

Reliance Telecom Limited

Notes to the Financial Statements

(f) 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 a Director and the Company. 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 a writ petition is filed in October, 2013 in the Hon'ble Supreme Court against charges framed by the Trial Court, which is pending for hearing. These preliminary charges have no impact on the business, operations, and/ or licenses of the Company and, even more so, are not connected in any manner to any other listed group companies.

Note: 2.26

Operating Lease

In respect of the operating lease arrangements relating to premises, the aggregate lease rentals payable are included as Rent in Note 2.18 and Note 2.21. The leasing arrangements, which are cancellable can be renewed by mutual consent.

Note: 2.27

Foreign Currency Exposures

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates. The Company uses foreign exchange contracts to manage its exposures to foreign exchange fluctuations. The following table details the status of the Company's exposure as on March 31, 2015 :

	Currency Type	As at March 31, 2015		As at March 31, 2014	
		Amount in Foreign Currency (Million)	Equivalent Value in ₹ (₹ in Crore)	Amount in Foreign Currency (Million)	Equivalent Value in ₹ (₹ in Crore)
Forward Contract for loan related exposure	USD	0.39	2.62	10.55	66.99
Unhedged foreign currency					
Loans	USD	269.13	1,682.09	291.10	1,744.12
Debtors	USD	1.94	12.14	1.76	10.56
	GBP	-	0.03	-	0.02
Creditors	USD	6.29	39.30	6.40	38.34
	Euro	0.05	0.33	0.04	0.32

Note: 2.28

Earnings per Share (EPS)

Earning/(Loss) per share is calculated by dividing the Profit/(Loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year as under :

	As at March 31, 2015	(₹ in Crore) As at March 31, 2014
Basic and Diluted EPS (Before/ After Exceptional items)		
(i) "Net Profit/ (Loss) attributable to the equity shareholders (₹ in Crore)"	(142.67)	(260.16)
(ii) Weighted Average No. of Equity Shares outstanding during year for Basic/ Diluted (Nos. in crore)	4.24	3.50
(iii) Basic/ Diluted Earnings/ (Loss) per share of ₹ 10/- each	(33.65)	(74.33)
(iv) Nominal value per share (₹)	10.00	10.00

Reliance Telecom Limited

Notes to the Financial Statements

Note: 2.29

Sharing of Expenses

The Company has reimbursed expenses, which have been incurred for and on behalf of the Company, to Reliance Communications Limited (RCOM) [the Holding Company]. The amount includes for Network Expenses of ₹ 18.87 crore (Previous year ₹ 12.92 crore), Employee Cost of ₹ 101.14 crore (Previous year ₹ 101.39 crore), Other Expenses of ₹ 77.44 crore (Previous year ₹ 106.97 crore) comprising of Advertising Expenses of ₹ Nil (Previous year ₹ 18.51 crore), Business Promotion Expenses of ₹ Nil (Previous year ₹ 0.03 crore), Hiring Charges of ₹ 10.60 crore (Previous year ₹ 18.53 crore), Professional Fee of ₹ 22.62 crore (Previous year ₹ 24.34 crore) and Other General Administration Expenses of ₹ 44.22 crore (Previous year ₹ 45.56 crore). Finance Cost includes ₹ 174.88 crore (Previous year ₹ 198.93 crore) charged by RCOM for funds used by the Company for its business. Selling expenses are net of ₹ 322.76 crore incurred for and on behalf of Reliance Webstore Limited (RWSL), a fellow subsidiary of the Company. These expenses pertain to the activities relating to customer life cycle management undertaken by RWSL with effect from April 1, 2014.

Note: 2.30

Exceptional Items

The Company, during the previous year, as determined by the board of directors adjusted Foreign exchange variation of ₹ 4.91 crore by corresponding withdrawal from General Reserve. Pursuant to the Scheme of Amalgamation ('the Scheme') under Section 391 to 394 of the Companies Act, 1956, Reliance Communications Maharashtra Private Limited (RCMPL), a subsidiary of the Company amalgamated into the Company sanctioned by the Hon'ble High Court of Judicature at Bombay, filed with Registrar of Companies (ROC) on May 25, 2011. Had such losses not been adjusted from General Reserve, the Financial Statements of the previous year would have reflected Loss after tax of ₹ 265.07 crore.

Note: 2.31

Related Parties

In accordance with the requirements of the Accounting Standard – 18 "Related Party Disclosures", the names of the related parties where control exists and/ or with whom transactions have taken place during the year and description of relationships, as identified and certified by management are as follows :

A Name of the Related Party

Reliance Innoventure Private Limited (RIPL)	: Ultimate Holding Company
Reliance Communications Limited (RCOM)	: Holding Company
Reliance Communications Infrastructure Limited (RCIL)	: Fellow Subsidiary
Reliance Infratel Limited (RITL)	: Fellow Subsidiary
Reliance Tech Services Limited (RTSL)	: Fellow Subsidiary
Reliance Webstore Limited (RWSL)	: Fellow Subsidiary
Reliance IDC Limited (RIDC)	: Fellow Subsidiary
Reliance Big TV Limited (RBTv)	: Fellow Subsidiary
Reliance Infocomm Infrastructure Limited (RIIL)	: Fellow Subsidiary
Shri Gaurang Shah –Manager (GS)	: Key Management Personnel (KMP)

B Transaction during the year with related parties

										(₹ in crore)	
Sl.	Nature of Transactions	Holding Company	Fellow Subsidiary						KMP	Total	
			RCOM	RCIL	RITL	RTSL	RWSL	RIDC			RBTv
a.	Loan Taken										
	Opening Balance	1,581.43	-	-	93.81	-	-	-	-	-	1,675.24
		(1,651.41)	-	-	-	-	-	-	-	-	(1,651.41)
	Received during the year	2,440.53	-	-	-	-	-	-	-	-	2,440.53
		(3,144.51)	-	-	(93.81)	-	-	-	-	-	(3,238.32)
	Repaid/ assigned during the year	2,776.75	-	-	93.81	-	-	-	-	-	2,870.56
		(3,214.49)	-	-	-	-	-	-	-	-	(3,214.49)
	Closing Balance	1,245.21	-	-	-	-	-	-	-	-	1,245.21
		(1,581.43)	-	-	(93.81)	-	-	-	-	-	(1,675.24)

Reliance Telecom Limited

Notes to the Financial Statements

(₹ in crore)											
Sl.	Nature of Transactions	Holding Company	Fellow Subsidiary						KMP	Total	
			RCOM	RCIL	RITL	RTSL	RWSL	RIDC			RBTV
b.	Trade Receivables	-	-	-	-	1.31	-	-	-	-	1.31
		-	-	-	-	-	-	-	-	-	-
c.	Advances/ Other Receivables	-	7.96	-	-	4.05	-	1.09	0.01	-	13.11
		(170.00)	-	-	(4.23)	(26.22)	-	(0.28)	-	-	(200.73)
											-
d.	Trade Payables	79.12	23.52	365.49	16.72	-	14.05	-	-	-	498.90
		(345.06)	(22.57)	(134.81)	-	(0.04)	-	-	-	-	(502.48)
											-
e.	Interest accrued and due	173.04	-	-	-	-	-	-	-	-	173.04
		(198.93)	-	-	-	-	-	-	-	-	(198.93)
											-
f.	Sale of Services	258.32	-	-	-	-	-	-	-	-	258.32
		(277.30)	-	-	-	-	-	-	-	-	(277.30)
											-
g.	Expenditure	-	-	-	-	-	-	-	-	-	-
	Interconnect and Other Access Charges	699.84	-	-	-	-	-	-	-	-	699.84
		(702.04)	-	-	-	-	-	-	-	-	(702.04)
	Passive Infrastructure (Including Preoperative Expenses)	-	-	564.61	-	-	-	-	-	-	564.61
		-	-	(645.76)	-	-	-	-	-	-	(645.76)
											-
	Receiving of Services (Including Preoperative Expenses)	-	37.70	-	58.26	60.00	25.00	-	-	-	180.96
		-	(51.51)	-	(53.87)	-	(25.00)	-	-	-	(130.38)
											-
	Sharing of Expenses	372.33	-	-	-	-	-	-	-	-	372.33
		(420.21)	-	-	-	-	-	-	-	-	(420.21)
											-
	Recovery of Expenses	-	-	0.22	-	322.76	-	-	-	-	322.98
		-	-	(0.21)	-	-	-	-	-	-	(0.21)
											-
j.	Managerial Remuneration	-	-	-	-	-	-	-	-	0.42	0.42
		-	-	-	-	-	-	-	-	(0.39)	(0.39)

Notes:

- Previous year figures have been shown in brackets (-).
- There are no provisions for doubtful debts or amounts written off or written back during the year in respect of debts due from or due to related parties.

Note: 2.32

Segment Information

There is only one reportable segment [i.e. Viz Wireless Business (Cellular Mobile Telephone Services in Eight Telecom Circles across India)] as per Accounting Standard 17 - 'Segment Reporting' as specified in the Companies (Accounting Standards) Rules, 2006 and the primary reportable segment. Accordingly, the segment revenue, segment results, total carrying amount of segment assets and segment liabilities, capital expenditure and depreciation/ amortisation charge during the year, is as reflected in the Financial Statements.

The entire business of the Company is conducted within India, with similar economic environment and is subject to similar risks and returns, there are no geographical segments.

Reliance Telecom Limited

Notes to the Financial Statements

Note: 2.33

Deferred Tax Assets and Liabilities

				(₹ in Crore)
		As at March 31, 2015	As at March 31, 2014	
The deferred Tax Assets of the Company comprise of the following:				
(i) Deferred Tax Assets				
Relating to carried forward loss	624.97		540.06	
Related to timing difference on amortisation of License fee	-		36.56	
Disallowances, if any, under the Income Tax Act, 1961	20.56	645.53	22.19	598.81
(ii) Deferred Tax Liabilities				
Related to timing difference on depreciation of fixed assets	465.68		374.85	
Related to timing difference on amortisation of License fee	46.80	512.48	-	374.85
Net Deferred Tax Assets*		<u>133.05</u>	<u>223.96</u>	

* In the absence of virtual certainty of realisability of deferred tax assets, the Company, on a conservative basis, has restricted deferred tax asset to ₹ Nil.

Note: 2.34

Employee Stock Option Scheme

Reliance Communications Limited, the Holding Company, operates two Employee Stock Option Plans; ESOS Plan 2008 and ESOS Plan 2009, which cover eligible employees of the Holding 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). Each Option entitles the holder thereof to apply for and be allotted one Equity Share of the Holding 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.

In this regard, the Holding Company has 37 709 options (Previous year 47 026 options) outstanding at the end of the year under ESOS Plan to the employees of the Company.

Notes referred above form integral part of the Financial Statements.

For Chaturvedi & Shah

Firm Regn No. 101720W
Chartered Accountants

Lalit R Mhalsekar

Partner
Membership No. 103418
Mumbai
Dated : May 28, 2015

For Price Waterhouse

Firm Regn No. 301112E
Chartered Accountants

Partha Ghosh

Partner
Membership No. 55913
Mumbai
Dated : May 28, 2015

For and on behalf of the Board

S. Seth

Gautam B. Doshi

} Directors

Gaurang Shah

Sanjay K Agarwal

Mumbai
Dated : May 28, 2015

Company Secretary and Manager
Chief Financial Officer

Reliance Tech Services Limited

Independent Auditor's Report

To the Members of Reliance Tech Services Limited

We have audited the accompanying financial statements of Reliance Tech Services Limited ('the Company') which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The 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 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 financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and the 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 judgment, 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 financial 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 controls system over financial reporting and the operating 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 management and Board of 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2015; its Profit and its Cash Flows for the year ended on that date.

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) Section 143 of Act, we give in the Annexure, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
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 purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it 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 financial statements comply materially with the applicable accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as director in terms of section 164(2) of the Act;
 - f. With respect to the 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) As per the best estimates made by the management, the Company does not have any pending litigations as at March 31, 2015 which would impact its financial position in its financial statements;
 - ii) Based upon the assessment made by the Company, there are no material foreseeable losses on its long-term contracts that may require any provisioning;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M. S. Sethi & Associates
Chartered Accountants
Regn.No.109407W

Manoj Sethi
Proprietor

Membership No. 39784

Place: Mumbai

Dated: May 23, 2015

Reliance Tech Services Limited

Annexure To Independent Auditor's Report

Referred to in our Report of even date on the Accounts of Reliance Tech Services Limited for the year ended March 31, 2015

- i) The Company has no fixed assets therefore clause (i) of paragraph 3 of the Order is not applicable.
- ii) The Company has no inventory therefore clause (ii) of paragraph 3 of the Order is not applicable.
- iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained pursuant to section 189 of the Act. Hence the reporting requirements under sub-clause (a) and (b) of clause (iii) of paragraph 3 of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year within the provisions of Sections 73 to 76 of the Act and the rules framed there under and the directives issued by the Reserve Bank of India.
- vi) As informed to us, the Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Companies Act, 2013. Accordingly, clause 3 (vi) of the Order is not applicable.
- vii) a) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax and other material statutory dues, as applicable, with the appropriate authorities in India;
According to the information and explanations given to us no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, and other material statutory dues applicable to it, were outstanding, at the year end, 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 applicable statutory dues which have not been deposited on account of any dispute.
- c) In view of there being no amount(s) required to be transferred to the Investor Education and protection Fund for the year under audit the reporting under this clause is not applicable.
- viii) The Company has no accumulated losses as at March 31, 2015 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- ix) According to the information and explanations given to us, the Company has not defaulted in repayment of dues for loans taken from banks.
- x) According to information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- xi) The Company has not raised any term loans during the year and therefore provisions relating to application of loan for the purpose for which it was obtained are not applicable.
- xii) During the course of examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management that causes the financial statements to be materially misstated.

For M. S. Sethi & Associates
Chartered Accountants
Regn.No.109407W

Manoj Sethi
Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 23, 2015

Reliance Tech Services Limited

Balance Sheet as at March 31, 2015

	Notes		As at March 31, 2015	(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	5 00 000		1 82 000
(b) Reserve and Surplus	2.02	2 67 24 207	2 72 24 207	1 54 60 767
				1 56 42 767
Current Liabilities				
(a) Short Term Borrowing	2.03	1258 17 83 419		-
(b) Trade Payables	2.04	406 37 55 119		265 19 52 193
(c) Other Current Liabilities	2.05	61 99 29 954		57 24 90 836
(d) Short Term Provisions	2.06	3 20 37 558	1729 75 06 050	3 64 71 535
				326 09 14 564
TOTAL			1732 47 30 257	327 65 57 331
ASSETS				
Non Current Assets				
(a) Non Current Investments	2.07	23 000		23 000
(b) Long Term Loans and Advances	2.08	7 58 11 391		13 76 23 806
(c) Other Non Current Assets	2.09	10 31 790	7 68 66 181	2 10 000
				13 78 56 806
Current Assets				
(a) Trade Receivables	2.10	382 86 59 139		143 80 35 749
(b) Cash and Bank Balances	2.11	4 42 782		7 29 107
(c) Short Term Loans and Advances	2.13	1341 86 82 142		169 96 49 838
(d) Other Current Assets	2.12	80 013	1724 78 64 076	2 85 831
				313 87 00 525
TOTAL			1732 47 30 257	327 65 57 331
Significant Accounting Policies	1			
Notes on Accounts	2			

The Notes referred to above form an integral part of the Balance Sheet

As per our report of even date

For M. S. Sethi & Associates
Chartered Accountants
 Firm Regn. No. 109407W

Manoj Sethi
Proprietor
 Membership No. 039784

Mumbai
 Dated : May 23, 2015

For and on behalf of the Board

Anil C Shah
 DIN: 00004368
Parmeshwar D Sharma
 DIN: 03595827

} **Directors**

Reliance Tech Services Limited

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

	Notes	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
INCOME			
Service Revenue	2.14	468 11 51 680	402 59 47 824
Less: Service Tax		<u>59 70 39 003</u>	<u>44 28 68 589</u>
		408 41 12 677	358 30 79 235
Other Income	2.15	16 41 44 795	5 86 596
Total Revenue		<u>424 82 57 472</u>	<u>358 36 65 831</u>
EXPENSES			
Employees Benefit Expenses	2.16	59 86 97 151	63 51 40 442
Repairs & Maintenance	2.17	263 58 61 749	260 75 42 606
Finance Cost	2.18	15 87 93 702	-
Other Expenses	2.19	84 00 18 640	32 84 82 020
Total Expenses		<u>423 33 71 242</u>	<u>357 11 65 068</u>
Profit before tax		1 48 86 230	1 25 00 763
Provision for Current Tax		50 00 000	38 63 000
Excess Provision for Income Tax Earlier Year		<u>(13 77 210)</u>	<u>-</u>
Profit for the year		<u>1 12 63 440</u>	<u>86 37 763</u>
Basic and Diluted Earning per Share of ₹ 10 each	2.22	338.53	474.60
Significant Accounting Policies	1		
Notes on Accounts	2		

The Notes referred to above form an integral part of the Statement of Profit and Loss

As per our report of even date

For M. S. Sethi & Associates
Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi
Proprietor
Membership No. 039784

Mumbai
Dated : May 23, 2015

For and on behalf of the Board

Anil C Shah
DIN: 00004368

Parmeshwar D Sharma
DIN: 03595827

Directors

Reliance Tech Services Limited

Cash Flow Statement for the year ended March 31, 2015

Sl. Particulars	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax as per Statement of Profit and Loss	1 48 86 230	1 25 00 763
Adjusted for:		
Finance Cost	15 87 93 702	-
Interest Income	(1 47 46 575)	(5 86 596)
Write Back of Creditors no longer required	(16 41 44 795)	(5 86 596)
Operating Profit before Working Capital Changes	(52 11 438)	1 19 14 167
Adjusted for:		
Receivables and other Advances	(1412 26 11 121)	(163 98 07 043)
Trade Payables & Other Liabilities	163 02 44 804	152 22 02 961
	(1249 23 66 317)	(11 76 04 082)
Cash Generated from Operations	(1249 75 77 755)	(10 56 89 915)
Taxes Refund	7 05 29 083	10 18 50 264
Taxes Paid	(10 82 356)	(17 51 509)
Net Cash from Operating Activities	(1242 81 31 028)	(55 91 160)
B: CASH FLOW FROM FINANCING ACTIVITIES:		
Share Capital	3 18 000	-
Short Term Borrowing	1258 17 83 419	-
Finance Cost (net)	(15 42 56 716)	-
Net Cash Used in Financing Activities	1242 78 44 703	-
Net Increase / (Decrease) in Cash and Cash Equivalents	(2 86 325)	(55 91 160)
Opening Balance of Cash and Cash Equivalents	7 29 107	63 20 267
Closing Balance of Cash and Cash Equivalents	4 42 782	7 29 107

Notes :-

- The above Cash Flow statement has been prepared under the indirect method setout in AS- 3.
- Cash and cash equivalents includes Cash on hand, cheques on hand and Bank balances including Fixed Deposits with Banks

As per our report of even date

For M. S. Sethi & Associates
Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi
Proprietor
Membership No. 039784

For and on behalf of the Board

Anil C Shah
DIN: 00004368
Parmeshwar D Sharma
DIN: 03595827

} Directors

Mumbai
Dated : May 23, 2015

Reliance Tech Services Limited

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

Note 1

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

1.01 Basis of preparation of financial statement

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to comply with Accounting Standardp specified under Section 133 of the provisions 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 and applicable, as well as applicable guidance note and as well as applicable pronouncements of the Institute of Chartered Accountants of India (ICAI).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of estimates

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

1.03 Revenue recognition

Revenue from providing Technical Services is recognized in accordance with the terms which are specified in the contracts which the company has entered into with its customers.

1.04 Investments

Current Investments are carried at lower of cost or quoted/ fair value. 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.

1.05 Provision for Current and Deferred Tax

Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expenses 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 originated 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.

1.06 Earning per Share

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

1.07 Employee Retirement Benefits

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering service are classified as short term employee benefits. These benefits includes 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) Define Contribution plan Provident Fund

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. The employer makes monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. The Company's contributions to schemes are expensed in the Statement of Profit and Loss.

(ii) Define benefit plan: 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

Reliance Tech Services Limited

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

service in the current and prior period, 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) Others Long term employee 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.

1.08 Provision, 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. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in Financial Statements.

1.09 Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gain and losses arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognised in the Statement of Profit and Loss.

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note : 2.01		
Share Capital		
Authorised :		
1 00 000 Equity Shares of ₹ 10 each	10 00 000	10 00 000
(Previous year 1 00 000)	10 00 000	10 00 000
Issued, Subscribed and Paid up:		
50 000 Equity Shares of ₹ 10 each fully paid up	5 00 000	1 82 000
(Previous year 18 200)	5 00 000	1 82 000
Held by Reliance Communications Limited, the Holding Company.		
2.01.1	No. of Shares	No. of Shares
Share held by Holding Company	50 000	18 200
Reliance Communications Limited and its nominee.		

2.01.2

Details of shareholder holding more than 5% shares in the Company

	As at March 31, 2015		As at March 31, 2014	
Share Holder Name	No. of Shares	%	No. of Shares	%
Reliance Communications Limited and its nominee.	50 000	100	18 200	100
	50 000	100	18 200	100

2.01.3

Terms of Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity share holder are eligible to receive the remaining assets of the Company after distribution of all the preferential amount, in proportion to their shareholdings.

Reliance Tech Services Limited

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

2.01.4

The reconciliation of the number of shares outstanding is set out below :

Particulars	No of Shares	Amount in ₹	No of Shares	Amount in ₹
Equity Shares at the the beginning of the year	18 200	1 82 000	18 200	1 82 000
Add : Shares issued during the year	31 800	3 18 000	-	-
Equity Shares at the end of the year	<u>50 000</u>	<u>5 00 000</u>	<u>18 200</u>	<u>1 82 000</u>

(Amount in ₹)

As at
March 31, 2015

As at
March 31, 2014

Note : 2.02

Reserves And Surplus

Surplus in Statement of Profit and Loss

Opening Balance	1 54 60 767	68 23 004
Profit for the year	<u>1 12 63 440</u>	<u>86 37 763</u>
	<u>2 67 24 207</u>	<u>1 54 60 767</u>

Note : 2.03

Short Term Borrowing

(Unsecured unless stated otherwise)

Loan from Holding Company	1138 17 83 419	-
Loan from Bank*	<u>120 00 00 000</u>	<u>-</u>
(*Guaranteed by Holding Company)	<u>1258 17 83 419</u>	<u>-</u>

Note : 2.04

Trade Payables

Due to Micro, Small and Medium Enterprises	3 65 261	4 93 615
Others	<u>406 33 89 858</u>	<u>265 14 58 578</u>
	<u>406 37 55 119</u>	<u>265 19 52 193</u>

Note : 2.05

Other Current Liabilities

Payable to Tax Authorities	3 23 80 745	4 52 74 482
Employee Benefits Payable	<u>3 37 41 260</u>	<u>4 19 64 412</u>
Other Current Liabilities *	<u>55 38 07 949</u>	<u>48 52 51 942</u>
	<u>61 99 29 954</u>	<u>57 24 90 836</u>

* Includes amount due towards services received , provident fund contribution & others

Note : 2.06

Short Term Provisions

Provision for Gratuity	1 96 36 548	2 64 69 397
Provision for Supurannuation	<u>46 719</u>	<u>6 62 923</u>
Provision for Leave Encashment	<u>1 23 54 291</u>	<u>93 39 215</u>
	<u>3 20 37 558</u>	<u>3 64 71 535</u>

Note : 2.07

Non Current Investments

National Savings Certificates (Lodged with Sales Tax Department)	23 000	23 000
	<u>23 000</u>	<u>23 000</u>

Reliance Tech Services Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note : 2.08		
Long Term Loans and Advances		
Advance Tax and TDS	7 58 11 391	13 76 23 806
	<u>7 58 11 391</u>	<u>13 76 23 806</u>
Note : 2.09		
Other Non Current Assets		
Bank deposits with more than 12 months maturity	10 31 790	2 10 000
	<u>10 31 790</u>	<u>2 10 000</u>
Note : 2.10		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	8 49 07 692	51 43 02 662
Considered Doubtful	-	-
	<u>8 49 07 692</u>	<u>51 43 02 662</u>
Less: Provision for doubtful debts	-	-
	<u>8 49 07 692</u>	<u>51 43 02 662</u>
Others		
Considered Good	374 37 51 447	92 37 33 087
Considered Doubtful	-	-
	<u>374 37 51 447</u>	<u>92 37 33 087</u>
Less: Provision for doubtful debts	-	-
	<u>374 37 51 447</u>	<u>92 37 33 087</u>
	<u>382 86 59 139</u>	<u>143 80 35 749</u>
	<u>382 86 59 139</u>	<u>143 80 35 749</u>
Note : 2.11		
Cash and Bank Balances		
Balance with Banks in Current Accounts	4 42 782	1 48 171
Bank deposit with 3 to 9 months maturity	-	5 80 936
	<u>4 42 782</u>	<u>7 29 107</u>
Note : 2.12		
Short Term Loans And Advances		
(Unsecured, Considered good – unless stated otherwise)		
Advance to Vendor – Related Parties	37 33 10 804	139 28 10 337
Advance to Vendor – Others	55 84 16 536	5 93 02 018
Loan to Body Corporate	1218 00 00 000	-
Loans to employees	11 35 748	9 92 619
Deposits	50 000	50 000
Prepaid Expenses	25 36 795	13 78 939
Others *	30 32 32 259	24 51 15 925
	<u>1341 86 82 142</u>	<u>169 96 49 838</u>
* Includes Service Tax Receivable		
Note : 2.13		
Other Current Assets		
Interest Accrued on Fixed Deposits	80 013	2 85 831
	<u>80 013</u>	<u>2 85 831</u>

Reliance Tech Services Limited

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

		(Amount in ₹)
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note : 2.14		
Service Revenue		
Revenue from Services	468 11 51 680	402 59 47 824
Less : Service Tax	<u>59 70 39 003</u>	<u>44 28 68 589</u>
	408 41 12 677	358 30 79 235
Note : 2.15		
Other Income		
Miscellaneous Income	<u>16 41 44 795</u>	<u>5 86 596</u>
	424 82 57 472	358 36 65 831
Note : 2.16		
Employees Benefit Expenses		
Salaries	<u>49 86 28 706</u>	<u>54 31 64 737</u>
Contribution to Provident , Pension and Gratuity Fund	<u>4 12 75 276</u>	<u>3 40 58 533</u>
Employee Welfare and other Amenities	<u>5 87 93 169</u>	<u>5 79 17 172</u>
	59 86 97 151	63 51 40 442
Note : 2.17		
Repairs & Maintenance		
Repairs & Maintenance	<u>263 58 61 749</u>	<u>260 75 42 606</u>
	263 58 61 749	260 75 42 606
Note : 2.18		
Finance Cost		
Interest On Loan (net)	<u>15 87 93 702</u>	<u>-</u>
	15 87 93 702	-
Note : 2.19		
Other Expenses		
Business Centre Expenses	<u>56 58 13 288</u>	<u>3 54 06 314</u>
Travelling Expenses	<u>41 19 323</u>	<u>68 14 465</u>
Telephone Expenses	<u>8 31 447</u>	<u>9 28 993</u>
Bank Charges	<u>31 58 523</u>	<u>-</u>
Hire Charges Manpower Services	<u>22 29 35 253</u>	<u>23 99 46 627</u>
Insurance	<u>18 60 443</u>	<u>-</u>
Professional Fees	<u>32 69 000</u>	<u>10 60 310</u>
Payment to Auditors	<u>50 000</u>	<u>78 236</u>
Rates & Taxes	<u>1 906</u>	<u>5 594</u>
Foreign Exchange (Gain) / Loss (net)	<u>29 49 848</u>	<u>1 56 01 802</u>
Other Administration and Miscellaneous Expenses	<u>3 50 29 609</u>	<u>2 86 39 679</u>
	84 00 18 640	32 84 82 020
Payment to Auditors		
Audit Fees	<u>40 000</u>	<u>40 000</u>
Tax Audit	<u>10 000</u>	<u>10 000</u>
Certification and Others	<u>-</u>	<u>28 236</u>
	50 000	78 236

Reliance Tech Services Limited

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

Note : 2.20

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note : 2.21

Employee Benefits :

As per Accounting Standard 15 "Employee Benefits"(Revised AS-15), disclosure of Employee benefits are given below;

Defined Contribution Plan:

(i). Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

	March 31, 2015	March 31, 2014
Employer's Contribution to Provident Fund	1 78 68 704	1 97 78 103
Employer's Contribution to Pension Scheme	64 06 353	47 02 768

Defined Benefit Plan:

The employees' gratuity fund scheme managed by a Reliance Life Insurance Company Limited and Life Insurance Corporation Ltd is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

(ii) Reconciliation of opening and closing balances of Defined Benefit Obligation

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Defined Benefit Obligation at the beginning of the year	4 71 76 810	3 31 98 153	93 39 215	2 01 67 537
Current Service Cost	53 83 627	48 95 751	79 91 572	65 38 911
Interest Cost	43 87 443	26 89 050	8 68 547	16 33 570
Actuarial (Gain)/Losses on obligation - Due to change in Financial Assumptions	70 63 253	1 29 55 011	13 14 150	(72 98 959)
Actuarial (Gain)/Losses on obligation - Due to Experience	(27 61 760)	-	55 12 814	-
Liabilities Transfer	68 775	-	-	-
Benefits paid by employer	-	-	(1 26 72 007)	-
Benefits paid from fund	(71 68 335)	(65 61 155)	-	(1 17 01 844)
Defined Benefit Obligation at the year end	5 41 49 813	4 71 76 810	1 23 54 291	93 39 215

(iii) Reconciliation of opening and closing balances of fair value of plan assets

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Fair Value of Plan Assets at the beginning of the year	2 07 07 413	2 51 30 321	-	-
Expected return on plan assets	19 25 789	21 55 082	-	-
Actuarial gain/(loss)	-	(48 091)	-	-
Employer contribution	1 86 11 565	-	-	1 17 01 844
Assets Transferred In/Acquisitions	68 775	-	-	-
Benefits paid	(71 68 335)	(65 29 899)	-	(1 17 01 844)
Actuarial (Gain)/Losses on obligation - Due to Experience	3 68 058	-	-	-
Fair Value of plan assets at year end	3 45 13 265	2 07 07 413	-	-
Actual return on plan assets	-	-	-	-

Reliance Tech Services Limited

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

	Gratuity (Funded)		Leave Encashment (Unfunded)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(iv) Reconciliation of fair value of assets and obligations				
Fair value of plan assets	3 45 13 265	2 07 07 413	-	-
Present value of obligation	5 41 49 813	4 71 76 810	2 01 67 537	2 01 67 537
Amount recognized in Balance Sheet	(1 96 36 548)	(2 64 69 397)	(2 01 67 537)	(2 01 67 537)
(v) Expense recognised during the year				
Current Service Cost	53 83 627	48 95 751	79 91 572	65 38 911
Interest Cost	43 87 443	26 89 050	8 68 547	16 33 570
Expected return on plan assets	19 25 789	21 86 338	-	-
Actuarial (gain)/ loss	70 63 253	1 29 55 011	68 26 964	(72 98 959)
Net Cost	1 87 60 112	2 27 26 150	1 56 87 083	8 73 522

(vi) Investment Details of Plan Assets

Investment for employees gratuity fund scheme managed by Reliance Life Insurance Co. Ltd.

(vii) Assumptions

	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Discount rate (per annum)	7.98%	9.30%	9.30%	9.30%
Expected rate of return on plan assets (per annum)	7.98%	9.30%	-	-
Rate of escalation in salary (per annum)	8.00%	8.00%	8.00%	8.00%

(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	5 41 49 813	4 71 76 810	3 00 60 814	3 13 78 969	3 44 26 198
Fair value of plan assets	3 45 13 265	2 07 07 413	2 51 30 321	2 84 78 039	2 20 38 078
Excess of obligation over plan assets (plan assets over obligation)	1 96 36 548	2 64 69 397	49 30 493	29 00 930	1 23 88 120
	Leave Encashment As at March 31,				
	2015	2014	2013	2012	2011
Present value of benefit obligation	2 01 67 537	2 01 67 537	2 01 67 537	3 72 65 787	5 35 45 000
Fair value of plan assets	-	-	-	-	-
Excess of obligation over plan assets (plan assets over obligation)	2 01 67 537	2 01 67 537	2 01 67 537	3 72 65 787	5 35 45 000

The estimates of rate of escalation in salary is considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by actuary.

Note : 2.22

Earnings per share

	March 31, 2015	March 31, 2014
Basic, as well as diluted, earnings per equity share (₹)	338.53	474.60
Profit/ (Loss) after tax (₹)	1 12 63 440	86 37 763
Weighted average no. of Equity Shares	33 272	18 200
Nominal value per equity share (₹)	10	10

Reliance Tech Services Limited

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

Note : 2.23

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

Under the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2nd October 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises (MS&ME). On the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro, Small & Medium Enterprises.

	March 31, 2015	March 31, 2014
i) Principal amount due to any supplier as at the year end	3 65 261	4 93 615
ii) Interest due on the principal amount unpaid at the year end to any supplier	1 22 475	1 37 769
iii) Amount of Interest paid by the Company in terms of Section 16 of the MS&MED, 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 MS&MED	-	3 68 541
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 MS&MED	-	5 725
vi) The amount of interest accrued and remaining unpaid at the end of each accounting year: and	1 22 475	1 43 494
vii) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest due as above is actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MS&MED	1 22 475	81 660

Note : 2.24

Segment Reporting

The Company has a single line of activity. Hence there are no other reportable segment as per Accounting Standard on Segmental Reporting (AS -17).

Note : 2.25

As per the Accounting Standard, AS-22, "Accounting for Taxes on income", the company has no deferred tax liability. However the company has Deferred Tax assets, on account of disallowance under Income Tax Act. The company has not recognised Deferred Tax Asset on consideration of Prudence.

Note : 2.26

Related Party disclosures as per Accounting Standard (AS-18) is as under.

A.	Name of the Related Party	Relationship
1	Reliance Innoventures Private Limited	Ultimate Holding Company
2	Reliance Communications Limited	Holding Company
3	Reliance Communications Infrastructure Limited	Fellow Subsidiary
4	Reliance Telecom Limited	Fellow Subsidiary
5	Reliance Big TV Limited	Fellow Subsidiary
6	Reliance Webstore Limited	Fellow Subsidiary
7	Reliance Infocomm Infrastructure Limited	Fellow Subsidiary

Reliance Tech Services Limited

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

B. Transactions with related parties during the year

Sr. No.	Nature of Transactions	Holding Company	Fellow Subsidiary	Total
1	Trade Payable	85 01 37 062 (-)	181 40 27 032 (1 05 34 998)	266 41 64 094 (1 05 34 998)
2	Borrowing	1138 17 83 419 (-)	- (-)	1138 17 83 419 (-)
3	Advance to Vendor	- (139 28 10 337)	37 33 10 804 (139 28 10 337)	37 33 10 804 (139 28 10 337)
4	Trade Receivables	190 18 30 597 (8 52 47 823)	40 75 22 202 (128 44 76 162)	230 93 52 799 (136 97 23 985)
5	Service Revenue	227 77 69 933 (255 17 90 358)	114 04 47 729 (100 15 08 736)	341 82 17 662 (355 32 99 094)
6	Business Center Expenses	- (2 54 64 983)	54 50 00 682 (2 54 64 983)	54 50 00 682 (2 54 64 983)
7	Marketing Expenses	- (-)	75 00 00 000 (-)	75 00 00 000 (-)

Note: Previous year figures are given in bracket.

C. Significant Related Party Transactions

- Trade Payables includes to Reliance Communications Limited ₹ 85,01,37,062 (Previous year ₹ Nil), Reliance Infocomm Infrastructure Limited ₹ 57,13,27,032 (Previous year ₹ 1,05,34,988), Reliance Communications Infrastructure Limited ₹ 84,27,00,000 (Previous year ₹ Nil), Reliance BIG TV Limited ₹ 40,00,00,000 (Previous year ₹ Nil).
- Borrowing from Reliance Communications Limited ₹ 1138,17,83,419 (Previous year ₹ Nil)
- Advance to Vendor includes ₹ 37,33,10,804 (Previous year ₹ Nil) from Reliance Communications Infrastructure Limited and ₹ Nil (Previous year ₹ 45,46,70,000) to Reliance Infocomm Infrastructure Limited and ₹ Nil (Previous year ₹ 93,81,40,337) to Reliance Telecom Limited.
- Trade Receivables includes from Reliance Communications Limited ₹ 190,18,30,597 (Previous year ₹ 8,52,47,823), Reliance Communications Infrastructure Limited ₹ 5,81,99,477 (Previous year ₹ 67,44,80,998), Reliance Telecom Limited ₹ 16,71,93,532 (Previous year ₹ 4,22,78,911), Reliance Big TV Limited ₹ 37,04,385 (Previous year ₹ 2,61,84,261), Reliance IDC Limited ₹ 5,34,60,000 (Previous year ₹ 54,15,31,992) Reliance Globalcom Limited ₹ 12,49,64,808 (Previous year ₹ Nil).
- Service Revenue includes from Reliance Communications Limited ₹ 227,77,69,933 (Previous year ₹ 255,17,90,358), Reliance Communications Infrastructure Limited ₹ 15,82,10,110 (Previous year ₹ 18,99,39,917), Reliance Telecom Limited ₹ 58,26,09,459 (Previous year ₹ 53,86,96,252), Reliance Big TV Limited ₹ 1,84,09,925 (Previous year ₹ 3,28,72,567), Reliance IDC Limited ₹ 27 00 00 000 (Previous year ₹ 24,00,00,000) Reliance Globalcom Limited ₹ 11,12,18,235 (Previous year ₹ Nil).
- Business center expenses paid to Reliance Infocomm Infrastructure Limited. ₹ 54,50,00,682 (Previous year ₹ 2,54,64,983).
- Marketing expenses paid to Reliance Communications Infrastructure Limited. ₹ 75,00,00,000 (Previous year ₹ Nil).

Note : 2.27

The name of the Company has been changed from Reliance Tech Services Private Limited to Reliance Tech Services Limited w.e.f. 17.11.2014 consequent to fresh certificate of incorporation received from Registrar of Companies, Maharashtra, Mumbai

As per our report of even date

For M. S. Sethi & Associates
Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi
Proprietor
Membership No. 039784

Mumbai
Dated : May 23, 2015

For and on behalf of the Board

Anil C Shah
DIN: 00004368

Parmeshwar D Sharma
DIN: 03595827

Directors

Reliance Mobile Commerce Limited

Independent Auditor's Report

To
The Members of Reliance Mobile Commerce Limited,

Report on the Financial Statements

1. We have audited the accompanying financial statements of Reliance Mobile Commerce Limited ("the company"), which comprise the Balance Sheet as at 31st 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 Financial Statements

2. 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 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of 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 control, 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

3. Our responsibility is to express an opinion on these 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 there under.
4. 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.
5. 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 judgment, 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 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
9. 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 and explanations given to us:
 - i) The Company does not have any pending litigations as at March 31, 2015, which would impact its financial position in its Financial Statements.
 - ii) The Company did not have any long-term contracts including derivatives contracts for which there were any foreseeable losses; and
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

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

Place: Mumbai
Dated: May 27, 2015

Lalit R. Mhalsekar
(Partner)
Membership No. : 103418

Reliance Mobile Commerce Limited

Annexure To Independent Auditor's Report

Referred to in paragraph 8 of the Independent Auditor's Report of even date to the Members of Reliance Mobile Commerce Limited on the financial statements as of and for the year ended March 31, 2015, we report the following:

1. The company has no fixed assets and inventories during the year; hence clause 3(i) and 3(ii) of the order are not applicable to the company.
2. 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 Companies Act, 2013. Therefore, the provisions of Clause 3(iii) (a) and 3(iii) (b) of the said order are not applicable to the company.
3. The company has not commenced its operations; it does not have internal control system. However, the company has adequate internal control system for the expenses incurred during the year.
4. The Company has not accepted any deposits. Therefore, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of Section 73, 74, 75 and 76 of the Companies Act, 2013 or any other relevant provisions of the Companies Act and the rules framed there under to the extent notified does not arise.
5. As informed to us, the Central Government has not prescribed maintenance of cost records under section 148(1). Therefore, the clause 3(vi) is not applicable.
6. (a) According to the information and explanations given to us and on the basis of our examination of the records, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues wherever applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities were in arrears as at March 31, 2015.

(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax and Cess which have not been deposited on account of any dispute.
- (c) According to the information and explanations given to us and on the basis of our examination of the records, there are no amounts required to be transferred by the company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made there under.
7. 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.
8. According to the information and explanations given to us, the company has not raised any loans from Financial Institutions or Banks or Debenture holders. Hence clause 3(ix) of order is not applicable.
9. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provision of Clause 3(x) of the Order is not applicable to the company.
10. According to the information and explanations given to us, the Company has not availed any term loans during the year. Accordingly, the provision of Clause 3(xi) of the Order is not applicable to the company.
11. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

Place: Mumbai
Dated: May 27, 2015

Lalit R. Mhalsekar
(Partner)
Membership No. : 103418

Reliance Mobile Commerce Limited

Balance Sheet as at March 31, 2015

			As at March 31, 2015	(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	2 00 00 000		2 00 00 000
(b) Reserves and Surplus	2.02	<u>51 06 627</u>	<u>2 51 06 627</u>	<u>40 83 658</u> 2 40 83 658
Current Liabilities				
(a) Other Current Liabilities	2.03	13 66 785		13 30 102
(b) Short Term Provisions	2.04	<u>7 71 561</u>	<u>21 38 346</u>	<u>3 47 026</u> 16 77 128
TOTAL			<u><u>2 72 44 973</u></u>	<u><u>2 57 60 786</u></u>
ASSETS				
Current Assets				
(a) Cash and Bank Balances	2.05	2 65 74 839		2 44 01 790
(b) Other Current Assets	2.06	<u>6 70 134</u>	<u>2 72 44 973</u>	<u>13 58 996</u> 2 57 60 786
TOTAL			<u><u>2 72 44 973</u></u>	<u><u>2 57 60 786</u></u>
Significant Accounting Policies	1			
Notes to the Financial Statements	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)

Lalit R. Mhalsekar

(Partner)

Membership No.: 103418

Mumbai

Dated : May 27, 2015

For and on behalf of the Board

Manikantan Viswanathan

DIN :- 03338690

Shrenik Vaishnav

DIN :- 00386889

} Directors

Reliance Mobile Commerce Limited

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

	Notes	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
INCOME			
Interest Income	2.07	15 74 775	19 14 302
TOTAL REVENUE		15 74 775	19 14 302
EXPENDITURE			
Other Expenses	2.08	36 806	25 892
TOTAL EXPENSES		36 806	25 892
Profit Before Tax		15 37 969	18 88 410
Current Tax		5 15 000	5 83 519
Profit After tax		10 22 969	13 04 891
Earning per Share of face value of ₹ 10 each for fully paid up shares	2.09		
Basic ₹		0.51	0.65
Diluted ₹		0.51	0.65

Significant Accounting Policies

1

Notes to the Financial Statements

2

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

As per our report of even date

For and on behalf of the Board

For Chaturvedi & Shah

Chartered Accountants
(Firm Reg. No. 101720W)

Lalit R. Mhalsekar

(Partner)

Membership No.: 103418

Manikantan Viswanathan

DIN :- 03338690

Shrenik Vaishnav

DIN :- 00386889

Directors

Mumbai

Dated : May 27, 2015

Reliance Mobile Commerce Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	15 37 969	18 88 410
Adjusted for:		
Interest on Fixed Deposit with Bank	(15 74 775)	(19 14 302)
	<u>(15 74 775)</u>	<u>(19 14 302)</u>
Operating Profit/(Loss) before Working Capital Changes	(36 806)	(25 892)
Adjusted for:		
Other Current Assets	-	-
Other Current Liabilities	36 683	5 21 613
	<u>36 683</u>	<u>5 21 613</u>
Cash Generated from Operations	<u>(123)</u>	<u>4 95 721</u>
Tax Paid	(90 465)	(6 87 444)
	<u>(90 465)</u>	<u>(6 87 444)</u>
Net Cash (used in) / Generated from Operating Activities	<u><u>(90 588)</u></u>	<u><u>(1 91 723)</u></u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Interest on Fixed Deposit with Bank	22 63 637	23 90 853
Net Cash Generated from Investing Activities	<u>22 63 637</u>	<u>23 90 853</u>
C CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Cash from Financing Activities	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	21 73 049	21 99 130
Opening Balance of Cash and Cash Equivalents	2 44 01 790	2 22 02 660
Closing Balance of Cash and Cash Equivalents	<u><u>2 65 74 839</u></u>	<u><u>2 44 01 790</u></u>
Note:		
Cash and Cash Equivalent includes cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.		

As per our report of even date

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

Lalit R. Mhalsekar
(Partner)
Membership No.: 103418

Mumbai
Dated : May 27, 2015

For and on behalf of the Board

Manikantan Viswanathan
DIN :- 03338690

Shrenik Vaishnav
DIN :- 00386889

Directors

Reliance Mobile Commerce Limited

Significant Accounting Policies to the Financial Statements

Note : 1

1.01 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and provisions of The Companies Act, 2013 (to the extent notified) and provision of the Companies Act, 1956 (to the extent applicable) read with Rule 7 of the Companies (Accounts) Rules, 2014 as well as applicable pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Revenue Recognition

The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis. Interest Income from Financing activities is recognised on an accrual basis.

1.03 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

1.04 Taxes on Income and Deferred Tax

Tax expense comprises both 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.

1.05 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.

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note : 2.01		
Share Capital		
Authorised		
20 00 000 (20 00 000) Equity Shares of ₹ 10 each	<u>2 00 00 000</u>	<u>2 00 00 000</u>
	<u>2 00 00 000</u>	<u>2 00 00 000</u>
Issued, Subscribed and Paid up		
20 00 000 (20 00 000) Equity Shares of ₹ 10 each	<u>2 00 00 000</u>	<u>2 00 00 000</u>
fully paid up	<u>2 00 00 000</u>	<u>2 00 00 000</u>

Equity Shares

- All the 20 00 000 shares are held by Reliance Communications Limited, the Holding Company & its nominees.
- Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after the distribution of all the preferential amounts, in proportion to their shareholdings.

Reliance Mobile Commerce Limited

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

	As at March 31, 2015		(Amount in ₹) As at March 31, 2014	
Note : 2.02				
Reserves and Surplus				
Surplus in the Statement of Profit and Loss				
As per last Balance Sheet	40 83 658		27 78 767	
Add: Profit during the year	10 22 969		13 04 891	
		51 06 627		40 83 658
		51 06 627		40 83 658
Note : 2.03				
Other Current Liabilities				
Provision for expenses	41 366		14 683	
Payable to Related Parties	13 25 419		13 15 419	
	13 66 785		13 30 102	
Note : 2.04				
Short Term Provisions				
Provision for Tax (Net)	7 71 561		3 47 026	
	7 71 561		3 47 026	
Note : 2.05				
Cash and Bank Balance				
Balance in Current Account with Scheduled Banks	515		638	
Other Bank Balances				
In Fixed Deposit with Scheduled Bank	2 65 74 324		2 44 01 152	
	2 65 74 839		2 44 01 790	
Note : 2.06				
Other Current Assets				
Interest accrued on Fixed Deposits	6 70 134		13 58 996	
	6 70 134		13 58 996	
	For the year ended March 31, 2015		For the year ended March 31, 2014	
Note :2.07				
Interest Income				
Interest on Fixed Deposit with Bank*	15 74 775		19 14 302	
*(Tax Deducted at Source ₹ 90 465 (Previous year ₹ 1 91 431))	15 74 775		19 14 302	
Note : 2.08				
Other Expenses				
Professional Fees	9 000		9 000	
Filing Fees	13 200	22 200	600	9 600
Payment to Auditors – Audit Fees		13 483		13 483
Bank charges		1 123		2 809
		36 806		25 892

Reliance Mobile Commerce Limited

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

Note : 2.09

Earnings per Share (EPS)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Numerator – Profit after tax (₹)	10 22 969	13 04 891
Denominator – Weighted number of equity shares	20 00 000	20 00 000
Basic as well as diluted, earning per equity share (₹)	0.51	0.65

Note : 2.10

Segment Reporting

There are no reportable Segments as per AS-17 (segment reporting) issued by the Institute of Chartered Accountants of India.

Note : 2.11

Related Parties :

As per AS- 18, issued by the Institute of Chartered Accountants of India, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below

a)	Name of the Related Party	Relationship
i	Reliance Communications Limited	Holding Company
ii	Reliance Communications Infrastructure Limited	Fellow Subsidiary Company

b) Transactions during the year with related parties :

Sr. No.	Nature of Transactions	Holding Company	Fellow Subsidiary Company	(Amount in ₹) Total
1	Trade Payable			
	Expenses and other reimbursement	3 39 826	9 85 593	13 25 419
		(3 39 826)	(9 75 593)	(13 15 419)

As per our report of even date

For Chaturvedi & Shah

Chartered Accountants
(Firm Reg. No. 101720W)

Lalit R. Mhalsekar

(Partner)

Membership No.: 103418

Mumbai

Dated : May 27, 2015

For and on behalf of the Board

Manikantan Viswanathan

DIN :- 03338690

Shrenik Vaishnav

DIN :- 00386889

} Directors

Reliance Globalcom Limited

Balance Sheet as at March 31, 2015

	Notes		As at March 31, 2015		(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	5 00 000		5 00 000	
(b) Reserves and Surplus	2.02	1 99 78 717	2 04 78 717	1 81 91 341	1 86 91 341
Non Current Liabilities					
(a) Long Term Provisions	2.03	-	-	2 02 734	2 02 734
Current Liabilities					
(b) Trade Payables	2.04	28 86 86 592		1 13 79 395	
(b) Other Current Liabilities	2.05	3 17 12 549		4 63 11 843	
(c) Short Term Provisions	2.06	91 28 106	32 95 27 247	81 77 413	6 58 68 651
TOTAL			35 00 05 964		8 47 62 726
ASSETS					
Non Current Assets					
(a) Fixed Assets Tangible Assets	2.07		-		1 14 465
Current Assets					
(a) Trade Receivables	2.08	29 27 06 621		2 80 29 910	
(b) Cash and Bank Balances	2.09	79 20 188		20 20 097	
(c) Short Term Loans and Advances	2.10	4 93 79 155	35 00 05 964	5 45 98 254	8 46 48 261
TOTAL			35 00 05 964		8 47 62 726
Significant Accounting Policies	1				
Notes on Accounts	2				

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

Reliance Globalcom Limited

Vineet Verma
DIN No. 06948986

Mohammad Ubaidullah Khan
DIN No. 06948602

} Directors

Place : Mumbai
Date : May 27, 2015

Reliance Globalcom Limited

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

	Note	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
INCOME			
Revenue from Operations	2.11	43 35 15 582	21 73 52 040
Other Income	2.12	3 85 716	-
		<u>43 39 01 298</u>	<u>21 73 52 040</u>
EXPENDITURE			
Employee Benefits Expenses	2.13	22 56 65 273	19 98 78 527
Other Expenses	2.14	20 50 47 682	1 59 78 052
Depreciation	2.07	1 14 465	65 225
		<u>43 08 27 420</u>	<u>21 59 21 804</u>
Profit / (Loss) before Tax		30 73 878	14 30 236
Tax Expenses :			
Income Tax for earlier year		2 86 502	-
Current Tax		10 00 000	5 05 000
Deffered Tax		-	(44 367)
Profit after Tax		<u>17 87 376</u>	<u>9 69 603</u>
Basic and Diluted Earning per Share of ₹ 10 each	2.17	35.75	19.39

Significant Accounting Policies

1

Notes on Accounts

2

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

Reliance Globalcom Limited

Vineet Verma
DIN No. 06948986

Mohammad Ubaidullah Khan
DIN No. 06948602

} **Directors**

Place : Mumbai
Date : May 27, 2015

Reliance Globalcom Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax as per Statement of Profit and Loss	30 73 878	14 30 236
Adjusted for:		
Depreciation	1 14 465	65 225
Operating Profit before Assets and Liabilities changes	31 88 343	14 95 461
Adjusted for:		
Trade Receivables	(26 46 76 711)	(2 80 29 910)
Loans and Advances	52 19 099	18 86 47 435
Other Current Liabilities	26 26 25 365	(17 07 15 072)
Cash Generated from / (used in) Operations	63 56 096	(86 02 086)
Tax (Paid)	(4 56 005)	(10 09 999)
Net Cash from / (used in) Operating Activities	59 00 091	(96 12 085)
B CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments	-	10 00 000
Net Cash from Investing Activities	-	10 00 000
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from / (Repayment of) Short Term Borrowings (net)	-	1 02 79 395
Net Cash from / (used in) Financing Activities	-	1 02 79 395
Net Increase / (Decrease) in Cash and Cash Equivalents	59 00 091	16 67 310
Opening Balance of Cash and Cash Equivalents	20 20 097	3 52 787
Closing Balance of Cash and Cash Equivalents	79 20 188	20 20 097

Notes :

1. Figures in bracket indicate cash outgo.

Reliance Globalcom Limited

Vineet Verma
DIN No. 06948986

Mohammad Ubaidullah Khan
DIN No. 06948602

} Directors

Place : Mumbai
Date : May 27, 2015

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

Note 1

General Information

Reliance Globalcom Limited ('the Company') is domiciled and incorporated in India. The Company is a subsidiary of Reliance Globalcom Limited, Bermuda. The Company is engaged in the business of providing staffing solutions; encompassing search, assessment, selection, recruitment, induction, training, placement and development of personnel to group companies at all levels.

1. Significant Accounting Policies

(a) Basis of preparation of Financial Statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

(b) Use of Estimates

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

(c) Fixed Assets

Fixed Assets are stated at cost net of Cenvat/ Value Added Tax and includes amounts added on revaluation, less accumulated depreciation/ amortisation and impairment loss, if any.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

(d) Depreciation

Depreciation on Fixed Assets is provided on Written Down Value Method (WDV) based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013

(e) Foreign Currency Transactions

Initial recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent recognition

All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

Exchange differences on restatement of all monetary items are recognised in the Statement of profit and loss.

(f) Revenue Recognition

Revenue for services is recognised on rendering of services in accordance with contractual arrangements. Revenue is measured using the proportionate completion method and are recognised net of service tax.

(g) Employee Benefits

Provident Fund

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity Plan

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement,

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

death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(h) Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdiction.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

(i) Provision and contingent liabilities

Provisions :-

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent liabilities:

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(j) Leases

As a lessee :

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

(k) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

(l) Earning per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Reliance Globalcom Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.01		
Share Capital		
Authorised		
1 00 000 Equity Shares of Rs. 10 each (1 00 000)	10 00 000	10 00 000
4 00 000 Preference Shares of Rs. 10 each (4 00 000)	40 00 000	40 00 000
	<u>50 00 000</u>	<u>50 00 000</u>
Issued, Subscribed and Paid up :		
50 000 Equity Shares of Rs. 10 each fully paid up (50 000)	5 00 000	5 00 000
	<u>5 00 000</u>	<u>5 00 000</u>

1) Details of Shares held by Holding Company

Name of Company	No. of Shares	No. of Shares
Reliance Globalcom Ltd- Bermuda & its nominee	50 000	50 000

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

Name of Share Holders	No. of Shares	%	No. of Shares	%
Reliance Globalcom Ltd- Bermuda & its nominee (Holding Company)	50 000	100.00%	50 000	100.00%

3) Reconciliation of shares outstanding at the beginning and at the end of the year.

	No. of Shares	Amount ₹	No. of Shares	Amount ₹
Equity Shares				
At the beginning of the Year	50 000	5 00 000	50 000	5 00 000
Add / Less: Changes during the year	-	-	-	-
At the end of the Year	<u>50 000</u>	<u>5 00 000</u>	<u>50 000</u>	<u>5 00 000</u>

4) Terms attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10 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 received remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholder.

Reliance Globalcom Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.02		
Reserves and Surplus		
Surplus in the Statement of Profit and Loss	1 81 91 341	1 72 21 738
As per last Balance Sheet	17 87 376	9 69 603
	1 99 78 717	1 81 91 341

Note: 2.03

Long Term Provisions

Retirement Benefits	-	2 02 734
	-	2 02 734

Note 2.04

Trade Payable

Micro, Small and Medium Enterprises	-	-	
Others (Refer Note 2.19)	28 86 86 592	1 13 79 395	1 13 79 395
	28 86 86 592		1 13 79 395

Note : There are no vendor in the MSMED category. Therefore the MSMED act is not applicable.

Note 2.05

Other Current Liabilities

Statutory Dues Payable	37 45 598	22 02 565
Employee Benefits Payable	1 91 21 361	3 54 51 858
Other Liabilities * (Refer Note 2.19)	88 45 590	86 57 420
	3 17 12 549	4 63 11 843

* Includes amount due towards services received.

Note 2.06

Short Term Provisions

Provision for Employee benefits

Retirement Benefits	91 28 106	73 46 916
Provision for Income Tax (Net)	-	8 30 497
	91 28 106	81 77 413

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

Note 2.07
Fixed Assets and Depreciation

(Amount in ₹)

Sr. No.	DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at April 1, 2014	Additions	Deductions	As at March 31, 2015	As at April 1, 2014	For the year	Deductions	As at March 31, 2015
1	Tangible Assets								
	Computer System	15 24 827	-	-	15 24 827	14 10 362	1 14 465	-	1 14 465
	TOTAL	15 24 827	-	-	15 24 827	14 10 362	1 14 465	-	1 14 465
	Previous year	15 24 827			15 24 827	13 45 137	65 225		1 14 465

Reliance Globalcom Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note 2.08		
Trade Receivables (Unsecured)		
Due for more than Six months		
from the date they are due for payment		
Considered Good	-	-
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
Others		
Considered Good	29 27 06 621	2 80 29 910
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	2 80 29 910
	29 27 06 621	2 80 29 910
Note 2.09		
Cash and Bank Balances		
Balance with Current Account	79 20 188	20 20 097
	79 20 188	20 20 097
Note 2.10		
Short Term Loans And Advances		
(Unsecured, Considered good unless stated otherwise)		
Advance to Related Parties (Refer Note 2.19)	5 13 909	3 13 02 901
Advance to Vendor	42 30 373	17 575
Prepaid Expenses		8 817
Others *	4 46 34 873	2 32 68 961
	4 93 79 155	5 45 98 254
* Includes service tax receivable , advances to employees		
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note : 2.11		
Revenue from Operations		
Revenue from Operations	43 35 15 582	21 73 52 040
	43 35 15 582	21 73 52 040
Note : 2.12		
Other Income		
Interest Income	3 85 716	-
	3 85 716	-

Reliance Globalcom Limited

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

	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
Note 2.13		
Employee Benefits Expenses		
Salaries and Bonus	18 14 65 479	16 26 06 758
Contribution to Provident Fund, Pension Fund	96 03 126	89 85 555
Gratuity & Leave Encashment	1 03 18 469	56 88 800
Employee Welfare and other Amenities	2 42 78 199	2 25 97 414
	<u>22 56 65 273</u>	<u>19 98 78 527</u>

Note 2.14

Other Expenses

Facility Usage Charges	5 07 92 637	61 97 563
IT Services	11 12 18 234	-
Rates and Taxes	50 005	-
Travelling and Conveyance	1 47 38 899	55 51 838
Telephone Expenses	5 97 607	5 53 940
Professional Fees	2 68 12 132	36 27 329
Hire Charges	1 14 457	
Printing and Stationery	13 735	6 347
Payment to Auditors'		
Audit Fees	29 400	29 400
Tax Audit Fees	10 600	40 000
Miscellaneous Expenses	6 69 976	1 035
	<u>20 50 47 682</u>	<u>1 59 78 052</u>

Note 2.15

Previous year

Figures of the previous year have been regrouped and reclassified, wherever required. Amount in financial statement are presented in Rupee.

Note 2.16

Segment Reporting

The Company has a single line of activity. Hence Accounting Standard on Segmental Reporting (AS -17) , as referred in Rule 7 of Companies Account Rules 2014, is not applicable.

Note 2.17

Earning Per Share

	For the year ended March 31, 2015	For the year ended March 31, 2014
a) Net Profit after tax (₹) (Numerator used for calculation)	17 87 376	9 69 603
b) Weighted average number of Equity Shares (used as denominator for calculating EPS)	50 000	50 000
c) Basic and Diluted Earnings Per Share of ₹ 10 each (₹)	35.75	19.39

Reliance Globalcom Limited

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

Note 2.18

Employee Benefits

As per Accounting Standard 15 "Employee Benefits" (Revised), disclosure of Employee benefits as prescribed under the Accounting Standard Rules are given below;

Defined Contribution Plan

contribution of Defined Contribution Plan, recognized as expense for the year are as under :

	For the year ended March 31, 2015	For the year ended March 31, 2014"
Employer's Contribution to Provident Fund	62 78 679	61 84 461
Employer's contribution to Pension Scheme	24 96 378	15 88 614

Defined Benefit Plan

The employees' gratuity fund scheme managed by a Reliance Life Insurance Company Limited is a defined benefit plan. The present value of obligation is determined based on the actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

(Amount in ₹)

	Gratuity (Funded) As at March 31, 2015	As at March 31, 2014	Leave Encashment (Funded) As at March 31, 2015	As at March 31, 2014
(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation				
Obligation at period beginning	1 33 59 049	89 53 899	1 24 81 721	98 83 506
Service Cost	17 57 573	14 74 180	9 22 639	4 76 766
Interest Cost	12 42 392	7 25 266	11 60 800	8 00 564
Liability on transfer of employees	-	-	-	-
Actuarial (gain) / loss	37 46 103	40 96 014	33 61 019	35 76 584
Benefits Paid	(35 03 373)	(18 90 310)	(51 15 065)	(22 55 699)
Obligation at the year end	1 66 01 744	1 33 59 049	1 28 11 114	1 24 81 721
(ii) Change in plan assets				
Plan assets at period beginning, at fair value	76 78 249	71 42 258	1 34 80 598	1 34 64 328
Expected return on plan assets	7 14 077	6 21 376	12 53 696	11 71 397
Actuarial gain / (loss)	23 125	(6 715)	(1 18 841)	(35 968)
Contributions	58 91 310	18 11 640	-	-
Liability Transfer to other Company (net)	-	-	-	-
Benefits Paid	(35 03 373)	(18 90 310)	(51 15 065)	(11 19 159)
Plan assets at period end, at fair value	1 08 03 388	76 78 249	95 00 388	1 34 80 598
Actual Return on Plan Assets	7 37 202	6 14 661	11 34 855	11 35 429
(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 period	1 08 03 388	76 78 249	95 00 388	1 34 80 598
Present value of the defined benefit obligation at the end of the period	1 66 01 744	1 33 59 049	1 28 11 114	1 24 81 721
Liability recognized in the Balance Sheet	57 98 356	56 80 800	33 10 726	(9 98 877)
(iv) Expense recognized during the year				
Service Cost	17 57 573	14 74 180	9 22 639	4 76 766
Interest Cost	12 42 392	7 25 266	11 60 800	8 00 564
Expected return on plan assets	(7 14 077)	(6 21 376)	(12 53 696)	(11 71 397)
Actuarial (gain) / loss	37 22 978	41 02 729	34 79 860	36 12 552
Net Cost	60 08 866	56 80 800	43 09 603	37 18 485

Reliance Globalcom Limited

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

(Amount in ₹)

	Gratuity (Funded)		Leave Encashment (Funded)	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
(v) Investment details of plan assets				
Investment for employees gratuity fund scheme is managed by Reliance Life Insurance Company Ltd.				
(vi) Experience Adjustment				
Experience adjustments on plan liabilities (Gain)/Loss	15 28 040	35 51 535	21 85 076	28 81 046
Experience adjustments on plan Assets Gain/ (Loss)	23 125	(6 715)	(1 18 841)	(35 968)
(vii) Assumptions				
Interest rate	7.98%	9.30%	7.98%	9.30%
Estimated return on plan assets	7.98%	9.30%	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 factor such as supply and demand factors in the employment market.

(vii) Particulars of the amounts for the year and Previous years.

	Gratuity For the year ended March				
	2015	2014	2013	2012	2011
Present Value of benefit Obligation					
Fair Value of Plan assets	1 66 01 744	1 33 59 049	89 53 899	1 07 92 600	1 05 97 514
Excess of obligation over Plan Assets (Plan assets over obligation)	1 08 03 388	76 78 249	71 42 258	90 50 932	85 46 802
	57 98 356	56 80 800	18 11 641	17 41 668	20 50 712
	Leave Encashment For the year ended March				
	2015	2014	2013	2012	2011
Present Value of benefit Obligation	1 28 11 114	1 24 81 721	98 83 506	1 85 58 962	2 34 25 000
Fair Value of Plan assets	95 00 388	1 34 80 598	1 34 64 328	2 27 49 894	2 27 57 481
Excess of obligation over Plan Assets (Plan assets over obligation)	33 10 726	(9 98 877)	(35 80 822)	(41 90 932)	6 67 519

The expected rate of return on plan assets is determined considering several applicable factors mainly, the composition of plan assets held, assessed risks, historical result of return on plan assets and the Company's policy for plan asset management.

Note 2.19

Related Parties Disclosure

As per Accounting Standard (AS-18) " Related Party Disclosure" prescribed under the Accounting Standard Rules, the disclosure of Transaction with the related party are given below:

A	Name of the Related Party	Relationship
1	Reliance Communications Limited	Ultimate Holding Company
2	Reliance GlobalCom Ltd- Bermuda	Holding Company
3	Reliance Communications Infrastructure Limited	} Fellow Subsidiary
4	Reliance Infocomm Infrastructure Limited	
5	Reliance Webstore Limited	
6	Reliance Tech Services Limited	

Reliance Globalcom Limited

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

					(Amount in ₹)
Sr. No.	Nature of Transactions	Holding Company	Ultimate Holding Company	Fellow Subsidiary	Total
1	Trade Payable	-	1 13 72 623	27 60 81 124	28 74 53 747
		(-)	(-)	(1 13 79 395)	(1 13 79 395)
2	Other Current Liabilities	-	-	-	-
		(-)	(49 59 919)	(15 84 000)	(65 43 919)
3	Trade Receivable	29 27 06 621	-	-	29 27 06 621
		(2 80 29 910)	(-)	(-)	(2 80 29 910)
4	Advance Given	-	-	5 13 909	5 13 909
		(-)	(-)	(3 13 02 901)	(3 13 02 901)
5	Income				
	Revenue from Operations	43 35 15 582	-	-	43 35 15 582
		(21 73 52 040)	(-)	(-)	(21 73 52 040)
6	Expenses				
	Business Center Expenses	-	-	5 07 92 637	5 07 92 637
		(-)	(-)	(61 97 563)	(61 97 563)
	IT Services	-	-	11 12 18 234	11 12 18 234
		(-)	(-)	(-)	-

C. Significant Related Party Transactions

- Trade Payable include ₹1 13 72 623 (previous year ₹ Nil) to Reliance Communications Limited, ₹12 65 48 809 (previous year ₹ Nil) to Reliance Tech Services Limited and ₹ 2 71 52 920 (previous year ₹ Nil) to Reliance Infocomm Infrastructure Limited, and ₹12 23 79 395 (previous year ₹ 1 13 79 395) to Reliance Communications Infrastructure Limited.
- Other Current Liabilities include ₹ Nil (previous year ₹ 49 59 919) to Reliance Communications Limited, ₹ Nil (previous year ₹ 15 84 000) to Reliance Tech Services Limited.
- Trade Receivables from customer ₹ 29 27 06 621 (previous year ₹ 2 80 29 910) to Reliance Globalcom Limited, Bermuda
- Advances given ₹ 5 13 909 (previous year ₹ 5 13 909) to Reliance Webstore Limited, ₹ Nil (previous year ₹ 3 07 88 992) to Reliance Infocomm Infrastructure Limited.
- Revenue from Operations includes ₹ 43 35 15 582 (previous year ₹ 21 73 52 040) from Reliance Globalcom Limited, Bermuda
- Business Center expenses include ₹ 5 07 92 637 (previous year ₹ 61 97 563) from Reliance Infocomm Infrastructure Limited
IT Services expenses include ₹ 11 12 18 234 (previous year ₹ Nil) from Reliance Tech Services Limited

Reliance Globalcom Limited

Vineet Verma
DIN No. 06948986

Mohammad Ubaidullah Khan
DIN No. 06948602

} Directors

Place : Mumbai
Date : May 27, 2015

Reliance Communications Tamil Nadu Limited

Independent Auditor's Report

To the Members of Reliance Communications Tamil Nadu Limited

We have audited the accompanying financial statements of **Reliance Communications Tamil Nadu Limited** ('the Company') which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The 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 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 financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and the 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 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 judgment, 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 financial 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 controls system over financial reporting and the operating 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 management and Board of 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2015; its Loss and its Cash Flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 2.15 in the financial statements regarding accumulated losses exceeding the net worth of the Company and the financial statements being prepared on going concern basis.

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) Section 143 of Act, we give in the Annexure, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
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 purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as it 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 financial statements comply materially with the applicable accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as director in terms of section 164(2) of the Act; and
 - f. With respect to the 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 does not have any pending litigations as at March 31, 2015, which would impact its financial position in its Financial Statements.
 - ii) Based upon the assessment made by the Company, there are no material foreseeable losses on its long-term contracts that may require any provisioning;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For SMA & Co.

Chartered Accountants
Regn.No.018452C

Amit Khandelwal

Partner

Place: Mumbai

Dated : May 23, 2015

Membership No.150398

Reliance Communications Tamil Nadu Limited

Annexure To Independent Auditor's Report

Referred to in our Report of even date on the Accounts of Reliance Communications Tamil Nadu Limited for the year ended March 31, 2015

- i) The Company has no fixed assets therefore clause (i) of paragraph 3 of the Order is not applicable.
- ii) The Company has no inventory therefore clause (ii) of paragraph 3 of the Order is not applicable.
- iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained pursuant to section 189 of the Act. Hence the reporting requirements under sub-clause (a) and (b) of clause (iii) of paragraph 3 of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year within the provisions of Sections 73 to 76 of the Act and the rules framed there under and the directives issued by the Reserve Bank of India.
- vi) As informed to us, the Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Companies Act, 2013. Accordingly, clause 3 (vi) of the Order is not applicable.
- vii) a) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax and other material statutory dues, as applicable, with the appropriate authorities in India;

According to the information and explanations given to us no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, and other material statutory dues applicable to it, were outstanding, at the year end, 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 applicable statutory dues which have not been deposited on account of any dispute.
- c) In view of there being no amount(s) required to be transferred to the Investor Education and protection Fund for the year under audit the reporting under this clause is not applicable.
- viii) The Company has accumulated losses as at March 31, 2015. It has incurred cash losses in the current year and in the immediately preceding financial year as well.
- ix) According to the information and explanations given to us, the Company has not taken any loan from bank therefore question of default in repayment of dues does not arise.
- x) According to information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- xi) The Company has not raised any term loans during the year therefore provisions relating to application of loan for the purpose for which it was obtained are not applicable.
- xii) During the course of examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management that causes the financial statements to be materially misstated.

For SMA & Co.

Chartered Accountants
Regn.No.018452C

Amit Khandelwal

Partner

Place: Mumbai

Dated : May 23, 2015

Membership No.150398

Reliance Communications Tamil Nadu Limited

Balance Sheet as at March 31, 2015

Amount in ₹

	Notes		As at March 31, 2015		As at March 31, 2014
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	5 00 000		1 00 000	
(b) Reserves and Surplus	2.02	(1 62 78 659)	(1 57 78 659)	(1 62 66 422)	(1 61 66 422)
Current Liabilities					
(a) Short Term Borrowings	2.03	261 65 52 314		601 62 00 000	
(b) Other Current Liabilities	2.04	18 783		14 683	
(c) Short Term Provisions	2.05	-	261 65 71 097	65	601 62 14 748
TOTAL			260 07 92 438		600 00 48 326
ASSETS					
Non Current Assets					
(a) Non Current Investments	2.06		260 00 00 000		260 00 00 000
Current Assets					
(a) Trade Receivables	2.07	-		25 000	
(b) Cash and Bank Balances	2.08	7 90 124		23 326	
(c) Short Term Loans and Advances	2.09	2 314	7 92 438	340 00 00 000	340 00 48 326
TOTAL			260 07 92 438		600 00 48 326
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 SMA & Co.

Chartered Accountants
Regn.No.018452C

Amit Khandelwal

Partner
Membership No.150398

Mumbai

Dated : May 23, 2015

For and on Behalf of the Board

Gaurang Shah
DIN:00004408

Hitesh Chawda
DIN:00373540

} **Directors**

Reliance Communications Tamil Nadu Limited

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

	Notes	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME			
Revenue from Operations	2.10	20 000	25 000
TOTAL REVENUE		20 000	25 000
EXPENDITURE			
Other Expenses	2.11	32 302	17 511
Loss on Sale of Investment		-	1 62 00 000
TOTAL EXPENSES		32 302	1 62 42 511
Profit/(Loss) before Tax		(12 302)	(1 61 92 511)
Tax Expense:			
Current Tax		-	-
Excess Provision of Earlier Years		65	-
Profit/(Loss) after tax		(12 237)	(1 61 92 511)
Earning per Share of face value ₹ 10 each fully paid up			
Basic ₹	2.17	(0.46)	(1619.25)
Diluted ₹		(0.46)	(1619.25)
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 SMA & Co.

Chartered Accountants

Regn.No.018452C

Amit Khandelwal

Partner

Membership No.150398

Mumbai

Dated : May 23, 2015

For and on Behalf of the Board

Gaurang Shah

DIN:00004408

Hitesh Chawda

DIN:00373540

Directors

Reliance Communications Tamil Nadu Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) as per Statement of Profit and Loss	(12 302)	(1 61 92 511)
Operating Profit/(Loss) before Working Capital Changes	(12 302)	(1 61 92 511)
Working capital Changes:		
Current assets	25 000	27 400
Current liabilities	4 035	(28 904)
	29 035	(1 504)
Cash Generated from Operations	16 798	(1 61 94 015)
Tax Paid	65	-
Net Cash from Operating Activities	16 798	(1 61 94 015)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	-	(257 60 93 049)
Net Cash Used in Investing Activities	-	(257 60 93 049)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from / (Repayment of) Short Term Borrowings (net)	(339 96 50 000)	599 22 58 372
Right Share Issue	4 00 000	-
Short term Loans and Advances (Given)/Taken	340 00 00 000	(340 00 00 000)
Net Cash from Financing Activities	7 50 314	259 22 58 372
Net Increase/ (Decrease) in Cash and Cash Equivalents	7 66 798	(28 692)
Opening Balance of Cash and Cash Equivalents	23 326	52 018
Closing Balance of Cash and Cash Equivalents	7 90 124	23 326

As per our Report of even date

For SMA & Co.

Chartered Accountants
Regn.No.018452C

Amit Khandelwal

Partner
Membership No.150398

Mumbai
Dated : May 23, 2015

For and on Behalf of the Board

Gaurang Shah
DIN:00004408

Hitesh Chawda
DIN:00373540

Directors

Reliance Communications Tamil Nadu Limited

Notes to the Financial Statement

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

1.1 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to comply with Accounting Standard 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 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.2 Use of Estimates

Preparation and presentation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

1.3 Revenue Recognition

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

1.4 Investments

Current investments are carried at lower of cost and fair value. 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.

1.5 Taxes on Income

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.

1.6 Earnings per Share

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of subsequent issue of shares.

1.7 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. Contingent liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.01		
Share Capital		
Authorised		
50 000 (10 000) Equity Shares of ₹ 10 each	5 00 000	1 00 000
	<u>5 00 000</u>	<u>1 00 000</u>
Issued, Subscribed and Paid up		
50 000 (10 000) Equity Shares of ₹ 10 each fully paid up	5 00 000	1 00 000
Held by Reliance Webstore Limited, the holding Company	<u>5 00 000</u>	<u>1 00 000</u>

Reliance Communications Tamil Nadu Limited

Notes to the Financial Statement

a) Shares held by Holding Company

	No. of Shares	%	No. of Shares	%
Reliance Webstore Limited	50 000	100%	-	-
Reliance Infratel Limited	-	-	10 000	100%

b) Reconciliation of shares outstanding at the beginning and at the end of the year

	March 31, 2015		March 31, 2014	
	No. of Shares	₹	No. of Shares	₹
Equity Shares				
At the beginning of the year	10 000	1 00 000	10 000	1 00 000
Add : Issued during the year	40 000	4 00 000	-	-
At the end of the year	50 000	5 00 000	10 000	1 00 000

c) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 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 share 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.

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.02		
Reserves and Surplus		
Surplus/(Deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	(1 62 66 422)	(73 911)
Add: Profit/(Loss) for the year	(12 237)	(1 61 92 511)
Balance Carried Forward	(1 62 78 659)	(1 62 66 422)
	(1 62 78 659)	(1 62 66 422)

Note 2.03

Short Term Borrowings

Unsecured

Loans repayable on demand

Loan from Ultimate Holding Company	-	600 00 00 000
Loan from Holding Company	1 65 50 000	1 62 00 000
Loan from Body Corporate	260 00 02 314	-
(Refer No.2.16 for Related Parties)		
	261 65 52 314	601 62 00 000

Note 2.04

Other Current Liabilities

Audit Fees Payable	13 483	13 483
Filing fees Payable	5 300	1 200
	18 783	14 683

Reliance Communications Tamil Nadu Limited

Notes to the Financial Statement

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.05		
Short Term Provisions		
Others		
Provision for Tax (Net of Advance Tax)	-	65
	-	65
Note 2.06		
Non Current Investments		
Trade Investment		
In Preference Shares		
Unquoted, fully Paid up, At Cost		
1 34 77 000 1% Redeemable Non Cumulative Non Convertible Preference Shares of Reliance Telecom Limited of ₹ 10 each	260 00 00 000	260 00 00 000
(1 34 77 000)	260 00 00 000	260 00 00 000
Aggregate Amount of Investments		
Unquoted	260 00 00 000	260 00 00 000
Quoted	-	-
	260 00 00 000	260 00 00 000
Note 2.07		
Trade Receivables (Unsecured)		
Due for More than six months from the date they are due for payment.		
Considered good	-	-
Considered doubtful	-	-
	-	-
Others		
Considered good	-	25 000
Considered doubtful	-	-
	-	25 000
Less : Provision for doubtful debts	-	-
	-	25 000
Note 2.08		
Cash and Bank Balances		
Balances with Banks in Current Account	7 90 124	23 326
	7 90 124	23 326
Note 2.09		
Short Term Loans and Advances		
(Unsecured, Considered good-Unless stated otherwise)		
Loans and Advances to Related Party	-	340 00 00 000
(Refer Note No. 2.16)		
Advance payment for Taxes	2 314	-
	2 314	340 00 00 000

Reliance Communications Tamil Nadu Limited

Notes to the Financial Statement

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2015
Note 2.10		
Revenue from Operations		
Other Operating Income		
Consultancy Fees	20 000	25 000
	<u>20 000</u>	<u>25 000</u>

Note 2.11		
Other Expenses		
Filing Fees	4 100	600
Professional Fees	11 236	-
Bank charges	3 483	3 428
Payment to Auditors – Audit Fees	13 483	13 483
	<u>32 302</u>	<u>17 511</u>

Note 2.12

The Company has not recognised deferred tax assets as coming of carry forward loss so in the opinion of the management there is no virtual certainty supported by convincing evidence that sufficient taxable income will be available in future years against which such deferred tax assets can be realised.

Note 2.13

In the opinion of the Board, the current assets, loans and advances and current liabilities and provisions are approximately of the values stated, if realised/paid in the ordinary course of business and all known liabilities are adequate and not in excess of the amount reasonably necessary.

Note 2.14

The name of Company has changed from Reliance Communications Tamil Nadu Private Limited to Reliance Communications Tamil Nadu Limited with effect from 19.11.2014 consequent to fresh certificate of Incorporation receipt from Registrar of Companies, Maharashtra, Mumbai.

Note 2.15

As the accumulated losses of the Company as at March 31, 2015 exceeds 50% of its paid up Capital resulting in an erosion of its network, the accounts have been prepared on the 'Going Concern' basis on the understanding that the other Body Corporate hereby undertakes directly or indirectly to provide the Company with such financial support, as may require to continue the business activities.

Note 2.15 (i)

In the Opinion of Management there are no reportable segments as per Accounting Standard – 17 "Segment Reporting.

Note 2.16

Related Parties :

As per AS 18, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below :

A. List of related parties and relationships :

a) Holding Company

1. Reliance Webstore Limited (with effect from February 20, 2015)
2. Reliance Infratel Limited (with effect from November 15, 2013 to February 19, 2015)

b) Ultimate Holding Company

1. Reliance Communications Limited

Reliance Communications Tamil Nadu Limited

Notes to the Financial Statement

c) Fellow Subsidiary Company

1. Reliance Communications Infrastructure Limited
2. Reliance Infratel Limited

Related Party Relationship is as identified by the Company and relied upon by the Auditors

B. Transactions with Related Parties during the year

						Amount in ₹
Sr.	Nature of Transactions	Holding Co. 1	Holding Co. 2	Ultimate Holding Co.	Fellow Subsidiary	Total
A Allotment of Shares						
Equity Shares						
	Balance as at April 1, 2014		1 00 000	-	-	1 00 000
		(-)	(-)	(-)	(-)	(-)
	Shares issued during the year		4 00 000	-	-	4 00 000
		(-)	(1 00 000)	(-)	(-)	(-)
	Shares transferred during the year	5 00 000	(5 00 000)	-	-	-
		(-)	(-)	(-)	(-)	(-)
	Balance as at March 31, 2015	5 00 000	-	-	-	5 00 000
		(-)	(1 00 000)	(-)	(-)	(-)
B Unsecured Loans						
	Balance as at April 1, 2014	-	1 62 00 000	600 00 00 000	-	601 62 00 000
		(-)	(-)	(-)	(-)	(-)
	Unsecured Loan taken during the year	-	3 50 000	-	260 00 02 314	260 03 52 314
		(-)	(162 00 000)	(600 00 00 000)	(-)	(-)
	Repayment/Adjustment of Loan	-	-	600 00 00 000	-	600 00 00 000
		(-)	(-)	(-)	(-)	(-)
	Balance as at March 31, 2015	-	1 65 50 000	-	260 00 02 314	261 65 52 314
		(-)	(162 00 000)	(600 00 00 000)	(-)	(601 62 00 000)
C Short Term Loans and Advances as on March 31, 2015						
	Balance as at April 1, 2014	-	340 00 00 000	-	-	340 00 00 000
		(-)	(-)	(-)	(-)	(-)
	Advances Given during year	-	-	-	-	-
		(-)	(340 00 00 000)	(-)	(-)	(-)
	Repayment/Adjustment of Advances	-	340 00 00 000	-	-	340 00 00 000
		(-)	(-)	(-)	(-)	(-)
	Balance as at March 31, 2015	-	-	-	-	-
		(-)	(340 00 00 000)	(-)	(-)	(-)

Reliance Communications Tamil Nadu Limited

Notes to the Financial Statement

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note 2.17		
Earning per share :		
Numerator – Profit /(Loss) after tax (₹)	(12 237)	(1 61 92 511)
Denominator – Weighted average number of equity shares	26 877	10 000
Basic as well as Diluted, earning per equity share (₹)	(0.46)	(1619.25)

Note 2.18 Previous year

Figures of the previous year have been regrouped and reclassified wherever necessary.

As per our Report of even date

For SMA & Co.

Chartered Accountants
Regn.No.018452C

Amit Khandelwal

Partner
Membership No.150398

Mumbai

Dated : May 23, 2015

For and on Behalf of the Board

Gaurang Shah
DIN:00004408

Hitesh Chawda
DIN:00373540

} Directors

Reliance BPO Private Limited

Independent Auditor's Report

To the Members of Reliance BPO Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Reliance BPO Private Limited** ('the Company') which comprise the Balance Sheet as at March 31, 2015, Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The 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 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 financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and the 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2015; its Loss and its Cash Flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 2.14 in the financial statements regarding accumulated losses exceeding the net worth of the Company and the financial statements being prepared on going concern basis.

Our opinion is not modified in this respect.

Report on Other Legal and Regulatory Requirements

1. The Companies (Auditor's Report) Order, 2015 (CARO) issued by the Central Government of India in terms of sub-section (11) Section 143 of the Companies Act, 2013 is not applicable to the Company.
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 purposes of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, 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 financial Statements comply materially with the applicable accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from directors and taken on record by the board of directors, none of the directors is disqualified as on March 31, 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 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) As per the information and explanations given to us, there are no ongoing litigations as at the reporting date that would have a material impact on its financial position;
 - ii) Based upon the assessment made by the Company, there are no material foreseeable losses on its long-term contracts that may require any provisioning;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M.S. Sethi & Associates
Chartered Accountants
Firm Regn. No. 109407W

Place: Mumbai
Dated: May 27, 2015

Manoj Sethi
Proprietor
Membership No. 39784

Reliance BPO Private Limited

Balance Sheet as at March 31, 2015

				₹ in Lakh	
Particulars	Notes	As at		As at	
		March 31, 2015		March 31, 2014	
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	1.00		1.00	
(b) Reserves and Surplus	2.02	<u>(51.65)</u>	<u>(50.65)</u>	<u>(17.83)</u>	(16.83)
Current Liabilities					
(a) Trade Payables	2.03	0.78		0.53	
(b) Other Current Liabilities	2.04	<u>826.19</u>	<u>826.97</u>	<u>792.51</u>	793.04
TOTAL			<u><u>776.32</u></u>	<u><u>776.21</u></u>	
ASSETS					
Non Current Assets					
(a) Fixed Assets	2.05				
(i) Tangible Assets		78.49		78.49	
(ii) Capital Work in Progress		<u>695.87</u>	<u>774.36</u>	<u>695.87</u>	774.36
Current Assets					
(a) Current Investments	2.06	<u>1.96</u>	<u>1.96</u>	<u>1.85</u>	1.85
TOTAL			<u><u>776.32</u></u>	<u><u>776.21</u></u>	
Significant Accounting Policies	1				
Notes to Financial Statements	2				

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

As per our report of even date

For M.S. Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Dated : May 27, 2015

For and on behalf of the Board

Suresh Rangachar

DIN: 00020887

Anil C Shah

DIN: 00004368

Directors

Hetali Vyas

Asst. Company Secretary

Reliance BPO Private Limited

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

Particulars	Notes	For the year ended March 31, 2015	₹ in Lakh For the year ended March 31, 2014
INCOME			
Other Income	2.07	0.11	0.12
Total Revenue		<u>0.11</u>	<u>0.12</u>
EXPENDITURE			
Other Expenses	2.08	33.93	73.58
Total Expenses		<u>33.93</u>	<u>73.58</u>
Profit (Loss) Before Tax		<u>(33.82)</u>	<u>(73.46)</u>
Provision for:			
- Current Tax		-	-
Profit (Loss) After Tax		<u>(33.82)</u>	<u>(73.46)</u>
Earning / (Loss) per Share of face value of ₹ 10 each fully paid up	2.11		
Basic and Diluted (₹)		(338)	(735)

Significant Accounting Policies

1

Notes to Financial Statements

2

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

As per our report of even date

For M.S. Sethi & Associates

Chartered Accountants

Firm Regn. No. 109407W

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Dated : May 27, 2015

For and on behalf of the Board

Suresh Rangachar

DIN: 00020887

Anil C Shah

DIN: 00004368

Directors

Hetali Vyas

Asst. Company Secretary

Reliance BPO Private Limited

Cash Flow Statement Annexed to the Balance Sheet For the year ended March 31, 2015

	For the year ended March 31, 2015	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	(33.82)	(73.46)
Adjusted for:		
Dividend Income	(0.11)	(0.12)
Unrealised Exchange Loss (Gain)	<u>33.66</u>	<u>73.30</u>
	33.55	73.18
Operating Profit before Working Capital Changes	(0.27)	(0.28)
Adjusted for:		
Trade Payables and Other liabilities	<u>0.27</u>	<u>12.70</u>
	0.27	12.70
Net Cash from Operating Activities	(0.00)	12.42
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-	(12.42)
Purchase/ Sale of Investments	(0.11)	(0.12)
Dividend Income	<u>0.11</u>	<u>0.12</u>
Net Cash Used in Investing Activities	0.00	(12.42)
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities	<u>-</u>	<u>-</u>
Net Increase / (Decrease) in Cash and Cash Equivalents (Including Cheques in hand)	-	-
Opening Balance of Cash and Cash Equivalents	<u>-</u>	<u>-</u>
Closing Balance of Cash and Cash Equivalents	<u>-</u>	<u>-</u>

Notes:

Figures in Brackets indicate cash outgo.

As per our report of even date

For M.S. Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Dated : May 27, 2015

For and on behalf of the Board

Suresh Rangachar

DIN: 00020887

Anil C Shah

DIN: 00004368

Directors

Hetali Vyas

Asst. Company Secretary

Notes forming part of Financial Statements

Note: 1 Significant Accounting Policies to the Financial Statements

1.01 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognized in the period in which the result are known / materialized.

1.03 Fixed Assets

Fixed Assets other than those acquired on finance lease are stated at acquisition cost/ fair value less accumulated depreciation / amortisation. Cost includes incidental costs directly attributable for bringing the asset to its working condition for the intended use. Capital Work-in-Progress is stated at cost.

1.04 Depreciation / Amortization

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013.

1.05 Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds 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 of prior accounting period is increased/ reversed where there has been change in the estimate of recoverable amount. The recoverable value is the higher of the assets net selling price and value in use.

1.06 Investments

Current Investments are carried at lower of cost and market value. 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.

1.07 Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are normally 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.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

1.08 Revenue Recognition

The Company follows mercantile method of accounting and recognizes income and expenditure on accrual basis.

1.09 Miscellaneous Expenditure

Miscellaneous Expenditure are charged to the Statement of Profit and Loss as and when they are incurred.

1.10 Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprise both 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 represent 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.

1.11 Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Reliance BPO Private Limited

Notes forming part of Financial Statements

	As at March 31, 2015	₹ in Lakh As at March 31, 2014
Note # 2.01		
SHARE CAPITAL		
Authorised Capital		
1 00 000 Equity Shares of ₹ 10 each (1 00 000)	10.00	10.00
1 05 00 000 Preference Shares of ₹ 10 each (1 05 00 000)	1,050.00	1,050.00
	1,060.00	1,060.00

Issued, Subscribed and Paid up

Equity		
10 000 Equity Shares of ₹ 10 each fully paid up (10 000)	1.00	1.00
	1.00	1.00

2.01.01 Equity shares held by Holding Company

Equity Shares

	No of Shares	%	No of Shares	%
Reliance Webstore Limited, the Holding Company and its nominees (Refer Note 2.10)	10 000	100%	-	-
Reliance Communications Infrastructure Limited, the Holding Company and its nominees (Refer Note 2.10)	-	-	10 000	100%
	10 000	100%	10 000	100%

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after the distribution of all the preferential amounts, in proportion to their shareholding.

2.01.02 Reconciliation of shares outstanding at the beginning and at the end of the year:

	March 31, 2015	March 31, 2014
Equity Shares	Number ₹ in Lakh	Number ₹ in Lakh
At the beginning of the Year	10 000 1.00	10 000 1.00
Add/Less: Changes during the Year	- -	- -
At the end of the Year	10 000 1.00	10 000 1.00

Note # 2.02

RESERVES AND SURPLUS

As per last Balance Sheet	(1,00,866.35)	(1,00,792.89)
Add: Profit / (Loss) during the year	(33.82)	(73.46)
	(1,00,900.17)	(1,00,866.35)
Securities Premium		
As per last Balance Sheet	1,00,848.52	1,00,848.52
Add: During the Year	-	-
	1,00,848.52	1,00,848.52
Balance Carried forward	(51.65)	(17.83)

Reliance BPO Private Limited

Notes forming part of Financial Statements

	As at March 31, 2015	₹ in Lakh As at March 31, 2014
Note # 2.03		
TRADE PAYABLE		
Micro, Small and Medium Enterprises	-	-
Others	0.78	0.53
	<u>0.78</u>	<u>0.53</u>

Note # 2.04		
OTHER CURRENT LIABILITIES		
Creditors for Capital goods	813.75	780.09
Advance from Related Party (Refer Note # 2.10)	12.44	12.42
	<u>826.19</u>	<u>792.51</u>

Note # 2.05

FIXED ASSETS AND DEPRECIATION

₹ in Lakh

Description	Gross Block			Depreciation			Net Block	
	As at April 1, 2014	Additions	As at March 31, 2015	As at April 1, 2014	For the year	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible Assets								
Own Assets:								
Land-Freehold	78.49	-	78.49	-	-	-	78.49	78.49
								-
Total	78.49	-	78.49	-	-	-	78.49	78.49
Previous Year	78.49	-	78.49	-	-	-	78.49	
Capital Work-in-Progress							695.87	695.87

Note # 2.06		
CURRENT INVESTMENTS		
Other Investments		
In Units of Mutual Fund		
Unquoted, fully paid up		
128.436 Reliance Liquid Fund	1.96	1.85
(120.823)		
	<u>1.96</u>	<u>1.85</u>

Net assets value ₹ 1.96 Lakh (Previous year ₹ 1.85 Lakh)

		₹ in Lakh
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note # 2.07		
OTHER INCOME		
	0.11	0.12
Dividend on Units	<u>0.11</u>	<u>0.12</u>

Reliance BPO Private Limited

Notes forming part of Financial Statements

	For the year ended March 31, 2015	₹ in Lakh For the year ended March 31, 2014
Note # 2.08		
OTHER EXPENSES		
Payment to Auditors	0.25	0.25
Rates and taxes	0.03	0.03
Exchange Loss (net)	33.65	73.30
	33.93	73.58

Note: 2.09

Figures of the Previous year have been regrouped and reclassified, wherever required.

Note: 2.10

In accordance with the requirements of the Accounting Standard – 18 "Related Party Disclosures", the names of the related parties where control exists and/ or with whom transactions have taken place during the year and description of relationships, as identified and certified by management are as follows:

Name of the Related Party	Relationship
Reliance Webstore Limited (RWSL)	Holding Company (w.e.f. December 3, 2014)
Reliance Communications Infrastructure Limited (RCIL)	Fellow Subsidiary (w.e.f. December 3, 2014)
	Holding Company (upto December 2, 2014)

Other Current Liabilities includes advance received from Reliance Communications Infrastructure Limited ₹ 12.44 lacs (Previous year ₹ 12.42 lacs).

Note: 2.11 Earning per Share

	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Net Profit/(Loss) attributable to Equity Share Holders (₹ in Lakh)	(33.82)	(73.46)
(b) Weighted Average Number of equity shares used as denominator for Calculating EPS	10,000	10,000
(c) Basic and Diluted Earning per equity shares –(₹) (Face value ₹10 each)	(338)	(735)

Note: 2.12 Deferred Tax Assets and Liabilities

As a matter of prudence, the Company has not recognised Deferred Tax Assets in Accounts, which mainly consists of losses.

Note: 2.13 Segment Reporting

The Company is not having any reportable segment as per Accounting Standard – 17 (AS-17) "Segment Reporting".

Note: 2.14 The Accounts have been prepared on a 'Going concern basis' as the Company has been able to meet its obligations in the ordinary course of business and considering the assurance of the financial support extended by the other body corporate.

As per our report of even date

For and on behalf of the Board

For M.S. Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Suresh Rangachar
DIN: 00020887

Anil C Shah
DIN: 00004368

Directors

Hetali Vyas

Asst. Company Secretary

Place : Mumbai

Dated : May 27, 2015

Reliance Infra Realty Limited

Independent Auditor's Report

To The Members of Reliance Infra Realty Limited Report on the Standalone Financial Statements

We have audited the accompanying financial statements of Reliance Infra Realty Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the period from November 11, 2014 to March 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are 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 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 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 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 judgment, 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 financial 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 controls system over financial reporting and the operating 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 management and Board of 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.

Opinion

In our opinion and to the best of our information and according to

the explanations given to us, the aforesaid 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 31st March 2015, its loss and its cash flows for the year ended on that date.

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, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143(3) of the Act, we further 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
 - e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, we report as under 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;
 - i. The Company does not have any pending litigations which would impact its financial position
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
 - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

For D.J. Diwan & Co.
Chartered Accountants
Firm Registration No. 102658W

Place: Mumbai
Dated: May 27, 2015

Dilip J. Diwan
Proprietor
Membership No. 016665

Annexure To Independent Auditor's Report

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. The company has not acquired any Fixed Assets; hence, the requirement of clause (i) of paragraph 3 of the said Order is not applicable to the Company.
2. The company has not purchased any Inventories; hence, the requirement of clause (ii) of paragraph 3 of the said Order is not applicable to the Company.
3. The company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has been noticed or reported.
5. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
6. As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act
7. (a) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.
(b) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise .
8. As at 31st March, 2015, the Company has been registered for less than 5 years; hence, clause 4(x) of the Order is not applicable to it.
9. According to the records of the company examined by us and as per the information and explanations given to us, the company has not availed of any loans from any financial institution or banks and has not issued debentures.
10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year.
11. In our opinion, and according to the information and explanations given to us, the company has not raised any term loans during the year.
12. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

For D.J. Diwan & Co.
Chartered Accountants
Firm Registration No. 102658W

Place: Mumbai
Dated: May 27, 2015

Dilip J. Diwan
Proprietor
Membership No. 016665

Reliance Infra Realty Limited

Balance Sheet as at March 31, 2015

			Amount in ₹ As at March 31, 2015
EQUITY AND LIABILITIES	Note		
Shareholders' Funds			
(a) Share Capital	2.01	5 00 000	
(b) Reserves and Surplus	2.02	<u>(45 267)</u>	4 54 733
Current Liabilities			
(a) Trade Payable	2.03	120 00 00 000	
(b) Other Current Liabilities	2.04	<u>45 155</u>	120 00 45 155
TOTAL			<u>120 04 99 888</u>
ASSETS			
Current Assets			
(a) Cash And Bank Balances	2.05	4 99 888	
(b) Short Term Loans and Advances	2.06	<u>120 00 00 000</u>	120 04 99 888
TOTAL			<u>120 04 99 888</u>
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 D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No. 102658W)

Dilip J Diwan
(Proprietor)
Membership No. 016665

Place : Mumbai
Date : May 27, 2015

For and on behalf of the Board

Anil Shah DIN: 00004368	}	Directors
Tunu Sahu DIN: 02021223		

Reliance Infra Realty Limited

Statement of Profit and Loss for the period, November 11, 2014 to March 31, 2015

	Note	Amount in ₹ For the period November 11, 2014 to March 31, 2015
INCOME		
Income		-
TOTAL REVENUE		-
EXPENDITURE		
Other Expenses	2.07	45 267
TOTAL EXPENSES		45 267
Profit/(Loss) Before Tax		(45 267)
Provision for:		
- Current Tax		-
Profit/(Loss) After tax		(45 267)
Earning per Share of face value of ₹ 10 each fully paid up		
Basic & Diluted (₹)	2.11	(0.91)
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 D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No. 102658W)

Dilip J Diwan
(Proprietor)
Membership No. 016665

Place : Mumbai
Date : May 27, 2015

For and on behalf of the Board

Anil Shah DIN: 00004368	} Directors
Tunu Sahu DIN: 02021223	

Reliance Infra Realty Limited

Cash Flow Statement for the period, November 11, 2014 to March 31, 2015

Amount in ₹

		For the Period November 11,2014 to March 31,2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before tax as per Statement of Profit and Loss		(45 267)
Adjusted for:		-
Operating Profit/(Loss) before Working Capital Changes		(45 267)
Adjusted for:		
Receivable and other advances	(120 00 00 000)	
Trade payables	120 00 00 000	
Other Current Liabilities	45 155	45 155
Cash Used in Operations		(112)
Tax Paid		-
Net Cash Used in Operations		(112)
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash from / (Used in) Investing Activities		-
C CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital Issued during the year		5 00 000
Net Cash from Financing Activities		5 00 000
Net Increase / Decrease in Cash and Cash Equivalents		4 99 888
Opening Balance of Cash and Cash Equivalents		-
Closing Balance of Cash and Cash Equivalents (Refer Note 2.05)		4 99 888

As per our report of even date

For D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No. 102658W)

Dilip J Diwan
(Proprietor)
Membership No. 016665

Place : Mumbai
Date : May 27, 2015

For and on behalf of the Board

Anil Shah
DIN: 00004368
Tunu Sahu
DIN: 02021223

} **Directors**

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

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

1.1 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.2 Use of Estimates

Preparation and presentation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

1.3 Revenue Recognition

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

1.4 Investments

Current investments are carried at lower of cost and fair value. 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.

1.5 Taxes on Income

Provision for Income Tax is made on the basis of taxable income for the period 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.

1.6 Earnings per Share

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of subsequent issue of shares.

1.7 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. Contingent liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements

1.8 Miscellaneous Expenditure :

Preliminary Expenses are charged off to Profit and Loss Account as and when incurred.

Reliance Infra Realty Limited

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

Amount in ₹
As at
March 31, 2015

Note 2.01

Share Capital Authorised

50 000 Equity Shares of ₹ 10 each

5 00 000

5 00 000

Issued, Subscribed and Paid up

50 000 Equity Shares of ₹ 10 each fully paid up

5 00 000

5 00 000

- All the 50 000 shares are held by Reliance Communication Infrastructure Limited the Holding Company & its Nominees
- Reconciliation of shares outstanding at the beginning and at the end of the reporting period

As at
March 31, 2015
Amount in ₹

Equity Shares

At the beginning of the year

-

Add: shares issued during the period

50 000 5 00 000

At the end of the year

50 000 5 00 000

3) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 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 share will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the numbers of equity shares held by the shareholder.

Amount in ₹
As at
March 31, 2015

Note 2.02

Reserves And Surplus

Surplus/(Deficit) in the Statement of Profit and Loss

As per last Balance Sheet

-

Add : Profit/(loss) during the year

(45 267)

Balance Carried Forward

(45 267)

Note 2.03

Trade Payable

Others

120 00 00 000

120 00 00 000

Note 2.04

Other Current Liabilities

Audit Fees Payable

13 483

Others Payable

31 672

45 155

Note 2.05

Cash And Bank Balances

Balances with Banks

4 99 888

4 99 888

Note 2.06

Short Term Loans And Advances

(Unsecured ,considered Good)

Advance Recoverable

120 00 00 000

120 00 00 000

Reliance Infra Realty Limited

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

Amount in ₹
For the period
November 11, 2014 to
March 31, 2015

Note 2.07

Other Expenses

Filling Fees	2 800
Bank charges	112
Audit Fees	13 483
Preliminary Expenses	28 872
	45 267

Note 2.08

In the opinion of the Board, the current assets, loans and advances and current liabilities and provisions are approximately of the values stated, if realised/paid in the ordinary course of business and all known liabilities are adequate and not in excess of the amount reasonably necessary.

Note 2.09

Based on the information and records available with the Company, there are no suppliers which fall under the categories defined under Micro, Small and Medium Enterprises Development Act, 2006. This has been relied upon by the auditors.

Note 2.10

Related Parties:

As per AS 18, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below:

A. List of related parties and relationships :

a) Holding Company

1. Reliance Communications Infrastructure Limited

B. Transactions with Related Parties during the year

Sr.	Nature of Transactions	Holding Co.	Total
A	Allotment of Shares		
	Equity Shares		
	Balance as at November 11, 2014	-	-
	Shares issued during the period	5 00 000	5 00 000
	Balance as at March 31, 2015	5 00 000	5 00 000
B	Trade Payable		
	Balance as at March 31, 2015	120 00 00 000	120 00 00 000

Note 2.11

Earning per share :

Numerator – Profit /(Loss) after tax (₹)	(45 267)
Denominator – Weighted average number of equity shares	50 000
Basic as well as Diluted, earning per equity share (₹)	(0.91)

Note 2.12

Year of Operation:

Since this the first year of operations of the company, previous years' figures are not given.

As per our report of even date

For D.J. DIWAN & CO.

Chartered Accountants
(Firm Registration No. 102658W)

Dilip J Diwan

(Proprietor)
Membership No. 016665

Place : Mumbai

Date : May 27, 2015

For and on behalf of the Board

Anil Shah

DIN: 00004368

Tunu Sahu

DIN: 02021223

} Directors

Reliance Infra Project Limited

Independent Auditor's Report

To
The Members of Reliance Infra Projects Limited

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of Reliance Infra Projects Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the period from October 31, 2014 to March 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are 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 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 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 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 judgment, 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 financial 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 controls system over financial reporting and the operating 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 management and Board of 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.

Opinion

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

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, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143(3) of the Act, we further 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014
 - e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act
 - f) In our opinion and to the best of our information and according to the explanations given to us, we report as under 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::
 - i. The Company does not have any pending litigations which would impact its financial position
 - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise
 - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

For D.J. Diwan & Co.
Chartered Accountants
Firm Registration No. 102658W

Place: Mumbai
Dated: May 27, 2015

Dilip J. Diwan
Proprietor
Membership No. 016665

Reliance Infra Project Limited

Annexure To Independent Auditor's Report

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. The company has not acquired any Fixed Assets; hence, the requirement of clause (i) of paragraph 3 of the said Order is not applicable to the Company.
2. The company has not purchased any Inventories; hence, the requirement of clause (ii) of paragraph 3 of the said Order is not applicable to the Company.
3. The company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has been noticed or reported.
5. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
6. As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act .
7. (a) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.
(b) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise .
8. As at 31st March, 2015, the Company has been registered for less than 5 years; hence, clause 4(x) of the Order is not applicable to it.
9. According to the records of the company examined by us and as per the information and explanations given to us, the company has not availed of any loans from any financial institution or banks and has not issued debentures.
10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution during the year.
11. In our opinion, and according to the information and explanations given to us, the company has not raised any term loans during the year.
12. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

For D.J. Diwan & Co.
Chartered Accountants
Firm Registration No. 102658W

Place: Mumbai
Dated: May 27, 2015

Dilip J. Diwan
Proprietor
Membership No. 016665

Reliance Infra Project Limited

Balance Sheet as at March 31, 2015

			Amount in ₹
	Note		As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2.01	5 00 000	
(b) Reserves and Surplus	2.02	<u>(45 267)</u>	<u>4 54 733</u>
Current Liabilities			
Other Current Liabilities	2.03		45 155
TOTAL			<u><u>4 99 888</u></u>
ASSETS			
Current Assets			
Cash and Bank Balances	2.04		4 99 888
TOTAL			<u><u>4 99 888</u></u>
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 D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No. 102658W)

Dilip J Diwan
(Proprietor)
Membership No. 016665

Place : Mumbai
Date : May 27, 2015

For and on behalf of the Board

Gaurang Shah DIN: 00004408	} Directors
Hitesh Chawda DIN: 00373540	

Reliance Infra Project Limited

Statement of Profit and Loss for the period October 31, 2014 to March 31, 2015

		Amount in ₹
	Note	For the period October 31, 2014 to March 31, 2015
INCOME		
Income		-
TOTAL REVENUE		-
EXPENDITURE		
Other Expenses	2.05	45 267
TOTAL EXPENSES		45 267
Profit/(Loss) Before Tax		(45 267)
Provision for:		
- Current Tax		-
Profit/(Loss) After tax		(45 267)
Earning per Share of face value of ₹ 10 each fully paid up		
Basic & Diluted (₹)	2.09	(0.91)
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 D.J. DIWAN & CO.
Chartered Accountants
(Firm Registration No. 102658W)

Dilip J Diwan
(Proprietor)
Membership No. 016665

Place : Mumbai
Date : May 27, 2015

For and on behalf of the Board

Gaurang Shah
DIN: 00004408

Hitesh Chawda
DIN: 00373540

} **Directors**

Reliance Infra Project Limited

Cash Flow Statement for the period October 31, 2014 to March 31, 2015

Amount in ₹
For the period October 31, 2014 to
March 31, 2015

A CASH FLOW FROM OPERATING ACTIVITIES

Net Profit / (Loss) before tax as per Statement of Profit and Loss (45 267)

Operating Profit/(Loss) before Working Capital Changes (45 267)

Adjusted for:

Current Assets

-

Current Liabilities

45 155

45 155

Cash Used in Operations (112)

Tax Paid -

Net Cash from/ (Used in) Operations (112)

B CASH FLOW FROM INVESTING ACTIVITIES

Net Cash from / (Used in) Investing Activities -

C CASH FLOW FROM FINANCING ACTIVITIES

Share Capital issued during the year 5 00 000

Net Cash from Financing Activities 5 00 000

Net Increase / Decrease in Cash and Cash Equivalents 4 99 888

Opening Balance of Cash and Cash Equivalents -

Closing Balance of Cash and Cash Equivalents (Refer Note 2.04) 4 99 888

As per our report of even date

For D.J. DIWAN & CO.

Chartered Accountants

(Firm Registration No. 102658W)

Dilip J Diwan

(Proprietor)

Membership No. 016665

Place : Mumbai

Date : May 27, 2015

For and on behalf of the Board

Gaurang Shah

DIN: 00004408

Hitesh Chawda

DIN: 00373540

} Directors

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

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

1.1 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and to 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.2 Use of Estimates

Preparation and presentation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

1.3 Revenue Recognition

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

1.4 Investments

Current investments are carried at lower of cost and fair value. 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.

1.5 Taxes on Income

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.

1.6 Earnings per Share

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of subsequent issue of shares.

1.7 Provision, 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. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.8 Miscellaneous Expenditure :

Preliminary Expenses are charged off to Profit and Loss Account as and when incurred.

Reliance Infra Project Limited

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

Amount in ₹
As at
March 31, 2015

Note 2.01

Share Capital

Authorised

50 000 Equity Shares of ₹ 10 each

5 00 000

5 00 000

Issued, Subscribed and Paid up

50 000 Equity Shares of ₹ 10 each fully paid up

5 00 000

5 00 000

- 1) All the 50 000 shares are held by Reliance Communication Infrastructure Limited the holding Company & its Nominee
- 2) Reconciliation of shares outstanding at the beginning and at the end of the reporting Period.

As at
March 31, 2015

Equity Shares

At the beginning of the period

-

Add: Shares issued during the period

50 000

At the end of the year

50 000

5 00 000

4) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 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 share will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the numbers of equity shares held by the shareholder.

Amount in ₹
As at
March 31, 2015

Note: 2.02

Reserves And Surplus

Surplus/(Deficit) in the Statement of Profit and Loss

As per last Balance Sheet

-

Add: Profit/(Loss) during the year

(45 267)

Balance Carried Forward

(45 267)

Note 2.03

Other Current Liabilities

Audit Fees Payable

13 483

Others Payable

31 672

45 155

Note 2.04

Cash And Bank Balances

Balances with Banks

4 99 888

4 99 888

Reliance Infra Project Limited

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

Amount in ₹
For the period
October 31, 2014 to March 31, 2015

NOTE 2.05

Other Expenses

Bank charges	112
Audit Fees	13 483
Filing fees	2 800
Preliminary expenses	28 872
	45 267

Note 2.06

In the opinion of the Board, the current assets, loans and advances and current liabilities and provisions are approximately of the values stated, if realised/paid in the ordinary course of business and all known liabilities are adequate and not in excess of the amount reasonably necessary.

Note 2.07

Based on the information and records available with the Company, there are no suppliers which fall under the categories defined under Micro, Small and Medium Enterprises Development Act, 2006. This has been relied upon by the auditors.

Note 2.08

As per AS 18, the disclosures of transaction with the related parties as defined in the Accounting Standard are given below

A. List of related parties and relationships :

- Reliance Communications Infrastructure Limited

Holding Company

B. Transactions with Related Parties during the year

Sr. No.	Nature of Transactions	Holding Company	Total
1	Allotment of Equity Shares		
	Balance as at October 31, 2014	-	-
	Shares issued during the year	5 00 000	5 00 000
	Balance as at March 31, 2015	5 00 000	5 00 000

Note 2.09

Earning per share :

For the period
October 31, 2014 to March 31, 2015
(45 267)
50 000
(0.91)

Numerator – Profit /(Loss) after tax (₹)

Denominator – Weighted average number of equity shares

Basic as well as Diluted, earning per equity share (₹)

Note 2.10

Year of Operation

Since this the first year of operations of the company, previous years' figures are not given.

As per our report of even date

For D.J. DIWAN & CO.

Chartered Accountants
(Firm Registration No. 102658W)

Dilip J Diwan

(Proprietor)
Membership No. 016665

For and on behalf of the Board

Gaurang Shah

DIN: 00004408

Hitesh Chawda

DIN: 00373540

} Directors

Place : Mumbai

Date : May 27, 2015

Reliance Infratel Limited

Independent Auditors' Report

To the Members of Reliance Infratel Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Infratel Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these 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

We draw your attention to Note 2.27 (b) of the standalone financial statements regarding the scheme of Arrangement and Amalgamation ('the Scheme') sanctioned by the Hon'ble High Court of Judicature at Mumbai. The Scheme permits the Company to adjust expenses and/or losses identified by the Board of Directors, which are required to be debited to the Statement of Profit and Loss by a corresponding withdrawal from General Reserve, which is considered to be an override to the relevant provisions of Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. The Company has identified exchange variations of ₹ 4 crore (gain) (previous year ₹ 3 crore (loss)), amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 264 crore (previous year ₹ 186 crore), and depreciation on exchange losses capitalised of ₹ 44 crore (previous year ₹ 52 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 and depreciation charges of ₹ Nil (previous year ₹ 37 crore) have been met by corresponding withdrawal from General Reserve. Had such write off of expenses and losses not been met from General Reserve, the Company would have reflected a loss after tax for the year of ₹ 1,268 crore (previous year loss after tax ₹ 383 crore). Our opinion is not qualified in this matter.

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, 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;

Reliance Infratel Limited

Independent Auditors' Report

- (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 the Accounting Standard 5 (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 directors 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 2.31 to the 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by 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

Lalit R Mhalsekar
Partner
Membership No. 103418

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
May 28, 2015

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 Infratel Limited ('the Company') on the standalone financial statements for the year ended 31 March 2015, we report the following:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.
- (b) We are informed that the Company physically verifies its assets over a three year period, except for underground fibre infrastructure and passive infrastructure assets. We are informed that these assets are under continuous operational surveillance at National Network Operating Centre through base trans-receiver stations or direct surveillance and are therefore not separately physically verified. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this policy, the Company has physically verified certain fixed assets during the year and no material discrepancies were noticed on such verification.
2. (a) The inventory has been physically verified by management during the current year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies identified on physical verification of inventories as compared to book records were not material.
3. The Company has 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.
4. In our opinion, and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements for which suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in the internal control system.
5. In our opinion, and according to the information and explanations given to us, 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.
6. 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.

Reliance Infratel Limited

Annexure to the Independent Auditors' Report – 31 March 2015

7. (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 and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities, though there has been slight delay in few cases. As explained to us, the Company did not have any dues on account of Employees' State Insurance and 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, 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, Customs Duty and Cess which have not been deposited on account of any dispute. The dues of Sales Tax, Service Tax, VAT, Income tax and Entry Tax as disclosed below have not been deposited by the Company on account of disputes.

Name of the Statute	Nature of dues	Amount (₹ crores)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	0.02	2008-09	Jt. Commissioner (Appeals)
		0.04	Apr'07 to Mar'09	Sales Tax Tribunal
		0.65	Apr'09 to Sept'12	Assistant Commissioner of Sales Tax
		0.39	2008-09	Commercial Tax Tribunal
		0.63	2008-09	Dy. Commissioner of Commercial Taxes
		0.01	2010-11	Jt. Commissioner (Appeal)
Entry Tax Act of various states	Entry Tax	0.10	2011-12	Jt. Commissioner (Appeal)
		0.49	2007-08	Madhya Pradesh Tax Board
		0.01	2008-09	Madhya Pradesh Tax Board
		0.12	2008-09	Commercial Tax Appellate Tribunal
		0.57	2007-08	Commercial Taxes Tribunal
		0.43	2010-14	Himachal Pradesh High Court
		1.67	Apr'07 to Mar'09	Orissa High Court
		0.20	Apr'09 to Sept'12	Orissa High Court
		0.20	Jul'10 to Dec'12	Orissa High Court
		0.16	Oct'12 to Dec'12	Punjab & Haryana High Court
		5.36	2007-08	Supreme Court
		0.40	2009-10	Supreme Court
		0.12	2010-11	Supreme Court
		0.25	2011-12	Supreme Court
Finance Act, 1994	Service Tax	0.22	2012-13	Supreme Court
		0.56	2007-08	Sales Tax Appellate Tribunal
		1,187.98	2007-13	CESTAT
		100.08	2009-13	CESTAT
Sales Tax Act/VAT of various states	Value Added Tax	0.01	2008-09	Asst. Commissioner of Commercial Taxes
		0.53	2009-10	Asst. Commissioner of Commercial Taxes
		0.42	2010-11	Asst. Commissioner of Commercial Taxes
		0.28	2011-12	Asst. Commissioner of Commercial Taxes
		6.79	2007-09	Kerala High Court
		0.00	2011-12	Dy. Commissioner of Commercial Tax
		0.30	Apr'09 to Sept' 12	Assistant Commissioner of Sales Tax
		0.07	2008-09	Commercial Tax Tribunal
		0.05	2009-10	Commercial Tax Tribunal
		0.03	2013-14	Jt. Commissioner (Appeal)
		0.69	2008-09	Dy. Commissioner of Commercial Tax
		0.88	2009-10	Dy. Commissioner of Commercial Tax
		0.12	2010-11	Dy. Commissioner of Commercial Tax
		0.58	2012-13	Commissioner Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	0.58	2012-13	Commissioner Income Tax (Appeals)

Reliance Infratel Limited

Annexure to the Independent Auditors' Report – 31 March 2015

- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
8. The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
9. 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 any financial institution.
10. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
11. In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
12. 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
- For B S R & Co. LLP**
Chartered Accountants
Firm's Reg. No: 101248W/
W-100022
- Lalit R Mhalsekar**
Partner
Membership No. 103418
- Rajesh Mehra**
Partner
Membership No: 103145

Mumbai
May 28, 2015

Reliance Infratel Limited

Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015	(₹ in crore) As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2.01	2,833	2,833
(b) Reserves and Surplus	2.02	<u>3,802</u>	<u>4,897</u>
		6,635	7,730
Non Current Liabilities			
(a) Long-Term Borrowings	2.03	2,875	5,474
(b) Deferred Tax Liabilities (net)	2.04	527	1,803
(c) Other Long Term Liabilities	2.05	<u>220</u>	<u>1,410</u>
		3,622	8,687
Current Liabilities			
(a) Short Term Borrowings	2.06	124	1,022
(b) Trade Payables	2.07	711	907
(c) Other Current Liabilities	2.08	<u>2,320</u>	<u>1,426</u>
		3,155	3,355
TOTAL		<u>13,412</u>	<u>19,772</u>
ASSETS			
Non Current Assets			
(a) Fixed Assets	2.09		
(i) Tangible Assets		10,268	10,518
(ii) Intangible Assets		13	14
(iii) Capital Work in Progress		<u>251</u>	<u>489</u>
		10,532	11,021
(b) Non Current Investment	2.10	-	-
(c) Long Term Loans and Advances	2.11	1,303	957
(d) Other Non Current Assets	2.12	<u>1</u>	<u>3,248</u>
		11,836	15,226
Current Assets			
(a) Inventories	2.13	18	20
(b) Trade Receivables	2.14	580	563
(c) Cash and Bank Balances	2.15	8	4
(d) Short Term Loans and Advances	2.16	729	884
(e) Other Current Assets	2.17	<u>241</u>	<u>3,075</u>
		1,576	4,546
TOTAL		<u>13,412</u>	<u>19,772</u>

Significant Accounting Policies

1

Notes on Accounts

2

The 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

Lalit R Mhalsekar
Partner
Membership No. 103418
Mumbai
May 28, 2015

Rajesh Mehra
Partner
Membership No: 103145

For and on behalf of the Board

Hasit Shukla
Suresh Rangachar } Directors

Mangesh Chavan Chief Financial Officer

Anil C. Shah Company Secretary and Manager

Reliance Infratel Limited

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

	Note	For the year ended March 31, 2015	(₹ in crore) For the year ended March 31, 2014
INCOME			
Revenue from Operations	2.18	5,858	7,660
Other Income	2.19	58	132
Total Income		5,916	7,792
EXPENDITURE			
Network Expenses	2.20	3,391	3,821
Employee Benefits Expenses	2.21	48	60
Finance Costs	2.22	690	1,079
Depreciation, Impairment/ write off and Amortization	2.09	909	1,359
Withdrawal from General Reserve - I	2.27	-	(37)
General and Administration Expenses	2.23	79	96
Loss on Sale of Investment	2.39	-	1,088
Total Expenses		5,117	7,466
Profit before Exceptional items and Tax		799	326
Exceptional Items			
Lease Rent Equalisation written off	2.27	4,328	-
Yield on Preference Shares written back		(1,359)	-
Depreciation on account of change in exchange rate	2.09	44	52
Equivalent amount withdrawn from General Reserve - II		(44)	(52)
Foreign Currency Exchange Fluctuation variation (net)		260	189
Equivalent amount withdrawn from General Reserve - II		(260)	(189)
Profit/ (Loss) before Tax		(2,170)	326
Tax Expenses:			
Current Tax		70	10
Less: MAT Credit Entitlement		-	(10)
Deferred Tax Charge/ (Credit)	2.04	(1,276)	431
Profit/ (Loss) after Tax		(964)	(105)
Earning per Share of Face Value of ₹ 10 each fully paid up (before Exceptional items)	2.32		
Basic (₹)		7.18	(0.38)
Diluted (₹)		7.18	(0.38)
Earning per Share of Face Value of ₹ 10 each fully paid up (after Exceptional items)			
Basic (₹)		(3.45)	(0.38)
Diluted (₹)		(3.45)	(0.38)

Significant Accounting Policies

1

Notes on Accounts

2

The 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

Lalit R Mhalsekar
Partner
Membership No. 103418
Mumbai
May 28, 2015

Rajesh Mehra
Partner
Membership No: 103145

For and on behalf of the Board

Hasit Shukla
Suresh Rangachar } Directors

Mangesh Chavan Chief Financial Officer

Anil C. Shah Company Secretary and Manager

Reliance Infratel Limited

Cash Flow Statement for the year ended March 31, 2015

		(₹ in crore)
	For the year ended March 31, 2015	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	(2,170)	326
Adjusted for:		
Depreciation, Impairment/ write off and Amortisation	909	1,322
Lease Rent Equalisation (Refer Note 2.27)	4,328	(760)
Provision for Doubtful Debts	17	-
Loss on Sale of Investment (Refer Note 2.39)	-	1,088
Write back of provision for liabilities no longer required	(31)	(124)
Yield on Preference Shares written back (Refer Note 2.27)	(1,359)	-
Finance Costs	690	1,079
Interest Income ₹ 28,69,900	-	(1)
	4,554	2,604
Operating Profit before Working Capital Changes	2,384	2,930
Adjusted for:		
Receivables and other Advances	1,878	970
Inventories	2	3
Trade Payables and Other Liabilities	(573)	1,171
	1,307	2,144
Cash Generated from Operations	3,691	5,074
Income tax paid	(237)	(96)
Income tax refund	116	34
Net Cash Generated from Operating Activities	3,570	5,012
B: CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to Fixed Assets and CWIP (Including Realised Forex variation capitalised)	(1,087)	(1,022)
Purchase of Investment ₹ 4,00,000 (Refer Note 2.39)	-	(1,348)
Sale of Investment ₹ 5,00,000 (Refer Note 2.39)	-	260
Interest Income ₹ 23,19,534	-	1
Net Cash Used in Investing Activities	(1,087)	(2,109)
C: CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Long Term Borrowings	(622)	(658)
Proceeds from Long term Borrowings	-	120
Proceeds from/ (Repayment of) Short Term Borrowings (net)	(898)	(1,619)
Realised Foreign Exchange variation ₹ 22,63,754	-	(1)
Finance Costs	(959)	(750)
Net Cash Used in Financing Activities	(2,479)	(2,908)
Net Increase/ (Decrease) in Cash and Cash Equivalents	4	(5)
Cash and Cash Equivalents at the beginning of the year	4	9
Effect of Exchange (Loss)/Gain on Cash and Cash Equivalents ₹ 22,82,339 (Previous year ₹ 22,60,495)	-	-
Cash and Cash Equivalents at the end of the year (Refer Note 2.15)	8	4

Note:

Cash Flow Statement has been prepared under the Indirect Method set out in Accounting Standard 3 (AS3) "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

Lalit R Mhalsekar
Partner
Membership No. 103418
Mumbai
May 28, 2015

Rajesh Mehra
Partner
Membership No: 103145

For and on behalf of the Board

Hasit Shukla
Suresh Rangachar } Directors

Mangesh Chavan Chief Financial Officer

Anil C. Shah Company Secretary and Manager

1.00 Significant Accounting Policies

1.01 Basis of Preparation of Standalone Financial Statements

The Standalone Financial Statements are prepared under historical cost convention and/ fair valuation under a Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and to 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 and applicable, 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 Companies Act, 2013. 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 Standalone Financial Statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of Assets and Liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known/ materialised.

1.03 Fixed Assets and Capital Work in Progress

- (i) Fixed assets are stated at cost (or fair value in case of assets acquired under Scheme of Arrangement) net of Modvat and Cenvat, less accumulated depreciation and impairment loss if any. Cost comprises the purchase price and attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Expenses incurred relating to projects prior to commencement of commercial operation are considered as project development expenditure and shown under Capital Work in Progress.
- (iii) Indefeasible Rights of use (IRU) are stated at cost less accumulated amortisation.
- (iv) In respect of accounting period commencing on or after April 1, 2011, consequent to the insertion of Para 46A of AS 11 "The Effect 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 the Ministry of Corporate Affairs (MCA), New Delhi, under The Companies (Accounting Standards) (Second Amendments) Rule 2011, the cost of Depreciable Capital Assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets.

1.04 Depreciation/Amortisation

- (1) Depreciation on Fixed Assets (other than Telecom Towers and Optic Fibre Cable (OFC)) is provided on Written Down Value (WDV) method at the rates and in the manner prescribed in Schedule II of the Companies Act 2013, except in respect of following assets where useful life is different than those prescribed in Schedule II:-
 - (i) In respect of Telecom Towers and OFC, the Company is providing depreciation over the useful life of 35 years as technically assessed.
 - (ii) In respect of Batteries, the Company is providing depreciation over the useful life of 9 years as technically assessed.
- (2) OFC assets provided to customers as Indefeasible Right to Use (IRU) are amortised fully in the same year on matching principle basis in line with upfront revenue recognition.
- (3) Indefeasible Right to Use in respect of cables purchased from other operators is amortised over the period of IRU.
- (4) Depreciation on foreign exchange difference, capitalised pursuant to Para 46A of AS 11 "The Effect of Changes in Foreign Exchange Rates" vide notifications dated December 29, 2011 and August 9, 2012 issued by the Ministry of Corporate Affairs (MCA), New Delhi, under The Companies (Accounting Standards) (Second Amendment) Rules 2011, is provided over the balance useful life of depreciable capital assets.

1.05 Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognised when the carrying cost of assets exceeds 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 of prior accounting period is increased/ reversed where there has been change in the estimate of recoverable value. The recoverable value is higher of the net selling price and value in use of the Asset.

Reliance Infratel Limited

Significant Accounting policies to the Balance sheet and Statement of Profit and Loss

1.06 Investments

Investments that are readily realisable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost or 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 decline is other than temporary in the opinion of the management.

1.07 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.

1.08 Foreign Currency Transactions

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- (ii) Monetary items denominated in foreign currencies at the reporting date are restated at closing rates.
- (iii) Non monetary foreign currency items are recorded at the rate prevailing on the date of transaction.
- (iv) Any income or expense on account of exchange difference on settlement/ restatement is recognised in the Statement of Profit and Loss.
- (v) The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of foreign exchange contract is recognised as income or expense for the period.
- (vi) All long term foreign currency monetary items consisting of liabilities which relates 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 notification 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 Item Translation Difference Account" (FCMITDA) which will be amortised over the balance period of monetary assets or liabilities.

1.09 Revenue Recognition

- (i) Service Revenue is recognised net of taxes as and when the Base Transceiver Station (BTS) Tower is Ready for Installation of customer equipment, as per the terms of agreement.
- (ii) Income related to Optic Fibre Infrastructure given on operating lease is recognised net of taxes on Straight Line basis over the lease term.
- (iii) The Company sells rights of use (ROU) that provide customers with network capacity/ Passive Infrastructure services, typically over a 10 to 20 year without transferring the legal title or giving an option to purchase network capacity/ Passive Infrastructure. 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 service revenue on activation of services.
- (iv) Interest Income is recognised on a time proportion basis taking into account the amount outstanding and rate applicable.

1.10 Income Taxes

Provision for Income Tax is made on the basis of estimated 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.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

1.11 Provisions, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement is recognised when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes to the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.12 Lease

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.

Assets given on operating lease are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on Straight Line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss.

1.13 Borrowing Cost

Borrowing costs that are attributable for construction of qualifying assets are capitalised, net of income from temporary investment of the borrowings, as part of the cost of such assets up to the commencement of commercial operation. 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.

1.14 Earning per Share

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

1.15 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.

Reliance Infratel Limited

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

		(₹ in crore)			
		As at	As at		
		March 31, 2015	March 31, 2014		
Note 2.01					
SHARE CAPITAL					
Authorised					
750 00 00 000 Equity Shares of ₹ 10 each		7,500	7,500		
(750 00 00 000)					
50 00 00 000 Preference Shares of ₹ 10 each		500	500		
(50 00 00 000)					
		8,000	8,000		
Issued, Subscribed and fully Paid up					
2 79 31 41 868 Equity Shares of ₹ 10 each fully paid up		2,793	2,793		
(2 79 31 41 868)					
4 00 00 000, 0.1% Redeemable, Non Cumulative, Non Convertible Preference Shares of ₹ 10 each (Previous year 4 00 00 000, 8% Redeemable, Non Cumulative, Non Convertible Preference Shares of ₹ 10 each) (Refer Note 2.01.04)		40	40		
		2,833	2,833		
2.01.01 Shares held by holding/ Ultimate holding Company and/ or their subsidiaries:					
Equity Shares		No. of Shares	No. of Shares		
Reliance Communications Infrastructure Limited.		222 64 15 796	222 64 15 796		
Reliance Telecom Infrastructure (Cyprus) Holdings Limited		13 37 50 582	13 37 50 582		
Reliance Globalcom BV, the Netherlands		30 00 04 130	30 00 04 130		
Preference Shares					
Reliance Communications Limited		4 00 00 000	4 00 00 000		
2.01.02 Details of Shareholders holding more than 5% shares in the Company:					
Equity Shares	No. of Shares	%	No. of Shares	%	
Reliance Communications Infrastructure Limited	222 64 15 796	80	222 64 15 796	80	
Reliance Globalcom BV, the Netherlands	30 00 04 130	11	30 00 04 130	11	
Preference Shares					
Reliance Communications Limited	4 00 00 000	100	4 00 00 000	100	
2.01.03 Reconciliation of Shares outstanding at the beginning and at the end of reporting year:					
		(₹ in crore)			
Equity Shares	No. of Shares	Amount	No. of Shares	Amount	
At the beginning of the Year	279 31 41 868	2,793	279 31 41 868	2,793	
Add/ (Less) : Changes during the year	-	-	-	-	
Outstanding at the end of the year	279 31 41 868	2,793	279 31 41 868	2,793	
Preference Shares		No. of Shares	Amount	No. of Shares	Amount
At the beginning of the Year	4 00 00 000	40	4 00 00 000	40	
Add/ (Less) : Changes during the year	-	-	-	-	
Outstanding at the end of the year	4 00 00 000	40	4 00 00 000	40	
2.01.04 Terms/ rights attached to the shares					
Equity Shares					
The Company has only one class of equity shares having a par value of ₹ 10 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 shareholders.					

Reliance Infratel Limited

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

Preference Shares

Terms of Redeemable Preference Shares (RPS) have been revised during the year as agreed by the Preference Shareholders. Yield on RPS has been revised to 0.1% from 8.85% per annum. RPS shall continue to be redeemed at the end of 20 years from the date of allotment thereof at 0.1% yield per annum on face value plus premium paid at the time of application. However, if dividend has been paid in any year same will be reduced while calculating the yield at the time of redemption. At the option of the Preference Shareholders, the Preference Share can be redeemed at 0.1% yield p.a. on face value plus premium paid at the time of application, any time after the date of allotment by giving not less than 3 months advance request to the Company.

2.01.05 Shares issued other than cash (during 5 years immediately preceding March 31, 2015)

Bonus Shares allotted on November 11, 2010

As at March 31, 2015 No of Shares	As at March 31, 2014 No of Shares
139 65 70 934	139 65 70 934

(₹ in crore)

Note 2.02

RESERVES AND SURPLUS

Capital Reserve (Refer Note 2.25)

1,793 1,793

Debenture Redemption Reserve

As per last Balance Sheet

30 22

Add: Transferred from surplus in Statement of Profit and Loss

- 8

Less: Transferred to General Reserve - II

30 - - 30

Securities Premium Account

As per last Balance Sheet

675 675

Add: Addition during the year

- 675 - 675

Other Reserve

General Reserve - I

As per last Balance Sheet

- 37

Less: Transferred to Statement of Profit and Loss on account of Depreciation (Refer Note 2.27)

- - 37 -

General Reserve - II

As per last Balance Sheet

1,030 1,271

Add : Transferred from Debenture Redemption Reserve

30 -

Less : Transferred to Statement of Profit and Loss on account of depreciation on account of change in exchange rates (Refer Note 2.27)

44 52

Transferred to Statement of Profit and Loss on account of Foreign Currency Exchange Fluctuation variation (Refer Note 2.27)

260 756 189 1,030

Foreign Currency Monetary Items Translation Difference Account (FCMITDA) (Refer Note 2.26)

(43) (216)

Surplus in the Statement of Profit and Loss

As per last Balance Sheet

1,585 1,698

Add: Profit/ (Loss) for the year

(964) (105)

Less: Transferred to Debenture Redemption Reserve

- 8

Balance Carried forward

621 1,585
3,802 4,897

Reliance Infratel 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 2.03		
LONG TERM BORROWINGS		
Term Loans from Banks		
Secured		
Foreign Currency Loans from Banks (ECB) (Refer Note 2.03.01)	-	2,097
From Others		
Unsecured		
Loan from Holding Company (Refer Note 2.03.03)	156	658
Loan from Ultimate Holding Company (Refer Note 2.03.02 and 2.03.03)	2,719	2,719
	2,875	5,474

2.03.01 The above mentioned Foreign Currency Loans ("Secured Loans") are secured by first pari passu charge on the whole of the movable plant and machinery, including (without limitation) 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, titles, interest, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group; comprising of the Company, Reliance Communications Limited, (RCOM) and its subsidiary companies namely; Reliance Telecom Limited (RTL) and Reliance Communications Infrastructure Limited (RCIL) in favour of the Security Trustee for the benefit of Lenders.

2.03.02 Loan of ₹ 2,719 crore (Previous year ₹ 2,719 crore) pursuant to the Scheme of Arrangement approved by Hon'ble High court of Bombay vide an order dated July 18, 2009 from the Ultimate Holding Company, is payable by March 31, 2018 at an interest rate not less than 1% over and above the weighted average cost of debt of the Ultimate Holding Company.

2.03.03 Repayment Schedule of Long Term Debts

Foreign Currency Loan: (Refer Note 2.08)

Sr. No.	Rate of Interest	2015-16
1	4.03%	1562
2	4.11%	313
3	4.10%	313
Others:		
Sr. No.	Rate of Interest	2017-18
1	8.85%	2719
2	11.75%	156

Note 2.04

DEFERRED TAX LIABILITIES (NET)

	As at March 31, 2015	(₹ in crore) As at March 31, 2014
(i) Deferred Tax Liabilities		
Lease Rent Equalisation	-	2,097
Related to timing difference on depreciation of fixed assets	536	350
	536	2,447
(ii) Deferred Tax Assets		
Related to carried forward losses	-	644
Related to other disallowances	9	-
	9	644
Deferred Tax Liabilities (Net)	527	1,803

During the year, the Company has revised existing terms of lease of Optic Fiber Cable to Reliance Communications Limited (RCOM), as required in line with arm's length pricing with effect from April 1, 2014. As a consequence, corresponding Deferred Tax Liability related to lease rent equalisation has been reversed.

Reliance Infratel 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 2.05		
OTHER LONG TERM LIABILITIES		
Yield payable on Preference Shares (Refer Notes 2.27 and 2.40)	4	1,359
Security Deposits	216	51
	<u>220</u>	<u>1,410</u>

Note 2.06

SHORT TERM BORROWINGS

Unsecured

Loans Repayable on Demand

Loan from Holding Company (Refer Note 2.40)	-	677
---	---	-----

Other Loans

Foreign Currency Loans from Banks (Buyers' Credit)	4	8
--	---	---

Rupee Loans from Banks*	120	337
-------------------------	-----	-----

	<u>124</u>	<u>1,022</u>
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(* Loan during the year is guaranteed by ultimate holding company)

Note 2.07

TRADE PAYABLES

Due to Micro and Small Enterprises (Refer Note below)	16	24
Others	<u>695</u>	<u>883</u>
	<u>711</u>	<u>907</u>

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2nd October, 2006, certain disclosures are required to be made relating to MSME. On the basis of the information and records available with the Company, the following disclosures are made for the amounts due to the Micro and Small Enterprises.

(i) Principal amount due to any supplier as at the year end	16	24
(ii) Interest due on the principal amount unpaid at the year end to any supplier	1	8
(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	42	51
(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	7	7
(vi) Amount of interest accrued and remaining unpaid at the end of each accounting year	8	15
(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	4	10

Reliance Infratel 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 2.08		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt		
1,200, 13.6% Redeemable, Non Convertible Debentures of ₹ 10,00,000 each (Secured) (Refer Note 2.08.01)	-	120
Foreign Currency Loans from Banks (Secured) (Refer Note 2.03.01 and 2.03.03)	2,188	-
Others:		
Interest accrued but not due on borrowings	5	12
Income Received in Advance	18	24
Book Overdraft	-	37
Capital Creditors	87	394
Other Liabilities*	22	839
TOTAL	2,320	1,426

* Includes amounts payable to Government Authorities, provision for material and services received, advance from customers and stale cheques.

Note:

2.08.01 NCDs, were secured by a second pari passu charge over the moveable fixed assets (Plant and Machinery and Capital Work in Progress) of the Borrower Group.

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

Note 2.09

Fixed Assets

(₹ in crore)

Description	Gross Block			Depreciation / Amortisation			Net Block	
	As at April 1, 2014	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2015	For the year	Deductions / Adjustment	As at March 31, 2015	As at March 31, 2014
Tangible Assets								
Freehold Land	9	-	-	9	-	-	9	9
Buildings (₹ 3,74,037)	-	-	-	-	-	-	-	-
Plant and Machinery	22,549	702	-	23,251	952	-	10,258	10,508
Vehicles	8	-	-	8	-	-	1	1
Sub Total	22,566	702	-	23,268	952	-	10,268	10,518
Previous year	22,236	331	(1)	22,566	1,410	(1)	10,518	11,597
Intangible Assets								
Indefeasible Right of Use (Refer Note 2.09.07)	20	-	-	20	1	-	13	14
Sub Total	20	-	-	20	1	-	13	14
Previous year	20	-	-	20	1	-	14	15
Grand Total	22,586	702	-	23,288	953	-	10,281	10,532
Previous year	22,256	331	(1)	22,586	1,411	(1)	10,532	11,612
Capital Work- in - Progress							251	489

Capital Work-in-Progress includes:

2.09.01 ₹ Nil (Previous year ₹ 27 Crore) on account of Project Development Expenditure.

2.09.02 Freehold Land includes ₹ 1,00,000 (Previous year ₹ 1,00,000) acquired from Karnataka Industrial Area Development Board (a Government of Karnataka Undertaking). As per the Agreement, the process of transfer of ownership of the same is under process.

2.09.03 Reliance Communications Limited (RCOM), the Ultimate Holding Company had, during the earlier years, 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 aggregating to ₹ 2,000 crore and 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. The said NCD's and Rupee Loans along with Foreign Currency Loans ("the Secured Loans") availed by RCOM, the Ultimate Holding Company and Reliance Telecom Limited (RTL) a Fellow Subsidiary were secured by a first pari passu charge on the whole of the movable plant and machinery including (without limitations) 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, benefits, claims and demands in respect of all insurance contracts relating thereto of the Borrower Group: comprising of the Company, RCOM, the Ultimate Holding Company, RCIL, the Holding Company and RTL, a fellow Subsidiary for the benefit of the NCD Holders and the Lenders of the said secured loans.

Long term rupee loan facility of ₹ 7,510 crore (Interim Facility Previous year ₹ 4,830 crore) availed by RCOM and RTL from Banks have been secured by first pari passu charge on the said assets of the Borrower Group. Further, Cash Credit of ₹ Nil (Previous year ₹ 1,000 crore) and Rupee Term Loan of ₹ 800 crore (Previous year ₹ 650 crore) availed by RCOM and RTL from Banks have been secured by second pari passu charge on the said assets of the Borrower Group.

2.09.04 Refer Note 2.03.01 and 2.08.01 for security in favour of the Lenders.

2.09.05 Plant and Machinery includes Optic Fibre Cables (OFC) given on Operating Lease.

Gross Block* ₹ 8,833 crore (Previous year ₹ 8,271 crore)
Accumulated Depreciation* ₹ 5,488 crore (Previous year ₹ 5,222 crore)
Net Block ₹ 3,345 crore (Previous year ₹ 3,049 crore)
Depreciation Charged during the year ₹ 267 crore (Previous year ₹ 762 crore)

* Pursuant to the Scheme of Arrangement with Reliance Communications Limited, Gross Block includes ₹ 7,206 crore (including CWIP ₹ 1,004 crore at the time of Scheme of Arrangement) added on fair valuation during the earlier year ended as at March 31, 2009 and Accumulated Depreciation on the Gross Block is ₹ 4,446 crore.

2.09.06 The Company has acquired the indefeasible right of use in respect of optic fibre cables from other Passive Infrastructure service providers and is amortised over the period of validity of agreement.

2.09.07 Addition to Plant and Machinery includes ₹ Nil (Previous year ₹ 128 crore (Net loss)) on account of Exchange difference of which during the year ₹ 44 crore (Previous year ₹ 52 crore) has been depreciated.

2.09.08 Plant and Machinery includes assets given on operating lease.

Reliance Infratel 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 2.10		
NON CURRENT INVESTMENT		
Trade Investment (valued at cost unless stated otherwise)		
Unquoted		
In Equity Shares of Wholly Owned Subsidiary Company		
Nil (10,000) Reliance Communications Tamil Nadu Limited of ₹ 10 each, fully paid-up	-	-
[₹ Nil (Previous year ₹ 100,000)]	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Note 2.11		
LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered good unless stated otherwise)		
Security Deposits	226	213
Capital Advances	728	412
MAT Credit Entitlement	-	68
Advance Income Tax and Tax Deducted at Source	349	264
[Net of provision of ₹ 104 crore (previous year ₹ 68 crore)]		
	<u>1,303</u>	<u>957</u>
	<u>1,303</u>	<u>957</u>
Note 2.12		
OTHER NON CURRENT ASSETS		
(Unsecured, Considered good unless stated otherwise)		
Bank Deposit with maturity for more than 12 months	1	-
Lease Rent Equalisation (Refer Note 2.27)	-	3,248
	<u>1</u>	<u>3,248</u>
	<u>1</u>	<u>3,248</u>
Note 2.13		
INVENTORIES		
Stores and Spares	18	20
(at lower of cost and net realisable value)		
	<u>18</u>	<u>20</u>
	<u>18</u>	<u>20</u>
Note 2.14		
TRADE RECEIVABLES		
Unsecured		
Outstanding More than Six months from the date they became due for payment		
Considered Good	70	77
Considered Doubtful	17	-
	<u>87</u>	<u>77</u>
Less: Provision for Doubtful Debts	17	-
	<u>17</u>	<u>-</u>
Others		
Considered Good	510	486
Considered Doubtful	-	-
	<u>510</u>	<u>486</u>
Less: Provision for Doubtful Debts	-	-
	<u>-</u>	<u>-</u>
	<u>580</u>	<u>563</u>
	<u>580</u>	<u>563</u>
Note 2.15		
CASH AND BANK BALANCES		
Balance with Banks		
In Current Accounts	8	4
	<u>8</u>	<u>4</u>
	<u>8</u>	<u>4</u>

Reliance Infratel 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 2.16		
SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances to Related Parties (Refer Note 2.40)	101	223
Others*	628	661
	<u>729</u>	<u>884</u>

*Includes Prepaid Expenses, Advance to vendors, Advance to employees and receivable from Government Authorities.

Note 2.17			
OTHER CURRENT ASSETS			
(Unsecured, Considered good)			
Interest accrued on Fixed Deposit ₹ 15,26,831 (Previous year ₹ 9,76,465)	-	-	
Lease Rent Equalisation (Refer Note 2.27 and 2.38)	-	2,920	
Unbilled Revenue	<u>241</u>	<u>155</u>	<u>3,075</u>
	<u>241</u>		<u>3,075</u>

	For the year ended March 31, 2015	(₹ in crore) For the year ended March 31, 2014
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Note 2.18			
REVENUE FROM OPERATIONS			
Service Revenue	6,783	8,467	
Less: Service Tax	<u>938</u>	<u>830</u>	<u>7,637</u>
Other Operating Income:			
Sale of Communication Equipments	13		23
	<u>5,858</u>		<u>7,660</u>

Note 2.19		
OTHER INCOME		
Interest Income*	15	6
Miscellaneous Income**	43	126
	<u>58</u>	<u>132</u>

* Includes interest on Income Tax refund ₹ 15 crore (Previous year ₹ 5 crore)

** Includes write back of provision for liabilities no longer required ₹ 31 crore (Previous year ₹ 124 crore)

Reliance Infratel Limited

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

	For the year ended March 31, 2015	(₹ in crore) For the year ended March 31, 2014
Note 2.20		
NETWORK EXPENSES		
Power and Utilities	1,462	1,647
Repairs and Maintenance – Plant and Machinery	549	568
Stores and Spares consumed	2	2
Rent	409	359
Rates and Taxes	3	5
Insurance	3	3
Security Expenses	-	1
Remission of Charges	963	1,236
	<u>3,391</u>	<u>3,821</u>
Note 2.21		
EMPLOYEE BENEFITS EXPENSES		
Salaries (Including Managerial Remuneration)	48	60
Contribution to Provident Fund: ₹ 2,71,023 (Previous year ₹ 2,02,593)	-	-
Employee welfare and other amenities ₹ 7,95,417 (Previous year ₹ 5,79,296)	-	-
	<u>48</u>	<u>60</u>
Note 2.22		
FINANCE COSTS		
Interest Expense		
Interest on Loans	569	661
Interest on Instruments	8	366
Other Finance Costs	113	52
	<u>690</u>	<u>1,079</u>
Note 2.23		
GENERAL AND ADMINISTRATION EXPENSES		
Electricity Expenses	3	5
Rent, Rates and Taxes	5	6
Travelling and Conveyance	5	1
Professional Fees	11	23
Bank Charges	1	2
Data Warehousing Charges	29	50
Provision for Doubtful Debts	17	-
Corporate Social Responsibility (CSR) Expenses (Refer Note 2.28)	2	-
Other Administration and Miscellaneous Expenses	5	8
Payment to Auditors ₹ 53,22,002 (Previous year ₹ 52,00,000) (Refer Note 2.33)	1	1
	<u>79</u>	<u>96</u>

Reliance Infratel Limited

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

2.24 Previous year:-

The Financial Statements have been prepared as per Schedule III under the Companies Act, 2013. Figures of the previous year have been regrouped, reclassified, wherever required. Amount in financial statement are presented in Rupees crore except as otherwise stated.

2.25 Schemes of Arrangement and Amalgamation of earlier years

The Company, during earlier years undertook various schemes so as to align the interest of the shareholders. Accordingly, pursuant to 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 on Account, in accordance with the provisions of the said Schemes. Capital Reserve of ₹ 1,793 crore represents excess of assets over liabilities taken over upon merger of Netizen Rajasthan Limited (NRL), a wholly owned subsidiary of the Company into the Company. General Reserve I represents unadjusted balance, on fair valuation of assets pursuant to the Scheme of Arrangement for transfer of Passive Infrastructure into the Company. Also refer Note 2.27 "Exceptional Items" below.

2.26 Foreign Currency Monetary Items : Long Term

In view of the option allowed pursuant to 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 ₹ Nil (Previous year ₹ 128 crore) of exchange differences on long term borrowing relating to the acquisition of depreciable capital assets to the cost of capitalised assets. Further, the Company has accumulated foreign currency variations of ₹ 91 crore (Previous year ₹ 197 crore) arising on other long term foreign currency monetary items in FCMITDA, and ₹ 264 crore (Previous year ₹ 186 crore) has been amortised during the year leaving balance which will be amortised over the balance period of loans.

2.27 Exceptional Items

- (a) During the year ended March 31, 2015, the Company has revised existing terms of lease of optic fibre cable provided to the Ultimate Holding Company, as required in line with arm's length pricing with effect from April 1, 2014. Accordingly, Lease Rent equalisation receivable of ₹ 4,328 crore is written off/ reversed as an exceptional item.

During the year, terms of Redeemable Preference Shares (RPS) issued to ultimate holding Company have been revised. Yield on RPS has been revised to 0.1% from 8.85% per annum and accordingly an amount earlier recognised of ₹ 1,359 crore is written back as an exceptional item in 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 Schemes of Arrangements and Amalgamation approved by the Hon'ble High Court vide orders dated March 16, 2007 and May 6, 2011 respectively 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 said Schemes and comprising of ₹ Nil (Previous year ₹ 37 crore) being depreciation on fair valuation of Plant and Machinery under Written Down Value Method (WDV) and difference in depreciation between Straight Line Method (SLM) and Written Down Value Method (WDV) on assets other than Tower, ₹ 44 crore (Previous year ₹ 52 crore) of depreciation consequent to addition of exchange difference on long term borrowing relating to capital assets to the cost of capitalised assets, as also ₹ 4 crore (gain) (Previous year ₹ 3 crore (loss)) of exchange variation (net) on items other than long term monetary items, ₹ 264 crore (Previous year ₹ 186 crore) being amortisation of Foreign Currency Monetary Item Translation Difference Account (FCMITDA) excluding the portion added to the cost of fixed Assets or carried forward as FCMITDA in accordance with Para 46A inserted into Accounting Standard (AS) 11 "The Effects of Change in Foreign Exchange Rates" in context of unprecedented volatility in exchange rates during the year, have been met by withdrawal from General Reserve, leaving no impact on profit for the year ended March 31, 2015. While the Company has been legally advised that such inclusion in Statement of Profit and Loss is in accordance with Schedule III of the Companies Act, 2013. Had such write off of expenses and losses not been adjusted from General Reserve, the Company would have reflected a loss after tax for the year of ₹ 1,268 crore (Previous year ₹ 383 crore).

(₹ in crore)

2.28 Corporate Social Responsibility Expenditure (as per section 135 of the Companies Act, 2013 read with Schedule VII)

- (a) Gross amount required to be spent by the company 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	-

Reliance Infratel 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
2.29 Details of Project Development Expenditure (included under Capital Work-in-Progress)		
Opening Balance	27	33
Add : Expenses incurred during the year		
Rent, Rates and Taxes	3	3
Vehicle Hire and Maintenance Charges ₹ 86,000 (Previous year ₹ 2,93,729)	-	-
Power, Water and Electricity ₹ 40,100 (Previous year ₹ 13,100)	-	-
Transport Charges	2	-
Other Miscellaneous Expenses ₹ 14,59,111	-	-
Inward Freight	3	7
Total additions	8	10
Total Project Development Expenditure	35	43
Less :		
Capitalised during the year	35	16
Closing Balance	-	27
2.30 Commitment for Capital Expenditure (as represented by the Management)	As at March 31, 2015	As at March 31, 2014
Estimated amount of Contracts remaining to be executed on capital account and not provided for	326	309
2.31 Contingent Liabilities (as represented by the Management)		
Disputed Liabilities in tower construction pending adjudication	6	8
Disputed Liability for Entry Tax, VAT/ CST and Service Tax *	1,332	1,117
Disputed Liability for Direct Tax	1	-
* The Company has deposited ₹ 11 crore (Previous year ₹ 11 crore), ₹ 37,74,947 (Previous year ₹ 48,90,720) and ₹ 10 crore (Previous year ₹ 12 crore) under protest with the Entry Tax, VAT/ CST and Service Tax authorities respectively against the demand. Deposit amount is included in Loans and Advances.		
		(₹ in crore)
	For the year ended March 31, 2015	For the year ended March 31, 2014
2.32 Earning per share (EPS) :		
(i) Basic and diluted EPS (before exceptional items):		
Profit/(Loss) attributable to Equity Shareholders	2,005	(105)
(Used as Numerator) (₹ in crore)		
Weighted average number of equity shares (Numbers)	279 31 41 868	279 31 41 868
(Used as Denominator)		
Basic and diluted, earning per equity share of ₹ 10/- each	7.18	(0.38)
(ii) Basic and diluted EPS (after exceptional items):		
Profit/(Loss) attributable to Equity Shareholders	(964)	(105)
(Used as Numerator) (₹ in crore)		
Weighted average number of equity shares (Numbers)	279 31 41 868	279 31 41 868
(Used as Denominator)		
Basic and diluted, earning per equity share of ₹ 10/- each	(3.45)	(0.38)

Reliance Infratel Limited

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

	For the year ended March 31, 2015	(₹ in crore) For the year ended March 31, 2014
2.33 Auditors' Remuneration (Excluding Service Tax)		
Statutory Audit: ₹ 50,00,000 (Previous year ₹ 50,00,000)	1	1
Tax Audit: ₹ 2,00,000 (Previous year ₹ 2,00,000)	-	-
Certification and Other Services: ₹ 1,22,002 (Previous year ₹ Nil)	-	-
	<u>1</u>	<u>1</u>
2.34 (i) Value of Imports on CIF basis		
Capital Goods	2	2
(ii) Consumption of Stores and Spares		
Imported	-	-
Indigenous	2	2
2.35 Expenditure in foreign currency (Accrual basis)		
Interest	94	86
Bank Charges and Agency Fees ₹ 9,24,955	-	3
Professional Fees ₹ Nil (Previous year ₹ 28,71,409)	-	-

2.36 Particulars of Foreign currency exposures

Foreign Currency exposures that are not hedged by derivative instruments or otherwise are US \$ 35.19 crore (Previous year US \$ 35.64 crore) equivalent to ₹ 2,199 crore (Previous year ₹ 2,136 crore).

2.37 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/authorizations, where export obligation has been refixed by the order of Director General Foreign Trade, Ministry of Commerce and Industry, Government of India, as applicable.

Balance export obligation outstanding as on March 31, 2015 under the aforesaid licenses/authorisations is ₹ Nil (Previous year ₹ 1,100 crore).

2.38 Operating Lease

Where the Company is lessor :

The Company had entered into non-cancellable lease arrangement to provide optic fibre infrastructure over the lease term. During the year ended March 31, 2015, the Company has revised existing terms of lease of optic fibre cable provided to the Ultimate Holding Company to ₹ 350 crore per annum (Previous year ₹ 1,141 crore on straight line basis) and the same has been credited to the Statement of Profit and Loss. (Refer Note 2.27 " Exceptional Items")

	Estimated future minimum payments under non cancellable operating lease	As at March 31, 2015	(₹ in crore) As at March 31, 2014
(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		-	-

2.39 Desubsidiarisation / Subscription of Preference Shares

During the year, the Company has sold its investment in equity shares of Reliance Communications Tamilnadu Limited (RCTL) to Reliance Webstore Limited (RWSL), a fellow subsidiary. Consequently, RCTL has ceased to be a subsidiary of the Company with effect from February 20, 2015 and no consolidated financial statements are required to be prepared for the year.

During the previous year, the Company had subscribed to Preference Shares against a bonafide debt payable in money by a fellow subsidiary aggregating to ₹ 1,348 crore. The said Preference Shares were sold by the Company to RCTL for ₹ 260 crore, thereby recording loss of ₹ 1,088 crore, which represented assistance provided by the Company to RCTL by having sold the preference shares of its fellow subsidiary at a price below the fair value and was therefore, to be considered as a non-refundable grant by the Company to its subsidiary.

Reliance Infratel Limited

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

2.40 Related Party Disclosures

As per Accounting Standard (AS) 18, 'Related Party Disclosures', prescribed under Accounting Standard Rules, the disclosure of transactions are given below:

A. List of Related Party - where control exists

1	Reliance Communications Limited	Ultimate Holding Company
2	Reliance Communications Infrastructure Limited	Holding Company
3	Reliance Communications Tamil Nadu Limited (upto February 20, 2015)	Subsidiary
4	Shri Anil C Shah	Key Managerial Personnel

B. List of other Related Parties where there have been transactions

1	Reliance Telecom Limited	} Fellow Subsidiary
2	Reliance Webstore Limited	
3	Reliance Infocomm Infrastructure Limited	
4	Reliance Globalcom BV, the Netherlands	
5	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	
6	Reliance Communications Tamil Nadu Limited (from February 21, 2015)	
7	Reliance BIG TV Limited	
8	Reliance BPO Private Limited	
9	Reliance IDC Limited	
10	Reliance Capital Limited (upto March 27, 2015)	
11	M P Network Private Limited (upto February 10, 2014)	
12	Kerala Communications Private Limited (upto February 10, 2014)	

C. Transactions with related parties during the year April 1, 2014 to March 31, 2015

						(₹ in crore)	
Sr. No	Nature of Transactions	Holding Company	Ultimate Holding Company	Subsidiary	Fellow Subsidiaries	Key Managerial Personnel	Total
1	Allotment of Shares						
	Equity Shares:						
	Balance as at April 1, 2014	2,226	-	-	434	-	2,660
		(2,226)	(-)	(-)	(414)	(-)	(2,640)
	Allotted during the year	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)
	Balance as at March 31, 2015	2,226	-	-	434	-	2,660
		(2,226)	(-)	(-)	(434)	(-)	(2,660)
	Preference Shares:						
	Balance as at April 1, 2014	-	4,000	-	-	-	4,000
	(Including Premium)	(-)	(4,000)	(-)	(-)	(-)	(4,000)
	Allotted during the year	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)
	Balance as at March 31, 2015	-	4,000	-	-	-	4,000
	(Including Premium)	(-)	(4,000)	(-)	(-)	(-)	(4,000)

Reliance Infratel Limited

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

							(₹ in crore)
Sr. No	Nature of Transactions	Holding Company	Ultimate Holding Company	Subsidiary	Fellow Subsidiaries	Key Managerial Personnel	Total
2	Loans Taken						
	Balance as at April 1, 2014	1,335 (3,151)	2,719 (2,719)	- (-)	- (-)	- (-)	4,054 (5,870)
	Taken/assigned during the year	6,593 (3,114)	- (-)	- (-)	285 (175)	- (-)	6,878 (3,289)
	Repaid/adjusted during the year	7,772 (4,930)	- (-)	- (-)	285 (175)	- (-)	8,057 (5,105)
	Balance as at March 31, 2015	156 (1,335)	2,719 (2,719)	- (-)	- (-)	- (-)	2,875 (4,054)
3	Investments						-
	Preference Shares:						
	Subscription of preference shares (Refer Note 2.39)	- (-)	- (-)	- (-)	- (1,348)	- (-)	- (1,348)
	Sale of preference shares (Refer Note 2.39)	- (-)	- (-)	- (260)	- (-)	- (-)	- (260)
	Equity Shares:						
	Opening Balance ₹ 1,00,000	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	Purchased during the year ₹ 4,00,000 (Previous year ₹ 1,00,000) (Refer Note 2.39)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	Sold during the year ₹ 5,00,000 (Refer Note 2.39)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
	Balance as at March 31, 2015 ₹ Nil (Previous year ₹ 1,00,000)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
4	Service Revenue	268 (1,646)	3,665 (2,978)	- (-)	749 (854)	- (-)	4,683 (5,478)
5	Expenses including personnel cost	700 (1,243)	761 (699)	- (-)	223 (249)	- (-)	1,683 (2,191)
6	Finance Costs	196 (297)	245 (595)	- (-)	4 (-)	- (-)	445 (892)
7	Managerial Remuneration ₹ 44,77,493 (Previous year ₹ 49,83,765)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
8	Trade Payable	- (-)	- (680)	- (-)	- (7)	- (-)	- (687)
9	Redemption Premium Payable on Preference Share	- (-)	4 (1,359)	- (-)	- (-)	- (-)	4 (1,359)
10	Advance Given	- (-)	62 (217)	- (-)	39 (6)	- (-)	101 (223)
11	Trade Receivables	- (248)	- (-)	- (-)	365 (146)	- (-)	365 (394)
12	Other Liabilities	- (-)	- (-)	- (338)	- (-)	- (-)	- (338)

Note: Previous year figures are given in brackets

Reliance Infratel Limited

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

D. Significant Related Party Transactions

- 1 Service Revenue includes from Reliance Telecom Limited ₹ 749 crore (Previous year ₹ 854 crore).
- 2 Expenses including common cost reimbursed to Reliance Telecom Limited ₹ 194 crore (Previous year ₹ 199 crore), Reliance Infocomm Infrastructure Limited ₹ 26,58,946 (Previous year ₹ 13,66,144), Reliance IDC Limited ₹ 28 crore (Previous year ₹ 50 crore), Reliance BPO Private Limited ₹ 79,257 (Previous year ₹ 5,28,565).
- 3 Finance Costs includes ₹ 4 crore (Previous year ₹ Nil) to Reliance Capital Limited.
- 4 Trade Payables include payable to Reliance Infocomm Infrastructure Limited ₹ 5,90,195 (Previous year ₹ Nil), Reliance IDC Limited ₹ Nil (Previous year ₹ 7 crore), Reliance BPO Private Limited ₹ Nil (Previous year ₹ 1,37,116).
- 5 Trade Receivables include from Reliance Telecom Limited ₹ 365 crore (Previous year ₹ 146 crore).
- 6 During the year, the Company has sold equity shares of Reliance Communications Tamilnadu Limited to Reliance Webstores Limited.
- 7 The Company had, during the previous year, subscribed Preference shares of Reliance Telecom Limited of ₹ 1,348 crore.
- 8 During the previous year, sale of Preference shares included sale of Preference shares of Reliance Telecom Limited to Reliance Communications Tamil Nadu Limited for ₹ 260 crore.
- 9 The Company has, during the year, taken and repaid loan of ₹ 285 crore (Previous year ₹ 175 crore) from Reliance Capital Limited.
- 10 Advance given to Reliance IDC Limited ₹ 24 crore (Previous year ₹ Nil), Reliance Webstores Limited ₹ 7 crore (Previous year ₹ 5 crore), Reliance Big TV Limited ₹ 6 crore (Previous year ₹ 1 crore), Reliance Communications Tamil Nadu Limited ₹ 2 crore (Previous year ₹ Nil), Reliance Infocomm Infrastructure Limited ₹ Nil (Previous year ₹ 16,665), and to Reliance Tech Services Limited ₹ 37,346 (Previous year ₹ 29,313)
- 11 Equity share of ₹ 10 each fully paid up held by fellow subsidiaries (Refer Note 2.01.01)

2.41 Segment Information:

The Company has identified two reportable segments viz. Tower Division and OFC Division. Segments have been identified and reported taking into account nature of services provided, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for Segment Reporting.

- a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment assets and liabilities represent assets and liabilities in respective segments.

Primary Segment Information

Particulars	(₹ in crore)			
	Tower Division	OFC Division	Unallocable	Total
Segment Revenue				
Revenue	5,373	528	15	5,916
	5,645	2,139	8	7,792
Inter Segment Revenue	-	-	-	-
	-	-	-	-
Net Revenue	5,373	528	15	5,916
	5,645	2,139	8	7,792
Segment Result before exceptional items, interest and taxes	1,330	178	(19)	1,489
	1,226	1,305	(38)	2,493
Less: Finance Costs	-	-	690	690
	-	-	1,079	1,079
Loss on sale of Investment	-	-	-	-
	-	-	1,088	1,088
Segment Result before exceptional items and taxes	1,330	178	(709)	799
	1,226	1,305	(2,205)	326
Less: Exceptional Items (Net off withdrawal from Reserve)	-	4,328	(1,359)	2,969
	-	-	-	-

Reliance Infratel Limited

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

Particulars	(₹ in crore)			
	Tower Division	OFC Division	Unallocable	Total
Less: Deferred Tax	-	-	(1,276)	(1,276)
	-	-	431	431
Less: Current Tax (Net off MAT Credit)	-	-	70	70
	-	-	-	-
Segment Result After Tax	1,330	(4,150)	1,856	(964)
	1,226	1,305	(2,636)	(105)
Other Information				
Segment Assets*	8,823	4,616	358	13,797
	9,927	9,508	337	19,772
Segment Liabilities*	1,364	76	5,722	7,162
	2,144	72	9,826	12,042
Capital Expenditure including Forex Loss	132	408	-	540
	408	112	-	520
Depreciation, Impairment/ write off and Amortisation	641	268	-	909
	559	763	-	1,322

The figure for current year are reflected in bold.

* In the Balance Sheet, Inter-Segment payable and receivable of ₹ 385 crore has been netted off.

- As per Accounting Standard on Segment Reporting (AS-17), the Company has reported the above.
- The reportable Segments are further described below:
 - The Tower Division include maintenances, provision of BTS Towers.
 - The OFC Division include maintenances, provision of Optical Fibre Cable.

Secondary Segment Information

Secondary Segment Information is not disclosed since the company operates only within India.

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

Lalit R Mhalsekar
Partner
Membership No. 103418
Mumbai
May 28, 2015

Rajesh Mehra
Partner
Membership No: 103145

For and on behalf of the Board

Hasit Shukla
Suresh Rangachar } Directors

Mangesh Chavan Chief Financial Officer

Anil C. Shah Company Secretary and Manager

Reliance Infocom Inc

Independent Auditor's Report

To

The Board of Directors of Reliance Infocom Inc

We have audited the accompanying standalone financial statements of Reliance Infocom Inc ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai

Dated: May 27, 2015

Reliance Infocom Inc

Balance Sheet as at March 31, 2015

	Notes		As at March 31, 2015		(Amount in ₹) As at March 31, 2014
Equity and Liabilities					
Shareholders' Funds					
(a) Share Capital	2.01	5,62,50,000		5,39,23,500	
(b) Reserves and Surplus	2.02	(12,83,81,047)	(7,21,31,047)	(8,81,54,114)	(3,42,30,614)
Current Liabilities					
(a) Short Term borrowings	2.03	48,92,53,352		39,21,39,840	
(b) Trade Payables	2.04	-		49,80,015	
(c) Other Current Liabilities	2.05	6,52,552		4,45,768	
(d) Short Term Provisions	2.06	3,375	48,99,09,279	3,235	39,75,68,858
TOTAL			41,77,78,232		36,33,38,244
Assets					
Non Current Assets					
(a) Non Current Investments	2.07	31,25,00,000		29,95,75,000	
(b) Long Term Loans and Advances	2.08	3,91,12,313	35,16,12,313	30,497	29,96,05,497
Current Assets					
(a) Trade Receivables	2.09	6,58,37,213		6,31,14,185	
(b) Cash and Bank Balances	2.10	3,28,706		6,18,562	
			6,61,65,919		6,37,32,747
TOTAL			41,77,78,232		36,33,38,244
Significant Accounting Policies	1				
Notes on Accounts	2				

The Notes referred to above form an integral part of the Balance Sheet.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

For Reliance Infocom Inc

Janet Troxell

Andrew Goldie

Directors

Reliance Infocom Inc

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

	Notes	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
Income			
Revenue		-	-
		-	-
Expenses			
General & Administration Expenses	2.11	6,85,081	5,67,688
Profit / (Loss) before Tax		(6,85,081)	(5,67,688)
Provision for:			
- Current Tax/(Refund)		3,49,53,465	(7,376)
Profit /(Loss) After Tax		(3,56,38,546)	(5,60,312)
Earning per Share	2.13	(3,56,385)	(5,603)
Significant Accounting Policies	1		
Notes on Accounts	2		

The Notes referred to above form an integral part of the Balance Sheet.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

For Reliance Infocom Inc

Janet Troxell

Andrew Goldie

} Directors

Reliance Infocom Inc

Cash Flow Statement for the year ended March 31, 2015

	(Amount in ₹)	
	For the year ended March 31, 2015	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	(6,85,081)	(5,67,688)
Operating Profit/ (Loss) before Working Capital Changes	<u>(6,85,081)</u>	<u>(5,67,688)</u>
Adjusted for:		
Receivables and other Advances	(3,90,80,499)	9,826
Trade Payables & Provisions	(50,07,312)	9,28,922
Effects of exchange difference on translation of assets and liabilities	(7,58,350)	(3,59,213)
Cash Generated from Operations	<u>(4,55,31,242)</u>	<u>11,847</u>
(Payment of Taxes) / Refund	(3,49,53,465)	7,376
Net Cash used in Operating Activities	<u>(8,04,84,707)</u>	<u>19,223</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Unsecured Loans	<u>8,01,94,851</u>	-
Net Cash from Financing Activities	<u>8,01,94,851</u>	
Net Increase / (Decrease) in Cash and Cash Equivalents	(2,89,856)	19,223
Opening Balance of Cash and Cash Equivalents	6,18,562	5,99,339
Closing Balance of Cash and Cash Equivalents	<u><u>3,28,706</u></u>	<u><u>6,18,562</u></u>

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

For Reliance Infocom Inc

Janet Troxell

Andrew Goldie

Directors

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

Note 1 SIGNIFICANT ACCOUNTING POLICIES :

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention 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 note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates :

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known/materialised.

1.03 Investments :

Investments are classified into long term and current investments. Investments which are intended to be held for more than one year, are classified as long term investments and investments, which are intended to be held for less than one year, are classified as current investments.

Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if in the opinion of the management such decline is other than temporary in nature.

1.04 Revenue Recognition :

Consultation revenue and other income is recognised on accrual basis.

1.05 Taxes on Income :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprises of both 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.

1.06 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. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.07 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

Reliance Infocom Inc

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.01		
Share Capital		
Authorised		
Equity		
1 000 (Previous year 1 000) Equity Shares without par value	-	-
	-	-
Issued, Subscribed and Paid up		
100 (Previous year 100) Equity Shares of without par value, fully paid up	5 62 50 000	5 39 23 500
	5 62 50 000	5 39 23 500

Note: 2.01.01

Share held by holding/Ultimate holding company and/or their subsidiaries/asscoicates

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Globalcom B.V.	100	100	-	-
Yipes Holding Inc.	-	-	100	100

Note: 2.01.02

Details of Shareholders holding more than 5% shares in the Company :

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Globalcom B.V.	100	100	-	-
Yipes Holding Inc.	-	-	100	100

Note: 2.01.03

Terms/Rights attached to Equity Shares

The Company has only one class of equity share having a par value of USD 9 000 per share. Each holder of equity shares is entitled to one vote per share .In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the company.

Note: 2.01.04

Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the beginning of the year	100	5 62 50 000	100	5 39 23 500
Add/ (Less): Changes during the year	-	-	-	-
At the end of the year	100	5 62 50 000	100	5 39 23 500

Reliance Infocom Inc

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.02		
Reserve & Surplus		
Statement of Profit and Loss		
As per last Balance Sheet	(8,81,59,218)	(8,75,98,906)
Add: Loss for the year	(3,56,38,546)	(5,60,312)
	<u>(12,37,97,764)</u>	<u>(8,81,59,218)</u>
Exchange Fluctuation Reserve	(45,83,283)	5,104
	<u>(12,83,81,047)</u>	<u>(8,81,54,114)</u>
Note: 2.03		
Short Term Borrowing		
From Related Parties (Refer Note 2.15)	48,92,53,352	39,21,39,840
	<u>48,92,53,352</u>	<u>39,21,39,840</u>
Note: 2.04		
Trade Payable		
Others	-	49,80,015
	<u>-</u>	<u>49,80,015</u>
Note: 2.05		
Other Current Liabilities		
Outstanding Liabilities against Exp	6,52,552	4,45,768
	<u>6,52,552</u>	<u>4,45,768</u>
Note: 2.06		
Short Term Provisions		
Provision for Income Tax	3,375	3,235
	<u>3,375</u>	<u>3,235</u>
Note: 2.07		
Non Current Investments		
(Trade Investments, Unquoted, At Cost)		
100 (100) In Equity Shares of Reliance Communications Inc of USD 50 000 each fully paid up	31,25,00,000	29,95,75,000
	<u>31,25,00,000</u>	<u>29,95,75,000</u>
Note: 2.08		
Long Term Loans and Advances		
(Unsecured, Considered good unless stated otherwise)		
Advance Tax	3,91,12,313	30,497
	<u>3,91,12,313</u>	<u>30,497</u>

Reliance Infocom Inc

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.09		
Trade Receivables		
Due for More than Six months from the date they are due for payment		
Considered Good	-	-
Considered Doubtful	-	-
	-	-
Others		
Considered Good (Refer Note 2.15)	6,58,37,213	6,31,14,185
Considered Doubtful	-	-
	<u>6,58,37,213</u>	<u>6,31,14,185</u>
Note: 2.10		
Cash and Bank Balances		
Balances with Banks		
In Current Account	3,28,706	6,18,562
	<u>3,28,706</u>	<u>6,18,562</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note: 2.11		
General & Administration Expenses		
Bank Charges	51,213	49,843
Membership & Sponsorship fee	8,579	86,402
Audit Fees	3,05,765	3,02,315
Professional fee	3,05,765	1,20,926
Others	13,759	8,202
	<u>6,85,081</u>	<u>5,67,688</u>
Note: 2.09		
The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.		
Note: 2.13		
Earnings per share		
	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit / (loss) after tax and extra ordinary item	(3,56,38,546)	(5,60,312)
Weighted average number of equity shares	100	100
Nominal value per equity share	5,62,500	5,39,235
Basic and Diluted Earning per equity share	(3,56,385)	(5,603)

Reliance Infocom Inc

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

Note: 2.14

Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as referred in Rule 7 of Companies Account Rules 2014, as all the activities of the company relates to International Long Distance business as used for the internal business reporting systems.

Note: 2.15

Related Party Transactions

As per the Accounting Standard 18, as referred in Rule 7 of Companies Account Rules 2014, the disclosures of transactions with the related parties.

i List of Related Parties with whom transactions have taken place and relationships.

Sr. No.	Name of the Related Party	Relationship
1	Reliance Communications Limited	Ultimate Holding Company
2	Reliance Globalcom B.V.	Holding Company
3	Reliance Communications, Inc.	Subsidiary Company
4	Reliance Communication International Inc.	Subsidiary Company
5	Reliance communication Canada Inc.	Subsidiary Company

ii Transactions with related parties and Closing Balance

Summarised below are the transactions entered into with related parties:

(Figures shown in brackets pertain to previous year.)

Entity Name	Year end Balances as on 31.03.2015		
	Trade Receivables	Investments	Short Term Borrowings
Reliance Communications Limited	5,18,57,375 (4,97,12,554)	-	-
Reliance Communications Inc	-	31,25,00,000 (29,95,75,000)	48,81,83,505 (39,11,14,242)
Reliance Communication International Inc.	-	-	10,44,874 (10,01,658)
Reliance communication Canada Inc.	-	-	24,973 (23,940)

Note : 2.16

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.15 and (Previous year 1 USD = ₹ 60.46).

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

For Reliance Infocom Inc

Janet Troxell

Andrew Goldie

} Directors

Place : Mumbai
Date : May 27, 2015

Reliance Communications Inc

Independent Auditor's Report

To

The Board of Directors of Reliance Communications Inc

We have audited the accompanying standalone financial statements of Reliance Communications Inc ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant

Firm Regn. No. 109407W

Manoj Sethi

Proprietor

Membership No. 39784

Place: Mumbai

Dated: May 27, 2015

Reliance Communications Inc

Balance Sheet as at March 31, 2015

	Notes		As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Equity and Liabilities				
Shareholders' Funds				
Share Capital	2.01	31,25,00,000		29,95,75,000
Reserves and Surplus	2.02	<u>1,59,22,08,983</u>	1,90,47,08,983	<u>1,47,78,08,439</u> 1,77,73,83,439
Current Liabilities				
(a) Short-Term Borrowings	2.03	-		2,03,50,29,392
(b) Trade Payables	2.04	3,19,52,24,715		1,89,71,71,268
(c) Other Current Liabilities	2.05	75,51,81,830		60,81,81,286
(d) Short Term Provisions	2.06	-	3,95,04,06,545	3,94,48,216 4,57,98,30,162
TOTAL			<u>5,85,51,15,528</u>	<u>6,35,72,13,601</u>
Assets				
Non Current Assets				
(a) Fixed Assets	2.07			
(i) Tangible Assets		7,53,49,153		7,96,67,961
(ii) Intangible Assets		17,70,41,125		34,22,73,904
(iii) Capital Work in Progress		<u>2,89,56,674</u>		<u>2,77,59,026</u>
		28,13,46,952		44,97,00,891
(b) Non Current Investments	2.08	18,75,000		17,97,450
(c) Long Term Loans and Advances	2.09	<u>4,96,64,750</u>	33,28,86,702	- 45,14,98,341
Current Assets				
(a) Trade Receivables	2.10	1,08,21,19,830		2,46,11,13,536
(b) Cash and Bank Balances	2.11	14,14,04,968		3,85,66,386
(c) Short Term Loans and Advances	2.12	<u>4,29,87,04,028</u>		<u>3,40,60,35,338</u>
			5,52,22,28,826	5,90,57,15,260
TOTAL			<u>5,85,51,15,528</u>	<u>6,35,72,13,601</u>
Significant Accounting Policies				
Notes on Accounts	1			
	2			

The Notes referred to above form an integral part of the Balance Sheet.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

Reliance Communications Inc

Janet Troxell

Andrew Goldie

} **Directors**

Reliance Communications Inc

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

			(Amount in ₹)
	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Revenue	2.13	19,40,37,03,213	13,51,52,47,168
Other Income	2.14	18,00,070	10,65,78,130
		<u>19,40,55,03,283</u>	<u>13,62,18,25,298</u>
Expenses			
Network Expenses	2.15	18,75,12,71,663	12,10,82,02,054
Payment to and Provisions for Employees	2.16	5,17,81,772	10,12,25,038
Depreciation, Impairment and Amortisation	2.07	19,67,53,577	24,37,84,277
General Administration Expenses	2.17	34,28,57,425	42,47,43,728
		<u>19,34,26,64,437</u>	<u>12,87,79,55,097</u>
Profit Before Tax		<u>6,28,38,846</u>	<u>74,38,70,201</u>
Provision for:			
– Current Tax		1,32,97,349	6,63,53,245
Profit After tax		<u>4,95,41,497</u>	<u>67,75,16,956</u>
Earning per Share	2.19	4,95,415	67,75,170
Significant Accounting Policies	1		
Notes on Accounts	2		

The Notes referred to above form an integral part of the Balance Sheet.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants

Regn. No. 109407W

Manoj Sethi

Proprietor

Firm Regn. No. 109407W

Place : Mumbai

Date : May 27, 2015

Reliance Communications Inc

Janet Troxell

Andrew Goldie

} Directors

Reliance Communications Inc

Cash Flow Statement for the year ended March 31, 2015

		(Amount in ₹)
	For the year ended March 31, 2015	For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	6,28,38,846	74,38,70,201
Adjusted for:		
Depreciation, Impairment and Amortisation	19,67,53,577	24,37,84,277
Operating Profit before Working Capital Changes	25,95,92,423	98,76,54,478
Adjusted for:		
Receivables and other Advances	68,97,95,204	3,89,14,07,511
Trade Payables	1,29,58,11,670	(35,18,64,945)
Effects of exchange difference on translation of assets and liabilities	70,97,634	78,68,237
	1,99,27,04,508	3,54,74,10,803
Cash Generated from Operations	2,25,22,96,931	4,53,50,65,281
Tax Paid	1,32,97,349	6,63,53,245
Net Cash from Operating Activities	2,23,89,99,582	4,46,87,12,036
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	(1,33,31,375)	(1,55,77,900)
Net Cash Used in Investing Activities	(1,33,31,375)	(1,55,77,900)
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds/ (Repayment) from Short term Borrowings	(2,12,28,29,625)	2,03,50,29,404
Proceeds from Long Term Borrowings	-	(6,60,60,55,909)
Net Cash from Financing Activities	(2,12,28,29,625)	(4,57,10,26,505)
Net Increase/ (Decrease) in Cash and Cash Equivalents	10,28,38,582	(11,78,92,369)
Opening Balance of Cash and Cash Equivalents	3,85,66,386	15,64,58,755
Closing Balance of Cash and Cash Equivalents	14,14,04,968	3,85,66,386

Note:

Cash and Cash Equivalent includes cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants

Firm Regn. No. 109407W

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Communications Inc

Janet Troxell

Andrew Goldie

} Directors

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention 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 note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates :

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956 read with the Companies (Accounting Standards) Rules, 2006 (Accounting Standard Rules) as well as applicable pronouncements of the Institute of Chartered Accountants of India (the ICAI).

1.03 Fixed Assets and Depreciation / Amortisation :

Fixed Assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful life as 10 years.

Expenditure incurred relating to project, prior to commencement of project, is shown under Capital Work in Progress.

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its net selling price and value in use. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1.04 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

1.05 Investments :

Investments are classified into long term and current investments. Investments which are intended to be held for more than one year, are classified as long term investments and investments, which are intended to be held for less than one year, are classified as current investments.

Current Investments are carried at lower of cost and quoted / fair value. 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.

1.06 Inventories of Stores and Spares

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

1.07 Revenue recognition :

International Voice and Data revenue is recognised as the services are performed. Interest on investment is recognised on accrual basis.

1.08 Taxes on Income :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprises of both 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.

1.09 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. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Reliance Communications Inc

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
2.01 Share Capital		
Authorised Equity		
1 000 (Previous year 1 000) Equity Shares of USD 0.01 each	312 50 00 000	299 57 50 000
	<u>312 50 00 000</u>	<u>299 57 50 000</u>
Issued, Subscribed and Paid up		
100 (Previous year 100) Equity Shares of USD 0.01 each fully paid up	31 25 00 000	29 95 75 000
	<u>31 25 00 000</u>	<u>29 95 75 000</u>

Note: 2.01.01

Share held by holding/Ultimate holding company and/or their subsidiaries/asscoicates

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Infocom Inc,	100	100	100	100

Note: 2.01.02

Details of Shareholders holding more than 5% shares in the Company :

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Infocom Inc,	100	100	100	100

Note: 2.01.03

Terms/Rights attached to Equity Share

The Company has only one class of equity share having a par value of USD 0.01 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the company.

Note: 2.01.04

Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the beginning of the year	100	31 25 00 000	100	29 95 75 000
Add/ (Less): Changes during the year	-	-	-	-
At the end of the year	<u>100</u>	<u>31 25 00 000</u>	<u>100</u>	<u>29 95 75 000</u>

Reliance Communications Inc

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.02		
Reserve & Surplus		
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	1,48,39,57,292	80,64,40,336
Add: Profit during the year	4,95,41,497	67,75,16,956
	<u>1,53,34,98,789</u>	<u>1,48,39,57,292</u>
Exchange Fluctuation Reserve	5,87,10,194	(61,48,853)
	<u>1,59,22,08,983</u>	<u>1,47,78,08,439</u>
Note: 2.03		
Short Term Borrowings		
Unsecured		
Foreign Currency Loans from-Body Corporate	-	2,03,50,29,392
	-	2,03,50,29,392
Note: 2.04		
Trade Payables		
Due to Related Parties (Refer Note 2.21)	3,07,29,27,948	1,27,30,33,094
Due to others	12,22,96,767	62,41,38,174
	<u>3,19,52,24,715</u>	<u>1,89,71,71,268</u>
Note: 2.05		
Other Current Liabilities		
Other Liabilities	44,79,69,779	35,86,91,571
Advance from Customers and Unearned Income (Refer Note 2.21)	30,72,12,051	24,94,89,715
	<u>75,51,81,830</u>	<u>60,81,81,286</u>
Note: 2.06		
Short Term Provisions		
Income Tax	-	3,94,48,216
	-	3,94,48,216

NOTE 2.07

Fixed Assets a

8

Reliance Communications Inc

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.08		
Non Current Investments		
(Trade Investments, Unquoted, At Cost)		
In Equity Shares of		
100 (Previous year 100) of Reliance Communications International Inc.	6,25,000	5,99,150
100 (Previous year 100) of Reliance Communications Canada Inc.	6,25,000	5,99,150
100 (Previous year 100) of Bonn Investment Inc.	6,25,000	5,99,150
	18,75,000	17,97,450
Note: 2.09		
Long Term Loans and Advances		
(Unsecured, Considered good unless stated otherwise)		
Advance Tax	4,96,64,750	-
	4,96,64,750	-
Note: 2.10		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	68,29,70,668	79,41,70,150
Others		
Considered Good	39,91,49,162	1,66,69,43,386
	1,08,21,19,830	2,46,11,13,536
Note: 2.11		
Cash and Bank Balances		
Balance with Banks		
Cash in Hand	-	8,208
In Current Account	14,14,04,968	3,85,58,178
	14,14,04,968	3,85,66,386
Note: 2.12		
Short Term Loans And Advances		
(Unsecured, Considered good unless stated otherwise)		
Loans and Advances to Related parties	3,55,44,22,863	3,00,36,57,642
(Refer Note 2.21)		
Others		
Advance to Vendors	61,15,84,084	26,98,78,010
Other Receivable	5,16,95,313	5,67,01,818
Prepaid expenses	7,84,98,643	7,51,83,739
Deposits	25,03,125	6,14,129
	4,29,87,04,028	3,40,60,35,338

Reliance Communications Inc

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

	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
Note: 2.12		
Service Revenue		
Service Revenue –Bandwidth/ Port Charges	1,25,36,426	1,85,03,613
Wholesale Traffic Charges	19,39,11,66,787	13,49,67,43,556
	<u>19,40,37,03,213</u>	<u>13,51,52,47,168</u>
Note: 2.14		
Other Income		
Interest Income	18,00,070	18,41,219
Provision Write Back	-	10,47,36,911
	<u>18,00,070</u>	<u>10,65,78,130</u>
Note: 2.15		
Network Expenses		
Access Charges	18,51,02,01,193	11,86,90,39,811
Telecom circuit cost & Equipments	23,05,67,250	22,86,32,974
Electricity Charges& Utility	1,05,03,220	1,05,29,269
	<u>18,75,12,71,663</u>	<u>12,10,82,02,054</u>
Note: 2.16		
Payment to and Provision for Employees (Including Managerial Remuneration)		
Salaries	5,17,81,772	9,72,76,563
Employee Welfare and Other Amenities	-	39,48,476
	<u>5,17,81,772</u>	<u>10,12,25,038</u>
Note: 2.12		
General Administration Expenses		
Insurance	1,36,39,308	1,53,76,478
Rates & Taxes	28,42,53,237	34,76,78,894
Rent	78,46,390	2,74,09,851
Travelling & Conveyance	25,14,281	71,06,858
Legal & Professional Fees	80,44,713	83,01,216
Communication Expenses	36,34,292	63,89,622
Membership & Sponership fee	30,45,986	-
Billing & IT expenses	10,23,151	-
Bank Charges	15,03,982	10,64,250
Consulating Charges	-	4,18,726
Other Miscellaneous Expenses	1,61,29,025	97,88,573
Payment to Auditors	12,23,060	12,09,260
	<u>34,28,57,425</u>	<u>42,47,43,728</u>

Reliance Communications Inc

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

Note: 2.18

The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note: 2.19

Earnings per share

	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit / (loss) after tax	4 95 41 497	67 75 16 956
Weighted average number of equity shares	100	100
Nominal value per equity share	31,25,000	29,95,750
Basic and Diluted Earning per equity share	4,95,415	67,75,170

Note: 2.20

Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as all the activities of the company relates to International Long Distance business as used for the internal business reporting systems.

Note: 2.21

Related Party Transactions

As per the Accounting Standard 18, as referred in Rule 7 of Companies Account Rules 2014, the disclosures of transactions with the related parties.

i List of Related Parties with whom transactions have taken place and relationships.

Sr.	Name of the Related Party	Relationship
1	Reliance Communications Ltd.	Ultimate Holding Company
2	Reliance Infocom Inc.	Holding Company
3	Reliance Communications International Inc.	Subsidiary Company
4	Reliance Communications Canada Inc.	Subsidiary Company
5	Bonn Investment Inc.	Subsidiary Company
6	Reliance Communications Infrastructure Limited	Fellow Subsidiary
7	Reliance Globalcom Limited	Fellow Subsidiary
8	Reliance Globalcom B.V.	Fellow Subsidiary
9	Reliance Communications (UK) Limited	Fellow Subsidiary
10	Reliance Communications (Hong Kong) Limited	Fellow Subsidiary
11	Reliance Communications (Singapore) Pte. Limited	Fellow Subsidiary
12	Reliance Communications (New Zealand) Pte Limited	Fellow Subsidiary
13	Reliance Communications (Australia) Pty Limited	Fellow Subsidiary
14	Reliance Globalcom Services Inc.	Fellow Subsidiary
15	Reliance FLAG Atlantic France SAS	Fellow Subsidiary
16	Reliance FLAG Pacific Holdings Limited	Fellow Subsidiary
17	FLAG Telecom Network USA Limited	Fellow Subsidiary
18	Vanco UK Limited	Fellow Subsidiary

Reliance Communications Inc

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

ii Transactions with related parties and closing balances

Summarised below are the transactions entered into with related parties:
(Figures shown in brackets pertains to previous year.)

Entity Name	For the year ended Marh 31,2015			As At March 31, 2015			
	Service Income	Access Charges	Trade Receivables	Investments	Loans & Advances Given	Trade Payables	Other Liabilities
Reliance Communications Ltd.	3,65,78,90,141	7,40,65,97,659	82,70,173	-	-	1,54,95,31,668	-
	(1,90,62,58,896)	(6,09,43,00,981)	(1,24,86,21,438)	(-)	(-)	(-)	(-)
Reliance Infocom Inc.	-	-	-	-	48,81,83,527	-	-
	(-)	(-)	(-)	(-)	(39,21,39,845)	(-)	(-)
Reliance Communications International Inc.	57,67,30,164	-	-	6,25,000	49,87,620	33,01,693	-
	(67,11,71,187)	(-)	(47,81,332)	(5,99,150)	(-)	(14,52,21,096)	(-)
Reliance Communications Canada Inc.	3,33,21,531	-	-	6,25,000	75,00,000	-	8,77,058
	(4,12,85,023)	(-)	(-)	(5,99,150)	(-)	(-)	(6,55,520)
Bonn Investment Inc.	-	-	-	6,25,000	32,36,87,500	-	-
	(-)	(-)	(-)	(5,99,150)	(31,02,99,785)	(-)	(-)
Reliance Communications Infrastructure Limited	-	-	18,56,97,125	-	36,84,31,824	35,91,699	-
	(-)	(-)	(17,80,16,692)	(-)	(34,65,04,813)	(34,43,147)	(-)
Reliance Globalcom B.V.	-	-	-	-	58,25,02,888	-	-
	(-)	(-)	(-)	(-)	(35,328)	(-)	(-)
Reliance Communications (UK) Limited	4,88,75,45,085	4,15,45,66,110	7,04,51,625	-	5,62,23,637	87,03,09,975	-
	(2,63,51,67,567)	(1,30,44,43,796)	(-)	(-)	(5,38,98,227)	(64,50,79,349)	(-)
Reliance Communications (Hong Kong) Limited	2,93,99,07,108	2,76,55,60,740	-	-	29,00,16,901	1,86,06,386	-
	(1,16,67,44,835)	(96,41,68,597)	(-)	(-)	(27,80,21,802)	(4,42,26,813)	(-)
Reliance Communications (Singapore) Pte. Limited	9,51,190	-	-	-	1,08,32,663	43,95,643	-
	(10,83,361)	(-)	(10,83,363)	(-)	(73,72,463)	(-)	(-)
Reliance Communications (New Zealand) Pte Limited	1,33,768	-	14,33,661	-	40,25,170	-	-
	(1,10,950)	(-)	(12,43,305)	(-)	(35,60,599)	(-)	(-)
Reliance Communications (Australia) Pty Limited	57,40,888	-	-	-	87,01,879	-	3,00,92,894
	(77,66,620)	(-)	(-)	(-)	(53,47,414)	(-)	(1,70,99,068)
Reliance Globalcom Ltd	-	19,38,85,703	-	-	-	-	-
	(-)	(19,31,40,676)	(-)	(-)	(-)	(-)	(-)
Reliance FLAG Atlantic France SAS	-	-	-	-	-	60,71,24,185	-
	(-)	(-)	(-)	(-)	(-)	(42,93,78,723)	(30,48,47,520)
Reliance FLAG Pacific Holdings Limited	-	-	-	-	1,39,55,68,970	-	-
	(-)	(-)	(-)	(-)	(1,33,06,17,427)	(-)	(-)
FLAG Telecom Network USA Limited	-	-	-	-	3,82,617	-	-
	(-)	(-)	(-)	(-)	(3,66,792)	(-)	(-)
Vanco UK Ltd	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(11,98,30,000)	(-)	(1,49,78,750)
Reliance Global Services Inc.	-	-	-	-	1,37,60,285	-	-
	(-)	(-)	(-)	(-)	(15,56,63,147)	(56,83,967)	(-)

2.22 The The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.15 and (Previous year 1 USD = ₹ 60.46).

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Communications Inc.

Janet Troxell

Andrew Goldie

} Directors

Reliance Communications International Inc.

Independent Auditor's Report

To

The Board of Directors of Reliance Communications International Inc.

We have audited the accompanying standalone financial statements of Reliance Communications International Inc. ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2015

Reliance Communications International Inc.

Balance Sheet as at March 31, 2015

	Notes		As at March 31, 2015		(Amount in ₹) As at March 31, 2014
Equity and Liabilities					
Shareholders' Funds					
(a) Share Capital	2.01	6,25,000		5,99,151	
(b) Reserves and Surplus	2.02	66,49,06,381	66,55,31,381	59,59,22,912	59,65,22,063
Current Liabilities					
(a) Trade Payables	2.03	20,49,67,354		31,84,55,954	
(b) Other Current Liabilities	2.04	30,23,84,676		46,07,47,728	
(c) Short Term Provisions	2.05	1,20,94,438	51,94,46,468	1,10,00,274	79,02,03,956
TOTAL			1,18,49,77,849		1,38,67,26,019
Assets					
Non Current Assets					
(a) Long Term Loans and Advances	2.06		20,50,899		11,03,418
Current Assets					
(a) Trade Receivables	2.07	33,54,29,170		41,85,68,407	
(b) Cash and Bank Balances	2.08	11,23,34,061		1,06,53,846	
(c) Short Term Loans and Advances	2.09	73,51,63,719	1,18,29,26,950	95,64,00,348	1,38,56,22,601
TOTAL			1,18,49,77,849		1,38,67,26,019
Significant Accounting Policies	1				
Notes on Accounts	2				

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

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

Reliance Communications International Inc.

Janet Troxell

Andrew Goldie

} Directors

Reliance Communications International Inc.

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

			(Amount in ₹)
	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Revenue	2.10	1,17,53,51,974	1,29,59,91,695
		<u>1,17,53,51,974</u>	<u>1,29,59,91,695</u>
Expenses			
Network Operating Expenses	2.11	89,01,32,855	1,12,93,87,673
General & Administration Expenses	2.12	16,18,57,971	6,75,92,093
Selling & Distribution Expenses	2.13	8,04,14,815	6,40,67,018
		<u>1,13,24,05,641</u>	<u>1,26,10,46,784</u>
Profit Before Tax		4,29,46,333	3,49,44,911
Provision for:			
- Current Tax		6,06,210	27,24,281
Profit After tax		<u>4,23,40,123</u>	<u>3,22,20,630</u>
Basic and Diluted Earning per Share	2.15	4,23,401	3,22,206
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Manoj Sethi

Proprietor
Firm Regn. No. 109407W

Place : Mumbai

Date : May 27, 2015

Reliance Communications International Inc.

Janet Troxell

Andrew Goldie

} **Directors**

Reliance Communications International Inc.

Cash Flow Statement for the year ended March 31, 2015

		(Amount in ₹)
	For the year ended March 31, 2015	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	4,29,46,333	3,49,44,911
Operating Profit before Working Capital Changes	4,29,46,333	3,49,44,911
Adjusted for:		
Receivables and other Advances	36,27,98,268	68,11,35,318
Trade Payables	(30,48,50,376)	(77,82,63,818)
Effects of exchange difference on translation of assets and liabilities	13,92,200	68,35,668
	5,93,40,092	(9,02,92,832)
Cash Generated from Operations	10,22,86,425	(5,53,47,921)
Paymen of Taxes	6,06,210	27,24,281
Net Cash from Operating Activities (a)	10,16,80,215	(5,80,72,202)
CASH FLOW FROM INVESTING ACTIVITIES: (b)	-	-
CASH FLOW FROM FINANCING ACTIVITIES: (c)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (a)+(b)+(c)	10,16,80,215	(5,80,72,202)
Opening Balance of Cash and Cash Equivalents	1,06,53,846	6,87,26,048
Closing Balance of Cash and Cash Equivalents	11,23,34,061	1,06,53,846

Note:

Cash and Cash Equivalent includes cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants

Firm Regn. No. 109407W

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Communications International Inc.

Janet Troxell

Andrew Goldie

} Directors

Reliance Communications International Inc.

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

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention 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 note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates :

The Financial Statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956 read with the Companies (Accounting Standards) Rules, 2006 (Accounting Standard Rules) as well as applicable pronouncements of the Institute of Chartered Accountants of India (the ICAI).

1.03 Investments :

Investments are classified into long term and current investments. Investments which are intended to be held for more than one year, are classified as long term investments and investments, which are intended to be held for less than one year are classified as current investments.

Current Investments are carried at lower of cost and quoted / fair value. 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.

1.04 Inventories of Stores and Spares

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

1.05 Revenue recognition :

International Voice and Data revenue is recognised as the services are performed. Interest on investment is recognised on accrual basis.

1.06 Taxes on Income :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprises of both 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.

1.07 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. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Reliance Communications International Inc.

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
2.01 Share Capital		
Authorised		
1 000 (Previous year 1 000) Equity Shares without par value	-	-
	<u>-</u>	<u>-</u>
Issued, Subscribed and Paid up		
100 (Previous year 100) Equity Shares of USD 0.01 each fully paid up	6 25 000	5 99 151
	<u>6 25 000</u>	<u>5 99 151</u>

Note: 2.01.01

Share held by holding/Ultimate holding company and/or their subsidiaries/asscoicates

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Inc,	100	100	100	100

Note: 2.01.02

Details of Shareholders holding more than 5% shares in the Company :

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Inc,	100	100	100	100

Note: 2.01.03

Terms/Rights attached to Equity Share

The Company has only one class of equity share having a par value of USD 0.01 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the company.

Note: 2.01.04

Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the beginning of the year	100	6 25 000	100	5 99 151
Add/ (Less): Changes during the year	-	-	-	-
At the end of the year	<u>100</u>	<u>6 25 000</u>	<u>100</u>	<u>5 99 151</u>

Reliance Communications International Inc.

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.02		
Reserve & Surplus		
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	59,62,14,964	56,39,94,334
Add: Profit during the year	4,23,40,123	3,22,20,630
	<u>63,85,55,087</u>	<u>59,62,14,964</u>
Exchange Fluctuation Reserve	2,63,51,294	(2,92,052)
	<u>66,49,06,381</u>	<u>59,59,22,912</u>
Note: 2.03		
Trade Payable		
Due to Related Parties (Refer Note 2.17)	20,05,51,253	30,86,50,318
Due to others	44,16,101	98,05,636
	<u>20,49,67,354</u>	<u>31,84,55,954</u>
Note: 2.04		
Other Current Liabilities		
Advance from Customers and Unearned Income	14,38,10,718	6,15,51,818
Other Liabilities (Refer Note 2.17)	15,85,73,958	39,91,95,910
	<u>30,23,84,676</u>	<u>46,07,47,728</u>
Note: 2.05		
Short Term Provisions		
Provision for Income Tax	1,20,94,438	1,10,00,274
	<u>1,20,94,438</u>	<u>1,10,00,274</u>
Note: 2.06		
Long Term Loans and Advances		
(Unsecured, Considered good unless stated otherwise)		
Advance Income Tax	20,50,899	11,03,418
	<u>20,50,899</u>	<u>11,03,418</u>
Note: 2.07		
Trade Receivables		
Due for More than Six months from the date they are due for payment		
Considered Good	25,21,50,750	28,62,86,273
Considered Doubtful	-	-
	<u>25,21,50,750</u>	<u>28,62,86,273</u>
Others		
Considered Good	8,32,78,420	13,22,82,134
Considered Doubtful	-	-
	<u>33,54,29,170</u>	<u>41,85,68,407</u>
	<u>33,54,29,170</u>	<u>41,85,68,407</u>

Reliance Communications International Inc.

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.08		
Cash and Bank Balances		
Balance with Banks		
In Current Account	11,23,34,061	1,06,53,846
	<u>11,23,34,061</u>	<u>1,06,53,846</u>
Note: 2.09		
Short Term Loans and Advances		
(Unsecured, Considered good unless stated otherwise)		
Loans and Advances to Related parties (Refer Note:2.17)	66,44,11,986	76,08,80,123
Prepaid expenses	85,94,094	82,38,642
Deposits	5,78,125	5,54,214
Balance with Customs, Central Excise Authorities etc.	80,97,894	77,62,965
Others	5,34,81,620	17,89,64,404
	<u>73,51,63,719</u>	<u>95,64,00,348</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note: 2.10		
Revenue		
Post Paid/Prepaid	1,16,61,23,272	1,27,25,92,453
Local Loop Income	92,28,702	2,33,99,242
	<u>1,17,53,51,974</u>	<u>1,29,59,91,695</u>
	<u>1,17,53,51,974</u>	<u>1,29,59,91,695</u>
Note: 2.11		
Network Operating Expenses		
Charges for Commercial Support Service	17,18,92,520	37,50,41,069
Whole Traffic cost	39,41,16,019	44,90,64,868
Licence and Application	7,12,28,985	3,78,80,833
Toll free Access	25,28,95,331	26,74,00,903
	<u>89,01,32,855</u>	<u>1,12,93,87,673</u>
	<u>89,01,32,855</u>	<u>1,12,93,87,673</u>
Note: 2.12		
General & Administration Expenses		
Merchant Bank Charges	5,86,87,222	4,62,89,037
Professional Fees	84,06,748	93,62,959
Bad Debts	8,79,99,167	-
Bank Charges	3,14,158	2,47,058
Software License Fee	53,66,176	1,06,79,277
Other Miscellaneous	1,67,205	1,06,817
Payment to Auditors		
	<u>16,09,40,676</u>	<u>6,66,85,148</u>
	<u>9,17,295</u>	<u>9,06,945</u>
	<u>16,18,57,971</u>	<u>6,75,92,093</u>
Note: 2.13		
Selling & Distribution Expenses		
Call Center Expenses	2,41,82,705	3,39,09,767
Advertisement Expenses	5,62,32,110	3,01,57,251
	<u>8,04,14,815</u>	<u>6,40,67,018</u>
	<u>8,04,14,815</u>	<u>6,40,67,018</u>

Reliance Communications International Inc.

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

Note: 2.14

The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note: 2.15

Earnings per share

	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit / (loss) after tax and extra ordinary item	4,23,40,123	3,22,20,630
Weighted average number of equity shares	100	100
Nominal value per equity share	6,250	5,992
Basic and Diluted Earning per equity share	4,23,401	3,22,206

Note: 2.16

Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as all the activities of the company relates to International Long Distance business as used for the internal business reporting systems.

Note: 2.17

Related Party Transactions

As per the Accounting Standard 18, the disclosures of transactions with the related parties are given below :

i List of Related Parties with whom transactions have taken place and relationships.

Sr.	Name of the Related Party	Relationship
1	Reliance Communications Ltd.	Ultimate Holding Company
2	Reliance Communications, Inc.	Holding Company
3	Bonn Investment Inc.	Fellow Subsidiary
4	Reliance Infocom Inc.	Fellow Subsidiary
5	Reliance Communications Infrastructure Ld	Fellow Subsidiary
6	Reliance Communications (Australia) Pty Limited	Fellow Subsidiary
7	Reliance Communications (Singapore) Pte Limited	Fellow Subsidiary
8	Reliance Communications (Hong Kong) Limited	Fellow Subsidiary
9	Reliance Communications (New Zealand) Pte Limited	Fellow Subsidiary
10	Reliance Communications Canada Inc.	Fellow Subsidiary
11	Reliance Communications (UK) Limited	Fellow Subsidiary

Reliance Communications International Inc.

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

ii Transactions with related parties and closing balances

Summarised below are the transactions entered into with related parties:
(Figures shown in brackets pertain to previous year.)

Entity Name	For the year ended March 31, 2015		As At March 31, 2015	
	Network Operating Expenses	Other Current Liabilities	Short Term Loans and Advances given	Trade Payables
Reliance Communications Limited	18,90,83,285 (37,95,28,094)	1,97,55,563 (7,88,53,472)	- -	16,75,51,313 (30,49,16,698)
Reliance Communications, Inc.	57,67,30,152 (67,11,71,185)	-	33,01,693 (14,04,39,764)	49,87,625 (-)
Bonn Investment Inc.	-	-	14,46,87,500	-
Reliance Infocom Inc.	-	-	(13,87,03,225)	-
	-	-	10,44,874 (10,01,658)	-
Reliance Communications Infrastructure Limited	1,31,59,740 (3,36,02,429)	-	48,49,61,185 (45,15,76,779)	2,41,15,422 (-)
Reliance Communications (Australia) Pty Limited	-	-	12,97,404	-
	-	-	(12,43,744)	-
Reliance Communications (Singapore) Pte Limited	-	-	30,219 (28,970)	-
Reliance Communications (Hong Kong) Limited	-	-	-	38,96,893 (37,33,621)
Reliance Communications (New Zealand) Pte Limited	-	-	32,24,250 (30,90,895)	-
Reliance Communications Canada Inc.	-	-	2,26,57,361 (2,17,20,252)	-
Reliance Communications (UK) Limited	-	-	32,07,500 (30,74,838)	-

2.18 The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = Rs. 62.50 (Previous year 1 USD = Rs. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 61.15 and (Previous year 1 USD = Rs. 60.46).

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Communications International Inc.

Janet Troxell

Andrew Goldie

} Directors

Reliance Communications Canada Inc.

Independent Auditor's Report

To

The Board of Directors of Reliance Communications Canada Inc.

We have audited the accompanying standalone financial statements of Reliance Communications Canada Inc. ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2015

Reliance Communications Canada Inc.

Balance Sheet as at March 31, 2015

	Notes		As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Equity and Liabilities				
Shareholders' Funds				
(a) Share Capital	2.01	6,25,000		5,99,150
(b) Reserves and Surplus	2.02	(55,37,881)	(49,12,881)	(66,17,489)
Current Liabilities				
(a) Trade Payables	2.03	3,53,15,416		4,99,88,459
(b) Other Current Liabilities	2.04	55,32,328		74,60,616
(c) Short Term Provisions	2.05	13,37,802	4,21,85,546	5,87,31,555
TOTAL			3,72,72,665	5,21,14,067
Assets				
Non Current Assets				
(a) Long Term Loans and Advances	2.06		18,79,214	12,50,606
Current Assets				
(a) Trade Receivables	2.07	97,21,318		2,32,64,276
(b) Cash and Bank Balances	2.08	45,33,197		73,34,555
(c) Short Term Loans and Advances	2.09	2,11,38,936	3,53,93,451	5,08,63,461
TOTAL			3,72,72,665	5,21,14,067
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

Reliance Communications Canada Inc.

Janet Troxell

Andrew Goldie

Directors

Reliance Communications Canada Inc.

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

	Notes	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
Income			
Revenue	2.10	<u>5,79,60,143</u>	<u>7,01,99,901</u>
		<u>5,79,60,143</u>	<u>7,01,99,901</u>
Expenses			
Network Operating Expenses	2.11	3,55,52,409	6,30,90,057
General & Administration Expenses	2.12	1,84,03,476	47,59,950
Selling & Distribution Expenses	2.13	<u>20,56,969</u>	<u>12,99,652</u>
		5,60,12,854	6,91,49,659
Profit / (Loss) before Tax		<u>19,47,289</u>	<u>10,50,242</u>
Provision for:			
- Current Tax		-	1,96,807
Profit /(Loss) After Tax		<u>19,47,289</u>	<u>8,53,435</u>
Earning per Share	2.15	19,473	8,534
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Manoj Sethi

Proprietor
Firm Regn. No. 109407W

Place : Mumbai

Date : May 27, 2015

Reliance Communications Canada Inc.

Janet Troxell

Andrew Goldie

} Directors

Reliance Communications Canada Inc.

Cash Flow Statement for the year ended March 31, 2015

	(Amount in ₹)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	19,47,289	10,50,242
Adjusted for:		
	-	-
Operating Profit before Working Capital Changes	19,47,289	10,50,242
Adjusted for:		
Receivables and other Advances	1 39 72 032	4 25 09 025
Trade Payables	(1 90 80 013)	(4 43 41 712)
Effects of exchange difference on translation of assets and liabilities	3 59 334	3 80 626
Cash Generated from Operations	(28,01,358)	(4,01,819)
Payment of Taxes	-	1,96,807
Net Cash used in Operating Activities	(28,01,358)	(2,05,012)
B CASH FLOW FROM INVESTING ACTIVITIES	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing Activities	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	(28,01,358)	(2,05,012)
Opening Balance of Cash and Cash Equivalents	73,34,555	75,39,567
Closing Balance of Cash and Cash Equivalents	45,33,197	73,34,555

As per our Report of even date

For M S Sethi & Associates
Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

Reliance Communications Canada Inc.

Janet Troxell
Andrew Goldie } Directors

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

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention 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 note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates :

The presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known/materialised.

1.03 Revenue Recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network.

1.04 Taxes on Income :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprises of both 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.

1.05 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. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Reliance Communications Canada Inc.

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
2.01 Share Capital		
Authorised Equity		
1 000 (Previous year 1 000) Equity Shares of USD 0.01 each	62 50 000	59 91 500
	<u>62 50 000</u>	<u>59 91 500</u>
Issued, Subscribed and Paid up		
100 (Previous year 100) Equity Shares of USD 0.01 each fully paid up	6 25 000	5 99 150
	<u>6 25 000</u>	<u>5 99 150</u>

Note: 2.01.01

Share held by holding/Ultimate holding company and/or their subsidiaries/asscoicates

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Inc,	100	100	100	100

Note: 2.01.02

Details of Shareholders holding more than 5% shares in the Company :

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Inc,	100	100	100	100

Note: 2.01.03

Terms/Rights attached to Equity Share

The Company has only one class of equity shares having a par value of 0.01 USD per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the company.

Note: 2.01.04

Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the beginning of the year	100	6 25 000	100	5 99 150
Add/ (Less): Changes during the year	-	-	-	-
At the end of the year	<u>100</u>	<u>6 25 000</u>	<u>100</u>	<u>5 99 150</u>

Reliance Communications Canada Inc.

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.02		
Reserve & Surplus		
Statement of Profit and Loss		
As per last Balance Sheet	(72,08,967)	(80,62,402)
Add: Profit for the year	19,47,289	8,53,435
	<u>(52,61,678)</u>	<u>(72,08,967)</u>
Exchange Fluctuation Reserve	(2,76,203)	(7,672)
	<u>(55,37,881)</u>	<u>(72,16,639)</u>
Note: 2.03		
Trade Payable		
Due to Related Parties (Refer Note 2.17)	3,09,38,295	4,95,13,586
Due to others	43,77,121	4,74,873
	<u>3,53,15,416</u>	<u>4,99,88,459</u>
Note: 2.04		
Other Current Liabilities		
Advance from Customers and Unearned Income	55,32,328	74,60,616
	<u>55,32,328</u>	<u>74,60,616</u>
Note: 2.05		
Short Term Provisions		
Income Tax (net of advance tax)	13,37,802	12,82,481
	<u>13,37,802</u>	<u>12,82,481</u>
Note: 2.06		
Long Term Loans and Advances		
Advance Tax	18,79,214	12,50,606
	<u>18,79,214</u>	<u>12,50,606</u>
Note: 2.07		
Trade Receivables		
Due for More than Six months		
Considered Good	56,52,040	1,30,87,353
Considered Doubtful	-	-
	<u>56,52,040</u>	<u>1,30,87,353</u>
Less: Provision for doubtful debts	-	-
	<u>56,52,040</u>	<u>1,30,87,353</u>
Others		
Considered Good	40,69,278	1,01,76,922
	<u>97,21,318</u>	<u>2,32,64,276</u>
Note: 2.08		
Cash and Bank Balances		
Balance with Banks in Current Account	45,33,197	73,34,555
	<u>45,33,197</u>	<u>73,34,555</u>

Reliance Communications Canada Inc.

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.09		
Short Term Loans and Advances		
(Unsecured, Considered good – unless stated otherwise)		
Loans and Advances to Related parties (Refer Note 2.17)	24,434	23,940
Others		
Considered good	2,11,14,502	2,02,40,691
	<u>2,11,38,936</u>	<u>2,02,64,631</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note: 2.10		
Revenue		
Post Paid / Pre Paid	5,79,60,143	7,01,99,901
	<u>5,79,60,143</u>	<u>7,01,99,901</u>
Note: 2.11		
Network Operating Expenses		
Charges for Commercial Support Service	2,91,337	2,02,87,513
Whole Traffic cost	3,33,21,531	4,16,26,780
License & Application Fees	6,32,872	1,40,093
WITS Call charges	13,06,669	10,35,671
	<u>3,55,52,409</u>	<u>6,30,90,057</u>
Note: 2.12		
General Administration Expenses		
Merchant Bank Charges	29,30,186	33,76,012
Professional Fees	16,58,245	10,03,988
Legal Fee	-	(95,471)
Bank Charges	86,188	76,788
Bad Debts	1,35,75,966	
Other Miscellaneous	-	35,855
Payment to Auditors	1,52,891	3,62,778
	<u>1,84,03,476</u>	<u>47,59,950</u>
Note: 2.13		
Selling Expenses		
Call Centre Expenses	20,56,969	12,99,652
	<u>20,56,969</u>	<u>12,99,652</u>
Note: 2.14		
The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.		
Note: 2.15		
Earnings per share		
	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit / (loss) after tax and extra ordinary item	19,47,289	8,53,435
Weighted average number of equity shares	100	100
Nominal value per equity share	6,250	5,992
Basic and Diluted Earning per equity share	19,473	8,534

Reliance Communications Canada Inc.

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

Note: 2.16

Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as all the activities of the company relates to International Long Distance business as used for the internal business reporting systems.

Note: 2.17

Related Party Transactions

As per the Accounting Standard 18, the disclosures of transactions with the related parties.

i List of Related Parties with whom transactions have taken place and relationships.

Sr.	Name of the Related Party	Relationship
1	Reliance Communications Ltd.	Ultimate Holding Company
2	Reliance Communications, Inc.	Holding Company
3	Reliance Infocom Inc.	Fellow Subsidiary
4	Reliance Communications Infrastructure Ltd	Fellow Subsidiary
5	Reliance Communications International Inc.	Fellow Subsidiary

ii Transactions with related parties and closing balances

Summarised below are the transactions entered into with related parties:

(Figures shown in brackets pertains to previous year.)

Entity Name	During the Year 2014-2015	As At March 31, 2015	
	Network Operating Expenses	Loans & Advances Given	Trade Payables
Reliance Communications Ltd.	2,91,361 (2,01,03,601)	-	1,000 (2,04,54,861)
Reliance Communications, Inc.	3,33,21,536 (4,12,85,030)	-	66,22,938 (65,34,280)
Reliance Infocom Inc.	-	24,434 (23,940)	
Reliance Communications Infrastructure Ltd	10,32,750 (15,61,205)	-	16,56,982 (8,04,179)
Reliance Communications International Inc.	-	-	2,26,57,375 (2,17,20,266)

Note: 2.18

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.15 and (Previous year 1 USD = ₹ 60.46).

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

Reliance Communications Canada Inc.

Janet Troxell

Andrew Goldie

} Directors

Independent Auditor's Report

To

The Board of Directors of Bonn Investment Inc

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Bonn Investment Inc ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended, and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2015

Bonn Investment Inc

Balance Sheet as at March 31, 2015

	Notes	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Equity and Liabilities			
Shareholders' Funds			
(a) Share Capital	2.01	6,25,000	5,99,150
(b) Reserves and Surplus	2.02	(5,29,89,382) (5,23,64,382)	(5,90,84,133) (5,84,84,983)
Current Liabilities			
(a) Short Term borrowings	2.03	46,83,75,000	44,90,03,010
(b) Trade Payables	2.04	1,56,250	1,19,830
(c) Other Current Liabilities	2.05	6,25,000	5,99,149
(d) Short Term Provisions	2.06	55,247 46,92,11,497	52,965 44,97,74,954
TOTAL		41,68,47,115	39,12,89,971
Assets			
Non Current Assets			
(a) Fixed Assets	2.07		
(i) Tangible Assets		34,01,33,731	33,74,80,973
(ii) Capital Work in Progress		5,26,55,320 39,27,89,051	5,04,77,496 38,79,58,469
(b) Long Term Loans and Advances	2.08	3,32,188	-
Current Assets			
(a) Cash and Bank Balances	2.09	2,21,23,475	15,24,885
(b) Other Current Assets	2.10	16,02,401 2,37,25,876	18,06,617 33,31,502
TOTAL		41,68,47,115	39,12,89,971
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

For Bonn Investment Inc.

Janet Troxell

Andrew Goldie

} **Directors**

Bonn Investment Inc

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

	Notes		For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
Income				
Other Income	2.11		2,42,14,753	2,28,55,014
			<u>2,42,14,753</u>	<u>2,28,55,014</u>
Expenses				
General & Administration Expenses	2.12	35,03,065		47,90,741
Depreciation	2.07	<u>1,16,51,041</u>	<u>1,51,54,106</u>	<u>1,15,19,592</u>
				1,63,10,333
Profit Before Tax			<u>90,60,647</u>	<u>65,44,681</u>
Provision for:				
– Current Tax			6,03,065	32,590
Profit After Tax			<u>84,57,582</u>	<u>65,12,091</u>
Basic and Diluted Earning per Share	2.14		84,576	65,121
Significant Accounting Policies	1			
Notes on Accounts	2			

The Notes referred to above form an integral part of the Balance Sheet.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants

Regn. No. 109407W

Manoj Sethi

Proprietor

Firm Regn. No. 109407W

Place : Mumbai

Date : May 27, 2015

For Bonn Investment Inc.

Janet Troxell

Andrew Goldie

} Directors

Bonn Investment Inc

Cash Flow Statement for the year ended March 31, 2015

		(Amount in ₹)
	For the year ended March 31, 2015	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	90,60,647	65,44,681
Adjusted for:		
Depreciation	1,16,51,041	1,15,19,592
Operating Profit before Working Capital Changes	2,07,11,688	1,80,64,273
Adjusted for:		
Trade Advances	(50,025)	(35,110)
Trade Payables & Provisions	31,246	(5,79,93,226)
Effects of exchange difference on translation of assets and liabilities	5,08,747	37,53,564
Cash Generated from Operations	2,12,01,656	(3,62,10,499)
Payment of Taxes	6,03,065	32,590
Net Cash from Operating Activities	(a) 2,05,98,591	(3,62,43,089)
B CASH FLOW FROM INVESTING ACTIVITIES:	(b) -	-
C CASH FLOW FROM FINANCING ACTIVITIES:	(c) -	-
Net Increase / (Decrease) in Cash and Cash Equivalents	2,05,98,591	(3,62,43,089)
Opening Balance of Cash and Cash Equivalents	15,24,885	3,77,67,974
Closing Balance of Cash and Cash Equivalents	2,21,23,476	15,24,885
Note:		
Cash and Cash Equivalent includes cash on hand, cheques on hand, remittances- in-transit and bank balance including Fixed Deposits with Banks.		

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

For Bonn Investment Inc.

Janet Troxell

Andrew Goldie

} **Directors**

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

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention 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 note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates :

The presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known/materialised.

1.03 Fixed Assets and Depreciation

Fixed Assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful life as 10 years.

Expenditure incurred relating to project, prior to commencement of project, is shown under Capital Work in Progress.

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its net selling price and value in use. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1.04 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

1.05 Revenue Recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network.

Rental income is booked on the basis of provisional rate where the rent agreement are in process of finalization. The increase or decrease due to any change in rate of earlier years upon finalization of rent agreement is booked as rate difference during the year in which rent agreement is finalized.

1.06 Taxes on Income :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprises of both 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.

1.07 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. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

Bonn Investment Inc

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.01		
Share Capital		
Authorised		
Equity		
1 000 Equity Shares of USD 0.01 each (1000)	62 50 000	59 91 500
	<u>62 50 000</u>	<u>59 91 500</u>
Issued, Subscribed and Paid up		
100 Equity Shares of USD 0.01 each fully paid up (100)	6 25 000	5 99 150
	<u>6 25 000</u>	<u>5 99 150</u>

Note: 2.01.01

Share held by holding/Ultimate holding company and/or their subsidiaries/asscoicates

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Inc,	100	100	100	100

Note: 2.01.02

Details of Shareholders holding more than 5% shares in the Company :

Equity Shares	%	No. of Shares	%	No. of Shares
Reliance Communications Inc,	100	100	100	100

Note: 2.01.03

Terms/Rights attached to Equity Share

The Company has only one class of equity share having a par value of USD 0.01 per share. Each holder of equity shares is entitled to one vote per share .In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the company.

Note: 2.01.04

Reconciliation of shares outstanding at the beginning and at the end of the reporting year.

	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
At the beginning of the year	100	6 25 000	100	5 99 150
Add/ (Less): Changes during the year	-	-	-	-
At the end of the year	<u>100</u>	<u>6 25 000</u>	<u>100</u>	<u>5 99 150</u>

Bonn Investment Inc

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.02		
Reserve and Surplus		
Surplus/(Deficit) in Statement of Profit & Loss	(5,90,25,093)	(6,55,37,184)
Add: Profit for the year	84,57,582	65,12,091
	(5,05,67,511)	(5,90,25,093)
Exchange Fluctuation Reserve	(24,21,871)	(59,040)
	(5,29,89,382)	(5,90,84,133)
Note: 2.03		
Short Term Borrowings		
Unsecured		
Loan from Related Parties (Refer Note 2.16)	46,83,75,000	44,90,03,010
	46,83,75,000	44,90,03,010
Note: 2.04		
Trade Payable		
Others	1,56,250	1,19,830
	1,56,250	1,19,830
Note: 2.05		
Other Current Liabilities		
Security deposit	6,25,000	5,99,149
	6,25,000	5,99,149
Note: 2.06		
Short Term Provisions		
Provision for Income Tax	55,247	52,965
	55,247	52,965

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

Note 2.07
Fixed Assets and Depreciation

Description	Gross Block			Depreciation			Net Block	
	As at April 1, 2014	Additions	Deductions/ Adjustment Including on Account of CTR	As at March 31, 2015	As on April 1, 2014	Depreciation for the year	As at March 31, 2015	As at March 31, 2014
Tangible Assets								
Building	38,32,02,589		1,65,33,067	39,97,35,656	4,57,21,616	1,16,51,041	34,01,33,731	33,74,80,973
Plant and Machinery	2,00,416	-	-	2,00,416	2,00,416	-	-	-
Total	38,34,03,005	-	1,65,33,067	9,99,36,072	4,59,22,032	1,16,51,041	34,01,33,731	33,74,80,973
Previous Year	39,99,44,719	-	-	8,34,03,005	3,44,02,440	1,15,19,592	3,74,80,973	
Capital Work In Progress							5,26,55,320	5,04,77,496

Bonn Investment Inc

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.08		
Long Term Loans and Advances		
(Unsecured, Considered good unless stated otherwise)		
Advance Tax	3,32,188	-
	<u>3,32,188</u>	<u>-</u>
Note: 2.09		
Cash and Bank Balances		
Balances with Banks		
In Current Account	2,21,23,475	15,24,885
	<u>2,21,23,475</u>	<u>15,24,885</u>
Note: 2.10		
Other Current Assets		
(Unsecured, Considered good unless stated otherwise)		
Other Receivables	16,02,401	18,06,617
	<u>16,02,401</u>	<u>18,06,617</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note: 2.11		
Other Income		
Rent	2,42,14,753	2,28,55,014
	<u>2,42,14,753</u>	<u>2,28,55,014</u>
Note: 2.12		
General & Administration Expenses		
Legal & Professional Fees	91,730	60,463
Bank Charges	44,096	35,374
Insurance and License and Taxes	7,10,292	12,83,279
Dues and Subscriptions	16,231	59,465
Payment to Auditors	91,730	90,695
Electricity Utilities expenses	24,24,462	31,88,395
Other Miscellaneous Expenses	1,24,524	73,070
	<u>35,03,065</u>	<u>47,90,741</u>

Note: 2.13

The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Bonn Investment Inc

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

Note: 2.14

(Amount in ₹)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Earnings per share		
Profit / (loss) after tax and extra ordinary item	84,57,582	65,12,091
Weighted average number of equity shares	100	100
Nominal value per equity share	6,250	5,992
Basic Earning per equity share	84,576	65,121

Note: 2.15

Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as all the activities of the company relates to International Long Distance business as used for the internal business reporting systems

Note: 2.16

Related Party Transactions

As per the Accounting Standard 18, the disclosures of transactions with the related parties.

i List of Related Parties with whom transactions have taken place and relationships.

Sr.	Name of the Related Party	Relationship
1	Reliance Communications Ltd.	Ultimate Holding Company
2	Reliance Communications Inc.	Holding Company
3	Reliance Communications International Inc.	Fellow Subsidiary

ii Transactions with related parties

Summarised below are the transactions entered into with related parties:

(Figures shown in brackets pertain to previous year.)

Entity Name	As at 31.03.2015 Short Term Borrowings
Reliance Communications, Inc.	32,36,87,500 (31,02,99,785)
Reliance Communications International Inc.	14,46,87,500 (13,87,03,225)

Note: 2.17

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = Rs. 62.50 (Previous year 1 USD = Rs. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 61.15 and (Previous year 1 USD = Rs. 60.46).

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

For Bonn Investment Inc

Janet Troxell

Andrew Goldie

} Directors

Reliance Communications (U.K) Ltd.

Independent Auditor's Report

To

The Board of Directors of Reliance Communications (U.K) Ltd.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Communications (U.K) Ltd. ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2015

Reliance Communications (U.K) Ltd.

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	13,75,000		13,18,130
(b) Reserves and Surplus	2.02	<u>2,12,51,51,818</u>	2,12,65,26,818	<u>1,90,82,18,290</u>
				1,90,95,36,420
Current Liabilities				
(a) Short Term Borrowings	2.03	6,13,00,773		5,84,37,035
(b) Trade Payables	2.04	31,51,63,381		24,62,30,090
(c) Other Current Liabilities	2.05	<u>23,60,27,455</u>	61,24,91,609	<u>4,49,94,589</u>
				34,96,61,714
TOTAL			<u>2,73,90,18,427</u>	<u>2,25,91,98,134</u>
ASSETS				
Non Current Assets				
(a) Fixed Assets	2.06			
(i) Tangible Assets		4,14,02,625		5,02,68,146
(ii) Intangible Assets		<u>86,30,125</u>	5,00,32,750	<u>25,99,16,183</u>
				31,01,84,329
Current Assets				
(a) Trade Receivables	2.07	2,57,79,97,614		1,86,32,63,752
(b) Cash and Bank Balances	2.08	9,05,77,559		8,54,71,383
(c) Short Term Loans and Advances	2.09	<u>2,04,10,504</u>	2,68,89,85,677	<u>2,78,670</u>
				1,94,90,13,805
TOTAL			<u>2,73,90,18,427</u>	<u>2,25,91,98,134</u>

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 Reliance Communications (U.K) Ltd.

For M S Sethi & Associates

Chartered Accountants

Firm Regn. No. 109407W

Andrew Goldie

Director

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Communications (U.K) Ltd.

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

	Note	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
INCOME			
Services Revenue and Other Operating Income	2.10	8,057,541,574	5,467,029,694
Total		8,057,541,574	5,467,029,694
EXPENDITURE			
Network Operating Expenses	2.11	7,649,732,087	5,083,277,019
Depreciation, Impairment and Amortisation	2.06	267,639,101	264,619,262
General and Administration Expenses	2.12	15,996,499	4,354,062
Selling and Distribution Expenses	2.13	1,557,329	1,682,745
Financial Charges (net)	2.14	(9,202,915)	198,863
Total		7,925,722,101	5,354,131,951
Profit Before Tax		131,819,473	112,897,743
Provision for:			
– Current Tax		-	-
Profit After Tax		131,819,473	112,897,743
Earning per Share	2.16	5,992	5 132
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 Reliance Communications (U.K) Ltd.

For M S Sethi & Associates

Andrew Goldie

Director

Chartered Accountants

Firm Regn. No. 109407W

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Communications (U.K) Ltd.

Cash Flow Statement for the year ended March 31, 2015

(Amount in ₹)

	For the year ended March 31, 2015	For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per statement of Profit and Loss	13,18,19,473	11,28,97,743
Adjusted for:		
Depreciation/ Impairment and Amortisation	26,76,39,101	26,46,19,282
Unrealised Forex Loss (Gain)	-	(1,14,698)
Interest Expenses	3,02,208	3,21,965
Operating Profit before Working Capital Changes	39,97,60,782	37,77,24,292
Adjusted for:		
Receivables and other Advances	(65,44,64,188)	(45,25,26,012)
Effects of exchange difference on translation of assets and liabilities	1,23,74,482	(16,51,439)
Trade Payables	24,74,35,100	(33,70,73,104)
Cash Generated from Operations	51,06,176	4,06,51,188
Net Cash from Operating Activities	51,06,176	4,06,51,188
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash from Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing Activities	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	51,06,176	4,06,51,188
Opening Balance of Cash and Cash Equivalents	8,54,71,383	4,48,20,195
Closing Balance of Cash and Cash Equivalents	9,05,77,559	8,54,71,383

Note:

Cash and Cash Equivalent includes cash on hand, and balance with Bank.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

For Reliance Communications (U.K) Ltd.

Andrew Goldie

Director

Reliance Communications (U.K) Ltd.

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

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation of financial statements :

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard 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 and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates :

The presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known/materialised.

1.03 Fixed Assets and Depreciation

Fixed Assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful life as 10 years.

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its net selling price and value in use. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1.04 Revenue Recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's telecommunications network.

1.05 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

1.06 Taxes on Income and Deferred Tax :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprise both 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.

1.07 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 is recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

1.08 Provisions, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the Financial Statements

Reliance Communications (U.K) Ltd.

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
2.01		
SHARE CAPITAL		
Issued, Subscribed and Paid up		
22 000 (Previous Year 22 000) Equity Shares of USD 1 each fully paid up	13,75,000	13,18,130
	<u>13,75,000</u>	<u>13,18,130</u>

1) Details of Shares held by holding Company:

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	22,000	100	22,000

2) Details of shareholders holding more than 5% share in the company:

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	22,000	100	22,000

3) The Company has only one class of equity shares having a par value of 1 USD per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the Company.

4) Reconciliation of shares outstanding at the beginning and at the end of the Reporting period

	No of Shares	₹	No of Shares	₹
Equity Shares				
At the beginning of the year	22,000	1,375,000	22,000	1,318,130
Add/(Less : Changes during the year	-	-	-	-
At the end of the year	<u>22,000</u>	<u>1,375,000</u>	<u>22,000</u>	<u>1,318,130</u>

2.02 RESERVES AND SURPLUS

Share Premium

As per last Balance Sheet	1,31,11,87,500	1,25,69,56,785
Exchange Fluctuation Reserve	3,16,32,145	7,48,805

Statement of Profit and Loss

As per last Balance Sheet	65,05,12,700	53,76,14,958
Add: Profit for the year	13,18,19,473	11,28,97,742
	<u>78,23,32,173</u>	<u>65,05,12,700</u>
	<u>2,12,51,51,818</u>	<u>1,90,82,18,290</u>

Reliance Communications (U.K) Ltd.

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
2.03 SHORT TERM BORROWINGS		
Unsecured		
Foreign Currency Loans from related party (Refer Note 2.18)	6,13,00,773	5,84,37,035
	<u>6,13,00,773</u>	<u>5,84,37,035</u>
2.04 TRADE PAYABLE		
Payable to related party (Refer Note 2.18)	1,23,54,250	1,04,24,551
Others	30,28,09,131	23,58,05,539
	<u>31,51,63,381</u>	<u>24,62,30,090</u>
2.05 OTHER CURRENT LIABILITIES		
Other Liabilities	3,32,07,606	3,00,01,358
Interest accrued but not due	3,02,208	3,21,965
Advance from Customers	20,25,17,641	1,46,71,266
	<u>23,60,27,455</u>	<u>4,49,94,589</u>

Reliance Communications (U.K) Ltd.

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

2.06 Fixed Assets and Depreciation

(Amount in ₹)

Description	Gross Block		Depreciation			Net Block		
	As at April 1, 2014	Deductions/ Adjustment Including on Account of CTR	As at March 31, 2015	As at April 1, 2014	Depreciat-ion for the year	Deductions/ CTR	As at March 31, 2015	As at March 31, 2014
Tangible Assets								
Plant and Machinery	10,59,86,108	45,72,713	11,05,58,821	5,57,17,989	1,07,96,501	26,41,705.63	6,91,56,196	4,14,02,625
Sub Total	10,59,86,108	45,72,713	11,05,58,821	5,57,17,989	1,07,96,501	26,41,705.63	6,91,56,196	4,14,02,625
Previous year	10,59,86,108	-	10,59,86,108	4,51,40,081	1,06,74,662	(96,754)	5,57,17,989	5,02,68,119
Intangible Assets								
Indefeasible Right of Connectivity	1,25,82,15,000	5,42,85,000	1,31,25,00,000	99,82,98,817	25,68,42,600	4,87,28,458.03	1,30,38,69,875	86,30,125
Sub Total	1,25,82,15,000	5,42,85,000	1,31,25,00,000	99,82,98,817	25,68,42,600	4,87,28,458.03	1,30,38,69,875	86,30,125
Previous year	1,25,82,15,000	-	1,25,82,15,000	74,66,55,817	25,39,44,600	(23,01,600)	99,82,98,817	25,99,16,183
Grand Total	1,36,42,01,108	5,88,57,713	1,42,30,58,821	1,05,40,16,806	26,76,39,101	5,13,70,163.66	1,37,30,26,071	5,00,32,750
Previous year	1,36,42,01,108	-	1,36,42,01,108	79,17,95,898	26,46,19,262	(23,98,354)	1,05,40,16,806	31,01,84,302

Reliance Communications (U.K) Ltd.

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
2.07 TRADE RECEIVABLES		
Due for More than Six months from the date they are due for payment		
Considered Good	58,86,63,193	12 01 65 165
Considered Doubtful	-	-
	<u>58,86,63,193</u>	<u>12,01,65,165</u>
Less: Provision for doubtful debts	-	-
	<u>58,86,63,193</u>	<u>12,01,65,165</u>
Others		
Considered Good	1,98,93,34,421	174 30 98 587
Considered Doubtful	-	-
	<u>1,98,93,34,421</u>	<u>1,74,30,98,587</u>
Less: Provision for doubtful debts	-	-
	<u>1,98,93,34,421</u>	<u>1,74,30,98,587</u>
	<u><u>2,57,79,97,614</u></u>	<u><u>1,86,32,63,752</u></u>
2.08 CASH AND BANK BALANCES		
Balance with Banks in Current Accounts	9,02,05,534	8 54 70 125
Cash on hand	3,72,025	1 258
	<u>9,05,77,559</u>	<u>8,54,71,383</u>
2.09 SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good unless stated otherwise)		
Advance to Vendors	2,03,45,747	-
Deposits	64,757	2,78,670
	<u>2,04,10,504</u>	<u>2,78,670</u>

Reliance Communications (U.K) Ltd.

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

	(Amount in ₹)	
	For the year ended March 31, 2015	For the year ended March 31, 2014
2.10 SERVICE REVENUE AND OTHER OPERATING INCOME		
Service Revenue –Reliance India Call	6,65,13,462	5,37,34,194
Transfer Pricing Income	49,39,80,970	18,11,10,205
Wholesale Traffic Income	7,49,70,47,142	5,23,21,85,295
	8,05,75,41,574	5,46,70,29,694
	8,05,75,41,574	5,46,70,29,694
2.11 NETWORK EXPENSES		
Whole Traffic cost	7,63,86,12,233	5,07,65,89,871
Circuit Charges	26,52,817	26,22,885
Toll Fee Access charges	84,67,037	40,64,263
	7,64,97,32,087	5,08,32,77,019
	7,64,97,32,087	5,08,32,77,019
2.12 GENERAL AND ADMINISTRATION EXPENSES		
Legal Fees	-	20,66,686
Membership & Subscription	9,218	6,893
Travelling Expenses	8,71,427	-
Merchant Charges	-	5,69,803
Bank Charges	3,99,840	3,53,950
Professional Fees	57,65,464	-
Miscellaneous expenses	1,86,594	3,00,502
Taxes and License Fees	4,37,444	-
Software License Fees	73,38,360	-
	1,50,08,347	32,97,834
Payment to Auditors	9,88,152	10,56,228
	1,59,96,499	43,54,062
2.13 SELLING AND DISTRIBUTION EXPENSES		
Call Center Expenses	5,83,753	16,82,746
Advertisement Expenses	9,73,576	-
	15,57,329	16,82,746
	15,57,329	16,82,746
2.14 FINANCIAL CHARGES (NET)		
Interest on Loan	3,02,208	3,21,965
Forex (Gain) / Loss (Net)	(95,05,123)	(1,23,102)
	(92,02,915)	1,98,863
2.15	The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.	
	For the year ended March 31, 2015	For the year ended March 31, 2014
2.16 EARNINGS PER SHARE		
Profit / (loss) after tax	13,18,19,473	11,28,97,742
Weighted average number of equity shares	22,000	22,000
Nominal value per equity share	1	1
Basic Earning per equity share	5,992	5,132

Reliance Communications (U.K) Ltd.

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

2.17 Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as all the activities of the company relates to International Long Distance business as used for the internal business reporting systems.

2.18 Related Party Transactions

As per the Accounting Standard 18, the disclosures of transactions with the related parties as given below:

i List of Related Parties with whom transactions have taken place and relationships.

Sr.	Name of the Related Party	Relationship
1	Reliance Communications Limited	Ultimate Holding Company
2	Reliance Infocom Bv	Holding Company
3	Reliance Communications (Singapore) Pte Limited	Fellow-subsiary Company
4	Reliance Communications Inc.	Fellow-subsiary Company
5	Reliance Communications Infrastructure Ltd	Fellow-subsiary Company
6	Reliance Communications International Inc.	Fellow-subsiary Company
7	Reliance Flag Atlantic France SAS	Fellow-subsiary Company
8	Vanco U.K. Limited	Fellow-subsiary Company

ii Transactions with related parties and closing balances

Summarised below are the transactions entered into with related parties:

Figures in brackets are pertaining to Previous Year

Entity Name	During the Year 2014-2015			Year end Balances as on 31.03.2015		
	Service Income	Network Operating Expenses	Financial Charges	Trade Receivables	Trade Payables	Short Term Borrowing
Reliance Communications Ltd.	493,980,970 (181,110,205)			1,602,591,705 (1,052,327,827)		
Reliance Communications Inc.	4,154,566,060 (1,130,271,212)	4,887,545,223 (2,635,167,567)	302,208 (321,935)	805,237,694 (649,913,575)		61,300,773 (58,437,035)
Reliance Communications Infrastructure Ltd		339,888 (1,667,494)			1,013,000 (954,566)	
Reliance Communications International Inc.					3,207,500 (3,074,838)	
Reliance Flag Atlantic France SAS		2,652,817 (2,599,113)			8,133,750 (6,395,147)	
Vanco U.K. Limited	8,036,238 (6,415,877)			9,355,813 (916,280)		

2.19 The amount relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of GBP = ₹ 92.47 (Previous year 1 GBP = ₹ 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.62 and (Previous year 1 GBP = ₹ 96.25)

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

For Reliance Communications (U.K) Ltd.

Andrew Goldie

Director

Reliance Communications (Hong Kong) Limited

Independent Auditor's Report

To

**The Board of Directors of Reliance Communications
(Hong Kong) Limited**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Communications (Hong Kong) Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai

Dated: May 27, 2015

Reliance Communications (Hong Kong) Limited

Balance Sheet as at March 31, 2015

	Notes		As at March 31, 2015	(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	8		8
(b) Reserves and Surplus	2.02	3,36,26,843	3,36,26,851	8,09,52,174
				8,09,52,182
Current Liabilities				
(a) Short Term borrowings	2.03	28,02,65,047		26,71,24,134
(b) Trade Payables	2.04	15,11,53,991		9,39,55,108
(c) Other Current Liabilities	2.05	1,77,08,307		38,16,607
(d) Short Term Provisions	2.06	1,08,95,548	46,00,22,893	1,63,14,855
				38,12,10,704
TOTAL			49,36,49,744	46,21,62,886
ASSETS				
Non Current Assets				
(a) Fixed Assets	2.07			
(i) Tangible Assets			2,20,45,158	2,74,34,539
Current Assets				
(a) Trade Receivables	2.08	39,56,58,572		41,86,73,911
(b) Cash and Bank Balances	2.09	5,38,63,194		1,58,83,259
(c) Short Term Loans and Advances	2.10	2,20,82,820	47,16,04,586	1,71,177
				43,47,28,347
TOTAL			49,36,49,744	46,21,62,886
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report of even date

For Reliance Communications (Hong Kong) Limited

For M S Sethi & Associates

Andrew Goldie

Director

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

Reliance Communications (Hong Kong) Limited

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

	Notes	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
INCOME			
Services Revenue	2.11	4,04,15,41,718	2,02,92,08,524
TOTAL		4,04,15,41,718	2,02,92,08,524
EXPENDITURE			
Network Operating Expenses	2.12	4,08,06,57,912	1,95,99,09,576
Depreciation, Impairment and Amortisation	2.07	64,31,339	63,76,609
General and Administration Expenses	2.13	5,57,578	5,23,172
Selling and Distribution Expenses	2.14	22,00,290	43,93,313
Financial Charges (net)	2.15	14,17,343	15,19,222
TOTAL		4,09,12,64,462	1,97,27,21,892
Profit /(Loss) Before Tax		(4,97,22,744)	5,64,86,632
Provision for:			
- Current Tax		-	(1,05,45,050)
Profit/ (Loss) After tax		(4,97,22,744)	4,59,41,582
Basic and Diluted Earning per Share	2.17	(4,97,22,744)	4,59,41,582
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

For Reliance Communications (Hong Kong) Limited

Andrew Goldie

Director

Reliance Communications (Hong Kong) Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015		(Amount in ₹) 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		(49,722,744)		56,486,632
Adjusted for:				
Depreciation/ Impairment and Amortisation	6,431,339		6,376,909	
Other Financial Cost	1,417,343	7,848,682	1,519,222	7,896,131
Operating Profit/(Loss) before Working Capital Changes		(41,874,062)		64,382,763
Adjusted for:				
Effects of exchange difference on translation of assets and liabilities	(218,253)		(583,825)	
Receivables and other Advances	19,155,750		(41,131,850)	
Trade Payables	60,916,500	79,853,997	(9,271,739)	(50,987,414)
Cash Generated from Operations		37,979,935		13,395,348
Tax Paid		-		-
Net Cash from Operating Activities		37,979,935		13,395,348
B CASH FLOW FROM INVESTING ACTIVITIES				
Net Cash Used in Investing Activities		-		-
C CASH FLOW FROM FINANCING ACTIVITIES				
Net Proceeds/ (Repayment) from long term Borrowings		1,417,343		1,519,208
Financial Charges		(1,417,343)		(1,519,208)
Net Cash from Financing Activities		-		-
Net Increase/ (Decrease) in Cash and Cash Equivalents		37,979,935		13,395,348
Opening Balance of Cash and Cash Equivalents		15,883,259		2,487,910
Closing Balance of Cash and Cash Equivalents		53,863,194		15,883,259

Note:

Cash and Cash Equivalents includes cash on hand, cheques on hand.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

For Reliance Communications (Hong Kong) Limited

Andrew Goldie

Director

Reliance Communications (Hong Kong) Limited

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

Note 1: SIGNIFICANT ACCOUNTING POLICIES

1.01 Basis of preparation of financial statements :

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard 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 and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. 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 presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known/materialised.

1.03 Fixed Assets and Depreciation

Fixed Assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful life as 10 years.

The carrying amounts of fixed assets are reviewed for indications of impairment at each balance sheet date. An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its net selling price and value in use. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Gains or losses arising from retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

1.04 Revenue Recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's telecommunication network.

1.05 Taxes on Income and Deferred Tax :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprise both 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.

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 assets is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

1.07 Provisions, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.08 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

Reliance Communications (Hong Kong) Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014		
Note 2.01				
SHARE CAPITAL				
Authorised				
10,000 Equity Share of HK\$1 each (Previous Year 10,000)	81,250	77,890		
	<u>81,250</u>	<u>77,890</u>		
Issued, Subscribed and Paid up				
1 Equity Share in HK\$1 each fully paid up (Previous Year 1)	8	8		
	<u>8</u>	<u>8</u>		
1) Details of Shares held by holding Company:				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	1	100	1
2) Details of shareholders holding more than 5% share in the company:				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	1	100	1
3)	The Company has only one class of equity shares having a par value of 1 HK per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the Company			
4) Reconciliation of shares outstanding at the beginning and at the end of reporting year:				
	No of Shares	₹	No of Shares	₹
Equity Shares				
At the beginning of the year	1	8	1	8
Add/(Less): Changes during the year	-	-	-	-
At the end of the year	<u>1</u>	<u>8</u>	<u>1</u>	<u>8</u>
2.02 RESERVES AND SURPLUS				
Exchange Fluctuation Reserve	19,80,745		(4,16,668)	
Statement of Profit and Loss				
As per last Balance Sheet	8,13,68,842		3,54,27,260	
Add: Profit /(Loss) for the year	<u>(4,97,22,744)</u>		<u>4,59,41,582</u>	
	<u>3,16,46,098</u>		<u>8,13,68,842</u>	
	<u>3,36,26,843</u>		<u>8,09,52,174</u>	
2.03 SHORT TERM BORROWINGS				
Unsecured				
Foreign Currency Loans from Related Party (Refer Note 2.19)	28,02,65,047		26,71,24,134	
	<u>28,02,65,047</u>		<u>26,71,24,134</u>	

Reliance Communications (Hong Kong) Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
2.04 TRADE PAYABLE		
Others	<u>15,11,53,991</u>	<u>9,39,55,108</u>
	<u>15,11,53,991</u>	<u>9,39,55,108</u>
2.05 OTHER CURRENT LIABILITIES		
Other Payable	48,51,509	22,97,385
Interest accrued but not due	14,17,343	15,19,222
Advance Received from Customers	<u>1,14,39,455</u>	<u>-</u>
	<u>1,77,08,307</u>	<u>38,16,607</u>
2.06 SHORT TERM PROVISIONS		
Provision for Income Tax	<u>1,08,95,548</u>	<u>1,63,14,855</u>
	<u>1,08,95,548</u>	<u>1,63,14,855</u>

Reliance Communications (Hong Kong) Limited

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

Description	(Amount in ₹)				
	Gross Block		Depreciation		Net Block
	As at April 1, 2014	Deductions/ Adjustment Including on Account of CTR	As at March 31, 2015	As at April 1, 2014	As at March 31, 2015
				Depreciation for the year	Deductions/ CTR
Tangible Assets					
Plant and Machinery	6,31,88,789	27,26,245	6,59,15,034	3,57,54,280	64,31,339
					16,84,257
Total	6,31,88,789	27,26,245	6,59,15,034	3,57,54,280	64,31,339
					16,84,257
Previous year	6,31,88,789	-	6,31,88,789	2,90,59,330	63,76,609
					-
					3,57,54,280
					2,74,34,509

Reliance Communications (Hong Kong) Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
2.08 TRADE RECEIVABLES		
Due for More than Six months		
Considered Good	32,09,19,125	41,86,73,911
Others – Considered Good	7,47,39,447	
	39,56,58,572	41,86,73,911
	39,56,58,572	41,86,73,911
2.09 CASH AND BANK BALANCES		
Balance with Banks		
Current Accounts	5,38,63,194	1,58,83,259
	5,38,63,194	1,58,83,259
2.10 SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good unless stated otherwise)		
Advance Income Tax	2,19,04,287	-
Advance to Others	1,78,533	1,71,177
	2,20,82,820	1,71,177
	2,20,82,820	1,71,177
	For the year ended March 31, 2015	For the year ended March 31, 2014
2.11 REVENUE		
Service Revenue – Inbound Service	4,02,74,38,368	2,01,23,20,077
Passport Global SIM Card-Income	1,33,52,574	1,65,45,017
Prepaid/Postpaid Income	6,76,353	3,43,430
Mainbridge Charges	74,423	-
	4,04,15,41,718	2,02,92,08,524
	4,04,15,41,718	2,02,92,08,524
2.12 NETWORK EXPENSES		
Bandwidth Charges	27,99,584	27,67,996
Sim Card Exps	5,83,00,235	1,80,77,880
Outbound Services	4,01,95,58,093	1,93,90,63,700
	4,08,06,57,912	1,95,99,09,576
	4,08,06,57,912	1,95,99,09,576
2.13 GENERAL AND ADMINISTRATION EXPENSES		
Bank Charges	85,955	63,051
Realised Forex Gain / Loss	-	-141
Consultancy Charges	1,04,705	1,49,361
Payment to Auditors	3,66,918	3,10,901
	5,57,578	5,23,172
	5,57,578	5,23,172
2.14 SELLING AND DISTRIBUTION EXPENSES		
Call Center Expenses	22,00,290	43,93,313
	22,00,290	43,93,313
	22,00,290	43,93,313
2.15 FINANCIAL CHARGES (NET)		
Interest on loans	14,17,343	15,19,222
	14,17,343	15,19,222
	14,17,343	15,19,222
2.16 The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.		
2.17 EARNINGS PER SHARE		
Profit / (loss) after tax and extra ordinary item	(4,97,22,744)	4,59,41,582
Weighted average number of equity shares	1	1
Basic and Diluted Earning per share	(4,97,22,744)	4,59,41,582

Reliance Communications (Hong Kong) Limited

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

2.18 SEGMENT REPORTING

The Company has not identified any separate reportable segment as given in AS-17, as all the activities of the company relates to the International Long Distance business as used for the internal business reporting systems.

2.19 RELATED PARTY TRANSACTIONS

As per the Accounting Standard 18, the disclosures of transactions with the related parties are given below:

i List of Related Parties with whom transactions have taken place and relationships.

Sr.	Name of the Related Party	Relationship
1	Reliance Communications Limited	Ultimate Holding Company
2	Reliance Globalcom BV	Holding Company
3	Reliance Globalcom Limited	Fellow-sub subsidiary Company
4	Reliance Communications Infrastructure Limited	Fellow-sub subsidiary Company
5	Reliance Communications International Inc.	Fellow-sub subsidiary Company
6	Reliance Communications Inc.	Fellow-sub subsidiary Company
7	Reliance Communications (Singapore) Pte. Limited	Fellow-sub subsidiary Company
8	Reliance Webstore Limited	Fellow-sub subsidiary Company

ii Transactions with related parties

Summarised below are the transactions entered into with related parties:

Figures shown in brackets pertaining to Previous Year's

(Amount in ₹)

Entity Name	During the Year 2014-2015			Year end Balances as on 31.03.2015		
	Service Income	Network Operating Expenses	Financial Charges	Trade Receivables	Trade Payables	Short Term Borrowing
Reliance Globalcom Ltd		27,85,162 (27,42,909)			89,12,000 (58,73,419)	
Reliance Communications Infrastructure Ltd.		15,49,009 (44,30,292)		20,90,91,034 (20,04,43,029)	68,02,375 (61,68,265)	
Reliance Communications International Inc.				38,96,893 (4,42,26,796)		
Reliance Communications Inc.	2,82,64,76,971 (96,41,68,597)	3,00,46,63,618 (1,16,67,44,835)	14,17,343 (15,19,222)	1,02,71,875 (37,33,621)		28,02,65,047 (26,71,24,134)
Reliance Communications (Singapore) Pte. Ltd.				48,34,671 (45,08,708)		
Reliance Webstore Ltd				8,87,77,005 (6,14,32,818)		

2.20 The amount relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.15 and (Previous year 1 USD = ₹ 60.46)

As per our Report of even date

For Reliance Communications (Hong Kong) Limited

For M S Sethi & Associates

Andrew Goldie

Director

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Communications (Australia) Pty. Limited

Independent Auditor's Report

To

The Board of Directors of Reliance Communications (Australia) Pty. Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Communications (Australia) Pty. Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant

Firm Regn. No. 109407W

Manoj Sethi

Proprietor

Membership No. 39784

Place: Mumbai

Dated: May 27, 2015

Reliance Communications (Australia) Pty. Limited

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015		(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES					
Shareholders' Funds					
(a) Share Capital	2.01	48		55	
(b) Reserves and Surplus	2.02	2,26,86,647	2,26,86,695	3,01,59,682	3,01,59,737
Current Liabilities					
(a) Trade Payables	2.03	59,81,515		17,59,254	
(b) Other Current Liabilities	2.04	51,09,584		10,15,089	
(c) Short Term Provisions	2.05	9,73,630	1,20,64,729	-	27,74,343
TOTAL			3,47,51,424		3,29,34,080
ASSETS					
Non Current Assets					
(a) Long Term Loans and Advances	2.06		9,71,265		8,38,922
Current Assets					
(a) Trade Receivables	2.07	13,59,008		31,57,254	
(b) Cash and Bank Balances	2.08	1,10,30,151		1,71,86,237	
(c) Short Term Loans and Advances	2.09	2,13,91,000	3,37,80,159	1,17,51,667	3,20,95,158
TOTAL			3,47,51,424		3,29,34,080
Significant Accounting Policies	1				
Notes on Accounts	2				

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

As per our Report of even date

For Reliance Communications (Australia) Pty. Limited

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Andrew Goldie

Pradeep Bhat

} Directors

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

Reliance Communications (Australia) Pty. Limited

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

	Note	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
INCOME			
Revenue	2.10	<u>90,74,174</u>	<u>1,32,13,415</u>
		90,74,174	1 32 13 415
EXPENDITURE			
Network Operating Expenses	2.11	62,07,323	84,42,089
General & Administration Expenses	2.12	8,66,241	11,53,910
Selling & Distribution Expenses	2.13	3,46,174	2,65,248
Financial Charges (Net)	2.14	<u>(1,50,981)</u>	<u>(1,87,540)</u>
		72,68,757	96,73,707
Profit /(Loss) Before Tax		<u>18,05,417</u>	<u>35,39,708</u>
Provision for:			
Current Tax		9,43,530	10,46,349
Profit /(Loss) After Tax		<u>8,61,887</u>	<u>24,93,359</u>
Basic and Diluted Earnings Per Share	2.16	8,61,887	24,93,359
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report of even date

For Reliance Communications (Australia) Pty. Limited

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Andrew Goldie

Pradeep Bhat

} Directors

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Communications (Australia) Pty. Limited

Cash Flow Statement for the year ended March 31, 2015

		(Amount in ₹)
	For the year ended March 31, 2015	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	18,05,417	35,39,708
Adjusted for:		
Interest income (Net)	-	-
Operating Profit before Working Capital Changes	18,05,417	35,39,708
Adjusted for:		
Receivables	(71,97,851)	81,05,217
Effect of Exchange Difference on Translation of Assets & Liabilities	(89,90,780)	14,36,772
Trade Payables	91,70,658	4,62,917
Cash Generated from Operations	(52,12,556)	1,35,44,613
Taxation provided for or Paid	(9,43,530)	(10,46,349)
Net Cash used in Operating Activities	(61,56,086)	1,24,98,264
B CASH FLOW FROM INVESTING ACTIVITIES:	-	-
C CASH FLOW FROM FINANCING ACTIVITIES:		
Interest income	-	-
Net Cash used in Financing Activities	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents	(61,56,086)	1,24,98,264
Opening Balance of Cash and Cash Equivalents	1,71,86,237	46,87,973
Closing Balance of Cash and Cash Equivalents	1,10,30,151	1,71,86,237

Note:

Cash and Cash Equivalents include cash on hand and Balance with Bank

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

For Reliance Communications (Australia) Pty. Limited

Andrew Goldie

Pradeep Bhat

} **Directors**

Reliance Communications (Australia) Pty. Limited

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

Note 1: Significant Accounting Policies

1.01 Basis of Preparation of Financial Statements :

The Financial Statements are prepared under historical cost convention 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 note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates :

The presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known/materialised.

1.03 Revenue Recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network.

Interest Income is recognised using the time proportion method, based on the underlying interest rates.

1.04 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

1.05 Taxes on Income and Deferred Tax :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprise both 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.

1.06 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. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.07 Earning per Share :

In determining Earning per Share, company 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 Earning per Share is the weighted average number of shares outstanding during the period. the number of shares used in computing Diluted Earnings per share comprises the weighted average number of shares considered for deriving Basic Earning per share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares. Dilutive potential Equity shares are deemed converted as of beginning of the period, unless issued at a later date.

Reliance Communications (Australia) Pty. Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014		
2.01 Share Capital				
Authorised				
1 (Previous year 1) Equity Share of AUD 1 each	48	55		
	48	55		
Issued, Subscribed and Paid-up				
1 (Previous year 1) Equity Share of AUD 1 each fully paid up	48	55		
	48	55		
1) Details of Shares held by Holding Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	1	100	1
2) Details of shareholders holding more than 5% share in the company:				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	1	100	1
3)	The Company has only one class of equity shares having a par value of 1 AUD per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the Company.			
4) Reconciliation of shares outstanding at the beginning and at the end of year				
	No of Shares	₹	No of Shares	₹
Equity Shares				
At the beginning of the year	1	48	1	55
Add/(Less): Changes during the year	-	-	-	-
At the end of the year	1	48	1	55
2.02 Reserves & Surplus				
Exchange Fluctuation Reserve		(68,98,187)		14,36,734
Statement of Profit and Loss				
As per last Balance Sheet		2,87,22,948		2,62,29,589
Add : Profit/(loss) for the year		8,61,887		24,93,359
		2,95,84,834		2,87,22,948
		2,26,86,647		3,01,59,682
2.03 Trade Payables				
Payable to Related Party (Refer Note 2.18)		19,69,738		17,56,288
Due to others		40,11,777		2,966
		59,81,515		17,59,254
2.04 Other Current Liabilities				
Liability A/C – Recharge Cards		7,88,931		3,80,613
Outstanding Liabilities Against Exp.-Revenue		41,42,423		4,20,246
Sales & Use Tax payable		1,78,229		2,14,230
		51,09,583		10,15,089
2.05 Short-Term Provisions				
Provision for Income Tax		9,73,630		-
		9,73,630		-

Reliance Communications (Australia) Pty. Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
2.06 Long-Term Loans and Advances		
(Unsecured, Considered Good unless stated otherwise)		
Advance Tax	9,71,265	8,38,922
	<u>9,71,265</u>	<u>8,38,922</u>
2.07 Trade Receivables		
Due for more than six months from the date they are due for payment		
Considered Good	-	-
Others		
Considered Good	13,59,008	31,57,254
	<u>13,59,008</u>	<u>31,57,254</u>
2.08 Cash and Bank Balances		
Balance with Banks		
In Current Account	1,10,30,151	1,71,86,237
	<u>1,10,30,151</u>	<u>1,71,86,237</u>
2.09 Short Term Loans and Advances		
(Unsecured, Considered Good unless stated otherwise)		
Advance to Vendors (Refer Note 2.18)	2,13,91,000	1,17,51,667
	<u>2,13,91,000</u>	<u>1,17,51,667</u>
		(Amount in ₹)
	For the year ended March 31, 2015	For the year ended March 31, 2014
2.10 Revenue		
Reliance India Call		
Post Paid	43,94,838	58,88,187
Prepaid	46,79,336	73,25,229
	<u>90,74,174</u>	<u>1,32,13,416</u>
2.11 Network Operating Expenses		
Toll Free Access	4,66,475	26,66,385
Carrier Charges	57,40,848	57,75,704
	<u>62,07,323</u>	<u>84,42,089</u>
2.12 General & Administration Expenses		
Bank Charges	1,95,963	2,52,115
Audit Fees	3,52,654	4,22,908
Professional Fee	3,17,624	4,78,886
	<u>8,66,241</u>	<u>11,53,909</u>
2.13 Selling & Distribution Expenses		
Call Centre Expenses	3,46,174	2,65,248
	<u>3,46,174</u>	<u>2,65,248</u>
2.14 Financial Charges (Net)		
Exchange Loss/(Gain)	(41,390)	(27,983)
Interest Income (Net)	(1,09,591)	(1,59,557)
	<u>(1,50,981)</u>	<u>(1,87,540)</u>

Reliance Communications (Australia) Pty. Limited

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

2.15 The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
2.16 Earnings per share		
Profit / (loss) after tax and extra ordinary item	8,61,887	24,93,359
Weighted average number of equity shares	1	1
Nominal value per equity share	1	1
Basic Earning per equity share	8,61,887	24,93,359

2.17 Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as all the activities of the company relates to International Long Distance business as used for the internal business reporting systems.

2.18 Related Party Transactions

As per the Accounting Standard 18, the disclosures of transactions with the related parties are given below :

i List of Related Parties with whom transactions have taken place and relationships.

Sr.	Name of the Related Party	Relationship
1	Reliance Communications Limited	Ultimate Holding Company
2	Reliance Globalcom BV	Holding Company
3	Reliance Communications Inc	Fellow-Subsidiary Company
4	Reliance Communication International Inc.	Fellow-Subsidiary Company
5	Reliance Communications Infrastructure Limited	Fellow-Subsidiary Company

ii Transactions with related parties and closing balances

Summarised below are the transactions entered into with related parties:

Figures in brackets are pertaining to Previous year

Entity Name	During the year 2014-15		As at March 31, 2015	
	Type of Expenses	Amount in (₹)	Short Term Loans and Advances	Trade Payables
Reliance Communications Limited		-	-	4,15,649
		(-)	(-)	(3,98,435)
Reliance Communications Inc.	Carrier Charges	57,40,888	2,13,91,000	-
		(78,37,637)	(1,17,51,667)	(-)
Reliance Communication International Inc.		-	-	12,97,375
		(-)	(-)	(12,43,716)
Reliance Communications Infrastructure Limited	Call Centre Expnses	1,41,236	-	2,56,715
		(2,65,251)	(-)	(1,14,138)

2.19 The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 AUD = ₹ 48.269 (Previous year 1AUD = ₹ 55.264) and items relating to statement of profit and loss have been translated at average rate of 1AUD = ₹ 53.435 and (Previous year 1 AUD = ₹ 56.112)

As per our Report of even date

For Reliance Communications (Australia) Pty. Limited

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Andrew Goldie

Pradeep Bhat

} **Directors**

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

Reliance Communications (New Zealand) Pte. Limited

Independent Auditor's Report

To

The Board of Directors of Reliance Communications(New Zealand) Pte. Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Communications (New Zealand) Pte. Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015,and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2015

Reliance Communications (New Zealand) Pte. Limited

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	47		49
(b) Reserves and Surplus	2.02	(70,15,636)	(70,15,589)	(81,37,684)
				(81,37,635)
Current Liabilities				
(a) Trade Payables	2.03		99,28,787	1,08,85,879
TOTAL			29,13,198	27,48,244
ASSETS				
Current Assets				
(a) Trade Receivables	2.04	1,19,066		1,22,095
(b) Cash and Bank Balances	2.05	11,11,694		10,13,297
(c) Short Term Loans and Advances	2.06	16,82,438	29,13,198	16,12,852
				27,48,244
TOTAL			29,13,198	27,48,244
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Communications (New Zealand) Pte. Limited

Andrew Goldie

Pradeep Bhat

} Directors

Reliance Communications (New Zealand) Pte. Limited

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

	Note	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
INCOME			
Revenue	2.07	<u>267,548</u>	<u>308,638</u>
		<u>267,548</u>	<u>308,638</u>
EXPENDITURE			
Network Operating Expenses	2.08	162,586	111,964
General and Administration Expenses	2.09	386,265	446,361
Selling and Distribution Expenses	2.10	343,904	1,089
Financial Charges (Net)	2.11	<u>(1,223)</u>	<u>7,860</u>
		<u>891,532</u>	<u>567,274</u>
Profit /(Loss) Before Tax		<u>(623,984)</u>	<u>(258,636)</u>
Provision for:			
Current Tax		-	-
Profit/ (Loss) After Tax		<u>(623,984)</u>	<u>(258,636)</u>
Basic and Diluted Earnings per Share	2.13	(623,984)	(258,636)
Significant Accounting Policies	1		
Notes on Accounts	2		

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Communications (New Zealand) Pte. Limited

Andrew Goldie

Pradeep Bhat

} **Directors**

Reliance Communications (New Zealand) Pte. Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	(Amount in ₹) 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	(623,984)	(258,636)
Adjusted for:		
Exchange (gain) /loss	-	7,860
Operating Profit/(Loss) before Working Capital Changes	(623,984)	(250,776)
Adjusted for:		
Receivables & Advances	8,313	109,809
Trade Payables & Other Provisions	(1,426,851)	1,788,068
Effect of Exchange Difference on Translation of Assets & Liabilities	2,140,918	(1,175,126)
Net Cash from Operating Activities	98,396	471,975
B. CASH FLOW FROM INVESTING ACTIVITIES:	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Exchange gain/(loss)	-	(7,860)
Net Cash from Financing Activities	-	(7,860)
Net Increase / (Decrease) in Cash and Cash Equivalents	98,397	464,115
Opening Balance of Cash and Cash Equivalents	1,013,297	549,182
Closing Balance of Cash and Cash Equivalents	1,111,694	1,013,297

Note:

Cash and Cash Equivalents include cash on hand and balance with Bank.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants

Firm Regn. No. 109407W

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Communications (New Zealand) Pte. Limited

Andrew Goldie

Pradeep Bhat

} **Directors**

Reliance Communications (New Zealand) Pte. Limited

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

Note 1: Significant Accounting Policies

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention 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 note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates :

The presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known/materialised.

1.03 Revenue Recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network.

Interest Income is recognised using the time proportion method, based on the underlying interest rates.

1.04 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

1.05 Taxes on Income and Deferred Tax :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprise both 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.

1.06 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. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.07 Earning per Share :

In determining Earning per Share, company 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 Earning per Share is the weighted average number of shares outstanding during the period. the number of shares used in computing Diluted Earnings per share comprises the weighted average number of shares considered for deriving Basic Earning per share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares. Dilutive potential Equity shares are deemed converted as of beginning of the period, unless issued at a later date.

Reliance Communications (New Zealand) Pte. Limited

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

	As at March 31, 2015		(Amount in ₹) As at March 31, 2014	
2.01 Share Capital				
Authorised				
1 (Previous Year 1) Equity Share of NZD 1 each		47		49
		47		49
Issued, Subscribed and Paid-up				
1 (Previous Year 1) Equity Share of NZD 1 each fully paid-up		47		49
		47		49
1) Details of Shares held by Holding Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	1	100	1
2) Details of shareholders holding more than 5% share in the company:				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	1	100	1
3) The Company has only one class of equity shares having a par value of 1 NZD per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the Company.				
4) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Equity Shares				
At the beginning of the year	1	47	1	49
Add/(Less): Changes during the year	-	-	-	-
At the end of the year	1	47	1	49
2.02 Reserves and Surplus				
Exchange Fluctuation Reserve		5,70,933		(11,75,098)
Statement of Profit and Loss				
As per Last Balance Sheet		(69,62,585)		(67,03,949)
Add : Profit/(Loss) for the year		(6,23,984)		(2,58,636)
		(75,86,569)		(69,62,585)
		(70,15,636)		(81,37,684)
2.03 Trade Payables				
Payable to Group Company (Refer Note 2.15)		94,80,750		98,95,262
Due to Others		4,48,037		9,90,617
		99,28,787		1,08,85,879
2.04 Trade Receivables				
Due for more than six months from the date they are due for payment				
Considered Good		-		-
Others				
Considered Good		1,19,066		1,22,095
		1,19,066		1,22,095
2.05 Cash and Bank Balances				
Balance with Banks				
In Current Account		11,11,694		10,13,297
		11,11,694		10,13,297
2.06 Short Term Loans & Advances				
(Unsecured, Considered Good unless stated otherwise)				
Related Parties (Refer Note 2.15)		16,82,438		16,12,852
		16,82,438		16,12,852

Reliance Communications (New Zealand) Pte. Limited

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

	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
2.07 Revenue		
Reliance India Call Revenue	2,67,548	3,08,638
	<u>2,67,548</u>	<u>3,08,638</u>
2.08 Network Operating Expenses		
Carrier Charges	1,62,586	1,11,964
	<u>1,62,586</u>	<u>1,11,964</u>
2.09 General and Administration Expenses		
Bank Charges	92,093	91,189
Audit Fees	2,22,738	2,23,109
Professional fee	71,434	1,32,063
	<u>3,86,265</u>	<u>4,46,361</u>
2.10 Selling and Distribution Expenses		
Call Centre Expenses	3,43,904	1,089
	<u>3,43,904</u>	<u>1,089</u>
2.11 Financial Charges (Net)		
Exchange (Gain) /Loss	(1,223)	7,860
	<u>(1,223)</u>	<u>7,860</u>

2.12 The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

	For the year ended March 31, 2015	For the year ended March 31, 2014
2.13 Earnings per share		
Profit / (loss) after tax and extra ordinary item	(6,23,984)	(2,58,636)
Weighted average number of equity shares	1	1
Nominal value per equity share	1	1
Basic Earning per equity share	<u>(6,23,984)</u>	<u>(2,58,636)</u>

2.14 Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as all the activities of the company relates to International Long Distance business as used for the internal business reporting systems

2.15 Related Party Transactions

As per the Accounting Standard 18, the disclosures of transactions with the related parties are given below:

i	List of Related Parties with whom transactions have taken place and relationships.	
Sr.	Name of the Related Party	Relationship
1	Reliance Communications Ltd.	Ultimate Holding Company
2	Reliance Globalcom B V	Holding Company
3	Reliance Communications (Singapore) Pte Limited	Fellow-Subsidiary Company
4	Reliance Communications Inc.	Fellow-Subsidiary Company
5	Reliance Communications Infrastructure Ltd	Fellow-Subsidiary Company
6	Reliance Communications International Inc.	Fellow-Subsidiary Company

Reliance Communications (New Zealand) Pte. Limited

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

ii Transactions with related parties and closing balances

Summarised below are the transactions entered into with related parties:

Figures in brackets are pertaining to Previous year

Entity Name	During the year		As at March 31,2015	
	Call Centre Exp	Network Operating Exp	Loans & Advances	Trade Payables
Reliance Communications Ltd.	-	-	-	7,89,250
	(-)	(-)	(-)	(7,56,607)
Reliance Communications (Singapore) Pte Limited	-	-	16,82,438	-
	(-)	(-)	(16,12,852)	(-)
Reliance Communications Inc.	-	1,33,742	-	54,58,813
	(-)	(1,11,964)	(-)	(60,47,221)
Reliance Communications Infrastructure Ltd	7,950	-	-	8,438
	(1,089)	(-)	(-)	(539)
Reliance Communications International Inc.	-	-	-	32,24,250
	(-)	(-)	(-)	(30,90,895)

2.16 The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 NZD = ₹ 46.605 (Previous year 1NZD = ₹ 51.893) and items relating to profit and loss have been translated at average rate of 1 NZD = ₹ 49.435 and (Previous year 1 NZD = ₹ 49.416)

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Communications (New Zealand) Pte. Limited

Andrew Goldie

Pradeep Bhat

} Directors

Reliance Communications (Singapore) Pte. Limited

Independent Auditor's Report

To

The Board of Directors of Reliance Communications (Singapore) Pte. Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Communications (Singapore) Pte. Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2015

Reliance Communications (Singapore) Pte. Limited

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
(a) Share Capital	2.01	45,28,125		43,40,842
(b) Reserves and Surplus	2.02	15,66,63,88,537	15,67,09,16,662	15,02,09,49,271
				15,02,52,90,113
Current Liabilities				
(a) Trade Payables	2.03	3,26,474		92,351
(b) Other Current Liabilities	2.04	1,64,30,808	1,67,57,282	1,73,16,597
				1,74,08,948
TOTAL			15,68,76,73,944	15,04,26,99,061
ASSETS				
Non Current Assets				
(a) Long Term Loans and Advances	2.05		15,68,12,50,000	15,03,26,73,500
Current Assets				
(a) Trade Receivables	2.06	6,05,790		5,36,119
(b) Cash and Bank Balances	2.07	48,63,391		90,22,720
(c) Short Term Loans and Advances	2.08	5,93,810		3,15,736
(d) Other Current Assets	2.09	3,60,953	64,23,944	1,50,986
				1,00,25,561
TOTAL			15,68,76,73,944	15,04,26,99,061
Significant Accounting Policies	1			
Notes on Accounts	2			

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

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

For Reliance Communications (Singapore) Pte. Limited

B. K. Sinha

Pradeep Bhat

} Directors

Reliance Communications (Singapore) Pte. Limited

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

	Note		For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
INCOME				
Revenue	2.10		23,98,213	27,15,212
EXPENDITURE				
Network Operating Expenses	2.11	19,19,083		21,41,769
General & Administration Expenses	2.12	30,41,952		15,38,890
Financial Charges	2.13	797	49,61,832	1,91,789
Profit/(Loss) Before Tax			(25,63,619)	(11,57,236)
Provision for:				
- Current Tax			-	-
Profit /(Loss) After Tax			(25,63,619)	(11,57,236)
Earnings Per Share	2.15		(26)	(12)
Significant Accounting Policies	1			
Notes On Accounts	2			

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

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

For Reliance Communications (Singapore) Pte. Limited

B. K. Sinha

Pradeep Bhat

} Directors

Reliance Communications (Singapore) Pte. Limited

Cash Flow Statement for the year ended March 31, 2015

		(Amount in ₹)
	For the year ended March 31, 2015	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	(2,563,619)	(1,157,236)
Operating Profit / (Loss) before Working Capital Changes	<u>(2,563,619)</u>	<u>(1,157,236)</u>
Adjusted for:		
Receivables & Advances	(3,328,121)	(473,538)
Trade Payables & Other Provisions	1,399,598	(6,031,545)
Effect of Exchange Difference on Translation of Assets & Liabilities	332,813	(641)
Net Cash used in Operating Activities	<u>(4,159,329)</u>	<u>(7,662,959)</u>
B CASH FLOW FROM INVESTING ACTIVITIES:	-	-
C CASH FLOW FROM FINANCING ACTIVITIES:	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents	(4,159,329)	(7,662,959)
Opening Balance of Cash and Cash Equivalents	9,022,720	16,685,668
Closing Balance of Cash and Cash Equivalents	<u>4,863,391</u>	<u>9,022,720</u>

Note:

Cash and Cash Equivalents include cash on hand and Balance with Bank

As per our Report of even date

For M S Sethi & Associates
Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

For Reliance Communications (Singapore) Pte. Limited

B. K. Sinha
Pradeep Bhat } **Directors**

Reliance Communications (Singapore) Pte. Limited

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

Note 1: Significant Accounting Policies

1.01 Basis of preparation of financial statements :

The Financial Statements are prepared under historical cost convention 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 note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of Estimates :

The presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known/materialised.

1.03 Revenue Recognition :

Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network.

Interest Income is recognised using the time proportion method, based on the underlying interest rates.

1.04 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

1.05 Taxes on Income and Deferred Tax :

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expense comprise both 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.

1.06 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. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.07 Earning per Share :

In determining Earning per Share, company 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 Earning per Share is the weighted average number of shares outstanding during the period. the number of shares used in computing Diluted Earnings per share comprises the weighted average number of shares considered for deriving Basic Earning per share and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares. Dilutive potential Equity shares are deemed converted as of beginning of the period, unless issued at a later date.

Reliance Communications (Singapore) Pte. Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014		
2.01 Share Capital				
Authorised				
1,00,000 (Previous year 1,00,000) Equity Shares of without par value	45,28,125	43,40,842		
	<u>45,28,125</u>	<u>43,40,842</u>		
Issued, Subscribed and Paid-up				
1,00,000 (Previous year 1,00,000) Equity Shares of without par value fully paid-up	45,28,125	43,40,842		
	<u>45,28,125</u>	<u>43,40,842</u>		
1) Details of Shares held by Holding Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	1,00,000	100	1,00,000
2) Details of shareholders holding more than 5% share in the company:				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	100	1,00,000	100	1,00,000
3)	The Company has only one class of equity shares having a par value of 1 USD per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of Company, the holder of equity share will be entitled to receive remaining assets of the Company.			
4) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Equity Shares				
At the beginning of the year	1,00,000	45,28,125	1,00,000	43,40,842
Add/(Less): Changes during the year	-	-	-	-
At the end of the year	<u>1,00,000</u>	<u>45,28,125</u>	<u>1,00,000</u>	<u>43,40,842</u>
2.02 Reserves and Surplus				
Exchange Fluctuation Reserve		64,81,11,850		1,08,965
Statement of Profit and Loss				
As per last Balance Sheet		15,02,08,40,306		15,02,19,97,542
Add: Profit/(Loss) for the year		(25,63,619)		(11,57,236)
		<u>15,01,82,76,687</u>		<u>15,02,08,40,306</u>
		<u>15,66,63,88,537</u>		<u>15,02,09,49,271</u>
2.03 Trade Payables				
Due to others		3,26,474		92,351
		<u>3,26,474</u>		<u>92,351</u>
2.04 Other Current Liabilities				
Outstanding Liabilities Against Expenses		25,02,619		18,66,017
Payable to Related Parties (Refer Note 2.17)		1,30,45,439		1,46,15,186
Advances from Customers		8,82,750		8,35,394
		<u>1,64,30,808</u>		<u>1,73,16,597</u>

Reliance Communications (Singapore) Pte. Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
2.05 Long Term Loans & Advances		
(Unsecured, Considered Good unless stated otherwise)		
Loans to related party (Refer Note 2.17)	15,68,12,50,000	15,03,26,73,500
	<u>15,68,12,50,000</u>	<u>15,03,26,73,500</u>
2.06 Trade Receivables		
Due for more than six months from the date they are due for payment		
Considered Good	-	-
Others		
Considered Good	6,05,790	5,36,119
	<u>6,05,790</u>	<u>5,36,119</u>
2.07 Cash and Bank Balances		
Balance with Banks		
In Current Account	48,63,391	90,22,720
	<u>48,63,391</u>	<u>90,22,720</u>
2.08 Short Term Loans and Advances		
(Unsecured, Considered Good unless stated otherwise)		
Prepaid Expenses	2,04,358	1,95,906
Advance to Related party (Refer Note 2.17)	2,50,000	1,19,830
VAT Receivable	1,39,451	-
	<u>5,93,809</u>	<u>3,15,736</u>
2.09 Other Current Assets		
(Unsecured, Considered Good unless stated otherwise)		
Deposit	1,57,500	1,50,986
Others	2,03,453	-
	<u>3,60,953</u>	<u>1,50,986</u>
		(Amount in ₹)
	For the year ended March 31, 2015	For the year ended March 31, 2014
2.10 Revenue		
Reliance India Call		
Post Paid	7,88,177	10,51,633
Prepaid	16,10,036	16,63,579
	<u>23,98,213</u>	<u>27,15,212</u>
2.11 Network Operating Expenses		
Carrier Charges	9,51,178	10,93,270
Toll Free Access	9,67,905	8,45,873
License Fee	-	2,02,626
	<u>19,19,083</u>	<u>21,41,769</u>

Reliance Communications (Singapore) Pte. Limited

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

	(Amount in ₹)
	For the year ended March 31, 2015
	For the year ended March 31, 2014
2.12 General & Administration Expenses	
Bank Charges	3,15,282
Call Centre Charges	2,31,573
Audit Fees	3,09,446
Professional Fee	6,11,530
Bad Debts Written Off	7,34,990
Director's Sitting Fees	18,05,694
	3,57,083
	62,700
	1,27,456
	<u>30,41,952</u>
	<u>15,38,890</u>
2.13 Financial Charges	
Exchange Loss	797
	1,91,789
	<u>797</u>
	<u>1,91,789</u>

2.14 The Previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

	For the year ended March 31, 2015	For the year ended March 31, 2014
2.15 Earnings per share		
Profit / (loss) after tax and extra ordinary item	(25,63,619)	(11,57,236)
Weighted average number of equity shares	1,00,000	1,00,000
Nominal value per equity share	1	1
Basic Earning per equity share	(26)	(12)

2.16 Segment Reporting

The Company has not identified any separate reportable segment as given in AS -17, as all the activities of the company relates to International Long Distance business as used for the internal business reporting systems.

2.17 Related Party Transactions

As per the Accounting Standard 18, the disclosures of transactions with the related parties are given below :

i List of Related Parties with whom transactions have taken place and relationships

Sr.	Name of the Related Party	Relationship
1	Reliance Communications Ltd.	Ultimate Holding Company
2	Reliance Globalcom BV	Holding Company
3	Reliance Communications (New Zealand) Pte Ltd	Fellow-Subsidiary Company
4	Reliance Communications Inc.	Fellow-Subsidiary Company
5	Reliance Communications Infrastructure Ltd	Fellow-Subsidiary Company
6	Reliance Communications International Inc.	Fellow-Subsidiary Company
7	Reliance Communications (Hong Kong) Ltd	Fellow-Subsidiary Company

Reliance Communications (Singapore) Pte. Limited

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

ii Transactions with related parties and closing balances

Summarised below are the transactions entered into with related parties:

Figures in brackets are pertaining to Previous year

Entity Name	During the Year 2014-15		As at March 31, 2015	
	Call Centre Expenses	Carrier Expenses	Loans & Advances	Other Current Liabilities
Reliance Communications Inc.	-	9,51,178	-	64,37,000
	(-)	(10,93,270)	(-)	(84,55,804)
Reliance Communications International Inc.	-	-	-	30,250
	(-)	(-)	(-)	(28,999)
Reliance Communications (New Zealand) Pte Ltd	-	-	-	16,82,438
	(-)	(-)	(-)	(16,12,852)
Reliance Communications Infrastructure Ltd	52,164	-	-	61,063
	(24,669)	(-)	(-)	(8,808)
Reliance Communications (Hong Kong) Ltd	-	-	-	48,34,688
	(-)	(-)	(-)	(45,08,724)
Reliance Globalcom B. V.	-	-	15,68,12,50,000	-
	(-)	(-)	(15,03,26,73,500)	(-)
Reliance Communications Ltd.	-	-	2,50,000	-
	(-)	(-)	(1,19,830)	(-)

2.18 The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1USD = ₹ 59.915) and items relating to statement of profit and loss have been translated at average rate of 1 USD = ₹ 61.15 and (Previous year 1 USD = ₹ 60.46)

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

For Reliance Communications (Singapore) Pte. Limited

B. K. Sinha

Pradeep Bhat

} Directors

Anupam Globalsoft (U) Limited

Independent Auditor's Report

To

The Board of Directors of Anupam Globalsoft (U) Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Anupam Globalsoft (U) Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2015

Anupam Globalsoft (U) Limited

Balance Sheet as at March 31, 2015

	Notes	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2.01	6,40,12,500	7,15,02,561
(b) Reserves and Surplus	2.02	(3,96,16,310)	(4,43,12,323)
Current Liabilities			
(a) Short Term Borrowings	2.03	16,69,94,761	18,65,34,709
(b) Trade Payable	2.04	3,10,32,966	3,46,64,113
(c) Other Current Liabilities	2.05	17,085	49,352
Total		22,24,41,002	24,84,38,412
ASSETS			
Fixed Assets			
(a) Capital Work In Progress		8,52,48,918	9,52,23,838
Current Assets			
(a) Cash and Bank Balances	2.06	10,40,64,167	11,62,10,381
(b) Other Current Assets	2.07	3,31,27,917	3,70,04,193
Total		22,24,41,002	24,84,38,412
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report of even date

For M S Sethi & Associates
Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi
Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

Anupam Global Soft (U) Ltd.

Sanjay K. Jain
B. K. Sinha } **Directors**

Anupam Globalsoft (U) Limited

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

	Notes	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
Income			
Other Income	2.08	<u>27,957</u>	<u>30,524</u>
		<u>27,957</u>	<u>30,524</u>
Expenditure			
General Administration Expenses		-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Profit Before Tax		27,957	30,524
Current Tax		-	-
Profit After Tax		<u>27,957</u>	<u>30,524</u>
Basic and Diluted Earning per Share of Ushs 1,00,000 each	2.10	0.93	- 1.02
Significant Accounting Policies	1		
Notes on Account	2		

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

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Anupam Global Soft (U) Ltd.

Sanjay K. Jain

B. K. Sinha

} Directors

Anupam Globalsoft (U) Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	27,957	30,524
Operating Profit before Working Capital Changes	27,957	30,524
Adjusted for:		
Other Current Liabilities	27,097	-
Effect of Exchange difference on translation of Assets & Liabilities	(12,201,268)	10,889,354
Net Cash from Operating Activities	(12,146,214)	10,919,878
B CASH FLOW FROM INVESTING ACTIVITIES	-	-
C CASH FLOW FROM FINANCING ACTIVITIES	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	(12,146,214)	10,919,878
Opening Balance of Cash and Cash Equivalents	116,210,381	105,290,503
Closing Balance of Cash and Cash Equivalents	104,064,167	116,210,381

Note:

Cash and Cash Equivalents includes cash on hand, cheques on hand.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Anupam Global Soft (U) Ltd.

Sanjay K. Jain

B. K. Sinha

} **Directors**

Anupam Globalsoft (U) Limited

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

Note :1 Significant Accounting Policies

1.01 Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard 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 and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Revenue Recognition

Interest Income is recognised on time proportion basis.

1.03 Use of Estimates

The 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 are recognised in the period in which the results are known / materialised.

1.04 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.

1.05 Earning per Share

In determining Earning per Share, the Company 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 Diluted Earning per Share comprises the weighted average number of shares considered for deriving Basic Earnings per Share, and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.06 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. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.07 Fixed Assets

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

1.08 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

Anupam Globalsoft (U) Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.01		
Share Capital		
Authorized		
30,000 (Previous year 30,000) ordinary shares par value ushs 1,00,000 each	6,40,12,500	7,15,02,561
	6,40,12,500	7,15,02,561
Issued, Subscribed and Paid up		
30,000 (Previous year 30,000) ordinary shares par value ushs 1,00,000 each fully paid up	6,40,12,500	7,15,02,561
	6,40,12,500	7,15,02,561

1) Details of Shares held by Holding Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	90	27,000	90	27,000

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

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	90	27,000	90	27,000
M. N. Holdings Company Limited	8.97	2,690	8.97	2,690

- 3) The Company has only one class of ordinary shares having a par value of 100000 ushs per share. Each holder of ordinary shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of ordinary share will be entitled to receive remaining assets of the Company.

4) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Ordinary Shares				
At the beginning of the year	30 000	6,40,12,500	30 000	7,15,02,561
Add/Less: Changes during the year	-	-	-	-
At the end of the year	30 000	6,40,12,500	30 000	7,15,02,561

Note: 2.02

Reserve and Surplus

Exchange Fluctuation Reserve	(3,98,59,668)	(4,45,27,724)
Statement of Profit & Loss	2,15,401	1,84,877
Add: Profit for the year	27,957	30,524
	2,43,358	2,15,401
	(3,96,16,310)	(4,43,12,323)

Note: 2.03

Short Term Borrowings

Unsecured		
From Others	16,69,94,761	18,65,34,709
	16,69,94,761	18,65,34,709

Anupam Globalsoft (U) Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.04		
Trade Payable		
Others	<u>3,10,32,966</u>	<u>3,46,64,113</u>
	<u>3,10,32,966</u>	<u>3,46,64,113</u>
Note: 2.05		
Other Current Liabilities		
Other Liabilities	<u>17,085</u>	<u>49,352</u>
	<u>17,085</u>	<u>49,352</u>
Note: 2.06		
Cash and Bank Balances		
Balance With Bank in current account	<u>30,98,717</u>	<u>34,61,296</u>
Cash on hand	<u>29</u>	<u>33</u>
Fixed Deposits with Banks with less than 3 months maturity	<u>10,09,65,421</u>	<u>11,27,49,052</u>
	<u>10,40,64,167</u>	<u>11,62,10,381</u>
Note: 2.07		
Other Current Assets		
(Unsecured, Considered good – unless stated otherwise)		
Deposits	<u>1,11,758</u>	<u>1,24,835</u>
Others	<u>3,30,16,159</u>	<u>3,68,79,358</u>
	<u>3,31,27,917</u>	<u>3,70,04,193</u>
Note: 2.08		
Other Income		
Interest on Fixed Deposit	<u>27,957</u>	<u>30,524</u>
	<u>27,957</u>	<u>30,524</u>

Note : 2.09

Figures for the previous year have been regrouped/ reclassified/ rearranged wherever necessary to make them comparable to those for the current year.

	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
Note : 2.10		
Earnings per share		
Net Profit (Numerator used for calculation)	<u>27 957</u>	<u>30 524</u>
Weighted Average number of Equity Shares used as denominator for calculating EPS	<u>30 000</u>	<u>30 000</u>
Basic and Diluted Earning Per Share of ushs 1,00,000 each	<u>0.93</u>	<u>1.02</u>

Anupam Globalsoft (U) Limited

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

Note : 2.11

As per Accounting Standard 18, Referred in Rule 7 of Companies Accounts Rule 2014, the disclosures of transactions with the related parties as defined in the Accounting Statdard are given below:

Name of the Related Party	Relationship
1 Reliance Globalcom B.V	Holding Company

There is no transaction with the related party.

Note : 2.12

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of ₹ 1 = 0.021338 ushs (Previous year ₹ 1 = 0.023834 ushs) and items relating to profit and loss have been translated at average rate of ₹ 1 = 0.022052 ushs and (Previous year ₹ 1 = 0.024036 ushs).

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Anupam Global Soft (U) Ltd.

Sanjay K. Jain

B. K. Sinha

} Directors

Reliance Globalcom Limited

Independent Auditor's Report

To
The Board of Directors of Reliance Globalcom Limited,
Bermuda

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Globalcom Limited, Bermuda ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Reliance Globalcom Limited

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	23,39,40,59,376	16,27,46,99,287
Reserves and Surplus	2.02	39,26,92,81,427	20,63,56,55,688
		<u>62,66,33,40,803</u>	<u>36,91,03,54,975</u>
Non Current Liabilities			
Long-Term Borrowings	2.03	-	15,03,26,73,500
Other Long Term Liabilities	2.04	5,41,77,53,603	3,27,26,92,282
Long term Provisions	2.05	18,88,37,639	23,94,53,127
		<u>5,60,65,91,242</u>	<u>18,54,48,18,909</u>
Current Liabilities			
Short Term Borrowings	2.06	1,93,51,66,094	-
Trade Payable	2.07	22,69,23,26,006	74,68,01,14,325
Other Current Liabilities	2.08	56,67,32,96,923	59,93,55,91,787
Short Term Provisions	2.09	10,05,21,231	33,61,867
		<u>81,40,13,10,254</u>	<u>1,34,61,90,67,979</u>
TOTAL LIABILITIES		<u>1,49,67,12,42,299</u>	<u>1,90,07,42,41,863</u>
ASSETS			
Non Current Assets			
Fixed Assets	2.10		
Tangible Assets		43,23,33,93,466	23,56,19,52,751
Capital Work-in-Progress		15,40,45,575	17,99,42,848
		<u>43,38,74,39,041</u>	<u>23,74,18,95,599</u>
Non Current Investments	2.11	42,77,70,862	40,70,21,120
Long-Term Loans and Advances	2.12	44,33,46,65,132	37,76,45,29,148
Other Non-Current Assets	2.13	4,62,50,000	4,43,37,100
		<u>88,19,61,24,984</u>	<u>61,95,77,82,968</u>
Current Assets:			
Trade Receivables	2.14	4,19,81,65,662	3,59,83,58,115
Cash and Bank Balances	2.15	1,33,61,69,022	18,59,86,027
Short-Term Loans and Advances	2.16	55,43,18,57,812	1,24,27,19,43,028
Other Current Assets	2.17	50,89,24,768	6,01,71,726
		<u>61,47,51,17,264</u>	<u>1,28,11,64,58,896</u>
TOTAL ASSET		<u>1,49,67,12,42,299</u>	<u>1,90,07,42,41,863</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

Reliance Globalcom Limited

Janet Troxell

Wilfred Kwan

} Directors

Reliance Globalcom Limited

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income	Notes		
Service Income	2.18	11,09,03,39,646	13,95,21,93,313
Other Income	2.19	22,96,24,301	42,62,669
		<u>11,31,99,63,947</u>	<u>13,95,64,55,982</u>
Expenditure			
Network Operation Expenses	2.20	4,66,11,27,826	5,50,63,46,797
Employee Benefits Expenses	2.21	34,28,83,926	39,28,79,222
Depreciation and Amortization Expenses	2.22	4,22,99,64,773	2,43,59,12,938
Sales and General Administration Expenses	2.23	47,81,27,071	79,94,89,597
		<u>9,71,21,03,596</u>	<u>9,13,46,28,554</u>
Profit/(Loss) Before Tax		1,60,78,60,351	4,82,18,27,428
Provision for taxation			
– Current Tax		9,83,54,755	29,47,987
– Deferred Tax		-	(1,34,228)
Profit /(Loss) After Tax		<u>1,50,95,05,596</u>	<u>4,81,90,13,669</u>
Basic and Diluted Earning Per Share of USD 0.01 each	2.29	0.04776	0.22584

Significant Accounting Policies

1

Notes forming part of Financial Statements

2

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Reliance Globalcom Limited

Janet Troxell

Wilfred Kwan

} Directors

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

Reliance Globalcom Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax and Minority Interest	1,60,78,60,351	4,82,18,27,428
Adjustments for:		
Provision for Doubtful Debts	-	52,07,19,993
Depreciation and Amortisation	5,10,53,38,870	3,30,14,10,037
Amount Withdrawn from Revaluation Reserve	(87,53,74,097)	(86,54,97,098)
	4,22,99,64,773	2,95,66,32,932
	5,83,78,25,124	7,77,84,60,360
(Increase)/ Decrease in Trade and Other Receivables	55,56,79,87,855	(10,91,73,65,485)
Decrease/ (Increase) in Trade Payables	(62,50,55,70,862)	4,84,22,29,482
Effects of exchange difference on translation of asset & Liabilities	53,46,90,109	(77,86,89,737)
	(6,40,28,92,898)	(6,85,38,25,740)
Profit Before exceptional item, extra ordinary item and Tax	(56,50,67,774)	92,46,34,620
Income Taxes Paid	14,35,12,278	(53,04,149)
Net Cash from Operating Activities (A)	(42,15,55,496)	91,93,30,472
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(23,87,55,08,166)	(89,69,88,097)
Net Cash Used in Investing Activities (B)	(23,87,55,08,166)	(89,69,88,097)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Common shares issued equity shares	6,41,71,97,063	-
Issue of shares at premium	17,09,48,83,500	-
Loan Received	1,93,51,66,094	-
Net Cash Used in Financing Activities (C)	25,44,72,46,657	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	1,15,01,82,995	2,23,42,375
Cash and Cash Equivalents at the Beginning of the Period	18,59,86,027	16,36,43,652
Cash and Cash Equivalents at the End of the Period	1,33,61,69,022	18,59,86,027

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

Reliance Globalcom Limited

Janet Troxell

Wilfred Kwan

} Directors

NOTE # 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

i. Indefeasible Rights of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

ii. Operations and Maintenance Charges

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

iii. Network Services

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 Services revenue is recognized in the Company's income statement over the term of the contract.

iv. Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations.

In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognized in the period in which the results are known / materialized.

e) Current and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

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

f) Fixed Assets

i) Tangible Fixed Assets

Tangible Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computers and Office Equipments	3 to 5 years
Fixtures and Fixtures.....	3 to 7 years
Vehicles.....	5 years
Leasehold improvements.....	Shorter of the remaining lease term, ranging from 1 to 17 years or useful life
Network assets	The shorter of 15 to 25 years or remaining useful live

Assets acquired under capital lease obligations are amortized over the shorter of the estimated useful lives of the assets or the life of the lease.

The estimated useful life of cable systems are determined based on the estimated period over which they will generate revenue, ranging from 10 to 25 years.

Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset. Maintenance and repairs on property and equipment are expensed as incurred.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Amortisation of Intangible Assets.

Indefeasible Right of Use are fully amortized in the year of purchase

iv) Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

v) Reciprocal Transactions

The Company has exchanged capacity with other capacity or service providers with dissimilar capacity and assets which are accounted for at fair market value and an adjustment is made for balancing payment of cash as consideration over the fair market value.

vi) Asset Retirement Obligation ('ARO')

The cost of tangible assets also includes, where applicable, costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of installing the item. This liability is estimated based on the best estimate of the expenditure required to settle the obligation. A corresponding liability is created for the amount recognised. Subsequent changes in the asset retirement obligation due to change in the estimated timing or amount

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

of the outflow of resources embodying economic benefits required to settle the obligation are adjusted in the cost of the asset prospectively. In case of decrease in liability, it is first reduced from the carrying value of the related Network Assets and the excess amount, if any, is credited to the Statement of Profit and Loss.

The asset retirement obligation is depreciated over the estimated useful life of the asset for which the obligation has been created.

g) Effects of Changes in Foreign Currency Rates

i. Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

iii. Translation of foreign operations

Foreign operations are classified as integral operations.

In respect of transactions related to integral overseas subsidiaries, all revenue and expenses transactions during the period are reported at the date of transaction or the average rate. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of integral overseas subsidiaries are recognized in the Statement of Profit and Loss.

h) Investment

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

i) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

j) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

k) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to Common shareholders by the weighted average number of Common Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereon for the period. The weighted average number of Common Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential Common Shares that have changed the number of Common Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to Common shareholders and the weighted average number of Common Shares outstanding during the period is adjusted for the effects of all dilutive potential Common Shares.

Reliance Globalcom Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised		
42,677,200,000 (March 31, 2014; 21,439,200,000) Class A common Shares of US \$ 0.01 each	26,67,32,50,000	12,84,52,96,680
Nil (March 31, 2014; 212,380,000) 4% Redeemable Preference Shares of US \$ 1 each	-	12,72,47,47,700
	26,67,32,50,000	25,57,00,44,380
Issued Subscribed and Paid up:		
31,605,515,300 (March 31, 2014; 21,338,200,000) equity shares of US \$ 0.01 each fully paid up.	19,75,34,47,063	12,78,46,62,700
Additional paid in capital	3,64,06,12,313	3,49,00,36,587
	23,39,40,59,376	16,27,46,99,287

a) Reconciliation of number of Class A Common Shares

	No. of Shares	Indian Rupees	No. of Shares	Indian Rupees
Balance as at the beginning of the year	21,33,80,00,000	13,33,62,50,000	21,33,80,00,000	12,78,46,62,700
Add: Common share issued during the year	10,26,75,15,300	6,41,71,97,063	-	-
Less: Common shares cancelled on buy back	-	-	-	-
Balance as at the end of the year	31,60,55,15,300	19,75,34,47,063	21,33,80,00,000	12,78,46,62,700

Note:

During the year, the Company has issued 10,267,515,300 Common shares to GCX Limited at premium of ₹ 1,709 crore aggregating value of ₹ 2,351 crore in settlement of purchase of Hawk cable of assets ₹ 2,188 crore and intercompany liabilities ₹ 164 crore.

b) Terms/Rights attached to shares

The Company has only Class A Common Shares (shares) having a par value of US\$ 0.01 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

Reliance Globalcom B.V., the Netherlands (RGBV), the holding company has availed US\$ 700 million facility from Standard Chartered Bank (Lender) for the maximum period of 60 Months from the date of utilisation in 2010-11. For securing the facility, shares of RGL and its material subsidiaries were pledged to the lender and RGL was the guarantor for the facility. During the year pursuant to the group restructuring exercise the lender has release the pledge of shares of RGL and its subsidiaries,

During the year, GCX Limited has raised 7% Senior Secured Notes of ₹ 2,188 crore. The notes are guaranteed by the Company and secured by the way of pledge of equity shares of subsidiary guarantor.

c) Shares held by Holding company and subsidiary of Holding Company

	No. of Shares	No. of Shares
Class A Common Shares		
Reliance Globalcom BV, the Holding Company	-	21,32,71,00,000
GCX Limited, Bermuda, the Holding Company	31,60,43,15,300	-
Lagerwood Investments Limited	-	97,00,000
Reliance Communication Limited, the Ultimate Holding company	12,00,000	12,00,000
	31,60,55,15,300	21,33,80,00,000

Reliance Globalcom Limited

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

d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Class A Common shares		
Reliance Globalcom BV, the Holding Company	-	21,32,71,00,000
	-	(99.95%)
GCX Limited, Bermuda, the Holding Company	31,60,43,15,300	
	(99.96%)	

NOTE # 2.02

Reserves and Surplus

Security Premium Account

As per Last Balance Sheet	-	-
Add: Premium on shares issued	17,09,48,83,500	-
	17,09,48,83,500	-

Revaluation Reserve

As per Last Balance Sheet	2,36,35,67,778	3,22,90,64,876
Less: Transferred to Profit and Loss Account	87,53,74,097	86,54,97,098
	1,48,81,93,681	2,36,35,67,778
Foreign Currency Translation Reserve	2,43,94,21,398	1,53,48,10,658

Profit and Loss Account Balance

As per Last Balance Sheet	16,73,72,77,252	11,91,82,63,583
Add: Profit and Loss for the year	1,50,95,05,596	4,81,90,13,669
	18,24,67,82,848	16,73,72,77,252
	39,26,92,81,427	20,63,56,55,688

NOTE # 2.03

Long-Term Borrowings

Payable to Related Party (Refer Note No. 2.30)	-	15,03,26,73,500
		15,03,26,73,500

NOTE # 2.04

Other Long Term Liabilities

Provision for Assets Retirement Obligations	1,58,94,02,996	-
Unearned Income	3,82,83,50,607	3,27,26,92,282
	5,41,77,53,603	3,27,26,92,282

NOTE # 2.05

Long term Provisions

Provision for gratuity	1,75,49,551	1,61,63,198
Income Tax (net of advanced tax)	17,12,88,088	22,32,89,929
	18,88,37,639	23,94,53,127

Reliance Globalcom Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.06		
Short Term borrowings		
Payable to Related Parties (Refer Note 2.30)	1,93,51,66,094	-
	<u>1,93,51,66,094</u>	<u>-</u>
NOTE # 2.07		
Trade Payables		
Trade Payable	58,10,44,740	1,02,13,13,686
Trade Accruals	22,11,12,81,266	73,65,88,00,639
	<u>22,69,23,26,006</u>	<u>74,68,01,14,325</u>
NOTE # 2.08		
Other Current Liabilities		
Liability for Leased Assets		
Employee payable	4,94,18,042	1,60,49,491
Unearned Income	1,71,18,36,518	-
Capital creditors/provision	47,86,76,226	19,70,67,578
Payables to Related Parties	54,43,33,66,137	59,72,24,74,718
	<u>56,67,32,96,923</u>	<u>59,93,55,91,787</u>
NOTE # 2.09		
Short Term Provisions		
Income Tax (net of advanced tax)	10,05,21,231	33,61,867
	<u>10,05,21,231</u>	<u>33,61,867</u>

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

Particulars	Amount in ₹										
	Gross Block					Depreciation			Net Block		
	As at April 1, 2014	Transfer	Additions during the year/period	Forex adjustment	As at March 31, 2015	As at April 1, 2014	Transfer	For the year/period	Forex adjustment	As at March 31, 2015	As at March 31, 2014
Tangible Assets											
Leasehold Improvement	14,42,44,131	-	2,05,37,496	66,75,708	17,14,57,336	14,42,44,131	-	22,29,029	62,73,110	15,27,46,270	1,87,11,066
Computers	4,22,95,247	-	8,12,523	(8,30,579)	4,22,77,191	3,70,58,680	-	45,10,095	6,60,982	4,22,29,757	47,434
Furniture and Fixtures	2,73,353	-	-	11,794	2,85,147	2,73,353	-	-	11,794	2,85,147	-
Network Assets	86,54,97,72,474	48,19,05,698	31,04,80,64,126	12,34,31,52,041	1,14,62,99,54,378	62,99,30,56,289	48,19,05,698	5,09,85,99,747	2,84,17,57,678	71,41,53,19,412	43,21,46,34,966
Tangible Assets (A)	86,73,65,85,205	48,19,05,698	31,06,94,14,145	12,34,90,08,964	1,14,84,39,74,051	63,17,46,32,454	48,19,05,698	5,10,33,38,870	2,84,87,03,563	71,61,05,80,586	43,23,33,93,466
Previous Year	78,43,07,27,522	-	19,60,05,580	8,10,98,52,103	86,73,65,85,205	54,86,93,56,411	-	2,66,13,61,960	5,64,39,14,083	63,17,46,32,454	23,56,19,52,751
Intangible Assets											
Indefeasible Right of Connectivity	12,91,09,91,826	(48,19,05,698)	-	54,64,22,999	12,97,55,09,127	12,91,09,91,826	(48,19,05,698)	-	54,64,22,999	12,97,55,09,127	-
Intangible Assets (B)	12,91,09,91,826	(48,19,05,698)	-	54,64,22,999	12,97,55,09,127	12,91,09,91,826	(48,19,05,698)	-	54,64,22,999	12,97,55,09,127	-
Previous Year	11,12,31,42,667	-	64,00,48,077	1,14,78,01,083	12,91,09,91,826	11,12,31,42,667	-	64,00,48,077	1,14,78,01,083	12,91,09,91,826	-
Total (A + B)	99,64,75,77,032	-	31,06,94,14,145	12,89,54,31,963	1,27,81,94,83,178	76,08,56,24,280	-	5,10,33,38,870	3,39,51,26,562	84,58,60,89,713	43,23,33,93,466
Previous Year	89,55,38,70,188	-	83,60,53,657	9,25,76,53,186	99,64,75,77,031	65,99,24,99,078	-	3,30,14,10,037	6,79,17,15,166	76,08,56,24,281	23,56,19,52,751
Capital Work in Progress	-	-	-	-	-	-	-	-	-	15,40,45,575	17,99,42,848

Reliance Globalcom Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.11		
Non Current Investments		
Trade Investment		
Investment in Subsidiaries:		
50000 FLAG Telecom Singapore Pte. Limited, 1 SGD per Share (50000)	17,81,563	17,07,877
77999 Flag Telecom Asia Limited, 1 HKD per Share (77999)	6,28,984	6,02,985
294000 Seoul Telenet Inc., 5000 South Korean Won per Share (294000)	6,93,89,999	6,65,18,359
10000000 FLAG Holdings (Taiwan) Limited, 10 New Taiwan Dollars per Share (10000000)	16,81,80,400	16,12,24,459
8400000 FLAG Telecom Taiwan Limited, 10 New Taiwan Dollars per Share (8400000)	15,98,46,625	15,01,79,883
2 FLAG Atlantic UK Limited, 1 GBP per Share (2)	125	120
2500 Reliance FLAG Atlantic France SAS, 16 Euros per Share (2500)	23,17,500	22,21,648
2 Flag telecom Deutschland GMBH, 12,500 Euros per Share (2)	14,27,187	13,68,159
2 Reliance Globalcom U.K Limited, 1 GBP per Share (2)	188	180
12000 FLAG Telecom Development Limited, 1 USD per Share (12000)	7,50,000	7,18,980
5 Flag Telecom Development Services Company Llc, 100 (5) Egyptian Pounds Per Share	8,250	7,909
180 Flag Telecom Netherland BV, 100 Euros per Share (180)	9,55,125	9,15,621
50000 Reliance Globalcom Limited, India of ₹ 10 per Share (50000)	2,24,84,915	2,15,54,940
	42,77,70,862	40,70,21,120
NOTE # 2.12		
Long Term Loans and Advances		
Capital Advance	5,96,58,257	9,26,78,499
Prepaid expenses	8,39,08,89,813	5,79,91,15,279
Loans and Advances to related parties	35,88,41,17,062	31,87,27,35,370
	44,33,46,65,132	37,76,45,29,148
NOTE # 2.13		
Other non-current assets		
Margin money deposits	4,62,50,000	4,43,37,100
	4,62,50,000	4,43,37,100

Reliance Globalcom Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.14		
Trade Receivable (Unsecured)		
Others:		
Considered Good	4,19,81,65,662	3,59,83,58,115
Considered Doubtful	74,41,79,202	-
	<u>4,94,23,44,864</u>	<u>3,59,83,58,115</u>
Less: Provision for Doubtful Debts	74,41,79,202	-
	<u>4,19,81,65,662</u>	<u>3,59,83,58,115</u>
NOTE # 2.15		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	1,33,61,69,022	18,59,86,027
	<u>1,33,61,69,022</u>	<u>18,59,86,027</u>
NOTE # 2.16		
Short-Term Loans and Advances		
Advances Recoverable in Cash or Kind or for Value to be Received	18,52,73,48,451	78,55,33,90,745
Balances with Government Authorities	4,71,23,243	3,28,34,139
Deposits	46,15,937	43,75,921
Prepaid Expenses	1,46,93,053	88,33,928
Loan to Body Corporate	-	86,25,35,448
Loan and Advances to Related Parties	2,09,53,35,403	13,45,56,36,559
Receivables from Related Parties	34,74,27,41,725	31,35,43,36,288
	<u>55,43,18,57,812</u>	<u>1,24,27,19,43,028</u>
NOTE # 2.17		
Other Current Assets		
Unbilled Debtors	50,89,24,768	6,01,71,726
	<u>50,89,24,768</u>	<u>6,01,71,726</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
NOTE # 2.18		
Service Income		
Indefeasible Right of Use	3,55,99,99,042	5,57,74,85,124
Lease Capacity Services	36,17,98,636	59,07,63,330
Restoration Charges	2,05,024	2,01,35,449
Operation and Maintenance Charges	2,57,62,61,870	2,81,94,84,537
Internet Protocol	31,94,98,363	25,93,63,194
Network Service Income	4,27,25,76,711	4,68,49,61,679
	<u>11,09,03,39,646</u>	<u>13,95,21,93,313</u>
NOTE # 2.19		
Other Income		
Reversal of provision no longer required	16,46,34,584	-
Reversal of provision for Doubtful Debts (Net)	6,42,41,833	-
Miscellaneous Income	7,47,884	42,62,669
	<u>22,96,24,301</u>	<u>42,62,669</u>

Reliance Globalcom Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.20		
Network Operation Expenses		
Equipment Maintenance and Support	20,13,84,180	14,68,21,517
Marine Cable Operations	1,33,29,35,091	1,51,51,91,655
Landing Stations and Point of Presence costs	1,11,18,20,696	85,17,92,586
Terrestrial Cable, Inland Amplifier and Regenerator Sites	71,59,10,969	96,30,97,956
Local Tails	13,64,85,682	10,64,58,534
Restoration	98,86,401	-
Internet Protocol	9,17,295	9,49,208
Network Service Expense	1,15,17,87,512	1,92,20,35,341
	4,66,11,27,826	5,50,63,46,797
NOTE # 2.21		
Employee Benefits Expenses		
Salaries, Wages and Bonus	32,84,27,760	37,86,23,078
Contribution to Provident and Other Funds	7,03,785	7,05,909
Staff Welfare	1,37,52,381	1,35,50,235
	34,28,83,926	39,28,79,222
NOTE # 2.22		
Depreciation and Amortization Expenses		
Depreciation on Tangible assets	5,10,53,38,870	2,66,13,61,960
Less:recoupment from revaluation reserve	87,53,74,097	86,54,97,099
Net Depreciation on tangible assets	4,22,99,64,773	1,79,58,64,861
Amortisation of Intangible assets	-	64,00,48,077
	4,22,99,64,773	2,43,59,12,938
NOTE # 2.23		
Sales and General Administration Expenses		
Rent	1,15,53,524	1,07,28,947
Insurance	4,83,83,139	4,37,23,093
Legal Fees	3,90,13,434	4,80,49,393
Professional Charges	7,26,07,925	9,50,85,757
Licensing and Regulatory Fees	61,54,371	41,87,032
Travel and Entertainment	1,98,64,608	2,10,33,356
Communication	53,92,102	45,90,853
Information Technology Support	11,22,55,669	24,04,418
Bank charges	51,46,679	32,07,366
Provision for Doubtful Debts	-	51,91,74,397
Sales and Marketing Expenses	14,27,176	5,19,63,878
Foreign Exchange Fluctuation Loss	7,14,39,227	6,51,09,694
Facility and usage charges	5,75,16,923	99,82,001
Other G&A	9,65,596	(10,72,27,164)
	45,17,20,371	77,20,13,020
Payment to auditors	2,64,06,700	2,74,76,577
	47,81,27,071	79,94,89,597

Reliance Globalcom Limited

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

NOTE # 2.24

BACKGROUND AND ORGANISATION

The Company is part of a multinational corporate organization Company operates a global telecommunications network comprised of advanced fiber-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the Company. Over its global network, the Company offers telecommunications products and services which includes IP transit, IP point-to-point, leased capacity services, managed bandwidth service, co-location services, Ethernet services, long-term rights of use in capacity. The Company is a "carriers' carrier", meaning that its target customer base is the international wholesale broadband market, consisting of established carriers or major public telephone operator incumbents, including Application Service Providers ("ASPs") and Internet Service Providers ("ISPs"), alternate carriers and other bandwidth intensive users, rather than individual telecommunications consumers.

NOTE # 2.25

Asset Retirement Obligation

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 Rs. 7,761,003,125 with an offsetting reduction of carrying amount of related Network Assets by Rs. 5,880,754,812 and excess amount of Rs. 1,880,248,312 has been credited to the Statement of Profit and Loss under the heading "Depreciation and Amortisation". The annual impact of this reassessment will progressively decrease the depreciation charge until the end of remaining useful life of the related Network Assets.

NOTE # 2.26

Income Taxes

At the present time, no income, profit, capital or capital gains taxes are levied in Bermuda. In the event that such taxes are levied in the future, Reliance Globalcom Ltd., Bermuda and all its subsidiaries registered in Bermuda have received an undertaking dated April 26, 2012 from the Bermuda Government exempting them from all such taxes until March 21, 2035.

The provision for income taxes reflected in the accompanying Statement of Profit and Loss consists of taxes incurred on the income earned or activities performed by Reliance Globalcom Ltd. and its subsidiaries in certain jurisdictions, where they are deemed to have a taxable presence or are otherwise subject to tax.

NOTE # 2.27

Litigations

i) Pending Litigations

India Tax Litigation

Reliance Globalcom Limited, Bermuda, files its income tax return with Income Tax Authorities of India as a non-resident in order to claim the refund of tax deducted by its customers in India. The Indian Income Tax Authorities have disputed the claim of the Company on various grounds. The Company has created a tax provision of Rs. 302,865,750, in the earlier years, representing the maximum exposure towards this litigation. During the year, ITAT has pronounced a favorable ruling on February 6, 2015 for Financial Years 1997-98, 1998-99 and 1999 -2000. The Company is awaiting for further details in respect of the above ruling and will assess the impact thereof to record the same in the books of accounts in due course of time.

NOTE # 2.28

Segment Reporting

The Company has determined its business segment as telecommunication network unit taking into account the nature of services provided, class of customers for the services provided, the differing risks and returns and the internal business reporting systems. Since 100% of the business of Company is from telecommunication network unit, there are no other primary reportable segments.

The segment revenue, segment result, total carrying amount of segment assets, total amount of segment liabilities, total cost incurred during the period to acquire segments assets, segment depreciation and amortisation for the period are reflected within the consolidated financial statements of the Company as of and for the year ended March 31, 2015.

The Company sells the full range of products and services across the globe and the billing is for the network assets across the globe and not divided into geographical locations, therefore it is impracticable to disclose revenue by geographical locations. Further, network assets span across various countries and are not necessarily located in the country of domicile and hence it is impracticable to disclose assets by geographical location of assets.

Reliance Globalcom Limited

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

NOTE # 2.29

Earnings Per Share

₹ except number of shares

	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit after Tax	1,509,505,596	4,819,013,669
B Weighted average number of share of US\$ 0.01 each used as denominator for calculating Basic and Diluted EPS	31,605,515,300	21,338,000,000
C Basic and Diluted Earnings per Share (A/B)	0.04776	0.22584

NOTE # 2.30

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

a) Parties where control exist

- 1 GCX Limited (Holding Company)
- 2 Reliance Communications Limited
- 3 Reliance Globalcom BV
- 4 Global Cloud Xchange Limited

b) Enterprises as affiliated companies are

- 1 Reliance Communications Infrastructure Limited
- 2 Reliance Communications (Singapore) Pte Ltd
- 3 Anupam Global soft (U) Limited
- 4 Reliance Communication Inc
- 5 FLAG Telecom Asia Limited
- 6 FLAG Telecom Japan Limited
- 7 FLAG Telecom Singapore Pte. Limited
- 8 Seoul Telenet Inc.
- 9 FLAG Holdings (Taiwan) Limited
- 10 FLAG Telecom Taiwan Limited
- 11 Reliance Globalcom (U.K.) Limited
- 12 FLAG Telecom Deutschland GmbH
- 13 FLAG Telecom Network Services Limited
- 14 Reliance FLAG Telecom Ireland Limited
- 15 FLAG Telecom Ireland Network Limited
- 16 FLAG Atlantic UK Limited
- 17 Reliance FLAG Atlantic France SAS
- 18 FLAG Telecom Nederland BV
- 19 FLAG Telecom Hellas AE
- 20 FLAG Telecom Espana Network SAU
- 21 FLAG Telecom Development Services Company LLC
- 22 Reliance Flag Pacific Holdings Limited
- 23 FLAG Telecom Network USA Limited
- 24 FLAG Telecom Group Services Limited
- 26 Reliance Globalcom Limited, India
- 27 FLAG Telecom Development Limited
- 28 Reliance Globalcom Services Inc
- 29 Vanco UK Limited

Reliance Globalcom Limited

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

Company Name	Service Income		Expenditure*		Trade Receivable		Trade Payables		Short Term Loans and Advances		Long Term / Short Term Borrowings		Other Current Liabilities		Short/Long Term Loans and Advances		Purchase of Fixed	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Reliance Communications Infrastructure Limited	-	-	61,15,300	62,27,266	-	-	4,30,22,250	59,91,500	-	-	-	-	-	-	-	-	-	-
CGX Limited	-	-	1,87,459	-	-	-	1,87,500	-	-	-	1,93,51,66,094	-	-	-	37,69,97,009	-	21,87,50,00,000	-
Reliance Communications Limited	-	-	7,20,15,723	-	-	-	23,00,28,771	-	-	-	-	-	-	-	-	-	-	-
Reliance Communications (Singapore) Pte Ltd	-	-	-	-	-	-	-	-	-	-	-	15,03,26,73,500	-	-	-	-	-	-
Reliance Globalcom BV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reliance Globalcom Inc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reliance Globalcom Asia Limited (Including Representative offices in China and India)	-	-	1,02,22,519	53,71,83,403	-	-	-	-	3,22,50,29,043	2,29,36,96,647	-	-	-	-	-	-	-	-
FLAG Telecom Japan Limited	-	-	-	-	-	-	-	-	4,72,08,97,565	4,20,25,30,429	-	-	-	-	-	-	-	-
FLAG Telecom Singapore Pte. Limited	-	44,58,844	-	-	-	-	-	-	1,37,39,76,093	1,29,92,43,294	-	-	-	-	-	-	-	-
Seoul TeleNet Inc	-	28,96,359	-	-	-	-	-	-	99,91,06,081	99,86,81,854	-	-	-	-	-	-	-	-
FLAG Holdings (Taiwan) Limited	-	-	-	-	-	-	-	-	24,03,02,736	23,03,63,828	-	-	-	-	-	-	-	-
FLAG Telecom Taiwan Limited	-	-	-	1,56,87,549	-	-	-	1,39,69,302	2,69,72,295	-	-	-	-	70,35,938	-	-	-	-
Reliance Globalcom (U.K.) Limited	-	-	-	-	-	-	-	-	-	-	-	-	34,75,50,749	68,66,69,172	-	-	-	-
FLAG Telecom Deutschland GmbH	-	-	-	-	-	-	-	-	-	-	-	-	2,50,53,750	2,44,79,052	-	-	-	-
FLAG Telecom Network Services Limited	-	-	-	-	-	-	-	-	2,63,59,781	70,80,994	-	-	-	-	-	-	-	-
Reliance FLAG Telecom Ireland Limited (Including liaison office in Turkey)	42,20,00,481	1,34,51,09,840	-	-	-	-	-	-	-	-	-	-	-	16,50,69,72,265	12,31,33,20,814	-	-	-
FLAG Telecom Ireland Network Limited	-	-	-	-	-	-	-	-	11,54,35,60,543	10,72,78,04,856	-	-	-	-	-	-	-	-
FLAG Telecom Espana Ltd.	-	-	-	-	-	-	-	-	-	2,46,09,307	-	-	-	-	-	-	-	-
FLAG Atlantic UK Limited	-	-	-	-	-	-	-	-	4,69,80,07,228	4,10,69,91,588	-	-	-	-	-	-	-	-
Reliance FLAG Atlantic France SAS	3,85,05,76,248	2,92,16,54,311	-	-	-	-	-	-	-	-	-	-	20,88,79,611	2,25,60,66,633	-	-	-	-
Global Cloud Exchange	-	-	1,83,459	-	1,87,500	5,99,150	-	-	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Nederland BV	-	-	-	-	-	-	-	-	-	-	-	-	1,32,04,826	1,38,72,599	-	-	-	-
FLAG Telecom Hellas AE	-	-	-	-	-	-	-	-	1,41,99,017	1,36,11,729	-	-	-	-	-	-	-	-
FLAG Telecom Espana Network SAI	-	-	-	-	-	-	-	-	12,38,23,430	8,62,90,841	-	-	-	-	-	-	-	-
FLAG Telecom Communications Services Company LLC	-	-	-	-	-	-	-	-	-	-	-	-	1,36,34,717	6,42,28,864	-	-	-	-
Reliance Flag Pacific Holdings Limited	1,14,66,188	4,51,82,851	38,22,063	1,10,69,566	-	-	-	-	-	18,49,576	-	-	-	-	-	35,130,11,522	-	-
FLAG Telecom Network USA Limited	-	33,48,93,371	1,14,15,65,131	-	-	-	-	-	7,75,05,07,893	7,36,03,54,007	-	-	-	-	-	-	-	-
Reliance Flag Pacific Limited	-	-	-	-	-	-	-	-	-	12,27,359	-	-	-	-	-	-	-	-
FLAG Telecom Group Services Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Group Services Limited	-	-	44,06,96,832	21,86,23,687	-	-	31,43,70,768	2,66,92,809	-	-	-	-	-	-	-	35,884,17,062	31,87,27,35,370	-
FLAG Telecom Development Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reliance Globalcom Services Inc	24,72,37,371	28,87,94,022	-	-	26,99,23,000	10,91,21,152	21,073	-	-	-	-	-	-	-	-	37,31,80,70,219	44,35,68,01,646	-
Varco UK Limited	23,88,31,329	25,33,39,886	-	-	4,79,74,688	4,56,65,036	-	-	-	-	-	-	-	-	-	1,71,83,38,394	33,74,58,620	-
Reliance Globalcom Limited, India (RGL India)	-	-	43,15,03,607	21,86,12,839	-	-	29,81,90,589	2,66,92,809	-	-	-	-	-	-	-	-	-	-

* Expenditure are relating to network operation except with RGL India which is relating to other expenses.

Reliance Globalcom Limited

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

NOTE # 2.31

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.15 and (Previous year 1 USD = ₹ 60.46). Opening Balance of Profit & loss account of FY 2013-2014 has been taken as closing rate of 2012-2013 1 USD = ₹ 54.285

NOTE # 2.32

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Reliance Globalcom Limited

Janet Troxell

Wilfred Kwan

} Directors

Flag Telecom Asia Limited

Independent Auditor's Report

To The Board of Directors of Flag Telecom Asia Limited Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Asia Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Flag Telecom Asia Limited

Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	6,28,992	6,02,985
Reserves and Surplus	2.02	20,91,67,329	27,35,94,227
		<u>20,97,96,321</u>	<u>27,41,97,211</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	29,125	27,741
		<u>29,125</u>	<u>27,741</u>
Current Liabilities			
Trade Payable	2.04	11,46,29,832	6,51,24,402
Other Current Liabilities	2.05	4,75,63,53,886	3,75,85,76,085
Short Term Provisions	2.06	2,67,898	7,60,475
		<u>4,87,12,51,616</u>	<u>3,82,44,60,962</u>
Total		<u><u>5,08,10,77,062</u></u>	<u><u>4,09,86,85,914</u></u>
ASSETS			
Non Current Assets			
Fixed Assets	2.07		
Tangible Assets		40,09,54,892	32,75,37,167
Capital Work-in-Progress		2,02,07,443	18,21,923
		<u>42,11,62,335</u>	<u>32,93,59,090</u>
Long-Term Loans and Advances	2.08	2,99,05,104	-
		<u>45,10,67,439</u>	<u>32,93,59,090</u>
Current Assets:			
Trade Receivables	2.09	41,813	21,519
Cash and Bank Balances	2.10	6,17,43,992	6,23,45,396
Short-Term loans and Advances	2.11	4,56,82,23,818	3,70,69,59,909
		<u>4,63,00,09,623</u>	<u>3,76,93,26,824</u>
Total		<u><u>5,08,10,77,062</u></u>	<u><u>4,09,86,85,914</u></u>
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Asia Limited

Girish Kulai
Wilfred Kwan

} Directors

Flag Telecom Asia Limited

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income	Note		
Service Income	2.12	70,80,76,104	72,88,58,310
Other Income	2.13	20,020	4,756
		<u>70,80,96,124</u>	<u>72,88,63,066</u>
Expenditure			
Network Operation Expenses	2.14	19,56,18,292	23,47,35,814
Employee Benefits Expenses	2.15	37,02,64,148	23,98,32,826
Depreciation and Amortization Expenses	2.16	4,23,14,920	3,58,97,540
Sales and General Administration Expenses	2.17	17,33,71,896	9,92,23,362
		<u>78,15,69,256</u>	<u>60,96,89,542</u>
Profit/(Loss) Before Tax		<u>(7,34,73,132)</u>	<u>11,91,73,524</u>
Provision for Taxation			
– Current Tax		11,21,158	64,45,914
		<u>11,21,158</u>	<u>64,45,914</u>
Profit /(Loss) After Tax		<u>(7,45,94,290)</u>	<u>11,27,27,611</u>
Basic and Diluted Earnings per Share	2.19	(956)	1,445
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Asia Limited

Girish Kulai
Wilfred Kwan

} Directors

Flag Telecom Asia Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	(7,34,73,132)	11,91,73,524
Adjustments for:		
Provision for Doubtful Debts		
Depreciation and Amortisation	4,23,14,920	3,58,97,540
Effects of exchange difference on translation of asset & Liabilities	(52,14,924)	25,79,247
	<u>3,70,99,996</u>	<u>3,84,76,787</u>
	<u>(3,63,73,136)</u>	<u>15,76,50,312</u>
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase)/decrease in Trade and Other Receivables	(89,11,89,306)	6,86,10,709
(decrease)/Increase in Trade Payables	1,04,67,92,037	(19,33,52,348)
	<u>11,92,29,595</u>	<u>3,29,08,673</u>
Income Taxes Paid	11,21,158	64,45,914
Net Cash from Operating Activities (A)	<u>11,81,08,437</u>	<u>2,64,62,759</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(11,87,09,841)	(19,75,073)
Net Cash Used in Investing Activities (B)	<u>(11,87,09,841)</u>	<u>(19,75,073)</u>
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	<u>(6,01,404)</u>	<u>2,44,87,685</u>
Cash and Cash Equivalents at the Beginning of the Period	6,23,45,396	3,78,57,711
Cash and Cash Equivalents at the End of the Period	<u>6,17,43,992</u>	<u>6,23,45,396</u>

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Asia Limited

Girish Kulai

Wilfred Kwan

} Directors

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India. Revenue Recognition

b) Revenue Recognition

i. Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

ii. Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

iii. Network Revenue

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 recognized in the Company's income statement over the term of the contract.

iv. Ethernet/Internet Protocol Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

v. Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

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

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment..... 3-5 years.

Fixtures and fittings..... 3-7 years.

Leasehold improvements over the useful life.

Network Assets the shorter of 15-25 years or remaining useful lives.

The estimated useful life of Network Assets are determined based on the estimated period over which they will generate revenue, ranging from 10 to 15 years. Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Indefeasible Right of Use are fully amortised in the year of purchase

iv) Impairment of Fixed Assets

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

g) Effects of Changes in Foreign Currency Rates

i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.

ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference is ascertained and recognized in the books of accounts.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Flag Telecom Asia Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised		
78,000 (78,000) Shares of HKD 1 each	<u>6,28,992</u>	<u>6,02,985</u>
	<u>6,28,992</u>	<u>6,02,985</u>
Issued Subscribed and Paid up:		
78,000 (78,000) Shares of HKD 1 each, fully paid up	<u>6,28,992</u>	<u>6,02,985</u>
	<u>6,28,992</u>	<u>6,02,985</u>

a) Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Globalcom Limited	77,999	77,999
Reliance Globalcom (UK) Limited	1	1
	<u>78,000</u>	<u>78,000</u>

b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom Limited	99.99	77,999	99.99	77,999

c) Terms/Rights attached to the shares

The Company has only class A common shares (shares) having a par value of HKD 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Shares				
Balance as at the beginning of the year	78,000	6,28,992	78,000	6,02,985
Add: Movement for the year	-	-	-	-
At the end of the year	<u>78,000</u>	<u>6,28,992</u>	<u>78,000</u>	<u>6,02,985</u>

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
--	-------------------------	--

NOTE # 2.02

Reserves and Surplus

Surplus in Statement of Profit and Loss

As per Last Balance Sheet	25,94,03,129	14,66,75,518
Add: Profit/ (Loss) for the year	(7,45,94,290)	11,27,27,611
	<u>18,48,08,839</u>	<u>25,94,03,129</u>

Foreign Exchange Translation Reserve	2,43,58,490	1,41,91,098
	<u>20,91,67,329</u>	<u>27,35,94,227</u>

Flag Telecom Asia Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.03		
Other Long Term Liabilities		
Unearned Income	29,125	27,741
	<u>29,125</u>	<u>27,741</u>
NOTE # 2.04		
Trade Payables		
Trade Payable	1,32,89,267	1,36,94,130
Trade Accrual	10,13,40,565	5,14,30,272
	<u>11,46,29,832</u>	<u>6,51,24,402</u>
NOTE # 2.05		
Other Current Liabilities		
Capital creditors/provision	1,28,66,105	38,91,616
Unearned Income-current	19,375	18,658
Employee payable	2,70,28,195	2,89,47,235
Statutory dues payable	7,46,839	7,16,862
Payable to Related Party (Refer Note 2.22)	3,82,46,88,207	2,88,65,78,112
Other Liabilities	89,10,05,165	83,84,23,602
	<u>4,75,63,53,886</u>	<u>3,75,85,76,085</u>
NOTE # 2.06		
Short Term Provisions		
Income Tax (net of advanced tax)	2,67,898	7,60,475
	<u>2,67,898</u>	<u>7,60,475</u>

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

Particulars	Gross Block			Depreciation		Net Block		
	As at April 1, 2014	Additions during the year	Deductions/ adjustments	Forex adjustment	As at April 1, 2014	For the year	As at March 31, 2015	As at March 31, 2014
Tangible Assets								
Leasehold Improvement	25,875,329	-	-	1,116,377	25,873,949	1,409	26,991,706	-
Computers	5,522,126	-	-	238,249	5,312,984	126,684	5,671,690	88,685
Furniture and Fixtures	2,996,882	-	-	129,299	2,996,882	-	3,126,181	-
Network Assets	1,519,140,605	100,324,328	67,752,308	1,687,217,241	1,191,813,960	42,186,827	1,286,351,034	400,866,207
Tangible Assets (A)	1,553,534,942	100,324,328	-	69,236,233	1,723,095,503	-	1,322,140,611	400,954,893
Previous year	1,407,416,032	154,527	-	145,964,383	1,078,566,165	35,897,540	1,225,997,775	327,537,167
Intangible Assets								
Indefeasible Right of Connectivity	129,008,692	-	-	5,566,005	129,008,692	-	134,574,697	-
Intangible Assets (B)	129,008,692	-	-	5,566,005	129,008,692	-	134,574,697	-
Previous year	116,886,203	-	-	12,122,489	116,886,203	12,122,489	129,008,692	-
Total (A + B)	1,682,543,634	100,324,328	-	74,802,238	1,857,670,200	42,314,920	1,456,715,308	327,537,167
Previous year	1,524,302,235	154,527	-	158,086,872	1,682,543,634	35,897,540	1,355,006,467	327,537,167
Capital Work in Progress	-	-	-	-	-	-	-	1,821,923

NOTE # 2.07
Fixed Assets

Flag Telecom Asia Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.08		
Long-Term Loans and Advances		
Prepaid expenses	2,99,05,104	-
	<u>2,99,05,104</u>	<u>-</u>
NOTE # 2.09		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
Others:		
Considered Good	41,813	21,519
Considered Doubtful	-	-
Less: Provision for Doubtful Debts	-	-
	<u>41,813</u>	<u>21,519</u>
	<u>41,813</u>	<u>21,519</u>
NOTE # 2.10		
Cash and Bank Balance		
Cash on hand	65,171	45,932
Balance with Banks		
- Current Accounts	6,16,78,821	6,22,99,464
	<u>6,17,43,992</u>	<u>6,23,45,396</u>
NOTE # 2.11		
Short-Term Loans and Advances		
Advances Recoverable in Cash or Kind or for Value to be Received	90,94,89,114	84,85,83,274
Advance Tax and Tax deducted at source (net)		
Deposits	1,34,91,911	1,16,59,314
Prepaid Expenses	2,60,86,193	4,21,77,703
Receivables from Related Parties	3,61,91,56,600	2,80,45,39,618
	<u>4,56,82,23,818</u>	<u>3,70,69,59,909</u>

Flag Telecom Asia Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.12		
Service Income		
Lease Capacity Services	2,27,019	2,24,347
Internet Protocol	9,17,295	13,30,186
Network Service Revenue	70,69,31,790	72,73,03,777
	<u>70,80,76,104</u>	<u>72,88,58,310</u>
NOTE # 2.13		
Other Income		
Interest Income	2,286	4,756
Miscellaneous Income	17,734	-
	<u>20,020</u>	<u>4,756</u>
NOTE # 2.14		
Network Operation Expenses		
Equipment Maintenance and Support	1,53,05,377	1,95,50,353
Landing Stations and Point of Presence costs	8,01,42,835	8,15,32,888
Terrestrial Cable, Inland Amplifier and Regenerator Sites	3,56,20,319	2,32,06,188
Local Tails	5,80,70,808	10,23,16,282
Internet Protocol	64,78,953	81,30,103
	<u>19,56,18,292</u>	<u>23,47,35,814</u>
NOTE # 2.15		
Employee Benefits Expenses		
Salaries, Wages and Bonus	29,51,62,555	19,20,71,423
Contribution to Provident and Other Funds	2,56,61,312	2,02,17,462
Staff Welfare	4,94,40,281	2,75,43,941
	<u>37,02,64,148</u>	<u>23,98,32,826</u>
NOTE # 2.16		
Depreciation and Amortization Expenses		
Depreciation on Tangible assets	4,23,14,920	3,58,97,540
Amortisation of Intangible assets	-	-
	<u>4,23,14,920</u>	<u>3,58,97,540</u>

Flag Telecom Asia Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.17		
Sales and General Administration Expenses		
Rent	3,95,19,462	3,79,82,862
Insurance	3,84,370	4,54,170
Rates and Taxes	41,27,600	14,87,043
Professional Charges	28,30,187	28,65,325
Licensing and Regulatory Fees	16,55,004	17,78,921
Travel and Entertainment	6,04,72,665	2,27,41,015
Communication	1,42,01,966	74,59,426
Information Technology Support	20,79,037	14,54,010
Bank charges	1,78,413	1,13,993
Sales and Marketing Expenses	3,80,37,307	-
Facility Usage charges	18,70,684	40,44,557
Foreign Exchange Fluctuation Loss	(71,564)	84,92,267
Other G&A	49,64,140	72,01,748
	17,02,49,271	9,60,75,337
Payment to auditors	31,22,625	31,48,025
	17,33,71,896	9,92,23,362

NOTE # 2.18

BACKGROUND AND ORGANISATION

The principal activities of FLAG Telecom Asia Limited (the "Company") are providing of telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in Hong Kong.

NOTE # 2.19

Earnings Per Share

	For the year ended March 31, 2015	Amount in ₹ except number of shares For the year ended March 31, 2014
Earnings per Share		
A Profit/ (Loss) after Tax	(74,594,290)	112,727,611
B Weighted average number of share (class A Common shares) of HKD 1 each used as denominator for calculating Basic and Diluted EPS	78,000	78,000
C Basic and Diluted Earnings per Share (A/B)	(956)	1,445

NOTE # 2.20

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE # 2.21

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

Flag Telecom Asia Limited

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

NOTE # 2.22

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
- b) Enterprises as affiliated companies are:
 - i) FLAG Telecom Japan Limited
 - ii) FLAG Telecom Singapore Pte Limited
 - iii) Seoul Telenet Inc.
 - iv) FLAG Telecom Taiwan Limited
 - v) Reliance Globalcom (U.K.) Limited
 - vi) Reliance FLAG Telecom Ireland Limited
 - vii) FLAG Telecom Ireland Network Limited
 - viii) FLAG Holdings (Taiwan) Limited
 - ix) Reliance Communications Hong Kong Limited

Summarized below are the transactions entered into with related parties:

Name of the Entity	Service Income		Short Term Loan and Advances		Othe Current Liabilities	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
Reliance Globalcom Limited	10,222,519	537,183,403	588,561,278	581,894,612	3,813,590,341	2,875,591,259
Reliance FLAG Telecom Ireland Limited	696,709,280	190,120,401	2,995,085,569	2,188,603,939	-	-
FLAG Telecom Japan Limited	-	-	32,597,065	31,248,848	-	-
Seoul Telenet Inc.	-	-	209,989	201,314	-	-
FLAG Telecom Singapore Pte Limited	-	-	-	-	2,107,043	2,367,901
FLAG Telecom Taiwan Limited	-	-	1,468,012	1,407,284	-	-
FLAG Telecom Ireland Network Limited	-	-	-	-	3,825,440	3,667,217
Reliance Globalcom (UK) Limited	-	-	-	-	5,165,383	4,951,735
FLAG Holdings (Taiwan) Limited	-	-	1,234,688	1,183,621	-	-
Reliance Communications Hong Kong Limited	-	-	-	-	76,088	-

NOTE # 2.23

The amounts relating to Balance Sheet items appearing in amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.153 and (Previous year 1 USD = ₹ 60.463). Opening Profit and Loss account balances of FY 2013-14 have been translated at Closing Rate of FY 2012-13 i.e. 1 USD = ₹ 54.285.

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Asia Limited

Girish Kulai

Wilfred Kwan

} Directors

Flag Telecom Japan Limited

Independent Auditor's Report

To
The Board of Directors of FLAG Telecom Japan Limited
Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Japan Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Flag Telecom Japan Limited

Balance Sheet as at March 31, 2015

		As at	Amount in ₹
	Note	March 31, 2015	As at March 31, 2014
Shareholders' Funds			
Share Capital	2.01	57,12,823	54,76,541
Reserves and Surplus	2.02	(5,22,60,71,137)	(5,06,56,60,015)
		<u>(5,22,03,58,314)</u>	<u>(5,06,01,83,474)</u>
Current Liabilities			
Trade Payable	2.03	2,54,39,446	2,49,55,517
Other Current Liabilities	2.04	5,59,29,21,313	5,45,58,22,972
Short Term Provisions	2.05	72,248	82,563
		<u>5,61,84,33,007</u>	<u>5,48,08,61,052</u>
		<u>34,80,74,693</u>	<u>42,06,77,578</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.06	36,75,41,533	35,78,97,793
Current Assets:			
Trade Receivables	2.07	14,80,674	48,92,997
Cash and Bank Balances	2.08	63,50,943	1,16,87,040
Short-Term Loans and Advances	2.09	2,27,01,544	4,61,99,748
		<u>3,05,33,160</u>	<u>6,27,79,785</u>
		<u>39,80,74,693</u>	<u>42,06,77,578</u>

Significant Accounting Policies

1

Notes forming part of Financial Statements

2

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Telecom Japan Limited

Girish Kulai

Wilfred Kwan

} Directors

Flag Telecom Japan Limited

Statement of Profit and loss for the year ending March 31, 2015

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
	Note		
Income			
Service Income	2.10	46,78,52,603	14,86,47,334
Other Income	2.11	21,17,172	43,23,578
		<u>46,99,69,775</u>	<u>15,29,70,912</u>
Expenditure			
Network Operation Expenses	2.12	28,47,52,534	25,63,94,932
Employee Benefits Expenses	2.13	6,88,17,294	4,78,30,123
Depreciation and Amortization Expenses	2.14	4,38,83,438	3,86,02,996
Sales and General Administration Expenses	2.15	1,55,55,514	1,55,20,922
		<u>41,30,08,780</u>	<u>35,83,48,973</u>
Profit/(Loss) Before Tax		<u>5,69,60,995</u>	<u>(20,53,78,061)</u>
Provision for taxation			
– Current Tax		<u>70,390</u>	<u>77,151</u>
		<u>70,390</u>	<u>77,151</u>
Profit /(Loss) After Tax		<u>5,68,90,605</u>	<u>(20,54,55,212)</u>
Basic and Diluted Earning Per Share	2.17	2,84,453	(10,27,276)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Japan Limited

Girish Kulai
Wilfred Kwan

} Directors

Flag Telecom Japan Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	5,69,60,996	(20,53,78,062)
Adjustments for:		
Provision for Doubtful Debts		
Depreciation and Amortisation	4,38,83,438	3,86,02,996
Effects of exchange difference on translation of Asset & Liabilities	(23,23,81,813)	28,36,151
	(18,84,98,375)	4,14,39,147
	(13,15,37,379)	(16,39,38,915)
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase) in Trade and Other Receivables	(23,98,512)	(97,93,332)
Increase in Trade Payables	16,68,80,995	20,45,28,384
	3,29,45,104	19,47,35,052
Income Taxes Paid	(70,390)	3,07,96,137
Net Cash from Operating Activities (A)	3,28,74,714	(77,151)
		3,07,18,986
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(3,82,10,811)	(3,17,97,148)
Net Cash Used in Investing Activities (B)	(3,82,10,811)	(3,17,97,148)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	(53,36,097)	(10,78,162)
Cash and Cash Equivalents at the Beginning of the Period	1,16,87,040	1,27,65,202
Cash and Cash Equivalents at the End of the Period	63,50,943	1,16,87,040

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Japan Limited

Girish Kulai
Wilfred Kwan

} Directors

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

NOTE # 1

Significant Accounting Policies

a) Revenue Recognition

i) Capacity

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

ii) Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognised over the period in which the service is provided.

iii) Network Services

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 Services revenue is recognized in the Company's income statement over the term of the contract.

iv) Unearned Income

Unearned income represents income billed in accordance with the contract but not Recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

b) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Contributions are made to employees personal pension schemes and the costs are charged to the profit and loss account when incurred.

c) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

d) Current & Deferred Tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

e) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

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

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computers and Office Equipments	3 to 5 years
Fixtures and Fixtures.....	3 to 7 years
Vehicles.....	5 years
Leasehold improvements.....	Over the useful life
Network Assets	
Sub-marine cable network asset.....	25 years i.e. estimated life of the network.
Terrestrial network asset.....	Ranging from 15 to 25 years.
Network Assets – Other Cables.....	Shorter of 15 years or remaining useful lives.

Assets acquired under capital lease obligations are amortized over the shorter of the estimated useful lives of the assets or the life of the lease.

The estimated useful life of Network Assets are determined based on the estimated period over which they will generate revenue, ranging from 10 to 25 years.

Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset. Maintenance and repairs on property and equipment are expensed as incurred.

iii) Intangible Assets

Indefeasible Right of Use are fully amortized in the year of purchase.

iv) 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 Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable amount is higher of net selling price and value in use.

v) Reciprocal Transactions

The Company has exchanged capacity with other capacity or service providers with dissimilar capacity and assets which are accounted for at fair market value and an adjustment is made for balancing payment of cash as consideration over the fair market value.

f) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.

Flag Telecom Japan Limited

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

g) Accounting for Investment

Long-term investments are valued at their acquisition cost which includes acquisition charges such as duties, legal and professional fees etc. Any decline in the value of said investments, other than a temporary decline, is recognised and charged to Profit and Loss Account. Short-term investments are carried at cost or their market value, whichever is lower.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised:		
800 Shares of Japanese Yen 50,000 Each	<u>2,28,51,292</u>	<u>2,19,06,164</u>
	<u>2,28,51,292</u>	<u>2,19,06,164</u>
Issued Subscribed and Paid up:		
200 Shares of Japanese Yen 50,000 Each, fully paid up	<u>57,12,823</u>	<u>54,76,541</u>
	<u>57,12,823</u>	<u>54,76,541</u>

a) Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Held by Reliance Flag Telecom Ireland Limited	<u>200</u>	<u>200</u>
	<u>200</u>	<u>200</u>

b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Flag Telecom Ireland Limited	100	200	100	200

c) Terms/Rights attached to the shares

The Company has only shares having a par value of Japanese Yen 50000 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Shares				
Balance as at the beginning of the year	200	57,12,823	200	54,76,541
Add: Movement for the year	-	-	-	-
At the end of the year	<u>200</u>	<u>57,12,823</u>	<u>200</u>	<u>54,76,541</u>

Flag Telecom Japan Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.02		
Reserves and Surplus		
	-	
Foreign Currency Translation Reserve	(67,23,10,772)	(45,50,09,045)
Surplus/ (Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(4,61,06,50,970)	(4,40,51,95,758)
Add: Profit/ (Loss) for the year	5,68,90,605	(20,54,55,212)
	(4,55,37,60,365)	(4,61,06,50,970)
	<u>(5,22,60,71,137)</u>	<u>(5,06,56,60,015)</u>
NOTE # 2.03		
Trade Payables		
Others	2,54,39,446	2,49,55,517
	<u>2,54,39,446</u>	<u>2,49,55,517</u>
NOTE # 2.04		
Other Current Liabilities		
Unearned Income-current	13,50,467	18,42,646
Other Liabilities/Accrued Expense	16,84,46,487	10,47,98,898
Payables to related parties (Refer Note 2.20)	5,42,31,24,359	5,34,91,81,428
	<u>5,59,29,21,313</u>	<u>5,45,58,22,972</u>
NOTE # 2.05		
Short Term Provisions		
Income Tax (net of advanced tax)	72,248	82,563
	<u>72,248</u>	<u>82,563</u>

Flag Telecom Japan Limited

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

NOTE # 2.06 Fixed Assets

Particulars	Gross Block				Depreciation			Net Block	
	As at April 1, 2014	Additions during the year	Forex Adjustment	As at March 31, 2015	As at April 1, 2014	For the year	Forex Adjustment	As at March 31, 2015	As at March 31, 2014
Tangible Assets									
Leasehold Improvement	1,73,95,063	-	7,50,501	1,81,45,564	1,73,95,063	-	7,50,501	1,81,45,564	-
Computers	28,54,047	-	1,23,136	29,77,183	27,45,537	78,211	1,20,176	29,43,924	1,08,510
Network Assets	1,43,76,15,696	3,82,10,811	6,28,66,809	1,53,86,93,316	1,07,98,26,413	4,38,05,227	4,75,53,402	1,17,11,85,042	35,77,89,283
Tangible Assets (A)	1,45,78,64,806	3,82,10,811	6,37,40,446	1,55,98,16,063	1,09,99,67,013	4,38,83,438	4,84,24,079	1,19,22,74,530	35,78,97,793
Previous year	1,30,96,37,366	3,20,88,215	11,61,39,225	1,45,78,64,806	97,95,20,623	3,86,02,996	8,18,43,394	1,09,99,67,013	35,78,97,793
Intangible Assets									
Indefeasible Right of Connectivity	9,15,17,001	-	39,48,451	9,54,65,452	9,15,17,001	-	39,48,451	9,54,65,452	-
Intangible Assets (B)	9,15,17,001	-	39,48,451	9,54,65,452	9,15,17,001	-	39,48,451	9,54,65,452	-
Previous year	8,29,17,473	-	85,99,528	9,15,17,001	8,29,17,473	-	85,99,528	9,15,17,001	-
Grand Total (A+B)	1,54,93,81,807	3,82,10,811	6,76,88,897	1,65,52,81,515	1,19,14,84,014	4,38,83,438	5,23,72,530	1,28,77,39,982	35,78,97,793
Previous year	1,39,25,54,839	3,20,88,215	12,47,38,753	1,54,93,81,807	1,06,24,38,096	3,86,02,996	9,04,42,922	1,19,14,84,014	35,78,97,793

Flag Telecom Japan Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.07		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	-	-
	-	-
Less: Provision for doubtful debts	-	-
Others:		
Considered Good	14,80,674	48,92,997
Considered Doubtful	-	-
	14,80,674	48,92,997
Less: Provision for Doubtful Debts	-	-
	14,80,674	48,92,997
	14,80,674	48,92,997
	14,80,674	48,92,997
NOTE # 2.08		
Cash and Bank Balances		
Cash on hand	4,130	9,837
Balance with Banks		
- Current Accounts	63,46,813	1,16,77,203
	63,50,943	1,16,87,040
NOTE # 2.09		
Short-Term Loans and Advances		
Advances Recoverable in Cash or Kind or for Value to be Received	1,42,87,763	92,19,510
Deposits	80,02,167	76,71,198
Prepaid Expenses	2,78,063	-
Receivables from related parties (Refer Note 2.20)	1,33,551	2,93,09,040
	2,27,01,544	4,61,99,748

Flag Telecom Japan Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.10		
Service Income		
Lease Capacity Services	1,85,32,152	1,86,71,243
Internet Protocol	1,24,02,919	1,65,50,432
Group Recharge	43,69,17,532	11,34,25,660
	<u>46,78,52,603</u>	<u>14,86,47,335</u>
NOTE # 2.11		
Other Income		
Interest Income	224	24,401
Gain on Foreign Exchange Fluctuation (Net)	20,86,200	42,99,177
Miscellaneous Income	30,747	-
	<u>21,17,171</u>	<u>43,23,578</u>
NOTE # 2.12		
Network Operation Expenses		
Equipment Maintenance and Support	-	19,03,889
Marine Cable Operations	39,03,043	-
Landing Stations and Point of Presence costs	16,58,27,166	13,89,37,470
Terrestrial Cable, Inland Amplifier and Regenerator Sites	6,12,64,979	6,57,12,504
Local Tails	4,20,39,723	3,53,27,361
Internet Protocol	1,17,17,623	1,45,13,708
	<u>28,47,52,534</u>	<u>25,63,94,932</u>
NOTE # 2.13		
Employee Benefits Expense		
Salaries, Wages and Bonus	6,21,21,869	4,07,26,209
Contribution to Provident and Other Funds	54,52,978	56,37,830
Staff Welfare	12,42,447	14,66,084
	<u>6,88,17,294</u>	<u>4,78,30,123</u>
NOTE # 2.14		
Depreciation and Amortization Expense		
Depreciation on Tangible assets	4,38,83,438	3,86,02,996
	<u>4,38,83,438</u>	<u>3,86,02,996</u>
NOTE # 2.15		
Sales and General Administration Expenses		
Rent	79,25,134	85,19,161
Insurance	9,61,338	10,23,655
Rates and Taxes	61,854	84,817
Professional Charges	20,44,770	13,59,299
Licensing and Regulatory Fees	1,24,783	-
Travel and Entertainment - Operating	17,00,239	21,51,720
Communication	8,50,794	9,19,293
Information Technology Support	1,52,853	1,59,477
Bank charges	2,84,580	2,42,610
Sales and Marketing Expenses	4,39,466	-
Facility Usage charges	4,31,494	4,58,074
Other G&A	5,78,209	6,02,816
	<u>1,55,55,514</u>	<u>1,55,20,922</u>

Flag Telecom Japan Limited

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

NOTE # 2.16

Background and Organisation

The principal activities of FLAG Telecom Japan Limited (the "Company") are the provision of telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in Japan.

NOTE # 2.17

Earnings Per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit/(Loss) after Tax	56,890,605	(205,455,212)
B Weighted average number of share of Japanese Yen 50,000 each used as denominator for calculating Basic and Diluted EPS	200	200
C Basic and Diluted Earnings per Share (A/B)	284,453	(1,027,276)

NOTE # 2.18

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

NOTE # 2.19

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable.

NOTE # 2.20

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Globalcom Limited
 - ii) Reliance Flag Telecom Ireland Limited
- b) Enterprises as affiliated companies are:
 - i) Flag Telecom Asia Limited
 - ii) Flag Telecom Ireland Network Limited
 - iii) Reliance Globalcom Limited
 - iv) Flag Atlantic UK Limited
 - v) Flag Telecom Singapore Pte. Limited
 - vi) Flag Telecom Network USA Limited
 - vii) Reliance Globalcom Services Inc
 - viii) Vanco Japan Limited

Flag Telecom Japan Limited

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

C) Summarized below are the transactions entered into with related parties:

Name of the Entity	Service Income		Short Term Loans Advances		Trade Receivable		Trade Payable		Other Current Liabilities	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
Flag Telecom Asia Limited	-	-	-	-	-	-	-	-	32,597,065	3,12,48,434
Reliance Flag Telecom Ireland Limited	436,917,515	77,974,536	-	-	-	-	-	-	599,414,964	1,002,695,619
Flag Telecom Ireland Network Limited	-	-	-	-	-	-	-	-	54,117,139	50,830,029
Reliance Globalcom Limited	-	35,429,625	21,315,698	20,434,071	-	-	17,135,690	-	47,20,897,565	42,02,530,429
FLAG Atlantic UK Limited	-	-	7,646,188	7,329,941	-	-	-	-	-	-
Reliance Flag Atlantic France SAS	-	-	517,938	496,516	-	-	-	-	-	-
Flag Telecom Singapore PTE Limited	-	-	1,094,125	1,048,872	-	-	-	-	-	-
Flag Telecom Network USA Limited	-	-	-	-	-	-	-	-	25,355,875	24,307,156
Reliance Globalcom Services Inc	-	-	-	-	397,375	-	-	-	-	-
Vanco Japan Limited	-	-	1,33,551	-	1,28,027	-	-	-	-	-

NOTE # 2.21

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of ₹ 61.153 and (Previous year 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.153 and (Previous year 1 USD = ₹ 60.463).

Opening Profit and Loss account balances of FY 2013-14 have been translated at Closing Rate of FY 2012-13 i.e. 1 USD = ₹ 54.285.

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

For Flag Telecom Japan Limited

Girish Kulai

Wilfred Kwan

} Directors

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

Flag Telecom Singapore Pte. Limited

Independent Auditor's Report

To

The Board of Directors of FLAG Telecom Singapore Pte. Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Singapore Pte. Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Flag Telecom Singapore Pte. Limited

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	17,81,543	17,07,858
Reserves and Surplus	2.02	(96,50,40,875)	(92,83,26,267)
		<u>(96,32,59,332)</u>	<u>(92,66,18,409)</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	5,750	5,512
		<u>5,750</u>	<u>5,512</u>
Current Liabilities			
Trade Payable	2.04	1,85,55,824	3,97,91,791
Other Current Liabilities	2.05	1,39,91,15,162	1,31,25,64,229
		<u>1,41,76,70,986</u>	<u>1,35,23,56,020</u>
Total		<u><u>45,44,17,404</u></u>	<u><u>42,57,43,123</u></u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	2.06	3,54,70,667	3,83,47,440
Capital Work-in-Progress	2.06	44,58,277	-
		<u>3,99,28,944</u>	<u>3,83,47,440</u>
Current Assets:			
Trade Receivables	2.07	5,00,12,799	-
Cash and Bank Balances	2.08	2,86,75,122	1,10,27,401
Short-Term Loans and Advances	2.09	33,58,00,539	37,63,68,282
		<u>41,44,88,460</u>	<u>38,73,95,683</u>
Total		<u><u>45,44,17,404</u></u>	<u><u>42,57,43,123</u></u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Singapore Pte. Limited

Girish Kulai
Toh Weng Cheong

} Directors

Flag Telecom Singapore Pte. Limited

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income	Note		
Service Income	2.10	18,41,89,729	2,31,66,643
Other Income	2.11	978	-
		18,41,90,708	2,31,66,643
Expenditure			
Network Operation Expenses	2.12	16,42,34,491	10,67,16,337
Employee Benefits Expenses	2.13	50,71,881	51,56,909
Depreciation and Amortization Expense	2.14	44,33,596	45,99,825
Sales and General Administration Expenses	2.15	71,48,279	95,20,129
		18,08,88,247	12,59,93,200
Profit/(Loss) Before Tax		33,02,461	(10,28,26,558)
Provision for taxation			
- Current Tax		-	-
- Deferred Tax		-	-
		33,02,461	(10,28,26,558)
Profit /(Loss) After Tax		33,02,461	(10,28,26,558)
Basic and Diluted Earning Per Share	2.17	66.05	(2,056.53)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

Flag Telecom Singapore Pte. Limited

Girish Kulai
Toh Weng Cheong

} Directors

Flag Telecom Singapore Pte. Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	33,02,461	(10,28,26,558)
Adjustments for:		
Depreciation and Amortisation	44,33,596	45,99,825
Effects of exchange difference on translation of asset & Liabilities	(4,15,00,208)	11,04,070
	(3,37,64,151)	(9,71,22,663)
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase) in Trade and Other Receivables	(94,45,055)	(1,95,78,727)
Increase in Trade Payables	6,53,15,204	13,64,40,769
	2,21,05,998	1,97,39,380
Income Taxes Paid	-	-
Net Cash from Operating Activities (A)	2,21,05,998	1,97,39,380
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(44,58,277)	(1,07,73,462)
	(44,58,277)	(1,07,73,462)
Net Cash Used in Investing Activities (B)		
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	1,76,47,721	89,65,918
Cash and Cash Equivalents at the Beginning of the Period	1,10,27,401	20,61,483
Cash and Cash Equivalents at the End of the Period	2,86,75,122	1,10,27,401

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Singapore Pte. Limited

Girish Kulai
Toh Weng Cheong

} Directors

Flag Telecom Singapore Pte. Limited

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

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India. Revenue Recognition

b) Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

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 recognized in the Company's income statement over the term of the contract.

Ethernet/Internet Protocol Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to

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

fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii. Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment..... 3 – 5 years.

Leasehold improvements Over the useful life.

Network Assets the shorter of 15 years or remaining useful lives.

The estimated useful life of network assets are determined based on the estimated period over which they will generate revenue, ranging from 10 to 15 years. Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Indefeasible Right of Use are fully amortized in the year of purchase

iv) Impairment of Fixed Assets

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

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference is ascertained and recognized in the books of accounts.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Flag Telecom Singapore Pte. Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised:		
100000 (100000) Shares of SGD 1 each	<u>45,47,688</u>	<u>47,57,131</u>
	<u>45,47,688</u>	<u>47,57,131</u>
Issued Subscribed and Paid up:		
50000 (50000) Shares of SGD 1 each, fully paid up	<u>17,81,543</u>	<u>17,07,858</u>
	<u>17,81,543</u>	<u>17,07,858</u>

a) Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Globalcom limited	<u>50,000</u>	<u>50,000</u>
	<u>50,000</u>	<u>50,000</u>

b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom limited	100	50,000	100	50,000

c) Terms/ Rights attached to the shares

The Company has only shares having a par value of SGD of 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amount ₹	No of Shares	Amount ₹
Balance as at the beginning of the year	50,000	17,81,543	50,000	17,07,858
Add: Movement for the year	-	-	-	-
At the end of the year	<u>50,000</u>	<u>17,81,543</u>	<u>50,000</u>	<u>17,07,858</u>

NOTE # 2.02

Reserves and Surplus

Foreign Currency Translation Reserve	(11,67,09,234)	(7,66,92,166)
Surplus/(Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(85,16,34,101)	(74,88,07,543)
Add: Profit/ (Loss) for the year	33,02,461	(10,28,26,558)
	<u>(84,83,31,641)</u>	<u>(85,16,34,101)</u>
	<u>(96,50,40,875)</u>	<u>(92,83,26,267)</u>

NOTE # 2.03

Other Long Term Liabilities

Unearned Income	<u>5,750</u>	<u>5,512</u>
	<u>5,750</u>	<u>5,512</u>

Flag Telecom Singapore Pte. Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.04		
Trade Payables		
Trade Payables	55,87,023	67,54,676
Trade Accrual	1,29,68,801	3,30,37,115
	<u>1,85,55,824</u>	<u>3,97,91,791</u>
NOTE # 2.05		
Other Current Liabilities		
Capital creditors/provision	-	12,39,545
Unearned Income-current	1,28,66,344	8,98,725
Employee payable	2,19,569	2,94,672
Statutory dues payable	6,95,383	-
Payable to related parties (Refer Note 2.20)	1,38,53,33,866	1,31,01,31,287
	<u>1,39,91,15,162</u>	<u>1,31,25,64,229</u>

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Flag Telecom Singapore Pte. Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.07		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
Others:		
Considered Good	5,00,12,799	-
Considered Doubtful	-	-
Less: Provision for Doubtful Debts	-	-
	<u>5,00,12,799</u>	<u>-</u>
	<u>5,00,12,799</u>	<u>-</u>
NOTE # 2.08		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	2,86,75,122	1,10,27,401
	<u>2,86,75,122</u>	<u>1,10,27,401</u>
NOTE # 2.09		
Short-Term Loans and Advances		
Advances Recoverable in Cash or Kind or for Value to be Received	42,54,631	26,90,363
Balances with Government Authorities	6,11,903	3,22,103
Deposits	69,38,199	66,51,235
Receivables from Related Parties (Refer Note 2.20)	32,39,95,806	36,67,04,581
	<u>33,58,00,539</u>	<u>37,63,68,282</u>
NOTE # 2.10		
Service Income		
Lease Capacity Services	18,29,66,667	-
Operation and Maintenance Charges	12,23,062	12,09,262
Network Service Revenue	-	2,19,57,380
	<u>18,41,89,729</u>	<u>2,31,66,643</u>
NOTE # 2.11		
Other Income		
Reversal of Provision No Longer Required	978	-
	<u>978</u>	<u>-</u>

Flag Telecom Singapore Pte. Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.12		
Network Operation Expenses		
Equipment Maintenance and Support	39,18,782	33,63,624
Landing Stations and Point of Presence costs	2,97,81,247	2,97,72,244
Terrestrial Cable, Inland Amplifier and Regenerator Sites	4,03,91,862	4,88,55,666
Local Tails	3,11,03,546	2,25,49,543
Internet Protocol	21,25,632	21,75,260
Network Service Charges	5,69,13,422	-
	16,42,34,491	10,67,16,337
NOTE # 2.13		
Employee Benefits Expenses		
Salaries, Wages and Bonus	47,76,064	48,51,875
Contribution to Provident and Other Funds	1,80,169	1,78,021
Staff Welfare	1,15,648	1,27,013
	50,71,881	51,56,909
NOTE # 2.14		
Depreciation and Amortization Expense		
Depreciation on Tangible assets	44,33,596	40,11,744
Amortisation of Intangible assets	-	5,88,081
	44,33,596	45,99,825
NOTE # 2.15		
Sales and General Administration Expenses		
Rates and Taxes	8,20,236	8,39,291
Professional Charges	18,16,506	19,25,842
Licensing and Regulatory Fees	45,18,707	39,95,735
Travel and Entertainment	33,763	35,695
Communication	96,496	87,749
Information Technology Support	-	473
Bank charges	1,37,155	99,312
Foreign Exchange Fluctuation Loss	(14,48,057)	10,69,291
Miscellaneous	20,074	1,59,510
	59,94,881	82,12,898
Payment to auditors	11,53,398	13,07,231
	71,48,279	95,20,129

NOTE # 2.16

Background and Organisation

The principal activities of FLAG Telecom Singapore PTE Limited (the "Company") are providing of telecommunication services, sales and marketing support services to its fellow subsidiaries and the operation of a fiber optic telecommunications network in Singapore. The Company is licensed by the Info-Communications Development Authority of Singapore ("IDA") to carry out these activities.

NOTE # 2.17

Earnings Per Share

	For the year ended March 31, 2015	Amount in ₹ except number of shares For the year ended March 31, 2014
A Profit after Tax	3,302,461	(102,826,558)
B Weighted average number of share (class A Common shares) of SGD 1 each used as denominator for calculating Basic and Diluted EPS	50,000	50,000
C Basic and Diluted Earnings per Share (A/B)	66.05	(2,056.53)

Flag Telecom Singapore Pte. Limited

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

NOTE # 2.18

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE # 2.19

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE # 2.20

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
- b) Enterprises as affiliated companies are:
 - 1) FLAG Telecom Japan Limited
 - 2) FLAG Telecom Asia Limited
 - 3) Reliance FLAG Telecom Ireland Limited
 - 4) FLAG Telecom Ireland Network Limited

Summarized below are the transactions entered into with related parties:

Name of the Entity	Network Operating Expenses		Short Term Loans and Advances		Other Current Liabilities	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
Reliance Globalcom Limited	-	4,458,844	-	-	1,373,976,093	1,299,243,294
FLAG Telecom Japan Limited	-	-	-	-	1,094,125	1,048,872
FLAG Telecom Asia Limited	-	-	2,107,063	2,367,901	-	-
FLAG Telecom Ireland Network Limited	-	-	-	-	10,263,648	9,839,121
Reliance FLAG Telecom Ireland Limited	56913422	21957380	321,888,743	364,336,680	-	-

NOTE # 2.21

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.153 and (Previous year 1 USD = ₹ 60.463). Opening Profit and Loss account balances of FY 2013-14 have been translated at Closing Rate of FY 2012-13 i.e. 1 USD = ₹ 54.285.

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Telecom Singapore Pte. Limited

Girish Kulai

Toh Weng Cheong

} Directors

Independent Auditor's Report

To

The Board of Directors of Seoul Telenet Inc.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Seoul Telenet Inc. ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Seoul Telenet Inc.

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	14,15,94,938	13,57,38,571
Reserves and Surplus	2.02	(1,05,16,73,444)	(1,02,55,99,076)
		<u>(91,00,78,506)</u>	<u>(88,98,60,505)</u>
Non Current Liabilities			
Long Term Provisions	2.03	4,71,57,563	-
		<u>4,71,57,563</u>	<u>-</u>
Current Liabilities			
Trade Payable	2.04	95,61,339	1,85,46,559
Other Current Liabilities	2.05	1,12,18,10,979	1,18,60,89,098
		<u>1,13,13,72,318</u>	<u>1,20,46,35,657</u>
		<u>26,84,51,375</u>	<u>31,47,75,152</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.06	14,25,42,915	14,02,06,926
Capital Work-in-Progress	2.06	10,52,821	-
		<u>14,35,95,736</u>	<u>14,02,06,926</u>
Current Assets:			
Trade Receivables	2.07	1,93,01,235	2,66,89,466
Cash and Bank Balances	2.08	5,64,01,795	5,91,71,079
Short-Term Loans and Advances	2.09	4,91,52,609	8,87,07,681
		<u>12,48,55,639</u>	<u>17,45,68,226</u>
		<u>26,84,51,375</u>	<u>31,47,75,152</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Seoul Telenet Inc.

Girish Kulai
Fabrizio Civitarese

} Directors

Seoul Telenet Inc.

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
	Note		
Income			
Service Income	2.10	27,96,31,153	13,99,52,231
Other Income	2.11	2,82,642	5,31,141
		27,99,13,795	14,04,83,372
Expenditure			
Network Operation Expenses	2.12	15,70,88,247	15,54,66,088
Employee Benefits Expenses	2.13	7,23,62,916	4,96,51,460
Depreciation and Amortization Expense	2.14	1,45,84,162	97,25,608
Sales and General Administration Expenses	2.15	1,80,95,607	1,61,98,150
		26,21,30,932	23,10,41,306
Profit/(Loss) Before Tax		1,77,82,863	(9,05,57,934)
Provision for taxation			
- Current Tax		-	-
- Deferred Tax		-	-
		-	-
Profit /(Loss) After Tax		1,77,82,863	(9,05,57,934)
Basic and Diluted Earning Per Share	2.17	29.64	(150.93)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Seoul Telenet Inc.

Girish Kulai

Fabrizio Civitarese

} Directors

Seoul Telenet Inc.

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax and Minority Interest	1,77,82,863	(9,05,57,934)
Adjustments for:		
Depreciation and Amortisation	1,45,84,162	97,25,608
Effects of exchange difference on translation of asset & Liabilities	(4,39,69,945)	66,11,805
	(2,93,85,783)	1,63,37,413
	(1,16,02,920)	(7,42,20,521)
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase)/decrease in Trade and Other Receivables	4,69,43,298	16,22,699
(decrease)/Increase in Trade Payables	(2,61,05,777)	7,80,55,682
	92,34,601	7,96,78,381
Income Taxes Paid	-	54,57,860
Net Cash from Operating Activities (A)	92,34,601	-
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(1,20,03,885)	(46,541)
Long term loans and advances given	-	(29,26,895)
Net Cash Used in Investing Activities (B)	(1,20,03,885)	(29,73,436)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	(27,69,284)	24,84,424
Cash and Cash Equivalents at the Beginning of the Period	5,91,71,079	5,66,86,655
Cash and Cash Equivalents at the End of the Period	5,64,01,795	5,91,71,079

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Seoul Telenet Inc.

Girish Kulai

Fabrizio Civitarese

} Directors

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

NOTE # 1

SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

i. Capacity

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

ii. Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognised over the period in which the service is provided.

iii. Network Services

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 Services revenue is recognized in the Company's income statement over the term of the contract.

iv. Ethernet/Internet Protocol Services

The Company recognizes Ethernet services revenue in the month in which the service is provided. Fees related to activation of services are deferred and recognized over the expected term of the related service agreement.

v) Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

b) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Contributions are made to employees personal pension schemes and the costs are charged to the profit and loss account when incurred.

c) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

d) Current and Deferred tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

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

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates.

Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computers and Office Equipments	3 to 5 years
Fixtures and Fixtures.....	3 to 7 years
Vehicles.....	5 years
Leasehold improvements.....	Over the useful life
Network Assets –	
Sub-marine cable network asset.....	25 years i.e. estimated life of the network.
Terrestrial network asset.....	Ranging from 15 to 25 years.
Network Assets – Other Cables.....	Shorter of 15 years or remaining useful lives.

Assets acquired under capital lease obligations are amortized over the shorter of the estimated useful lives of the assets or the life of the lease.

The estimated useful life of network assets are determined based on the estimated period over which they will generate revenue, ranging from 10 to 25 years.

Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset. Maintenance and repairs on property and equipment are expensed as incurred.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Indefeasible Right of Use are fully amortised in the year of purchase

iv) 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 Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable amount is higher of net selling price and value in use.

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

v) Reciprocal Transactions

The Company has exchanged capacity with other capacity or service providers with dissimilar capacity and assets which are accounted for at fair market value and an adjustment is made for balancing payment of cash as consideration over the fair market value.

g) Effects of Changes in Foreign Currency Rates

All foreign currency transactions are recorded at the rates prevailing on the date of transaction.

All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.

Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.

h) Accounting for Investment

Long-term investments are valued at their acquisition cost which includes acquisition charges such as duties, legal and professional fees etc. Any decline in the value of said investments, other than a temporary decline, is recognised and charged to Profit and Loss Account.

Short-term investments are carried at cost or their market value, whichever is lower.

i) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised:		
24,00,000 (24,00,000) Shares of South Korean Won 5,000 each	67,70,25,000	67,13,11,626
	67,70,25,000	67,13,11,626
Issued Subscribed and Paid up:		
600,000 (600,000) Shares of South Korean Won 5,000 each, fully paid up	14,15,94,938	13,57,38,571
	14,15,94,938	13,57,38,571

a) Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
IMM Corporation	3,06,000	3,06,000
Reliance Globalcom Limited	2,94,000	2,94,000
	6,00,000	6,00,000

b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
IMM Corporation	51	3,06,000	51	3,06,000
Reliance Globalcom Limited	49	2,94,000	49	2,94,000

c) Terms/Rights attached to the shares

The Company has only shares having a par value of South Korean Won of 5000 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

Seoul Telenet Inc.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amount (₹)	No of Shares	Amount (₹)
Balance as at the beginning of the year	6,00,000	14,15,94,938	6,00,0000	13,57,38,571
Add: Movement for the year	-	-	-	-
At the end of the year	6,00,000	14,15,94,938	6,00,0000	13,57,38,571

NOTE # 2.02

Reserves and Surplus

Foreign Currency Translation Reserve	(13,09,76,007)	(8,71,18,776)
--------------------------------------	----------------	---------------

Surplus/(Deficit) in Statement of Profit and Loss

As per Last Balance Sheet	(93,84,80,300)	(84,79,22,366)
Add: Profit/ (Loss) for the year	1,77,82,863	(9,05,57,934)
	(92,06,97,436)	(93,84,80,300)
	(1,05,16,73,444)	(1,02,55,99,076)

NOTE # 2.03

Long Term Provisions

Provision for Gratuity	4,71,57,563	-
	4,71,57,563	-

NOTE # 2.04

Trade Payables

Others	95,61,339	1,85,46,559
	95,61,339	1,85,46,559

NOTE # 2.05

Other Current Liabilities

Employee payable	76,67,913	-
Statutory dues payable	74,24,596	-
Other Liabilities/Accrued Expense	4,14,79,055	6,96,83,426
Payables to related parties (Refer Note 2.20)	1,06,52,39,415	1,11,64,05,672
	1,12,18,10,979	1,18,60,89,098

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

Particulars	Gross Block			Depreciation			Net Block	
	As at April 1, 2014	Additions during the year	Forex adjustment	As at March 31, 2015	For the year	Forex adjustment	As at March 31, 2015	As at March 31, 2014
Leasehold Improvement	997,944	-	43,038	1,040,982	-	43,038	1,040,982	-
Computers	1,250,678	-	53,977	1,304,655	28,966	53,408	1,304,655	28,397
Furniture and Fixtures	139,314	-	5,990	145,304	-	5,990	145,304	-
Network Assets	477,339,637	10,951,072	20,835,784	509,126,493	14,555,196	14,867,274	366,583,578	140,178,529
Total Tangible Assets	479,727,573	10,951,072	20,938,789	511,617,434	14,584,162	14,969,710	369,074,519	140,206,926
Previous year	434,607,115	46,946	45,073,512	479,727,573	9,725,608	30,909,806	339,520,647	140,206,926
Intangible Assets	-	-	-	-	-	-	-	-
Indefeasible Right of Connectivity	155,970,017	-	6,729,241	162,699,258	-	6,729,241	162,699,258	-
Previous year	141,314,061	-	1,46,55,956	155,970,017	-	1,46,55,956	155,970,017	-
Total	635,697,590	10,951,072	27,668,030	674,316,692	14,584,162	21,698,951	531,773,777	140,206,926
Previous year	575,921,175	46,946	59,729,468	635,697,590	9,725,608	45,565,762	495,490,664	140,206,926
Capital Work in Progress	-	-	-	-	-	-	-	-
							1,052,821	

NOTE # 2.06
Fixed Assets

Seoul Telenet Inc.

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.07		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	1,92,16,005	2,66,89,466
Considered Doubtful	43,47,693	
	<u>2,35,63,698</u>	<u>2,66,89,466</u>
Less: Provision for doubtful debts	43,47,692	
	<u>1,92,16,006</u>	<u>2,66,89,466</u>
Others:		
Considered Good	85,229	-
Considered Doubtful	-	-
	<u>85,229</u>	<u>-</u>
Less: Provision for Doubtful Debts	-	-
	<u>85,229</u>	<u>-</u>
	<u>1,93,01,235</u>	<u>2,66,89,466</u>
NOTE # 2.08		
Cash and Bank Balances		
Cash on hand	12,042	11,544
Balance with Banks		
- Current Accounts	5,63,89,753	5,91,59,535
	<u>5,64,01,795</u>	<u>5,91,71,079</u>
NOTE # 2.09		
Short-Term Loans and Advances		
Advances Recoverable in Cash or Kind or for Value to be Received	4,31,55,065	4,49,62,546
Balances with Government Authorities	24,15,375	-
Deposits	31,20,512	29,26,955
Prepaid	4,61,657	4,08,18,180
	<u>4,91,52,609</u>	<u>8,87,07,681</u>
NOTE # 2.10		
Service Income		
Indefeasible Right of Use	1,24,81,347	98,91,758
Lease Capacity Services	10,79,54,130	7,50,23,688
Operation and Maintenance Charges	1,00,44,378	81,47,003
Internet Protocol	9,35,96,294	-
Network Service Income	5,55,55,004	4,68,89,782
	<u>27,96,31,153</u>	<u>13,99,52,231</u>
NOTE # 2.11		
Other Income		
Interest Income	38,695	80,904
Miscellaneous	489	-
Foreign Exchange Gain	2,43,458	4,50,237
	<u>2,82,642</u>	<u>5,31,141</u>

Seoul Telenet Inc.

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.12		
Network Operation Expenses		
Equipment Maintenance and Support	24,09,966	-
Marine Cable Operations	-	24,18,525
Landing Stations and Point of Presence costs	4,33,57,669	4,18,06,687
Terrestrial Cable, Inland Amplifier and Regenerator Sites	2,86,14,783	2,85,33,533
Local Tails	8,20,10,142	7,62,49,594
Internet Protocol	6,95,687	6,65,515
Network Cost	-	57,92,234
	<u>15,70,88,247</u>	<u>15,54,66,088</u>
NOTE # 2.13		
Employee Benefits Expenses		
Salaries, Wages and Bonus	6,70,13,110	4,50,43,387
Contribution to Provident and Other Funds	22,08,739	19,32,478
Staff Welfare	31,41,067	26,75,595
	<u>7,23,62,916</u>	<u>4,96,51,460</u>
NOTE # 2.14		
Depreciation and Amortization Expense		
Depreciation on Tangible assets	1,45,84,162	97,25,608
Amortisation of Intangible assets	-	-
	<u>1,45,84,162</u>	<u>97,25,608</u>
NOTE # 2.15		
Sales and General Administration Expenses		
Rent	37,76,013	34,90,326
Insurance	8,87,165	8,26,569
Rates and Taxes	48,381	45,327
Professional Charges	25,34,224	22,93,161
Licensing and Regulatory Fees	1,33,660	4,50,633
Travel and Entertainment	55,68,515	53,70,240
Communication	10,95,421	6,34,936
Information Technology Support	3,52,543	3,48,347
Bank charges	39,074	22,452
Sales and Marketing Expenses	7,89,344	-
Facility Usage charges	86,041	76,874
Miscellaneous	15,25,652	14,17,425
	<u>1,68,36,033</u>	<u>1,49,76,290</u>
Payment to auditors	12,59,574	12,21,860
	<u>1,80,95,607</u>	<u>1,61,98,150</u>

NOTE #2.16

BACKGROUND AND ORGANISATION

The principal activities of Seoul Telenet Inc. are the providing telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in South Korea.

Seoul Telenet Inc.

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

NOTE #2.17

Earnings Per Share

Amount in ₹ except number of shares

For the year ended March 31, 2015	For the year ended March 31, 2014
1,77,82,863	(90,557,934)
6,00,000	6,00,000
29.64	(150.93)

- A Profit after Tax
- B Weighted average number of share of South Korean Won 5,000 each used as denominator for calculating Basic and Diluted EPS
- C Basic and Diluted Earnings per Share (A/B)

NOTE #2.18

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

NOTE #2.19

Prior Period comparatives have been classified & regrouped to confirm with the current year's presentation, where applicable.

NOTE #2.20

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
- i) Reliance Globalcom Limited
- b) Enterprises as affiliated companies are:
- i) Flag Telecom Asia Limited
- ii) Reliance Flag Telecom Ireland Limited
- c) Summarized below are the transactions entered into with related parties:

Name of the Entity	Service Income				Network Operating Expenses		Trade Receivable		Other Current Liabilities	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
Flag Telecom Asia Limited	-	-	-	-	-	-	-	-	209,989	201,314
Reliance Flag Telecom Ireland Limited	55,554,993	-	-	5,739,737	-	-	65,923,345	111,743,942		
Reliance Globalcom Limited	-	-	-	28,96,359	-	5,778,562	999,106,081	1,004,460,416		

NOTE #2.21

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.153 and (Previous year 1 USD = ₹ 60.463). Opening Profit and Loss account balances of FY 2013-14 have been translated at Closing Rate of FY 2012-13 i.e. 1 USD = ₹ 54.285.

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Seoul Telenet Inc.

Girish Kulai

Fabrizio Civitarese

} Directors

Flag Holdings (Taiwan) Limited

Independent Auditor's Report

To

The Board of Directors of FLAG Holdings (Taiwan) Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Holdings (Taiwan) Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Flag Holdings (Taiwan) Limited

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	33,63,74,223	32,24,61,785
Reserves and Surplus	2.02	(3,40,08,634)	(3,26,67,263)
		<u>30,23,65,589</u>	<u>28,97,94,522</u>
Current Liabilities			
Trade Payable	2.03	5,20,691	5,30,423
Other Current Liabilities	2.04	32,77,21,557	31,41,44,388
		<u>32,82,42,248</u>	<u>31,46,74,811</u>
		<u>63,06,07,837</u>	<u>60,44,69,333</u>
ASSETS			
Non Current Assets			
Non Current Investments	2.05	62,66,37,250	60,07,19,533
Current Assets:			
Cash and Bank Balances	2.06	36,02,416	34,24,644
Short-Term Loans and Advances	2.07	3,68,171	3,25,156
		<u>39,70,586</u>	<u>37,49,800</u>
		<u>63,06,07,837</u>	<u>60,44,69,333</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Holdings (Taiwan) Limited

Girish Kulai

Eric Yih

} Directors

Flag Holdings (Taiwan) Limited

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income			
Service Income	2.08	15,36,564	-
Other Income	2.09	8,662	6,768
		<u>15,45,226</u>	<u>6,768</u>
Expenditure			
Sales and General Administration Expenses	2.10	14,78,651	14,57,819
		<u>14,78,651</u>	<u>14,57,819</u>
Profit/(Loss) Before Tax		<u>66,575</u>	<u>(14,51,051)</u>
Provision for taxation			
- Current Tax		-	(13,41,786)
- Deferred Tax		-	(13,41,786)
Profit /(Loss) After Tax		<u>66,575</u>	<u>(1,09,265)</u>
Basic and Diluted Earning Per Share	2.12	0.0033	(0.0055)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Holdings (Taiwan) Limited

Girish Kulai
Eric Yih

} Directors

Flag Holdings (Taiwan) Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax and Minority Interest	66,575	(14,51,052)
Adjustments for:		
Effects of exchange difference on translation of asset & Liabilities	(1,34,13,227)	16,40,083
	(1,33,46,652)	1,89,031
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase) in Trade and Other Receivables	(43,015)	-
Increase in Trade Payables	1,35,67,439	-
	1,77,772	1,89,031
Income Taxes Paid	-	(13,41,786)
Net Cash from Operating Activities (A)	1,77,772	15,30,817
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	-	-
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	1,77,772	15,30,817
Cash and Cash Equivalents at the Beginning of the Period	34,24,644	18,93,827
Cash and Cash Equivalents at the End of the Period	36,02,416	34,24,644

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Holdings (Taiwan) Limited

Girish Kulai

Eric Yih

} Directors

Flag Holdings (Taiwan) Limited

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

NOTE # 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognised over the period in which the service is provided.

Network Services

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 Services revenue is recognized in the Company's income statement over the term of the contract.

Ethernet Services

The Company recognizes Ethernet services revenue in the month in which the service is provided. Fees related to activation of services are deferred and recognized over the expected term of the related service agreement.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognized in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Contributions are made to employees personal pension schemes and the costs are charged to the profit and loss account when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

Flag Holdings (Taiwan) Limited

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

f) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.

g) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

h) Investments

Long-term investments and current maturities of long-term investments are stated at cost, less provision for other temporary diminution in value. Current investments, except for current maturities of long term investments, are stated at the lower of cost and fair value.

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised:		
Capital stock of New Taiwan Dollar (NTD) 2,00,00,000	33,63,74,223	32,24,61,785
	33,63,74,223	32,24,61,785
Issued Subscribed and Paid up:		
Capital stock of New Taiwan Dollar (NTD) 2,00,00,000	33,63,74,223	32,24,61,785
	33,63,74,223	32,24,61,785
a) Shares held by Holding Company and subsidiary of Holding Company		
	Capital Stock	Capital Stock
Reliance Globalcom limited	1,00,00,000	1,00,00,000
	1,00,00,000	1,00,00,000
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company		
Particulars	% of Holding	Capital Stock
Reliance Globalcom limited	50	1,00,00,000
Sian-Chon Internet Co Limited	50	1,00,00,000
c) Terms/ Rights attached to the shares		
The holder of capital stock is entitled to one vote per New Taiwan Dollar contribution. In the event of liquidation of the Company, the holder of stock will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the capital contribution held by the shareholder.		
d) Reconciliation of shares outstanding at the beginning and at the end of the year		
	No of Shares	Amount in ₹
Balance as at the beginning of the year	2,00,00,000	33,63,74,223
Add: Movement for the year	-	-
At the end of the year	2,00,00,000	33,63,74,223

Flag Holdings (Taiwan) Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Fluctuation Reserve	(44,66,406)	(30,58,460)
Surplus/ (Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(2,96,08,803)	(2,94,99,538)
Add: Profit and Loss for the year	66,575	(1,09,265)
	(2,95,42,228)	(2,96,08,803)
	(3,40,08,634)	(3,26,67,263)
NOTE # 2.03		
Trade Payables		
Trade Payables	75,455	1,22,546
Trade Accrual	4,45,236	4,07,877
	5,20,691	5,30,423
NOTE # 2.04		
Other Current Liabilities		
Payables to related parties (Refer Note 2.13)	32,77,21,557	31,41,44,388
	32,77,21,557	31,41,44,388
NOTE # 2.05		
Non Current Investments		
Trade Investment (Valued at cost)		
Unquoted, fully paid up		
Investment in Subsidiaries:		
33600000 (33600000) capital contribution in Flag Telecom Taiwan Limited	62,66,37,250	60,07,19,533
	62,66,37,250	60,07,19,533
NOTE # 2.06		
Cash and Bank Balances		
Balance with Banks		
– Current Accounts	36,02,416	34,24,644
	36,02,416	34,24,644
NOTE # 2.07		
Short-Term Loans and Advances		
(Advances Recoverable in Cash or Kind or for Value to be Received)		
Balances with Government Authorities	2,87,228	2,33,805
Prepaid Expenses	80,943	91,351
	3,68,171	3,25,156

Flag Holdings (Taiwan) Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.08		
Service Income		
Network Service Income	15,36,564	-
	<u>15,36,564</u>	<u>-</u>
NOTE # 2.09		
Other Income		
Interest Income	6,264	4,947
Gain on Foreign Exchange Fluctuation (Net)	2,398	1,821
	<u>8,662</u>	<u>6,768</u>
NOTE # 2.10		
Sales and General Administration Expenses		
Rent	8,61,602	9,32,930
Rates and Taxes	-	20,183
Professional Charges	19,983	-
Licensing and Regulatory Fees	2,33,206	1,48,077
	<u>11,14,791</u>	<u>11,01,190</u>
Payment to auditors	3,63,860	3,56,629
	<u>14,78,651</u>	<u>14,57,819</u>

Note #2.11

BACKGROUND AND ORGANISATION

The principal activities of FLAG Holdings(Taiwan) Limited (the "Non-Trading Entity") are the provision of telecommunication services, sales and marketing support services to its fellow subsidiaries and an intermediate holding company, and the operation of a fiber optic telecommunications network in Taiwan.

Note #2.12

Earnings Per Share

	For the year ended March 31, 2015	Amount in ₹ except number of shares For the year ended March 31, 2014
Earnings per Share		
A Profit after Tax	66,575	(109,265)
B Weighted average capital contribution each used as denominator for calculating Basic and Diluted EPS	200,00,000	200,00,000
C Basic and Diluted Earnings per Share (A/B)	0.0033	(0.0055)

Note #2.13

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

Parties where control exist:

Reliance Globalcom Limited

Enterprises as affiliated companies are:

FLAG Telecom Asia Limited

FLAG Telecom Taiwan Limited

FLAG Telecom Development Limited

Reliance Flag Telecom Ireland Limited

Flag Holdings (Taiwan) Limited

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

Summarized below are the transactions entered into with related parties:

Name of the Entity	Amount in ₹					
	Service Income		Other Current Liabilities		Short Term Loans and Advances	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
FLAG Telecom Asia Limited	-	-	1,234,687	1,183,621	-	-
FLAG Telecom Taiwan Limited	-	-	84,919,437	79,879,097	-	-
Reliance Globalcom Limited	-	-	240,302,736	230,363,828	-	-
FLAG Telecom Development Limited	-	-	2,835,125	2,717,842	-	-
Reliance Flag Telecom Ireland Limited	1,536,591	-	-	-	1,570,428	-

Note #2.14

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable.

Note #2.15

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.153 and (Previous year 1 USD = ₹ 60.463). Opening Profit and Loss account balances of FY 2013-14 have been translated at Closing Rate of FY 2012-13 i.e. 1 USD = ₹ 54.285.

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Holdings (Taiwan) Limited

Girish Kulai

Eric Yih

} Directors

Flag Telecom Taiwan Limited

Independent Auditor's Report

To

The Board of Directors of FLAG Telecom Taiwan Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Taiwan Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Flag Telecom Taiwan Limited

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	78,32,96,574	75,08,99,435
Reserves and Surplus	2.02	(4,64,67,070)	(11,63,82,683)
		<u>73,68,29,504</u>	<u>63,45,16,752</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	98,11,17,457	1,02,33,01,355
		<u>98,11,17,457</u>	<u>1,02,33,01,355</u>
Current Liabilities			
Trade Payable	2.04	6,03,21,375	11,15,78,055
Other Current Liabilities	2.05	9,31,62,633	8,48,82,150
Short Term Provisions	2.06	25,17,457	-
		<u>15,60,01,465</u>	<u>19,64,60,205</u>
		<u>1,87,39,48,426</u>	<u>1,85,42,78,312</u>
ASSETS			
Non Current Assets			
Fixed Assets	2.07		
Tangible Assets		1,13,04,40,289	1,08,86,52,041
Capital Work-in-Progress		2,17,076	-
		<u>1,13,06,57,365</u>	<u>1,08,86,52,041</u>
Long-Term Loans and Advances	2.08	28,16,278	18,36,70,926
		<u>1,13,34,73,643</u>	<u>1,27,23,22,967</u>
Current Assets:			
Trade Receivables	2.09	6,00,11,878	6,55,71,500
Cash and Bank Balances	2.10	22,39,77,404	6,12,37,026
Short-Term Loans and Advances	2.11	43,56,52,150	43,51,75,135
Other Current Assets	2.12	2,08,33,351	1,99,71,684
		<u>74,04,74,783</u>	<u>58,19,55,345</u>
		<u>1,87,39,48,426</u>	<u>1,85,42,78,312</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Taiwan Limited

Girish Kulai

Wilfred Kwan

} Directors

Flag Telecom Taiwan Limited

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
	Notes		
Income			
Service Income	2.13	31,80,14,280	23,21,49,701
Other Income	2.14	12,839	17,611
		<u>31,80,27,119</u>	<u>23,21,67,312</u>
Expenditure			
Network Operation Expenses	2.15	17,33,50,932	13,55,34,685
Employee Benefits Expenses	2.16	3,09,09,758	2,74,22,136
Depreciation and Amortization Expense	2.17	1,71,17,801	1,47,09,996
Sales and General Administration Expenses	2.18	1,74,55,410	1,36,51,322
		<u>23,88,33,901</u>	<u>19,13,18,139</u>
Profit/(Loss) Before Tax		<u>7,91,93,218</u>	<u>4,08,49,173</u>
Provision for taxation			
- Current Tax		58,71,326	-
- Deferred Tax		-	-
		<u>58,71,326</u>	<u>-</u>
Profit /(Loss) After Tax		<u>7,33,21,892</u>	<u>4,08,49,173</u>
Earning per Common Share:			
- Basic and Diluted	2.20	1.75	0.97

Significant Accounting Policies

1

Notes forming part of Financial Statements

2

For Shridhar & Associates

For Flag Telecom Taiwan Limited

Chartered Accountants

Firm Registration No.: 134427W

Girish Kulai

Shridhar Mirani

Partner

Wilfred Kwan

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

} Directors

Flag Telecom Taiwan Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax and Minority Interest	7,91,93,218	4,08,49,173
Adjustments for:		
Depreciation and Amortisation	1,71,17,801	1,47,09,996
Effects of exchange difference on translation of asset and Liabilities	(1,78,66,721)	1,46,09,127
	7,84,44,298	7,01,68,296
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase) in Trade and Other Receivables	18,50,75,589	(20,28,71,291)
Increase in Trade Payables	(8,26,42,639)	4,82,21,809
	18,08,77,248	(8,44,81,186)
Income Taxes Paid	58,71,326	-
Net Cash from Operating Activities (A)	17,50,05,922	(8,44,81,186)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(1,22,65,544)	-
Net Cash Used in Investing Activities (B)	(1,22,65,544)	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	16,27,40,378	(8,44,81,186)
Cash and Cash Equivalents at the Beginning of the Period	6,12,37,026	14,57,18,211
Cash and Cash Equivalents at the End of the Period	22,39,77,404	6,12,37,026

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Telecom Taiwan Limited

Girish Kulai

Wilfred Kwan

} Directors

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

NOTE # 1

Significant Accounting Policies

i. Revenue Recognition

Capacity

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognized upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognized are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

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 recognized in the Company's income statement over the term of the contract.

Ethernet \ Internet Protocol Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

Interest

Interest is recognized as and when received or credited.

ii. Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

iii. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

iv. Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

v. Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal

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

fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment..... 3 to 5 years.

Fixtures and fittings..... 3 to 7 years.

Vehicles..... 5 years.

Leasehold improvements..... Over the useful life.

Network Assets the shorter of 15 to 25 years or remaining useful lives.

The estimated useful life of Network Assets are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Indefeasible Right of Use are fully amortized in the year of purchase

iv) 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 Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable amount is higher of net selling price and value in use.

v) Reciprocal Transactions

The Company has exchanged capacity with other capacity or service providers with dissimilar capacity and assets which are accounted for at fair market value and an adjustment is made for balancing payment of cash as consideration over the fair market value.

vi) Effects of Changes in Foreign Currency Rates

i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.

ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference ascertained and recognized in the books of accounts.

vii) Accounting for Investment

Interest on investments which are reinvested in cash funds are treated as short term investments and are classified as current investments. The carrying amount for the current investments is lower of cost or fair value.

The acquisition cost in the subsidiary is treated as Long Term Investments and are stated at cost. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary in opinion of the management.

viii) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Flag Telecom Taiwan Limited

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

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01			
Share Capital			
Authorised:			
80,000,000 (80,000,000) New Taiwan Dollar (NTD) capital stock contribution		1,60,07,50,000	1,57,38,47,220
		1,60,07,50,000	1,57,38,47,220
Issued Subscribed and Paid up:			
4,20,00,000 (4,20,00,000) New Taiwan Dollar (NTD) capital stock contribution, fully paid up		78,32,96,574	75,08,99,435
		78,32,96,574	75,08,99,435
a) Capital Stock held by Holding Company and subsidiary of Holding Company			
	Capital Stock NTD		Capital Stock NTD
Flag Holdings(Taiwan) Limited	33,600,000		33,600,000
Reliance Globalcom limited	8,400,000		8,400,000
	4,20,00,000		4,20,00,000
b) Details of Capital Stock held by shareholders holding more than 5% of the aggregate shares in the Company			
Particulars	% of Holding	Capital Stock NTD	% of Holding
Flag Holdings(Taiwan) Limited	80	33,600,000	80
Reliance Globalcom limited	20	8,400,000	20
c) Terms/ Rights attached to the shares			
The Company has NTD paid up capital stock. Each holder of capital stock is entitled to vote in proportion of their holding of capital stock. In the event of liquidation of the Company, the holder of capital stock will be entitled to receive remaining assets of the Company. The distribution will be in proportion of capital stock held by the shareholder.			
d) Reconciliation of Capital Stock outstanding at the beginning and at the end of the year			
	Capital Stock NTD	Amt (₹)	Capital Stock NTD
Balance as at the beginning of the year	4,20,00,000	78,32,96,574	4,20,00,000
Add: Movement for the year	-	-	-
At the end of the year	4,20,00,000	78,32,96,574	4,20,00,000
NOTE # 2.02			
Reserves and Surplus			
Foreign Currency Translation Reserve		(37,76,502)	(3,70,224)
Surplus/(Deficit) in Statement of Profit and Loss			
As per Last Balance Sheet		(11,60,12,459)	(15,68,61,632)
Add: Profit/ (Loss) for the year		7,33,21,892	4,08,49,173
		(4,26,90,568)	(11,60,12,459)
		(4,64,67,070)	(11,63,82,683)

Flag Telecom Taiwan Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.03		
Other Long Term Liabilities		
Liability for lease assets	2,08,32,029	3,99,43,838
Unearned Income	96,02,85,428	98,33,57,517
	<u>98,11,17,457</u>	<u>1,02,33,01,355</u>
NOTE # 2.04		
Trade Payables		
Trade Payables	44,35,082	4,29,26,477
Trade Accruals	5,58,86,293	6,86,51,578
	<u>6,03,21,375</u>	<u>11,15,78,055</u>
NOTE # 2.05		
Other Current Liabilities		
Liability for Leased Assets-current	2,08,33,327	1,99,71,661
Unearned Income-current	4,51,51,688	4,50,74,506
Employee payable	19,43,642	56,53,723
Capital creditors/provision	10,06,259	1,27,74,976
Payables to related parties (Refer Note 2.23)	2,42,27,717	14,07,284
	<u>9,31,62,633</u>	<u>8,48,82,150</u>
NOTE # 2.06		
Short Term Provisions		
Income Tax (net of advance tax)	25,17,457	-
	<u>25,17,457</u>	<u>-</u>

Flag Telecom Taiwan Limited

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

NOTE # 2.07

Fixed Assets

Particulars	Gross Block				Depreciation			Net Block	
	As at April 1, 2014	Additions during the year	Forex adjustment	As at March 31, 2015	For the year	Forex adjustment	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible Assets									
Leasehold Improvement	13,37,891		31,749	13,69,640	-		13,69,640	-	-
Computers	1,30,990		(54,969)	76,021			76,021	-	-
Network Assets	1,45,51,16,831	1,20,48,467	6,31,32,159	1,53,02,97,457	1,71,17,801	1,62,74,577	39,98,57,168	1,13,04,40,289	1,08,86,52,041
Tangible Assets (A)	1,45,65,85,712	1,20,48,467	6,31,08,939	1,53,17,43,118	1,71,17,801	1,62,51,357	40,13,02,829	1,13,04,40,289	1,08,86,52,041
Previous year	1,31,97,15,520	-	13,68,70,192	1,45,65,85,712	1,47,09,996	3,30,70,342	36,79,33,671	1,08,86,52,041	
Intangible Assets									
Indefeasible Right of Connectivity	43,94,37,743		1,89,59,302	45,83,97,045		1,89,59,302	45,83,97,045	-	-
Intangible Assets (B)	43,94,37,743	-	1,89,59,302	45,83,97,045	-	1,89,59,302	45,83,97,045	-	-
Previous year	39,81,45,337	-	4,12,92,406	43,94,37,743	-	4,12,92,406	43,94,37,743	-	-
Total (A + B)	1,89,60,23,456	1,20,48,467	8,20,68,241	1,99,01,40,163	1,71,17,801	3,52,10,659	85,96,99,874	1,13,04,40,289	1,08,86,52,041
Previous year	1,71,78,60,858	-	17,81,62,598	1,89,60,23,456	1,47,09,996	7,43,62,748	80,73,71,414	1,08,86,52,041	
Capital Work in Progress								2,17,076	-

Flag Telecom Taiwan Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.08		
Long-Term Loans and Advances		
Prepaid Expenses	28,16,278	18,36,70,926
	28,16,278	18,36,70,926
NOTE # 2.09		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	1,93,61,874	1,85,61,068
Considered Doubtful	86,13,813	82,57,545
	2,79,75,687	2,68,18,613
Less: Provision for doubtful debts	86,13,813	82,57,545
	1,93,61,875	1,85,61,068
Others:		
Considered Good	4,06,50,003	4,70,10,432
Considered Doubtful	-	-
	4,06,50,003	4,70,10,432
Less: Provision for Doubtful Debts	-	-
	4,06,50,003	4,70,10,432
	6,00,11,878	6,55,71,500
NOTE # 2.10		
Cash and Bank Balances		
Cash on hand	26,743	25,637
Balance with Banks		
- Current Accounts	22,39,50,661	6,12,11,389
	22,39,77,404	6,12,37,026
NOTE # 2.11		
Short-Term Loans and Advances		
Advances Recoverable in Cash or Kind or for Value to be Received	-	33,00,219
Balances with Government Authorities	26,23,156	1,12,53,094
Deposits	3,21,90,854	3,11,87,381
Prepaid Expenses	25,35,31,476	17,32,36,216
Receivables from related parties (Refer Note 2.23)	14,73,06,664	21,61,98,225
	43,56,52,150	43,51,75,135
NOTE # 2.12		
Other Current Assets		
Unbilled Debtors	2,08,33,351	1,99,71,684
	2,08,33,351	1,99,71,684

Flag Telecom Taiwan Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.13		
Service Income		
Indefeasible Right of Use	2,03,85,061	2,01,54,871
Lease Capacity Services	13,37,54,651	7,96,63,728
Operation and Maintenance Charges	3,06,46,619	3,03,00,832
Internet Protocol	13,32,27,948	10,20,30,270
	<u>31,80,14,280</u>	<u>23,21,49,701</u>
NOTE # 2.14		
Other Income		
Interest Income	12,839	17,611
	<u>12,839</u>	<u>17,611</u>
NOTE # 2.15		
Network Operation Expenses		
Equipment Maintenance and Support	12,18,600	12,08,104
Landing Stations and Point of Presence costs	5,78,61,804	6,56,87,670
Terrestrial Cable, Inland Amplifier and Regenerator Sites	3,85,31,162	1,86,831
Local Tails	1,09,82,939	2,99,45,554
Network Service Expenses	6,47,56,428	3,85,06,527
	<u>17,33,50,933</u>	<u>13,55,34,685</u>
NOTE # 2.16		
Employee benefits expense		
Salaries, Wages and Bonus	2,74,98,063	2,42,30,816
Contribution to Provident and Other Funds	31,52,635	29,29,351
Staff Welfare	2,59,060	2,61,969
	<u>3,09,09,758</u>	<u>2,74,22,136</u>
NOTE # 2.17		
Depreciation and amortization expense		
Depreciation on Tangible assets	1,71,17,801	1,47,09,996
Depreciation on Intangible assets	-	-
	<u>1,71,17,801</u>	<u>1,47,09,996</u>
NOTE # 2.18		
Sales and General Administration Expenses		
Rent	28,74,424	15,54,883
Professional Charges	23,71,534	23,72,756
Licensing and Regulatory Fees	69,78,151	63,04,490
Travel and Entertainment	13,06,915	9,92,557
Marketing	97,669	-
Communication	5,85,198	4,27,362
Information Technology Support	52,074	43,416
Bank charges	33,028	28,182
Facility Usage charges	1,76,729	3,30,557
Foreign Exchange Fluctuation Loss	22,40,639	10,11,409
Miscellaneous	35,793	8,758
	<u>1,67,52,153</u>	<u>1,30,74,370</u>
Payment to auditors	7,03,257	5,76,952
	<u>1,74,55,410</u>	<u>1,36,51,322</u>

Flag Telecom Taiwan Limited

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

Note # 2.19

Background and Organisation

The principal activities of Flag Telecom Taiwan Limited (the "Company") are providing telecommunication services, sales and marketing support services to its fellow subsidiaries and, and the operation of a fiber optic telecommunications network in Taiwan.

NOTE # 2.20

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Earnings per Share		
Profit after Tax (A)	7,33,21,892	4,08,49,173
Weighted average capital stock of New Taiwan Dollar used as denominator for calculating Basic and Diluted EPS (B)	4,20,00,000	4,20,00,000
Basic and Diluted Earnings per Share (C=A/B)	1.75	0.97

NOTE # 2.21

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

NOTE # 2.22

Prior Period comparatives have been classified and regrouped to confirm with the current year's presentation, where applicable.

NOTE # 2.23

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

A. Parties where control exist :

- i) Reliance Communications Limited
- ii) Reliance Globalcom Limited

B. Enterprises as affiliated companies are :

- i) Flag Telecom Asia Limited
- ii) Flag Holdings (Taiwan) Limited
- iii) Reliance Flag Telecom Ireland Limited
- iv) Flag Telecom Development Limited

Flag Telecom Taiwan Limited

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

Summarized below are the transactions entered into with related parties:

Name of the Entity	Service Income		Network Operating Expenses		Short Term Loans and Advances		Trade Payable		Other Current Liabilities	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
Flag Telecom Asia Limited	-	-	-	-	-	-	-	-	1,468,012	1,407,284
Flag Holdings (Taiwan) Limited	-	-	-	-	84,919,432	79,879,097	-	-	-	-
Reliance Flag Telecom Ireland Limited	-	-	12,092,600	115,313,888	66,599,822	115,313,888	-	-	-	-
Reliance Globalcom Limited	-	15,687,549	-	-	-	21,005,240	-	35,787,711	26,972,295	-

NOTE # 2.24

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.153 and (Previous year 1 USD = ₹ 60.463). Opening Profit and Loss account balances of FY 2012-13 have been translated at Closing Rate of FY 2012-13 i.e. 1 USD = ₹ 54.285.

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

For Flag Telecom Taiwan Limited

Directors

Girish Kulai

Wilfred Kwan

Shridhar Mirani

Partner

Membership Number: 0300006

Place : Mumbai

Date : May 28, 2015

Reliance Globalcom (UK) Limited

Independent Auditor's Report

To

The Board of Directors of Reliance Globalcom (UK) Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Globalcom (UK) Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Reliance Globalcom (UK) Limited

Balance Sheet as at March 31, 2015

		Amount in ₹	
	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	188	180
Reserves and Surplus	2.02	48,16,86,784	48,26,01,404
		<u>48,16,86,972</u>	<u>48,26,01,584</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	6,44,371	5,93,159
		<u>6,44,371</u>	<u>5,93,159</u>
Current Liabilities			
Trade Payable	2.04	17,12,94,297	27,10,68,503
Other Current Liabilities	2.05	24,09,88,045	18,96,25,323
		<u>41,22,82,342</u>	<u>46,06,93,826</u>
TOTAL LIABILITIES		<u>89,46,13,685</u>	<u>94,38,88,569</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.06	13,53,875	13,95,642
		<u>13,53,875</u>	<u>13,95,642</u>
Current Assets:			
Cash and Bank Balance	2.07	5,20,210	-
Short-Term Loans and Advances	2.08	89,27,39,600	94,24,92,927
		<u>89,32,59,810</u>	<u>94,24,92,927</u>
TOTAL ASSET		<u>89,46,13,685</u>	<u>94,38,88,569</u>
Significant Accounting Policies	1		
Notes to Financial Statement	2		
For Shridhar & Associates		For Reliance Globalcom (UK) Limited	
Chartered Accountants			
Firm Registration No.: 134427W			
Shridhar Mirani		Andrew Goldie	
Partner		B K Sinha	
Membership Number: 030006		}	
Place : Mumbai		Directors	
Date : May 28, 2015			

Reliance Globalcom (UK) Limited

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income	Note		
Service Income	2.09	45,48,84,297	53,64,54,149
Other Income	2.10	915	2,010
		<u>45,48,85,212</u>	<u>53,64,56,159</u>
Expenditure			
Network Operation Expenses	2.11	79,40,427	72,37,230
Employee Benefits Expense	2.12	34,54,66,433	33,66,83,043
Depreciation and Amortization Expense	2.13	1,02,029	1,08,696
Sales and General Administration Expenses	2.14	12,26,44,093	13,81,22,184
		<u>47,61,52,982</u>	<u>48,21,51,153</u>
Profit/(Loss) Before Tax		<u>(2,12,67,770)</u>	<u>5,43,05,006</u>
Proposed Dividends–Equity Shares			(6,59,12,917)
Provision for taxation			
– Current Tax		-	-
– Deferred Tax		-	-
		<u>-</u>	<u>(6,59,12,917)</u>
Profit /(Loss) After Tax		<u>(2,12,67,770)</u>	<u>(1,16,07,911)</u>
Basic and Diluted Earnings per Share	2.16	(1,06,33,885)	(58,03,956)
Significant Accounting Policies	1		
Notes to Financial Statement	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Reliance Globalcom (UK) Limited

Andrew Goldie

B K Sinha

} Directors

Reliance Globalcom (UK) Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	(2,12,67,770)	(1,16,07,911)
Adjustments for:		
Depreciation and Amortisation	1,02,029	1,08,696
Effects of exchange difference on translation of asset and liabilities	2,03,53,159	6,62,55,067
	2,04,55,188	6,63,63,763
	(8,12,582)	5,47,55,852
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase) in Trade and Other Receivables	24,33,26,048	(11,19,49,200)
Increase in Trade Payables	(24,19,32,994)	12,08,10,090
	5,80,472	6,36,16,741
Income Taxes Paid	-	-
Net Cash from Operating Activities (A)	5,80,472	6,36,16,741
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(60,262)	2,177
Net Cash Used in Investing Activities (B)	(60,262)	2,177
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proposed Dividend Paid – Equity Shares	-	(6,59,12,893)
Net Cash Used in Financing Activities (C)	-	(6,59,12,893)
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	5,20,210	(22,93,976)
Cash and Cash Equivalents at the Beginning of the Period	-	22,93,976
Cash and Cash Equivalents at the End of the Period	5,20,210	-

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Reliance Globalcom (UK) Limited

Andrew Goldie

B K Sinha

} Directors

Reliance Globalcom (UK) Limited

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

Capacity

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognized upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognized are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Services

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 Services revenue is recognized in the Company's income statement over the term of the contract.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognized in the period in which the results are known / materialized.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Reliance Globalcom (UK) Limited

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

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment.....	3-5 years.
Fixtures and fittings.....	3-7 years.
Vehicles.....	5 years.
Leasehold improvements.....	Over the useful life.
Network Assets.....	the shorter of 15-25 years or remaining useful lives.

The estimated useful life of network assets are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Indefeasible Right of Use are fully amortized in the year of purchase

iv) 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 Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable amount is higher of net selling price and value in use.

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation

Reliance Globalcom (UK) Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised		
1000 Ordinary Shares of GBP 1 each	<u>92,688</u>	88,854
	<u>92,688</u>	<u>88,854</u>
Issued Subscribed and Paid up:		
2 Ordinary Shares of GBP 1 each held by Reliance Globalcom Limited	<u>188</u>	180
	<u>188</u>	<u>180</u>

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Globalcom limited	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom limited	100	2	100	2

c) Rights, Preferences and Restriction attached to the shares

The Company has only ordinary (shares) having a par value of GBP 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Ordinary Shares				
Balance as at the beginning of the year	2	188	2	188
Add: Movement for the year	-	-	-	-
At the end of the year	<u>2</u>	<u>188</u>	<u>2</u>	<u>188</u>

NOTE # 2.02

Reserves and Surplus

Foreign Currency Translation Reserve	6,68,87,533	4,65,34,383
Surplus in Statement of Profit and Loss		
As per Last Balance Sheet	43,60,67,021	44,76,74,932
Add: Profit/ (Loss) for the year	(2,12,67,770)	(1,16,07,911)
	<u>41,47,99,251</u>	<u>43,60,67,021</u>
	<u>48,16,86,784</u>	<u>48,26,01,404</u>

Reliance Globalcom (UK) Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.03		
Other Long Term Liabilities		
Unearned Income	<u>6,44,371</u>	<u>5,93,159</u>
	<u>6,44,371</u>	<u>5,93,159</u>
NOTE # 2.04		
Trade Payables		
Trade Payables	<u>15,72,02,091</u>	<u>11,84,25,875</u>
Other contractual obligations	<u>1,40,92,206</u>	<u>15,26,42,628</u>
	<u>17,12,94,297</u>	<u>27,10,68,503</u>
NOTE # 2.05		
Other Current Liabilities		
Unearned Income-current	<u>8,26,688</u>	<u>8,74,011</u>
Employee payable	<u>6,79,46,782</u>	<u>4,94,39,651</u>
Statutory dues payable	<u>1,39,92,615</u>	<u>8,63,835</u>
Payable to related party	<u>15,82,21,960</u>	<u>13,84,47,826</u>
	<u>24,09,88,045</u>	<u>18,96,25,323</u>

Reliance Globalcom (UK) Limited

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

NOTE # 2.06 Fixed Assets

Description	Gross Block				Depreciation			Net Block	
	As at April 1, 2014	Additions / Adjustments	Deductions/ Adjusting on Account of CTR	As at March 31, 2015	As at April 1, 2014	Depreciation for the period	Deductions/ Adjusting on Account of CTR	As at March 31, 2015	As at March 31, 2014
Tangible Assets									
Leasehold Improvement	15,72,93,976	-	67,86,363	16,40,80,339	15,72,93,976	-	67,86,363	-	-
Vehicle	70,58,777	-	3,04,547	73,63,324	70,58,777	-	3,04,547	-	-
Furniture & Fixture	5,15,20,299	-	22,22,815	5,37,43,114	5,15,20,299	-	22,22,815	-	-
Computer & Equipment	32,07,41,247	-	1,38,38,206	33,45,79,453	32,07,41,247	-	1,38,38,206	-	-
Network	15,00,172	-	67,115	15,67,286	1,04,530	1,02,029	6,852	13,53,875	13,95,642
Total	53,81,14,471	-	2,32,19,046	56,13,33,516	53,67,18,829	1,02,029	2,31,58,783	13,53,875	13,95,642
Previous year	48,75,51,770	-	5,05,62,699	53,81,14,470	48,61,87,697	1,08,696	5,04,22,435	13,95,642	-

Reliance Globalcom (UK) Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.07		
Cash and Bank Balance		
Balance with Banks		
– Current Accounts	5,20,210	-
	<u>5,20,210</u>	<u>-</u>
NOTE # 2.08		
Short-Term Loans and Advances		
Unsecured considered good:		
Loan to Body Corporate	-	2,80,043
Loan and Advances to Related Parties	2,92,61,118	2,83,21,826
Deposits	10,92,089	10,46,895
Advance for supply of goods and rendering of services	18,33,57,229	16,07,20,135
Balances with Government Authorities	61,43,304	1,36,77,636
Prepaid Expenses	7,61,399	2,05,80,063
Receivables from Related Party	6,72,12,461	71,78,66,329
	<u>89,27,39,600</u>	<u>94,24,92,927</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
NOTE # 2.09		
Service Income		
Lease Capacity Services	52,18,519	73,63,752
Network Service Income	44,96,66,693	52,90,92,407
	<u>45,48,85,212</u>	<u>53,64,56,159</u>
NOTE # 2.10		
Network Operation Expenses		
Marine Cable Operations	46,35,046	26,63,369
Terrestrial Cable, Inland Amplifier and Regenerator Sites	-	544
Restoration	-	45,73,317
Internet Protocol	33,05,381	-
	<u>79,40,427</u>	<u>72,37,230</u>
NOTE # 2.11		
Employee Benefits Expense		
Salaries, Wages and Bonus	32,18,02,453	29,82,34,576
Contribution to Provident and Other Funds	1,64,75,403	1,58,62,420
Staff Welfare	71,88,577	2,25,86,047
	<u>34,54,66,433</u>	<u>33,66,83,043</u>
NOTE # 2.12		
Depreciation and amortization expense		
Depreciation on Tangible assets	1,02,029	1,08,696
Amortisation of Intangible assets	-	-
	<u>1,02,029</u>	<u>1,08,696</u>

Reliance Globalcom (UK) Limited

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

For the year ended
March 31, 2015

For the year ended
March 31, 2014

NOTE # 2.13

Sales and General Administration Expenses

Rent	3,39,25,340	3,26,28,424
Insurance	66,25,087	91,452
Rates and Taxes	89,80,998	90,13,516
Legal Fees	83,60,998	85,73,745
Professional Charges	50,66,536	6,75,276
Licensing and Regulatory Fees	-	34,289
Travel and Entertainment	2,04,12,497	2,58,55,618
Gain on Foreign Exchange Fluctuation (Net)	56,68,971	71,76,802
Communication	83,47,734	38,65,088
Information Technology Support	34,63,439	4,44,327
Bank charges	5,34,863	-
Sales and Marketing Expenses	1,35,963	-
Facility Usage charges	69,01,849	1,14,63,106
Payment to auditors	13,91,877	10,64,088
Miscellaneous Expense	1,28,27,941	3,72,36,453
	12,26,44,093	13,81,22,184

NOTE # 2.14

BACKGROUND AND ORGANISATION

The principal activities of Reliance Globalcom (UK) Limited (the "Company") are providing various services to Reliance Globalcom Limited Group Companies in relation to Telecommunication activities.

NOTE # 2.15

Earnings Per Share

	Year ended March 31, 2015	Amounts in ₹ Year ended March 31, 2014
A Profit after Tax	(21,267,770)	(11,607,911)
B Weighted average number of share (class A Common shares) of GBP 1 each used as denominator for calculating Basic and Diluted EPS	2	2
c Basic and Diluted Earning Per Share	(1,06,33,885)	(58,03,956)

NOTE # 2.16

LITIGATIONS

Pending Litigations (as represented by the management)

i) Office of Fair Trading ("OFT") Inquiry and Competition Appeals Tribunal ("CAT")

On August 20, 2002, Reliance Globalcom (UK) Limited received a notice from the UK Office of Fair Trading ("OFT") requiring the production of certain documents and the provision of information under Section 26 of the Competition Act 1998, in connection with an enquiry instituted (and then abandoned) by the OFT, following a formal complaint by Cityhook Limited and Cityhook (Cornwall) Limited ("Cityhook"), alleging infringements of the Competition Act by members of the UK Cable Protection Committee ("UKCPC") and others. On January 24, 2006, formal notification from the OFT was received, to the effect that the OFT would not be proceeding with the investigation, for administrative reasons.

Having effectively failed to achieve any redress via the Competition Appeals Tribunal (where the case was rejected per the CAT judgment published on April 3, 2007), or via the subsequent Judicial Review of the original OFT decision, the only remaining avenue for Cityhook was a private action commenced on July 20, 2006 in the Chancery Division of the High Court against a number of defendants (from UKCPC and otherwise), including the Group and Reliance Globalcom Limited; such suit alleging an infringement of Article 81(1) EC Treaty and/or the Chapter I prohibition of the Competition Act 1998.

Reliance Globalcom (UK) Limited

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

This action was stayed pending the outcome of proceedings before the CAT, and then until the conclusion of Judicial Review proceedings. The stay has not yet been lifted, as Cityhook has to notify the various parties to the proceedings. Time having passed, it now seems to be the case that Cityhook does not intend to appeal the CAT's judgment to the Court of Appeal; and it is unclear whether Cityhook will (or indeed has the ability to) actively pursue proceedings before the High Court. Consequently, it is not possible to provide any reliable estimate of the potential risk involved. It should be noted that there has been no activity on the High Court action since the stay was extended and in particular during the four year period April 1, 2011 to March 31, 2015.

ii. Malta Resources Agency

On September 2, 2012, Reliance Globalcom (UK) Limited was served with a judicial letter from the Malta Resources Authority ('MRA'), announcing the MRA's intention to issue a formal claim in the event the company did not pay an annual 'license fee' for the crossing of the Maltese continental shelf by the Hawk cable system. The amount of the claim (covering the fees for a 3 year period) is € 349,500 (US\$ 376,027). The imposition of a license fee is illegal and contrary to the provisions of UNCLOS (the United Nations Convention on the Law of the Sea), to which convention Malta has acceded. The Company's external legal counsel in Malta has filed a response to the letter with the Malta court, denying the claim. There have been no further developments on this case since filing of our response; and indeed Malta has now amended its legislation to rescind the levying of such fees (but not retrospectively). There have been no developments on this since we filed our objection.

NOTE # 2.17

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Hence no Segment Reporting is required

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE # 2.18

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable.

NOTE # 2.19

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = Rs. 62.50 (Previous year 1 USD = Rs. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 61.153 and (Previous year 1 USD = Rs. 60.463).

NOTE # 2.20

Related Party Disclosures

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

A. Parties where control exist :

- i) Reliance Communications Limited
- ii) Reliance Globalcom Limited

B. Enterprises as affiliated companies are :

- iii) Flag Telecom Asia Limited
- iv) Flag Telecom Deutschland GmbH
- v) Flag Telecom Network Services Limited
- vi) Reliance Flag Telecom Ireland Limited
- vii) FLAG Telecom Ireland Network Limited
- viii) Flag Atlantic (UK) Limited
- ix) Reliance Flag Atlantic France SAS

- x) Flag Telecom Nederland BV
- xi) Flag Telecom Hellas AE
- xii) FLAG Telecom Development Services Company LLC
- xiii) Flag Telecom Network USA Limited
- xiv) Reliance Globalcom Limited
- xv) Flag Pacific Holdings Limited
- xvi) Flag Telecom Group Services Limited
- xvii) Flag Telecom Belgium Network SA
- xviii) Flag Telecom Development Limited
- xix) Reliance Communications Limited

Reliance Globalcom (UK) Limited

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

Name of the Entity	Service Income		Network Operating Expenses		Short Term Loans and Advances		Other Current Liabilities		Trade Receivables	
	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year	Current year	Previous Year
FLAG Telecom Asia Limited	-	-	-	-	51,65,383	49,51,735	-	-	-	-
FLAG Telecom Ireland Network Limited	-	-	-	-	-	-	4,59,914	-	-	-
Flag Telecom Network Services Limited	-	-	-	-	-	-	14,243	13,661	-	-
Reliance Flag Telecom Ireland Limited	44,96,66,693	-	-	-	38,62,59,176	-	-	3,02,16,632	-	-
Flag Telecom Belgium Network SA	-	-	-	-	-	2,80,043	-	-	-	-
Flag Atlantic (UK) Limited	-	-	-	-	-	-	-	-	-	-
Reliance Flag Atlantic France SAS	-	-	-	-	4,61,566	1,69,463	4,58,63,758	6,37,25,414	-	-
Flag Telecom Nederland BV	-	-	-	-	-	1,45,354	1,91,863	-	-	-
Flag Telecom Hellas AE	-	-	-	-	16,84,144	10,97,583	-	-	-	-
Flag Telecom Network USA Limited	-	-	-	-	5,01,176	4,80,458	-	-	-	-
Reliance Globalcom Limited	-	-	-	87,24,91,066	-	62,13,53,660	-	-	-	6,53,15,512
					34,75,50,749					
Flag Telecom Espana Network SAU	-	-	-	-	15,81,663	15,16,269	-	-	-	-
Reliance Communications Limited	-	-	-	-	-	-	-	2,92,42,438	-	-
Vanco UK Limited	-	-	-	-	-	-	18,27,71,576	1,52,49,681	-	-
Reliance Communication Inc	-	-	-	-	-	3,73,07,219	-	-	-	-

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

For Reliance Globalcom (UK) Limited

Andrew Goldie

B K Sinha

Directors

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

FLAG Telecom Deutschland GmbH

Independent Auditor's Report

To

The Board of Directors of FLAG Telecom Deutschland GmbH

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Deutschland GmbH ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

FLAG Telecom Deutschland GmbH

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES	Note		
Shareholders' Funds			
Share Capital	2.01	14,27,188	13,68,159
Reserves and Surplus	2.02	(1,61,63,023)	(1,54,55,712)
		<u>(1,47,35,835)</u>	<u>(1,40,87,553)</u>
Current Liabilities			
Trade Payable	2.03	64,72,937	56,60,441
Other Current Liabilities	2.04	3,62,25,526	3,80,61,567
Short Term Provisions	2.05	71,098	68,158
		<u>4,27,69,561</u>	<u>4,37,90,166</u>
		<u>2,80,33,726</u>	<u>2,97,02,613</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.08	2,53,615	2,63,321
Current Assets:			
Cash and Bank Balances	2.06	3,36,890	1,32,096
Short-Term Loans and Advances	2.07	2,74,43,221	2,93,07,196
		<u>2,77,80,111</u>	<u>2,94,39,292</u>
		<u>2,80,33,726</u>	<u>2,97,02,613</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Deutschland GmbH

Andrew Goldie

Director

FLAG Telecom Deutschland GmbH

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income	Note		
Service Income	2.09	34,03,226	13,45,232
Other Income	2.10	-	1,42,944
		<u>34,03,226</u>	<u>14,88,176</u>
Expenditure			
Network Operation Expenses	2.11	25,59,535	65,223
Depreciation and amortization expense	2.12	20,613	20,381
Sales and General Administration Expenses	2.13	7,98,470	13,24,852
		<u>33,78,618</u>	<u>14,10,456</u>
Profit/(Loss) Before Tax		<u>24,608</u>	<u>77,720</u>
Provision for taxation			
- Current Tax		64,219	29,625
- Deferred Tax		-	-
		<u>64,219</u>	<u>29,625</u>
Profit /(Loss) After Tax		<u>(39,611)</u>	<u>48,095</u>
Basic and Diluted Earning Per Share	2.15	(19,081)	24,048
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Deutschland GmbH

Andrew Goldie

Director

FLAG Telecom Deutschland GmbH

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax and Minority Interest	24,608	77,720
Adjustments for:		
Depreciation and Amortisation	20,613	20,381
Effects of exchange difference on translation of Asset and Liabilities	(6,19,578)	1,53,960
	(5,74,357)	2,52,061
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase) in Trade and Other Receivables	26,21,508	(5,34,382)
Increase in Trade Payables	(17,78,138)	(10,46,651)
	8,43,370	(13,28,972)
Income Taxes Paid	64,219	29,625
Net Cash from Operating Activities (A)	2,04,794	(13,58,597)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	2,04,794	(13,58,597)
Cash and Cash Equivalents at the Beginning of the Period	1,32,096	14,90,693
Cash and Cash Equivalents at the End of the Period	3,36,890	1,32,096

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Deutschland GmbH

Andrew Goldie

Director

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

NOTE # 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

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 recognized in the Company's income statement over the term of the contract.

Ethernet Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

FLAG Telecom Deutschland GmbH

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

f) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.

g) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised:		
2 (2) Equity Shares of Euro 12,500 each	14,27,188	13,68,159
	14,27,188	13,68,159
Issued Subscribed and Paid up:		
2 (2) Equity Shares of Euro 12,500 each, fully paid-up	14,27,188	13,68,159
	14,27,188	13,68,159

a) Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Held by Reliance Globalcom limited	2	2
	2	2

b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom limited	100	2	100	2

c) Terms/Rights attached to the shares

The Company has only shares having a par value of Euro 12500 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Balance as at the beginning of the year	2	14,27,188	2	13,68,159
Add: Movement for the year	-	-	-	-
At the end of the year	2	14,27,188	2	13,68,159

FLAG Telecom Deutschland GmbH

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(21,24,934)	(14,57,233)
Surplus/ (Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(1,39,98,479)	(1,40,46,574)
Add: Profit/ (Loss) for the year	(39,611)	48,095
	<u>(1,40,38,089)</u>	<u>(1,39,98,479)</u>
	<u>(1,61,63,023)</u>	<u>(1,54,55,712)</u>
NOTE # 2.03		
Trade Payables		
Trade Payables	8,94,692	-
Trade Accrual	55,78,245	56,60,441
	<u>64,72,937</u>	<u>56,60,441</u>
NOTE # 2.04		
Other Current Liabilities		
Employee payable	96,692	92,692
Payables to related parties (Refer Note 2.17)	3,61,28,834	3,79,68,875
	<u>3,62,25,526</u>	<u>3,80,61,567</u>
NOTE # 2.05		
Short Term Provisions		
Income Tax (net of advanced tax)	71,098	68,158
	<u>71,098</u>	<u>68,158</u>
NOTE # 2.06		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	3,36,890	1,32,096
	<u>3,36,890</u>	<u>1,32,096</u>
NOTE # 2.07		
Short-Term Loans and Advances		
Advances Recoverable in Cash or Kind or for Value to be Received	47,460	26,01,893
Deposits	1,19,498	1,14,556
Receivables from related parties (Refer Note 2.17)	2,72,76,263	2,65,90,747
	<u>2,74,43,221</u>	<u>2,93,07,196</u>

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss
NOTE # 2.08
Fixed Assets

Particulars	Gross Block					Depreciation			Net Block	
	As at April 1, 2014	As at March 31, 2015	As at April 1, 2014	For the year	Forex adjustment	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible Assets										
Leasehold Improvement	11,04,521	11,04,521	11,04,521			11,04,521	-	-	-	-
Computers	11,04,521	11,04,521	11,04,521			11,04,521	-	-	-	-
Network Assets	3,02,939	4,11,317	39,618	20,613	97,471	1,57,702	2,53,615	2,53,615	2,63,321	2,63,321
Tangible Assets (A)	25,11,981	26,20,359	22,48,660	20,613	97,471	23,66,744	2,53,615	2,53,615	2,63,321	
Previous year	22,75,939	25,11,981	20,19,063	20,381	2,09,216	22,48,660	2,63,321	2,63,321		
Intangible Assets										
Intangible Assets (B)										
Previous year	-	-	-	-	-	-	-	-	-	-
Total (A + B)	25,11,981	26,20,359	22,48,660	20,613	97,471	23,66,744	2,53,615	2,53,615	2,63,321	
Previous year	22,75,939	25,11,981	20,19,063	20,381	2,09,216	22,48,660	2,63,321	2,63,321		

FLAG Telecom Deutschland GmbH

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.09		
Service Income		
Network Service Revenue	34,03,226	13,45,232
	<u>34,03,226</u>	<u>13,45,232</u>
NOTE # 2.10		
Other Income		
Reversal of provision no longer required	-	1,42,944
	<u>-</u>	<u>1,42,944</u>
NOTE # 2.11		
Network Operation Expenses		
Landing Stations and Point of Presence costs	24,93,568	-
Internet Protocol	65,967	65,223
	<u>25,59,535</u>	<u>65,223</u>
NOTE # 2.12		
Depreciation and amortization expense		
Depreciation on Tangible assets	20,613	20,381
Amortisation of Intangible assets	-	-
	<u>20,613</u>	<u>20,381</u>
NOTE # 2.13		
Sales and General Administration Expenses		
Rent	68,232	1,15,035
Professional Charges	1,04,803	5,15,448
Licensing and Regulatory Fees	-	3,13,838
Bank charges	-	3,80,531
Foreign Exchange Fluctuation Loss	6,25,435	-
	<u>7,98,470</u>	<u>13,24,852</u>

NOTE #2.14

BACKGROUND AND ORGANISATION

The Principal activities of Flag Telecom Deutschland Limited (the "Company") are the Provision of Telecommunication Services, Sales and Marketing Support Services to its fellow Subsidiaries and an Intermediate Holding company, and the Operation of a Fibre Optic Telecommunications network in Germany.

NOTE #2.15

Earnings Per Share

	For the year ended March 31, 2015	Amount in ₹ except number of shares For the year ended March 31, 2014
A Profit/ (Loss) after Tax	(39,611)	48,095
B Weighted average number of share of Euro 12,500 each used as denominator for calculating Basic and Diluted EPS	2	2
C Basic and Diluted Earnings per Share (A/B)	(19,081)	24,048

FLAG Telecom Deutschland GmbH

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

NOTE #2.16

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE #2.17

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

Parties where control exist:

Reliance Communications Limited

Reliance Globalcom Limited

Enterprises as affiliated companies are:

Reliance Globalcom (U.K.) Limited

Reliance FLAG Telecom Ireland Limited

FLAG Telecom Ireland Network Limited

Reliance FLAG Atlantic France SAS

Summarized below are the transactions entered into with related parties:

Name of the Entity	Service Income		Short Term Loans and Advances		Trade Payable		Other Current Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Reliance Globalcom(U.K.) Limited	-	-	-	-	-	-	-	-
Reliance Globalcom Limited	-	-	22,855,695	22,353,014	2,198,055	2,126,038	-	-
Reliance FLAG Telecom Ireland Limited	3,403,226	-	-	-	-	-	36,128,834	37,968,875
FLAG Telecom Ireland Network Limited	-	-	3,564,568	3,417,137	-	-	-	-
Reliance FLAG Atlantic France SAS	-	-	856,000	820,596	-	-	-	-

NOTE #2.18

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = Rs. 62.50 (Previous year 1 USD = Rs. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 61.153 and (Previous year 1 USD = Rs. 60.463).

Opening Profit and Loss account balances of FY 2013-14 have been translated at Closing Rate of FY 2012-13 i.e. 1 USD = Rs. 54.285.

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Telecom Deutschland GmbH

Andrew Goldie

Director

FLAG Telecom Network Services Limited

Independent Auditor's Report

To

The Board of Directors of FLAG Telecom Network Services Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Network Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

FLAG Telecom Network Services Limited

Balance Sheet as at March 31, 2015

		As at March 31 2015	Amount in ₹ As at March 31 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	1,125	1,078
Reserves and Surplus	2.02	(5,82,26,806)	(5,58,18,552)
		<u>(5,82,25,681)</u>	<u>(5,58,17,474)</u>
Current Liabilities			
Trade Payable	2.03	30,10,828	28,83,290
Other Current Liabilities	2.04	5,52,60,228	5,29,48,923
		<u>5,82,71,056</u>	<u>5,58,32,213</u>
TOTAL LIABILITIES		<u>45,375</u>	<u>14,739</u>
ASSETS			
Non Current Investments	2.05	1,126	1,078
		<u>1,126</u>	<u>1,078</u>
Current Investment			
Short-Term Loans and Advances	2.06	44,249	13,661
		<u>44,249</u>	<u>13,661</u>
TOTAL ASSET		<u>45,375</u>	<u>14,739</u>
Significant Accounting Policies	1		
Notes to Financial Statement	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For FLAG Telecom Network Services Limited

Andrew Goldie

Dermot Lucey

} Directors

FLAG Telecom Network Services Limited

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income	Note		
Service Income	2.07	1,30,745	-
Other Income	2.08	-	5,925
		<u>1,30,745</u>	<u>5,925</u>
Expenditure			
Sales and General Administration Expenses	2.09	1,30,745	4,75,964
		<u>1,30,745</u>	<u>4,75,964</u>
Profit/(Loss) Before Tax		<u>-</u>	<u>(4,70,039)</u>
Provision for taxation			
- Current Tax		-	-
- Deferred Tax		-	-
		<u>-</u>	<u>-</u>
Profit /(Loss) After Tax		<u>-</u>	<u>(4,70,039)</u>
Basic and Diluted Earnings per Share	2.11	-	(23,502)
Significant Accounting Policies	1		
Notes to Financial Statement	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For FLAG Telecom Network Services Limited

Andrew Goldie
Dermot Lucey

} Directors

FLAG Telecom Network Services Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before	-	(4,70,039)
Adjustments for:		
Effects of exchange difference on translation of asset & Liabilities	(24,08,256)	(4,50,200)
Finance Charges	-	-
	(24,08,256)	(9,20,239)
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase) in Trade and Other Receivables	(30,588)	1,80,808
Increase in Trade Payables	24,38,844	7,39,431
	-	9,20,239
Income Taxes Paid	-	-
Net Cash from Operating Activities (A)	-	-
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Subsidiaries	-	-
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Equity Share	-	-
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	-	-
Cash and Cash Equivalents at the Beginning of the Period	-	-
Cash and Cash Equivalents at the End of the Period	-	-

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For FLAG Telecom Network Services Limited

Andrew Goldie

Dermot Lucey

} Directors

FLAG Telecom Network Services Limited

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

NOTE # 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

c) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

d) Effects of Changes in Foreign Currency Rates

- All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.
- Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.

e) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
--	-------------------------	--

NOTE # 2.01

Share Capital

Authorised:

10,00,000 (10,00,000) Ordinary Shares of Euro 1 each	6,78,13,125	6,50,08,374
	6,78,13,125	6,50,08,374

Issued Subscribed and Paid up:

20 (20) Ordinary Shares of Euro 1 each, fully paid up	1,125	1,078
	1,125	1,078

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Flag Telecom Development Limited	20	20
	20	20

b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Flag Telecom Development Limited	100	20	100	20

FLAG Telecom Network Services Limited

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

c) Terms/Rights attached to shares

The Company has only ordinary (shares) having a par value of Euro 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

During the year GCX Limited has issued 7% Senior Secured Notes of ₹ 2,188 crore. These notes are guaranteed by Reliance Globalcom Limited and its material subsidiaries and secured by way a pledge of Equity Shares.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Ordinary Shares				
Balance as at the beginning of the year	20	1,125	20	1,078
Add: Movement for the year	-	-	-	-
At the end of the year	20	1,125	20	1,078

NOTE # 2.02

Reserves and Surplus

Foreign Currency Translation Reserve	(76,05,244)	(51,96,989)
Surplus/ (deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(5,06,21,562)	(5,01,51,523)
Add: Profit/ (Loss) for the year	-	(4,70,039)
	(5,06,21,562)	(5,06,21,562)
	(5,82,26,806)	(5,58,18,552)

NOTE # 2.03

Trade Payables

Other contractual obligations	30,10,828	28,83,290
	30,10,828	28,83,290

NOTE # 2.04

Other Current Liabilities

Payable to related parties (Refer Note 2.12)	5,52,60,228	5,29,48,923
	5,52,60,228	5,29,48,923

NOTE # 2.05

Non Current Investments

Trade Investment (Valued at cost)

Unquoted, Fully paid up

Investment in Subsidiaries:

20 (20) Ordinary shares of Reliance Flag Telecom Ireland Limited of Euro 1 each	1,126	1,078
	1,126	1,078

NOTE # 2.06

Short-Term Loans and Advances

Unsecured considered good:

Balances with Government Authorities	29,999	-
Receivables related parties (Refer Note 2.12)	14,250	13,661
	44,249	13,661

Amount in ₹

FLAG Telecom Network Services Limited

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

For the year ended
March 31, 2015

For the year ended
March 31, 2014

NOTE # 2.07

Service Income

Network Service Income	1,30,745	-
	1,30,745	-

NOTE # 2.08

Other Income

Gain on Foreign Exchange Fluctuation (Net)	-	5,925
	-	5,925

NOTE # 2.09

Sales and General Administration Expenses

Rates and Taxes	-	3,18,277
Licensing and Regulatory Fees	1,29,353	1,14,819
Payment to auditors	1,392	42,868
	1,30,745	4,75,964

NOTE # 2.10

BACKGROUND AND ORGANISATION

The principal activities of FLAG Telecom Network Services Limited (the "Company") are Non-trading activities.

NOTE # 2.11

Earnings per share

Amount in ₹

For the year ended
March 31, 2015

For the year ended
March 31, 2014

A Profit after Tax	-	(470,039)
B Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	20	20
C Basic and Diluted Earnings per Share (A/B)	-	(23,502)

NOTE # 2.12

Related Party Disclosures

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- A. Parties where control exist :
- i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
- B. Enterprises as affiliated companies are :
- i) Reliance Globalcom (UK) Limited
 - ii) Reliance Flag Telecom Ireland Limited
 - iii) Flag Telecom Ireland Network Limited
 - iv) Flag Telecom Development Limited

FLAG Telecom Network Services Limited

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

Summarized below are the transactions entered into with related parties:

Name of the Entity	Short Term Loans and Advances		Trade Payable		Other Current Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Reliance Globalcom (UK) Limited	14,250	13,661	-	-	-	-
Reliance Flag Telecom Ireland Limited	-	-	-	-	28,893,780	27,826,803
Flag Telecom Ireland Network Limited	-	-	-	-	5,888	5,875
Reliance Globalcom Limited	-	-	-	305,506	26,359,781	7,080,994
Flag Telecom Development Limited	-	-	-	-	779	17,729,745

NOTE # 2.13

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable.

NOTE # 2.14

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.15 and (Previous year 1 USD = ₹ 60.46).

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For FLAG Telecom Network Services Limited

Andrew Goldie

Dermot Lucey

} Directors

Reliance FLAG Telecom Ireland Limited

Independent Auditor's Report

To

The Board of Directors of Reliance FLAG Telecom Ireland Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance FLAG Telecom Ireland Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Reliance FLAG Telecom Ireland Limited

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	1,125	1,125
Reserves and Surplus	2.02	7,81,14,26,893	7,15,48,32,253
		<u>7,81,14,28,018</u>	<u>7,15,48,33,378</u>
Other Long Term Liabilities	2.03	5,12,36,65,859	1,84,01,22,763
		<u>5,12,36,65,859</u>	<u>1,84,01,22,763</u>
Current Liabilities			
Trade Payable	2.04	35,23,78,707	22,70,20,182
Other Current Liabilities	2.05	16,79,15,94,701	17,95,10,56,693
		<u>17,14,39,73,408</u>	<u>18,17,80,76,875</u>
TOTAL LIABILITIES		<u>30,07,90,67,285</u>	<u>27,17,30,33,016</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.06	60,76,126	83,85,845
		<u>60,76,126</u>	<u>83,85,845</u>
Non Current Investments	2.07	57,13,938	54,77,609
		<u>1,17,90,064</u>	<u>1,38,63,454</u>
Current Assets:			
Current Investment			
Trade Receivables	2.08	1,88,16,19,314	1,93,84,33,644
Cash and Bank Balances	2.09	23,00,32,954	2,21,89,823
Short-Term Loans and Advances	2.10	27,95,56,24,953	25,19,85,46,094
		<u>30,06,72,77,221</u>	<u>27,15,91,69,561</u>
TOTAL ASSET		<u>30,07,90,67,285</u>	<u>27,17,30,33,016</u>
Significant Accounting Policies	1		
Notes to Financial Statement	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Reliance FLAG Telecom Ireland Limited

Andrew Goldie

Dermot Lucey

} Directors

Reliance FLAG Telecom Ireland Limited

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income	Note		
Service Income	2.11	4,86,25,89,050	4,92,31,92,328
Other Income	2.12	1,651	19,74,473
		<u>4,86,25,90,701</u>	<u>4,92,51,66,801</u>
Expenditure			
Network Operation Expenses	2.13	4,64,05,54,554	2,46,05,07,260
Employee Benefits Expenses	2.14	67,87,708	78,32,428
Depreciation and Amortization Expense	2.15	26,13,946	25,84,452
Sales and General Administration Expenses	2.16	5,46,02,552	69,68,21,310
		<u>4,70,45,58,760</u>	<u>3,16,77,45,450</u>
Profit/(Loss) Before Tax		15,80,31,941	1,75,74,21,351
Provision for taxation			
- Current Tax		(18,23,73,299)	38,48,699
- Deferred Tax		-	
		<u>(18,23,73,299)</u>	<u>38,48,699</u>
Profit/(Loss) After Tax		34,04,05,240	1,75,35,72,652
Basic and Diluted Earning Per Share of Euro 1 each	2.20	1,70,20,262	8,76,78,633
Significant Accounting Policies	1		
Notes to Financial Statement	2		

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Reliance FLAG Telecom Ireland Limited

Andrew Goldie

Dermot Lucey

} Directors

Reliance FLAG Telecom Ireland Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	15,80,31,941	1,75,74,21,350
Adjustments for:		
Depreciation and Amortisation	26,13,946	25,84,452
Effects of exchange difference on translation of Asset and Liabilities	31,61,89,323	(1,20,04,441)
	31,88,03,269	(94,19,989)
	47,68,35,210	1,74,80,01,361
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase) in Trade and Other Receivables	(2,70,05,00,845)	(14,49,79,59,486)
Increase in Trade Payables	2,24,94,39,634	(1,51,08,30,805)
	2,57,73,999	23,71,70,556
Income Taxes (Paid)/Refund	18,23,73,293	(23,27,03,858)
Net Cash from Operating Activities (A)	20,81,47,292	44,66,698
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(3,04,162)	-
Net Cash Used in Investing Activities (B)	(3,04,162)	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	20,78,43,131	44,66,698
Cash and Cash Equivalents at the Beginning of the Period	2,21,89,823	1,77,23,125
Cash and Cash Equivalents at the End of the Period	23,00,32,954	2,21,89,823
Net Decrease in Cash and Cash Equivalents as Disclosed Above	(20,78,43,131)	(44,66,698)

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Reliance FLAG Telecom Ireland Limited

Andrew Goldie

Dermot Lucey

} Directors

Reliance FLAG Telecom Ireland Limited

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

NOTE # 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognized upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognized are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

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 Services revenue is recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognized in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognizable within one year is disclosed as unearned income in non-current liabilities and the amount recognizable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations.

In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 realized in future.

Reliance FLAG Telecom Ireland Limited

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

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment.	3 - 5 years.
Fixtures and fittings.	3 - 7 years.
Leasehold improvements.	Over the useful life.
Network Assets.	The shorter of 15 - 25 years or remaining useful lives.

The estimated useful life of Network Assets are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Indefeasible Right of Use are fully amortized in the year of purchase

iv) Impairment of Fixed Assets

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

g. Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.

h. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Reliance FLAG Telecom Ireland Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014		
NOTE # 2.01				
Share Capital				
Authorised:				
10,00,000 (10,00,000) Ordinary shares of Euro 1 each	5,62,50,000	5,62,50,000		
	5,62,50,000	5,62,50,000		
Issued Subscribed and Paid up:				
20 (20) Ordinary shares of Euro 1 each fully paid up	1,125	1,125		
	1,125	1,125		
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Flag Telecom Network Services Limited	20	20		
	20	20		
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Flag Telecom Network Services Limited	100	20	100	20
c) Terms/ Rights attached to the shares				
The Company has only ordinary shares having a par value of Euro 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	20	1,125	20	1,125
Add: Movement for the year	-	-	-	-
At the end of the year	20	1,125	20	1,125
NOTE # 2.02				
Reserves and Surplus				
Foreign Currency Translation Reserve	60,38,55,534	28,76,66,134		
Surplus/(Deficit) in Statement of Profit and Loss				
As per Last Balance Sheet	6,86,71,66,119	5,11,35,93,467		
Add: Profit/(Loss) for the year	34,04,05,240	1,75,35,72,652		
	7,20,75,71,359	6,86,71,66,119		
	7,81,14,26,893	7,15,48,32,253		
NOTE # 2.03				
Other Long Term Liabilities				
Unearned Income	5,12,36,65,859	1,84,01,22,763		
	5,12,36,65,859	1,84,01,22,763		

Reliance FLAG Telecom Ireland Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.04		
Trade Payables		
Sundry Creditors	14,71,38,414	13,32,09,019
Other contractual obligations	20,52,40,293	9,38,11,163
	<u>35,23,78,707</u>	<u>22,70,20,182</u>
NOTE # 2.05		
Other Current Liabilities		
Unearned Income-current	90,54,25,000	4,35,47,23,322
Employee payable	8,69,683	14,46,080
Statutory dues payable	41,78,338	32,55,098
Payable to Related Parties (Refer Note 2.22)	15,88,11,21,680	13,59,16,32,193
	<u>16,79,15,94,701</u>	<u>1,79,51,056,693</u>

Reliance FLAG Telecom Ireland Limited

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

NOTE # 2.06 Fixed Assets

Particulars	Gross Block			Depreciation				Net Block	
	As at April 1, 2014	Additions / Adjustments	Deductions / Adjustments Including on Account of CTR	As at March 31, 2015	Depreciation for the period	Deductions/ Adjustments Including on Account of CTR	As at March 31, 2015	As at March 31, 2015	As at April 1, 2014
Tangible Assets									
Computer & Equipment	9,01,59,839	-	38,89,897	9,40,49,736	-	38,89,897	9,40,49,736	-	-
Furniture & Fixture	2,26,18,703	-	9,75,872	2,35,94,575	-	9,75,872	2,35,94,575	-	-
Network	8,95,72,208	-	38,64,623	9,34,36,831	26,13,946	35,60,397	8,73,60,706	60,76,126	83,85,845
Sub Total	20,23,50,750	-	87,30,392	21,10,81,142	26,13,946	84,26,166	20,50,05,016	60,76,126	83,85,845
Previous Year	18,33,36,568		1,90,14,182	20,23,50,750	25,84,452	1,79,62,025	19,39,64,905	83,85,845	
Intangible Assets									
IPRU	-	-	-	-	-	-	-	-	-
	39,04,84,007	-	1,68,47,229	40,73,31,226	-	1,68,47,219	40,73,31,226	-	-
Sub Total	39,04,84,007	-	1,68,47,229	40,73,31,226	-	1,68,47,219	40,73,31,226	-	-
Previous Year	35,37,91,630		3,66,92,377	39,04,84,007	-	3,66,92,376	39,04,84,007	-	-
Grand Total	59,28,34,757	-	2,55,77,611	61,84,12,368	26,13,946	2,52,73,385	61,23,36,242	60,76,126	83,85,845
Previous Year	53,71,28,198	-	5,57,06,559	59,28,34,757	25,84,452	5,46,54,401	58,44,48,912	83,85,845	

Reliance FLAG Telecom Ireland Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.07		
Non Current Investments		
Trade Investment (Valued at cost)		
Unquoted, fully paid		
Investment in Subsidiaries:		
20 (20) of Equity Shares of Flag Telecom Ireland Network Limited of Euro 1 each	1,125	1,078
200 (200) of Equity Shares of Flag Telecom Japan Limited of JPY 50000 each	57,12,813	54,76,531
	57,13,938	54,77,609
NOTE # 2.08		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good		
Considered Doubtful	-	67,25,94,761
	-	67,25,94,761
Provision for doubtful debts	-	67,25,94,761
	-	-
Others:		
Considered Good	1,88,16,19,315	1,93,84,33,645
Considered Doubtful	-	-
	1,88,16,19,315	1,93,84,33,645
Less: Provision for Doubtful Debts	-	-
	1,88,16,19,315	1,93,84,33,645
NOTE # 2.09		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	23,00,32,954	2,21,89,823
	23,00,32,954	2,21,89,823
NOTE # 2.10		
Short-Term Loans and Advances		
Unsecured considered good:		
Advance for supply of goods and rendering of services	5,21,856	49,99,889
Balances with Government Authorities	18,36,190	15,61,387
Advance Income Tax	1,68,08,813	-
Prepaid Expenses	-	27,16,412
Receivables from Related Party (Refer Note 2.23)	27,93,64,58,094	25,18,92,68,405
	27,95,56,24,953	25,19,85,46,094

Reliance FLAG Telecom Ireland Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.11		
Service Income		
Indefeasible Right of Use	79,83,23,431	56,48,25,244
Lease Capacity Services	2,49,50,50,144	2,55,57,46,985
Restoration Charges	-	3,23,235
Operation and Maintenance Charges	43,65,31,525	43,48,23,260
Internet Protocol	1,12,04,53,105	1,36,74,73,604
Network Service Income	1,22,30,845	-
	<u>4,86,25,89,050</u>	<u>4,92,31,92,328</u>
NOTE # 2.12		
Other Income		
Interest Income	-	17,386
Reversal of provision for Doubtful Debts (Net)	1,651	-
Miscellaneous Income	-	19,57,087
	<u>1,651</u>	<u>19,74,473</u>
NOTE # 2.13		
Network Operation Expenses		
Landing Stations and Point of Presence costs	-	6,04,63,000
Terrestrial Cable, Inland Amplifier and Regenerator Sites	2,89,22,617	2,93,57,042
Local Tails	20,17,07,544	16,03,80,786
Internet Protocol	1,49,030	15,030
Network Service Expenses	4,40,97,75,363	2,21,02,91,402
	<u>4,64,05,54,554</u>	<u>2,46,05,07,260</u>
NOTE # 2.14		
Employee Benefits Expenses		
Salaries, Wages and Bonus	67,87,708	67,32,207
Contribution to Provident and Other Funds	-	7,03,679
Staff Welfare	-	3,96,542
	<u>67,87,708</u>	<u>78,32,428</u>
NOTE # 2.15		
Depreciation and Amortization Expense		
Depreciation on Tangible assets	26,13,946	25,84,452
Amortisation of Intangible assets	-	-
	<u>26,13,946</u>	<u>25,84,452</u>

Reliance FLAG Telecom Ireland Limited

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

Amount in ₹

	For the year ended March 31, 2015	For the year ended March 31, 2014
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NOTE # 2.16

Sales and General Administration Expenses

Rates and Taxes	-	69,491
Legal Fees	3,92,207	34,83,259
Professional Charges	10,91,662	7,54,140
Licensing and Regulatory Fees	2,30,656	1,46,611
Travel and Entertainment	7,99,471	1,11,419
Gain on Foreign Exchange Fluctuation (Net)	4,65,94,053	47,79,107
Communication	19,18,194	19,24,811
Information Technology Support	-	4,553
Bank charges	1,85,162	91,651
Provision for Doubtful Debts/Bad Debts	-	67,87,46,509
Sales and Marketing Expenses	11,85,315	29,44,306
Payment to auditors	22,05,832	15,19,993
Miscellaneous Expense	-	22,45,460
	5,46,02,552	69,68,21,310

NOTE # 2.17

BACKGROUND AND ORGANISATION

The principal activities of Reliance FLAG Telecom Ireland Limited (the "Company") are Global Network Services Provider & Independent Carrier's Carrier.

NOTE # 2.18

LITIGATIONS

Pending Litigations (as represented by the management)

Reliance FLAG Telecom Ireland Limited ("Reliance") Vs. SAIF Holding Limited ("SAIF")

SAIF filed a suite for the recovery of an amount of US\$ 183,672 against RFTIL before the Islamabad Civil Court, Islamabad on the basis of a letter agreement dated February 3, 2002. This matter is at the evidence stage and SAIF, after closing its evidence, then submitted certain additional documents as secondary evidence, which were allowed by the First Class Civil Judge. Accordingly, RFTIL moved an application to de-exhibit the same accordingly to law but, by an order dated October 21, 2014, the First Class Civil Judge rejected the application. Questioning the validity of the order dated October 21, 2014, RFTIL filed a revision petition in Islamabad High Court; and, by an order dated December 3, 2014, the High Court has stayed the Civil Court order dated October 21, 2014.

NOTE # 2.19

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

Reliance FLAG Telecom Ireland Limited

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

NOTE # 2.20

Earnings Per Share

Amount in ₹ except number of shares

	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit after Tax, minority interest and cumulative preference dividend	340,405,240	1,753,572,652
B Weighted average number of share (class A Common shares) of Euro 1 each used as denominator for calculating Basic and Diluted EPS	20	20
C Basic and Diluted Earnings per Share (A/B)	17,020,262	87,678,633

NOTE # 2.21

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE # 2.22

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
- b) Enterprises as affiliated companies are:
 - i) FLAG Telecom Asia Limited
 - ii) FLAG Telecom Japan Limited
 - iii) FLAG Telecom Singapore Pte Limited
 - iv) Seoul Telenet Inc.
 - v) FLAG Telecom Taiwan Limited
 - vi) Reliance Globalcom (U.K.) Limited
 - vii) FLAG Telecom Deutschland GmbH
 - viii) FLAG Telecom Network Services Limited
 - ix) FLAG Telecom Ireland Limited
 - x) FLAG Telecom Ireland Network Limited
 - xi) FLAG Atlantic UK Limited
 - xii) Reliance FLAG Atlantic France SAS
 - xiii) FLAG Telecom Nederland BV
 - xiv) FLAG Telecom Hellas AE
 - xv) FLAG Telecom Development Services Company LLC
 - xvi) FLAG Telecom Network USA Limited
 - xvii) FLAG Nederland Network BV
 - xviii) FLAG Telecom Espana Network SAU
 - xix) FLAG Telecom Development Limited
 - xx) Reliance Communication Inc
 - xxi) Reliance Communication Infrastructure Limited
 - xxii) Reliance Globalcom Services Inc
 - xxiii) Vanco UK Limited
 - xxiv) Vanco SRL
 - xv) Vanco (Asia Pacific) Pte. Ltd.

Reliance FLAG Telecom Ireland Limited

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

Summarized below are the transactions entered into with related parties:

Name of the Entity	Service Income		Network Operating Exps		Short Term Loans and Advances		Other Current Liabilities		Trade Payables	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
FLAG Telecom Ireland Network Limited	-	6,86,30,161	65,10,76,756	85,69,15,072	-	-	8,93,21,54,808	7,95,87,22,018	-	-
Reliance FLAG Atlantic France Sas	-	1,23,99,20,983	1,23,99,20,983	1,12,46,27,944	6,93,41,23,011	7,90,14,37,656	-	-	-	-
FLAG Telecom Network USA Limited	-	-	-	77,86,86,350	-	-	2,87,21,71,455	2,76,38,91,840	-	-
FLAG Telecom Espana Network SAU	-	-	-	9,97,337	-	-	15,70,48,111	11,27,38,210	-	-
Reliance Globalcom (UK) Limited	-	-	5,06,49,103	-	-	3,02,16,632	38,62,59,176	-	-	-
FLAG Telecom Deutschland GmbH	-	-	44,96,66,687	-	3,61,28,834	3,79,68,854	-	-	-	-
FLAG Telecom Network Services Limited	-	-	34,03,246	-	2,88,93,780	2,78,26,803	-	-	-	-
FLAG Atlantic UK Limited	-	-	1,30,731	-	-	35,68,29,894	-	-	-	-
FLAG Telecom Nederland BV	-	-	46,88,68,961	-	3,98,25,769	3,96,40,243	10,89,89,995	-	-	-
FLAG Telecom Hellas AE	-	-	14,91,867	-	43,26,232	48,88,764	-	-	-	-
FLAG Telecom Development Services Company LLC	-	-	7,56,740	-	2,19,81,138	6,07,88,321	-	-	-	-
FLAG Telecom Development Limited	-	-	4,05,36,953	-	2,18,12,90,887	2,09,12,51,291	-	-	-	-
FLAG Telecom Singapore Pte. Limited	5,69,13,422	2,19,57,380	-	-	-	-	32,18,88,738	36,43,36,704	-	-
Seoul Telenet Inc	-	57,39,737	5,55,55,004	-	6,59,23,356	11,75,22,553	-	-	-	-
FLAG Telecom Taiwan Limited	-	1,20,92,600	-	-	-	-	6,65,99,822	11,53,13,847	-	-
Reliance Globalcom Limited	5,25,32,075	-	42,20,00,481	1,34,51,09,840	16,50,69,72,265	12,31,33,20,814	-	-	-	5,98,19,157
FLAG Telecom Asia Limited	-	-	69,67,09,271	19,01,20,401	-	-	2,99,50,85,578	2,18,86,03,939	-	-
FLAG Holdings (Taiwan) Limited	-	-	15,36,564	-	-	-	15,70,438	-	-	-
FLAG Telecom Japan Limited	-	-	43,69,17,532	7,79,74,536	59,94,14,981	1,00,26,95,619	-	-	-	-
Reliance Communications Ltd.	19,30,42,390	25,34,07,486	-	-	29,52,94,542	23,08,92,257	-	-	-	-
Reliance Communication Infrastructure Limited	-	-	-	-	-	-	(27,22,074)	4,59,50,000	-	-
Reliance Communication Inc	-	-	-	-	12,50,25,030	8,33,50,015	-	-	-	-
Reliance Globalcom Services Inc	22,30,00,061	-	-	-	39,75,93,700	32,03,69,003	-	-	-	-
Vanco UK Limited	-	-	-	-	18,52,45,253	15,27,72,689	-	-	-	-
Vanco (Asia Pacific) Pte. Ltd.	-	26,05,118	-	-	46,59,375	19,96,875	-	-	-	-
Vanco SRL	-	7,20,82,975	-	-	50,97,59,941	47,53,19,278	4,20,75,635	4,20,75,635	-	-
Vanco UK Limited	-	-	-	-	-	-	-	-	-	-
Reliance Globalcom Services Inc	-	-	-	-	-	-	-	-	-	-

NOTE # 2.23

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.15 and (Previous year 1 USD = ₹ 60.46).

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

For Reliance FLAG Telecom Ireland Limited

Andrew Goldie

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

Directors

Dermot Lucey

FLAG Telecom Ireland Network Limited

Independent Auditor's Report

To

The Board of Directors of FLAG Telecom Ireland Network Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Ireland Network Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

FLAG Telecom Ireland Network Limited

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	1,125	1,078
Reserves and Surplus	2.02	(61,59,71,055)	(63,99,99,807)
		<u>(61,59,69,930)</u>	<u>(63,99,98,729)</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	15,34,53,563	-
		<u>15,34,53,563</u>	<u>-</u>
Current Liabilities			
Trade Payable	2.04	1,12,35,75,458	75,45,20,020
Other Current Liabilities	2.05	12,32,49,80,249	11,78,81,31,675
Short Term Provisions	2.06	-	19,414
		<u>13,44,85,55,707</u>	<u>12,54,26,71,108</u>
		<u>12,98,60,39,340</u>	<u>11,90,26,72,379</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.07	3,78,52,096	5,44,28,104
		<u>3,78,52,096</u>	<u>5,44,28,104</u>
Non Current Investments	2.08	33,36,862	31,98,862
Long-term loans and advances	2.09	10,67,19,875	-
		<u>14,79,08,833</u>	<u>5,76,26,966</u>
Current Assets:			
Cash and Bank Balances	2.10	15,59,149	4,11,376
Short-Term Loans and Advances	2.11	12,83,65,71,358	11,84,46,34,037
		<u>12,83,81,30,507</u>	<u>11,84,50,45,413</u>
		<u>12,98,60,39,340</u>	<u>11,90,26,72,379</u>
Significant Accounting Policies	1		
Notes to Financial Statement	2		

As per our report of even date
Notes forming part of Financial Statements

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For FLAG Telecom Ireland Network Limited

Andrew Goldie

Dermot Lucey

} Directors

FLAG Telecom Ireland Network Limited

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

		Amount in ₹	
	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Service Income	2.12	65,10,76,728	78,82,84,911
Other Income	2.13	4,59,83,142	6,89,823
		<u>69,70,59,870</u>	<u>78,89,74,734</u>
Expenditure			
Network Operation Expenses	2.14	62,26,11,878	70,72,32,748
Depreciation and amortization expense	2.15	2,06,16,093	5,50,18,307
Sales and General Administration Expenses	2.16	33,23,404	37,63,943
		<u>64,65,51,375</u>	<u>76,60,14,998</u>
Profit/(Loss) Before Tax		5,05,08,495	2,29,59,736
Provision for taxation			
- Current Tax		(19,814)	-
- Deferred Tax		-	-
Profit/(Loss) After Tax		<u>5,05,28,309</u>	<u>2,29,59,736</u>
Basic and Diluted Earnings per Share	2.19	25,36,415	11,47,987

Significant Accounting Policies

1

Notes to Financial Statement

2

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For FLAG Telecom Ireland Network Limited

Andrew Goldie

Dermot Lucey

} Directors

FLAG Telecom Ireland Network Limited

Cash Flow Statement for the year ended March 31, 2015

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	5,05,08,495	2,29,59,736
Adjustments for:		
Depreciation and Amortisation	2,06,16,093	5,50,18,307
Effects of exchange difference on translation of Asset and Liabilities	(2,64,99,557)	(3,65,935)
	(58,83,464)	5,46,52,372
Operating Profit before Working Capital Changes	4,46,25,031	7,76,12,108
Adjustments for:		
(Increase)/Decrease in Trade and Other Receivables	(1,09,87,95,150)	(89,41,75,871)
Increase/ (Decrease) in Trade Payables	1,05,93,38,162	(4,45,19,883)
	(3,94,56,987)	3,30,92,225
Income Taxes Paid/Refund	19,814	-
Net Cash from Operating Activities (A)	51,87,858	3,30,92,225
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Sale/ (Purchase) of Fixed Assets	(40,40,085)	(3,30,75,993)
Net Cash Used in Investing Activities (B)	(40,40,085)	(3,30,75,993)
C) CASH FLOW FROM FINANCING ACTIVITIES:	-	-
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	11,47,773	16,232
Cash and Cash Equivalents at the Beginning of the Period	4,11,376	3,95,162
Cash and Cash Equivalents at the End of the Period	15,59,149	4,11,376

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For FLAG Telecom Ireland Network Limited

Andrew Goldie
Dermot Lucey

} Directors

FLAG Telecom Ireland Network Limited

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

NOTE # 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

Capacity

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognized upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognized are included in deferred revenue.

Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Services

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 Services revenue is recognized in the Company's income statement over the term of the contract

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations.

In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

FLAG Telecom Ireland Network Limited

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

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment..... 3 - 5 years.

Vehicles..... 3 - 5 years.

Network Assets..... the shorter of 15 - 25 years or remaining useful lives.

The estimated useful life of Network Assets are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Indefeasible Right of Use are Fully amortised in the year of purchase

When fixed assets are acquired in exchange for any other assets, its cost has been determined at fair value.

iv) 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 Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable amount is higher of net selling price and value in use.

g) Effects of Changes in Foreign Currency Rates

i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.

ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.

iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
--	-------------------------	--

NOTE # 2.01

Share Capital

Authorised:

1000000 (1000000) Ordinary Shares of Euro 1 each	6,78,13,125	6,50,08,374
	6,78,13,125	6,50,08,374

Issued Subscribed and Paid up:

20 (20) Ordinary Shares of Euro 1 each, fully paid up	1,125	1,078
	1,125	1,078

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Flag Telecom Ireland Limited	20	20
	20	20

b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Flag Telecom Ireland Limited	100	20	100	20

FLAG Telecom Ireland Network Limited

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

c) Terms/Rights attached to shares

The Company has only ordinary shares having a par value of Euro 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

During the year GCX Limited has issued 7% Senior Secured Notes of ₹ 2188 crore. These notes are guaranteed by Reliance Globalcom Limited and its material subsidiaries and secured by way a pledge of Equity Shares.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amount (₹)	No of Shares	Amount (₹)
Ordinary Shares				
Balance as at the beginning of the year	20	1,125	20	1,078
Add: Movement for the year	-	-	-	-
At the end of the year	20	1,125	20	1,078

Amount in ₹
As at
March 31, 2015 As at
March 31, 2014

NOTE # 2.02

Reserves and Surplus

Foreign Currency Translation Reserve	(8,89,83,998)	(6,24,84,441)
Surplus/(deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(57,75,15,366)	(60,04,75,102)
Add: Profit and Loss for the year	5,05,28,309	2,29,59,736
	(52,69,87,057)	(57,75,15,366)
	(61,59,71,055)	(63,99,99,807)

NOTE # 2.03

Other Long Term Liabilities

Unearned Income	15,34,53,563	-
	15,34,53,563	-

NOTE # 2.04

Trade Payables

Trade Payables	55,14,94,649	64,12,65,272
Other Contractual Obligations	57,20,80,809	11,32,54,748
	1,12,35,75,458	75,45,20,020

NOTE # 2.05

Other Current Liabilities

Capital creditors/provision	5,718	-
Payable to Related Party	12,32,49,74,531	10,93,10,99,606
	12,32,49,80,249	10,93,10,99,606

NOTE # 2.06

Short Term Provisions

Income Tax (net of advanced tax)	-	19,414
	-	19,414

FLAG Telecom Ireland Network Limited

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

NOTE # 2.07 Fixed Assets

Particulars	Gross Block			Depreciation			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 period	Deductions / Adjustment Including on Account of CTR	As at March 31, 2015
Tangible Assets								
Network	68,48,01,886	20,99,719	2,95,91,983	71,64,93,588	63,03,73,783	2,06,16,093	2,76,51,616	5,44,28,103
Sub Total	68,48,01,886	20,99,719	2,95,91,983	71,64,93,588	63,03,73,783	2,06,16,093	2,76,51,616	5,44,28,103
Previous Year	62,04,48,833	5,502	6,43,47,551	68,48,01,886	55,14,34,847	2,19,47,828	5,69,91,108	6,90,13,986
Intangible Assets								
IRU	1,00,89,11,082	-	4,35,28,901	1,05,24,39,983	1,00,89,11,082	-	4,35,28,901	-
Sub Total	1,00,89,11,082	-	4,35,28,901	1,05,24,39,983	1,00,89,11,082	-	4,35,28,901	-
Previous Year	88,44,15,889	3,30,70,480	9,14,24,714	1,00,89,11,082	88,44,15,889	3,30,70,480	9,14,24,713	-
Grand Total	1,69,37,12,968	20,99,719	7,31,20,883	1,76,89,33,571	1,63,92,84,865	2,06,16,093	7,11,80,517	5,44,28,103
Previous Year	1,50,48,64,722	3,30,75,982	15,57,72,264	1,69,37,12,968	1,43,58,50,736	5,50,18,307	14,84,15,821	5,44,28,103

FLAG Telecom Ireland Network Limited

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

	As at March 31st, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.08		
Non Current Investments		
Trade Investment (Valued at Cost)		
Unquoted fully paid up		
Investment in Subsidiaries:		
100 (100) shares of Flag Telecom Espana Network SAU of Euro 60.102 each	33,36,800	31,98,803
1 (1) shares of Flag Telecom Network USA Limited of USD 1 each	62	59
	<u>33,36,862</u>	<u>31,98,862</u>
NOTE # 2.09		
Long-Term Loans and Advances		
Advances recoverable in cash and kind		
Prepaid Expenses	10,67,19,875	-
	<u>10,67,19,875</u>	<u>-</u>
NOTE # 2.10		
Cash and Bank Balances		
Balance with Banks	15,59,149	4,11,376
- Current Accounts		
	<u>15,59,149</u>	<u>4,11,376</u>
NOTE # 2.11		
Short-Term Loans and Advances		
Unsecured considered good:		
Deposits	5,77,327	5,53,435
Advance for supply of goods and rendering of services	3,59,199	19,25,87,420
Balances with Government Authorities	4,99,128	-
Prepaid Expenses	9,96,573	-
Receivable from Related Parties (Refer Note 2.23)	12,83,41,39,131	11,65,14,93,182
	<u>12,83,65,71,358</u>	<u>11,84,46,34,037</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
NOTE # 2.12		
Service Income		
Network Service Income	65,10,76,728	78,82,84,911
	<u>65,10,76,728</u>	<u>78,82,84,911</u>
NOTE # 2.13		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	-	6,89,823
Reversal of provision for Doubtful Debts (Net)	4,59,83,142	-
	<u>4,59,83,142</u>	<u>6,89,823</u>

FLAG Telecom Ireland Network Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.14		
Network Operation Expenses		
Equipment Maintenance and Support	23,73,645	20,68,378
Landing Stations and Point of Presence costs	3,90,76,217	7,24,68,654
Terrestrial Cable, Inland Amplifier and Regenerator Sites	6,42,51,684	16,02,60,932
Local Tails	44,48,04,960	44,12,39,202
Restoration	3,10,61,070	-
Internet Protocol	4,10,44,302	3,11,95,582
	62,26,11,878	70,72,32,748

NOTE # 2.15

Depreciation and amortization expense

Depreciation on Tangible assets	2,06,16,093	5,50,18,307
	2,06,16,093	5,50,18,307

NOTE # 2.16

Sales and General Administration Expenses

Rates and Taxes	-	4,40,231
Licensing and Regulatory Fees	85,476	85,494
Gain on Foreign Exchange Fluctuation (Net)	15,18,446	-
Bank charges	95,031	25,031
Payment to auditors	16,24,451	14,58,972
Miscellaneous Expense	-	17,54,215
	33,23,404	37,63,943

NOTE # 2.17

BACKGROUND AND ORGANISATION

The principal activities of FLAG Telecom Ireland Network Limited (the "Company") are Service Provider to Reliance Flag Telecom Ireland Limited.

NOTE # 2.18

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortisation during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE # 2.19

Earnings Per Share	Amount in ₹ except number of shares	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Earnings per Share		
A Profit after Tax, minority interest and cumulative preference dividend	50,528,309	22,959,736
B 20 Ordinary shares of Euro 1 each used as denominator for calculating Basic and Diluted EPS	20	20
C Basic and Diluted Earnings per Share (A/B)	2,526,415	1,147,987

FLAG Telecom Ireland Network Limited

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

NOTE # 2.20

Accounting for Investment

Long-term investments are valued at their acquisition cost which includes acquisition charges such as duties, legal and professional fees etc. Any decline in the value of said investments, other than a temporary decline, is recognised and charged to Profit and Loss Account. Short-term investments are carried at cost or their market value, whichever is lower.

NOTE # 2.21

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable.

NOTE # 2.22

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = Rs. 62.50 (Previous year 1 USD = Rs. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 61.15 and (Previous year 1 USD = Rs. 60.46).

NOTE # 2.23

Related Party Disclosures

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
 - iii) Reliance Flag Telecom Ireland Limited
 - iv) Flag Telecom Network USA Limited
- b) Enterprises as affiliated companies are:
 - i) Reliance Globalcom (U.K.) Limited
 - ii) Flag Telecom Ireland Network Limited
 - iii) Flag Telecom Group Services Limited
 - iv) Flag Telecom Deutschland GmbH
 - v) Flag Telecom Espana Network SAU
 - vi) Flag Telecom Development Ltd
 - vii) Flag Telecom Asia Limited
 - viii) Flag Telecom Japan Limited
 - ix) Flag Telecom Singapore Pte. Limited
 - x) Flag Atlantic UK Limited
 - xi) Reliance Flag Atlantic France SAS
 - xii) FLAG Telecom Hellas AE
 - xiii) Flag Telecom Development Services Company LLC
 - ix) Flag Telecom Nederland BV

FLAG Telecom Ireland Network Limited

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

Name of the Entity	Service Income		Network Operating Expenses		Short Term Loans and Advances		Other Current Liabilities		Trade Payables	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
FLAG Telecom Asia Limited	-	-	-	-	38,25,431	36,67,217	-	-	-	-
FLAG Telecom Japan Limited	-	-	-	-	5,41,17,125	5,08,30,029	-	-	-	-
FLAG Telecom Singapore Pte. Limited	-	-	-	-	1,02,63,563	98,39,062	-	-	-	-
Reliance FLAG Telecom Ireland Limited	65,10,76,728	78,82,84,911	-	-	8,93,21,54,895	7,95,87,22,018	-	-	-	-
FLAG Atlantic UK Limited	-	-	-	-	41,82,508	28,46,022	-	-	-	-
Reliance FLAG Atlantic France SAS	-	-	-	-	97,96,08,774	91,76,90,434	-	-	-	-
FLAG Telecom Hellas AE	-	-	-	-	1,89,249	1,81,423	-	-	-	-
FLAG Telecom Espana Network SAU	-	-	-	-	62,32,69,335	57,69,16,451	-	-	-	-
FLAG Telecom Development Services Company LLC	-	-	-	-	10,62,500	10,18,555	-	-	-	-
FLAG Telecom Development Ltd	-	-	-	-	2,22,50,00,000	2,12,97,76,097	-	-	-	-
FLAG Telecom Ireland Network Limited	-	-	-	-	-	-	-	2,20,487	-	-
Reliance Globalcom UK Ltd	-	-	-	-	4,59,864	-	43,01,834	41,23,890	-	-
FLAG Telecom Nederland BV	-	-	-	-	-	-	-	-	-	-
FTGL Middle East Regional Office	-	-	-	-	-	-	-	-	-	-
Reliance Globalcom Limited	-	-	-	-	-	-	11,54,35,60,543	10,09,09,74,420	-	63,68,30,416
FLAG Pacific Limited	-	-	-	-	-	-	-	-	-	-
FLAG Telecom Network USA Limited	-	-	-	-	-	-	20,23,60,311	19,39,90,690	-	-
FLAG Telecom Deutschland GmbH	-	-	-	-	-	-	35,64,563	-	-	-
FLAG Telecom Network Services Limited	-	-	-	-	5,888	5,875	-	26,14,28,617	-	-
Reliance Communications Ltd.	23,38,00,734	18,79,62,996	-	-	-	-	57,11,87,282	38,03,61,502	-	-

For FLAG Telecom Ireland Network Limited

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

Andrew Goldie

Dermot Lucey

Directors

FLAG Atlantic UK Limited

Independent Auditor's Report

To

The Board of Directors of FLAG Atlantic UK Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Atlantic UK Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

FLAG Atlantic UK Limited

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	125	120
Reserves and Surplus	2.02	(7,55,45,20,811)	(7,28,96,36,320)
		<u>(7,55,45,20,686)</u>	<u>(7,28,96,36,200)</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	70,42,31,952	69,99,76,834
		<u>70,42,31,952</u>	<u>69,99,76,834</u>
Current Liabilities			
Trade Payable	2.04	17,63,05,275	31,23,81,596
Other Current Liabilities	2.05	8,00,00,16,256	7,60,14,64,461
		<u>8,17,63,21,531</u>	<u>7,91,38,46,056</u>
TOTAL LIABILITIES		<u>1,32,60,32,797</u>	<u>1,32,41,86,690</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	2.06	52,38,20,538	51,40,44,902
		<u>52,38,20,538</u>	<u>51,40,44,902</u>
Non Current Investments			
Long-Term Loans and Advances	2.07	22,36,328	19,45,141
		<u>52,60,56,866</u>	<u>51,59,90,043</u>
Current Assets:			
Trade Receivables	2.08	5,06,250	9,70,623
Short-Term Loans and Advances	2.09	79,94,69,681	80,72,26,024
		<u>79,99,75,931</u>	<u>80,81,96,647</u>
TOTAL ASSET		<u>1,32,60,32,797</u>	<u>1,32,41,86,690</u>
Significant Accounting Policies	1		
Notes to Financial Statement	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For FLAG Atlantic UK Limited

Andrew Goldie

B K Sinha

} Directors

FLAG Atlantic UK Limited

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income			
Service Income	2.10	47,05,20,110	32,98,40,418
Other Income	2.11	9,21,787	1,00,22,356
		<u>47,14,41,897</u>	<u>33,98,62,774</u>
Expenditure			
Network Operation Expenses	2.12	34,40,71,989	32,58,22,591
Depreciation and Amortization Expense	2.13	6,11,56,264	5,48,26,147
Sales and General Administration Expenses	2.14	1,76,60,067	1,66,89,389
		<u>42,28,88,320</u>	<u>39,73,38,127</u>
Profit/(Loss) Before Tax		<u>4,85,53,577</u>	<u>(5,74,75,353)</u>
Provision for taxation			
- Current Tax		-	-
- Deferred Tax		-	-
		<u>-</u>	<u>-</u>
Profit/(Loss) After Tax		<u>4,85,53,577</u>	<u>(5,74,75,353)</u>
Basic and Diluted Earnings per Share	2.16	2,42,76,788	(2,87,37,677)
Significant Accounting Policies	1		
Notes to Financial Statement	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For FLAG Atlantic UK Limited

Andrew Goldie

B K Sinha

} Directors

FLAG Atlantic UK Limited

Cash Flow Statement for the year ended March 31,2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	4,85,53,577	(5,74,75,353)
Adjustments for:		
Provision for Doubtful Debts		
Depreciation and Amortisation	6,11,56,264	5,48,26,147
Effects of exchange difference on translation of Asset and Liabilities	(33,53,46,704)	20,61,350
	(22,56,36,863)	(5,87,856)
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase) in Trade and Other Receivables	79,29,529	(1,15,93,72,146)
Increase in Trade Payables	26,67,30,593	1,38,47,45,534
	4,90,23,258	22,47,85,532
Income Taxes Paid	-	-
Net Cash from Operating Activities (A)	4,90,23,258	22,47,85,532
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(4,90,23,258)	(11,34,08,756)
Net Cash Used in Investing Activities (B)	(4,90,23,258)	(11,34,08,756)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Loan from Body Corporate	-	(11,13,76,776)
Issue of Shares	-	-
Net Cash Used in Financing Activities (C)	-	(11,13,76,776)
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	-	-
Cash and Cash Equivalents at the Beginning of the Period	-	-
Cash and Cash Equivalents at the end of the Period	-	-

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For FLAG Atlantic UK Limited

Andrew Goldie

B K Sinha

} Directors

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

Indefeasible Rights of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognized upfront as licensing income on activation of services. Also refer note below for change in accounting policy in current year.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognized are included in deferred revenue.

Operations And Maintenance Charges

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Services

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 Services revenue is recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations.

In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Current and Deferred tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 realized in future.

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

f) Fixed Assets

i) Tangible Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer 3 to 5 years.

Leasehold improvements..... Over the Life of the lease

Network Assets..... the shorter of 15 to 25 years Remaining useful lives.

The estimated useful life of network asset is determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Indefeasible Right of Use are fully amortized in the year of purchase

iv) Impairment of Fixed Assets

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

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognized nor disclosed in the financial statements.

i) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to Common shareholders by the weighted average number of Common Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Common Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of Common Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to Common shareholders and the weighted average number of Common Shares outstanding during the period is adjusted for the effects of all dilutive potential common shares.

FLAG Atlantic UK Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised		
1000 (1000) Shares of GBP 1 each	92,688	88,854
	92,688	88,854
Issued Subscribed and Paid up:		
2 (2) Shares of GBP 1 each held by Reliance Globalcom Limited	125	120
	125	120

a) Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Globalcom limited	2	2
	2	2

b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom limited	100	2	100	2

c) Terms/ Rights attached to the Shares

The Company has shares (shares) having a par value of GBP 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Shares				
Balance as at the beginning of the year	2	125	2	120
Add: Movement for the year	-	-	-	-
At the end of the year	2	125	2	120

NOTE # 2.02

Reserves and Surplus

Foreign Currency Translation Reserve	(99,25,46,626)	(67,91,08,558)
Surplus in Statement of Profit and Loss		
As per Last Balance Sheet	(6,61,05,27,762)	(6,55,30,52,409)
Add: Profit/(Loss) for the year	4,85,53,577	(5,74,75,353)
	(6,56,19,74,185)	(6,61,05,27,762)
	(7,55,45,20,811)	(7,28,96,36,320)

FLAG Atlantic UK Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.03		
Other Long Term Liabilities		
Unearned Income	70,42,31,952	69,99,76,834
	<u>70,42,31,952</u>	<u>69,99,76,834</u>
NOTE # 2.04		
Trade Payables		
Sundry Creditors	1,77,92,177	9,18,04,959
Other contractual obligations	15,85,13,098	22,05,76,637
	<u>17,63,05,275</u>	<u>31,23,81,596</u>
NOTE # 2.05		
Other Current Liabilities		
Unearned Income-current	2,63,67,170	4,04,426
Statutory dues payable	14,34,374	-
Capital creditors/provision	4,00,791	-
Payable to related party	7,97,18,13,921	7,60,10,60,035
	<u>8,00,00,16,256</u>	<u>7,60,14,64,461</u>
NOTE # 2.07		
Long-term loans and advances		
Capital Advance	19,17,078	19,45,140
Prepaid Expenses	3,19,250	-
	<u>22,36,328</u>	<u>19,45,140</u>
NOTE # 2.08		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	-	-
	<u>-</u>	<u>-</u>
Provision for doubtful debts	-	-
	<u>-</u>	<u>-</u>
Others:		
Considered Good	5,06,250	9,70,623
Considered Doubtful	-	-
	<u>5,06,250</u>	<u>9,70,623</u>
Less: Provision for Doubtful Debts	-	-
	<u>5,06,250</u>	<u>9,70,623</u>

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss
**NOTE # 2.06
Fixed Assets**

Row Labels	Gross Block			As at March 31, 2015	Depreciation			Net Block		Amount in ₹
	As at April 1, 2014	Additions / Adjustments	Deductions/ Adjustment Including on Account of CTR		As at April 1, 2014	Depreciation for the period	Deductions/ Adjustment Including on Account of CTR	As at March 31, 2015	As at March 31, 2015	
Tangible Assets										
Computer & Equipment	39,45,911	-	1,70,244	41,16,155	32,13,290	3,49,212	1,46,323	37,08,824	4,07,331	7,32,621
Leashold improvement	3,87,07,924	-	-	3,87,07,924	3,87,07,924	-	-	3,87,07,924	-	-
Network	1,72,62,15,512	4,90,23,259	7,55,56,448	1,85,07,95,219	1,21,29,03,231	6,08,07,053	5,36,69,579	1,32,73,79,863	52,34,13,207	51,33,12,281
Sub Total	1,76,88,69,347	4,90,23,259	7,57,26,692	1,89,36,19,298	1,25,48,24,445	6,11,56,265	5,38,15,902	1,36,97,96,611	52,38,20,538	51,40,44,902
Previous year	1,50,04,39,246	11,38,48,564	15,45,81,537	1,76,88,69,347	1,08,76,89,057	5,48,26,147	11,23,09,241	1,25,48,24,445	51,40,44,902	41,27,50,189
Intangible Assets										
IRU	6,42,31,502	-	27,71,890	6,70,03,391	6,42,31,501	-	27,71,890	6,70,03,391	-	-
Sub Total	6,42,31,502	-	27,71,890	6,70,03,391	6,42,31,501	-	27,71,890	6,70,03,391	-	-
Previous year	5,81,98,406	-	60,33,096	6,42,31,502	5,81,98,406	-	60,33,092	6,42,31,502	-	-
Grand Total	1,83,31,00,849	4,90,23,259	7,84,98,582	1,96,06,22,690	1,31,90,55,946	6,11,56,264	5,65,87,791	1,43,68,00,002	52,38,20,538	51,40,44,902
Previous year	1,55,86,37,651	11,38,48,564	16,06,14,633	1,83,31,00,849	1,14,58,87,462	5,48,26,147	11,83,42,337	1,31,90,55,946	51,40,44,902	-

FLAG Atlantic UK Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31 2014
NOTE # 2.09		
Short-term loans and advances		
Unsecured considered good:		
Advance for supply of goods and rendering of services	2,30,05,634	18,52,89,462
Balances with Government Authorities	4,33,50,593	-
Prepaid Expenses	7,08,133	29,36,423
Receivables from related party	73,24,05,321	61,90,00,139
	<u>79,94,69,681</u>	<u>80,72,26,024</u>
	For the year ended March 31, 2015	For the year ended March 31 2014
NOTE # 2.10		
Service Income		
Lease Capacity Services	16,51,131	16,32,501
Network Service Income	46,88,68,979	32,82,07,917
	<u>47,05,20,110</u>	<u>32,98,40,418</u>
NOTE # 2.11		
Other Income		
Reversal of provision for Doubtful Debts (Net)	2,018	-
Reversal of provision no longer required	9,19,769	-
Reversal of ARO liability	-	1,00,22,356
	<u>9,21,787</u>	<u>1,00,22,356</u>
NOTE # 2.12		
Network Operation Expenses		
Equipment Maintenance and Support	5,74,31,536	5,06,30,990
Landing Stations and Point of Presence costs	18,72,04,921	19,14,82,391
Terrestrial Cable, Inland Amplifier and Regenerator Sites	9,90,84,065	8,33,61,487
Local Tails	3,51,467	3,47,723
	<u>34,40,71,989</u>	<u>32,58,22,591</u>
NOTE # 2.13		
Depreciation and amortization expense		
Depreciation on Tangible assets	6,11,56,264	5,48,26,147
Amortisation of Intangible assets	-	-
	<u>6,11,56,264</u>	<u>5,48,26,147</u>
NOTE # 2.14		
Sales and General Administration Expenses		
Licensing and Regulatory Fees	1,02,737	97,950
Gain on Foreign Exchange Fluctuation (Net)	1,58,33,520	1,55,51,294
Bank charges	58,664	21,888
Payment to auditors	16,65,146	10,18,257
	<u>1,76,60,067</u>	<u>1,66,89,389</u>

FLAG Atlantic UK Limited

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

NOTE # 2.15

GENERAL INFORMATION

The principal activities of FLAG Atlantic UK Limited (the "Company") are providing Fiber Optic Cable Infrastructure in UK which forms part of Fiber Optic Link connecting in New York, London & Paris.

NOTE # 2.16

Earnings Per Share

Amount in ₹ except number of shares

Earnings per Share		Year ended March 31, 2015	Year ended March 31, 2014
A	Profit after Tax	4,85,53,577	(5,74,75,323)
B	Weighted average number of share (class A Common shares) of GBP 1 each used as denominator for calculating Basic and Diluted EPS	2	2
C	Basic and Diluted Earnings per Share (A/B)	2,42,76,788	(28,737,677)

NOTE # 2.17

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the financial statements as of and for the period ended March 31, 2015

NOTE # 2.18

The amounts relating to Balance Sheet items appearing in amount in ₹ have been translated at Closing Rate of 1 USD = Rs. 62.50 (Previous year 1 USD = Rs. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 61.15 and (Previous year 1 USD = Rs. 60.46).

NOTE # 2.19

Related Party Disclosure

- A. Parties where control exist :
 - i. Reliance Communications Limited
 - ii. Reliance Globalcom Limited
- B. Enterprises as affiliated companies are :
 - i. Reliance Globalcom (UK) Limited
 - ii. Reliance Flag Telecom Ireland Limited
 - iii. Flag Telecom Ireland Network Limited
 - iv. Flag Telecom Japan Limited
 - v. Reliance Flag Atlantic France SAS
 - vi. Flag Telecom Network USA Limited
 - vii. Flag Telecom Development Limited

FLAG Atlantic UK Limited

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

Summarized below are the transactions entered into with related parties:

Name of the Entity	Service Income		Other Current Assets		Other Current Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Reliance Globalcom (UK) Limited	-	-	4,58,63,777	6,37,25,414	-	-
Reliance Flag Telecom Ireland Limited	46,88,68,979	-	10,89,90,015	-	-	35,68,29,894
Flag Telecom Ireland Network Limited	-	-	-	-	41,82,505	28,46,022
Flag Telecom Japan Limited	-	-	-	-	76,46,188	73,29,941
Reliance Flag Atlantic France SAS	-	49,91,583	57,46,27,833	55,08,63,783	-	-
Flag Telecom Network USA Limited	-	-	29,23,697	44,10,942	-	-
Reliance Globalcom Limited	-	14,04,60,144	-	-	4,69,80,07,228	4,10,69,91,588
Flag Telecom Group Services Limited	-	-	-	-	-	-
Flag Telecom Development Limited	-	-	-	-	3,26,19,78,000	3,12,70,62,590

NOTE # 2.20

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable.

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For FLAG Atlantic UK Limited

Andrew Goldie

B K Sinha

} Directors

Reliance FLAG Atlantic France SAS

Independent Auditor's Report

To

The Board of Directors of Reliance FLAG Atlantic France SAS

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance FLAG Atlantic France SAS ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Reliance FLAG Atlantic France SAS

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	23,17,500	22,21,648
Reserves and Surplus	2.02	(10,03,65,58,599)	(9,74,79,03,645)
		<u>(10,03,42,41,099)</u>	<u>(9,74,56,81,997)</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	58,39,57,612	55,95,51,942
Long Term Provisions	2.04	61,11,20,250	57,82,64,240
		<u>1,19,50,77,862</u>	<u>1,13,78,16,182</u>
Current Liabilities			
Trade Payable	2.05	16,50,03,833	60,25,48,525
Other Current Liabilities	2.06	13,68,04,86,410	14,38,16,86,321
		<u>13,84,54,90,244</u>	<u>14,98,42,34,846</u>
Total		<u>5,00,63,27,007</u>	<u>6,37,63,69,031</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.07	1,00,07,12,574	1,00,60,73,667
		<u>1,00,07,12,574</u>	<u>1,00,60,73,667</u>
Long-Term Loans and Advances	2.08	1,71,02,663	7,19,85,717
		<u>1,01,78,15,237</u>	<u>1,07,80,59,384</u>
Current Assets:			
Trade Receivables	2.09	3,30,54,40,592	2,27,63,82,467
Cash and Bank Balances	2.10	1,41,49,573	1,04,43,113
Short-Term Loans and Advances	2.11	66,61,12,352	3,00,86,38,259
Other Current Assets	2.12	28,09,253	28,45,809
		<u>3,98,85,11,770</u>	<u>5,29,83,09,647</u>
Total		<u>5,00,63,27,007</u>	<u>6,37,63,69,031</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		
For Shridhar & Associates		For Reliance Flag Atlantic France SAS	
Chartered Accountants			
Firm Registration No.: 134427W			
Shridhar Mirani		Janet Troxell	
Partner		President	
Membership Number: 030006			
Place : Mumbai			
Date : May 28, 2015			

Reliance FLAG Atlantic France SAS

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income	Note		
Service Income	2.13	4,75,23,28,469	3,66,38,84,914
Other Income	2.14	2,75,32,706	2,28,24,554
		<u>4,77,98,61,175</u>	<u>3,68,67,09,468</u>
Expenditure			
Network Operation Expenses	2.15	4,36,32,13,976	4,26,36,20,365
Employee Benefits Expenses	2.16	6,19,16,773	6,29,06,587
Depreciation and Amortization Expense	2.17	8,55,68,613	8,07,87,395
Sales and General Administration Expenses	2.18	1,59,92,443	4,39,78,309
		<u>4,52,66,91,805</u>	<u>4,45,12,92,656</u>
Profit/(Loss) Before Tax		<u>25,31,69,372</u>	<u>(76,45,83,188)</u>
Provision for taxation			
– Current Tax		12,40,99,324	51,13,900
		<u>12,40,99,324</u>	<u>51,13,900</u>
Profit/(Loss) After Tax		<u>12,90,70,048</u>	<u>(76,96,97,088)</u>
Basic and Diluted Earning Per Share	2.20	51,628	(3,07,879)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Reliance Flag Atlantic France SAS

Janet Troxell

President

Reliance FLAG Atlantic France SAS

Cash Flow Statement for the year ended March 31, 2015

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:			
Profit/(Loss) Before Tax and Minority Interest		25,31,69,372	(76,45,83,188)
Adjustments for:			
Depreciation and Amortisation	8,55,68,613		8,07,87,395
Effects of exchange difference on translation of Assets & Liabilities	(45,99,84,611)		81,21,416
		(37,44,15,998)	8,89,08,811
		(12,12,46,626)	(67,56,74,377)
Operating Profit before Working Capital Changes			
Adjustments for:			
(Increase)/decrease in Trade and Other Receivables	1,36,83,87,392		3,61,77,59,566
(Decrease)/Increase in Trade Payables	(1,08,14,82,922)	28,69,04,470	(2,84,87,76,829)
		16,56,57,844	9,33,08,360
Income Taxes Paid		12,40,99,324	51,13,900
Net Cash from Operating Activities (A)		4,15,58,520	8,81,94,460
B) CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets (Including Capital Work in Progress)		(3,78,50,059)	(9,58,54,769)
Net Cash Used in Investing Activities (B)		(3,78,50,059)	(9,58,54,769)
C) CASH FLOW FROM FINANCING ACTIVITIES:			
Net Cash Used in Financing Activities (C)		-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)		37,06,461	(76,60,310)
Cash and Cash Equivalents at the Beginning of the Period		1,04,43,113	1,81,03,422
Cash and Cash Equivalents at the End of the Period		1,41,49,573	1,04,43,113

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Reliance Flag Atlantic France SAS

Janet Troxell

President

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The Financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI).

b) Revenue Recognition

Indefeasible Rights of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network assets. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognised over the period in which the service is provided.

Network Services

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 Services revenue is recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Contributions are made to employees personal pension schemes and the costs are charged to the profit and loss account when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Tangible Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal

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

fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computers and Office Equipments	3 to 5 years
Fixtures and Fixtures.....	3 to 7 years
Vehicles.....	5 years
Leasehold improvements.....	Over the useful life
Network Assets –	
Sub-marine cable network asset.....	25 years i.e. estimated life of the network.
Terrestrial network asset.....	Ranging from 15 to 25 years.
Network Assets – Other Cables.....	Shorter of 15 years or remaining useful lives.

Assets acquired under capital lease obligations are amortized over the shorter of the estimated useful lives of the assets or the life of the lease.

The estimated useful life of cable systems are determined based on the estimated period over which they will generate revenue, ranging from 10 to 25 years.

Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset. Maintenance and repairs on property and equipment are expensed as incurred.

iii) Intangible Assets

Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization. Indefeasible Right of Use is fully amortized in the year of purchase.

iv) 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 Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable amount is higher of net selling price and value in use.

v) Reciprocal Transactions

The Company has exchanged capacity with other capacity or service providers with dissimilar capacity and assets which are accounted for at fair market value and an adjustment is made for balancing payment of cash as consideration over the fair market value.

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts. Exchange differences arising on repayment/ translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.

h) Accounting for Investment

Long-term investments are valued at their acquisition cost which includes acquisition charges such as duties, legal and professional fees etc. Any decline in the value of said investments, other than a temporary decline, is recognised and charged to Profit and Loss Account.

Short-term investments are carried at cost or their market value, whichever is lower.

i) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

Reliance FLAG Atlantic France SAS

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014		
NOTE # 2.01				
Share Capital				
Authorised:				
2,500 (2,500) shares of Euro 16 each	23,17,500	22,21,648		
	23,17,500	22,21,648		
Issued Subscribed and Paid up:				
2,500 (2,500) shares at par value of Euro 16 each, fully paid up	23,17,500	22,21,648		
	23,17,500	22,21,648		
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Reliance Globalcom Limited	2,500	2,500		
	2,500	2,500		
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom Limited	100	2,500	100	2,500
c) Terms/ Rights attached to the shares			The Company has only shares having a par value of Euro 16 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.	
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Shares				
Balance as at the beginning of the year	2,500	23,17,500	2,500	22,21,648
Add: Movement for the year	-	-	-	-
At the end of the year	2,500	23,17,500	2,500	22,21,648
		As at	Amount in ₹	
		March 31, 2015	As at	
			March 31, 2014	
NOTE # 2.02				
Reserves and Surplus				
Foreign Currency Translation Reserve	(1,25,50,54,618)	(83,73,29,616)		
Surplus/ (Deficit) in Statement of Profit and Loss				
As per Last Balance Sheet	(8,91,05,74,029)	(8,14,08,76,940)		
Add: Profit/ (Loss) for the year	12,90,70,048	(76,96,97,089)		
	(8,78,15,03,981)	(8,91,05,74,029)		
	(10,03,65,58,599)	(9,74,79,03,645)		

Reliance FLAG Atlantic France SAS

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.03		
Other Long Term Liabilities		
Unearned Income	58,39,57,612	55,95,51,942
	<u>58,39,57,612</u>	<u>55,95,51,942</u>
NOTE # 2.04		
Long Term Provisions		
Income Tax (net of advanced tax)	61,11,20,250	57,82,64,240
	<u>61,11,20,250</u>	<u>57,82,64,240</u>
NOTE # 2.05		
Trade Payables		
Trade Payables	-	6,38,48,966
Trade Accruals	16,50,03,833	53,86,99,559
	<u>16,50,03,833</u>	<u>60,25,48,525</u>
NOTE # 2.06		
Other Current Liabilities		
Unearned Income – Current	35,99,21,600	38,67,94,005
Employee payable	1,31,65,578	1,08,59,414
Statutory dues payable	1,77,91,171	1,27,74,358
Capital creditors/provision	11,75,173	-
Payable to Related Parties	13,28,84,32,888	13,97,12,58,544
	<u>13,68,04,86,410</u>	<u>14,38,16,86,321</u>

Reliance FLAG Atlantic France SAS

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

Fixed Assets											
NOTE # 2.07											
	Gross Block					Depreciation			Net Block		
Particulars	As at April 1, 2014	Additions during the year/period	Forex Adjustments	As at March 31, 2015	As at April 1, 2014	For the year/period	Forex Adjustments	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014	Amount in ₹
Tangible Assets											
Leasehold Improvement	1,40,14,455	-	6,04,646	1,46,19,101	1,40,14,455	-	6,04,646	1,46,19,101	-	-	-
Network Assets	1,92,67,40,504	3,78,51,951	8,39,62,033	2,04,85,54,487	92,06,66,836	8,55,68,613	4,16,06,464	1,04,78,41,913	1,00,07,12,574	1,00,60,73,667	
Total (A)	1,94,07,54,959	3,78,51,951	8,45,66,679	2,06,31,73,588	93,46,81,291	8,55,68,613	4,22,11,110	1,06,24,61,014	1,00,07,12,574	1,00,60,73,667	
Previous year	1,67,15,41,471	9,67,31,485	17,24,82,003	1,94,07,54,959	77,43,19,775	8,07,87,395	7,95,74,121	93,46,81,291	1,00,60,73,667		
Intangible Assets											
Indefeasible Right of Connectivity	1,93,86,756	-	8,36,431	2,02,23,188	1,93,86,757	-	8,36,431	2,02,23,188	-	-	-
Total (B)	1,93,86,757	-	8,36,431	2,02,23,188	1,93,86,757	-	8,36,431	2,02,23,188	-	-	
Previous year	1,75,65,052	-	18,21,704	1,93,86,756	1,75,65,095		18,21,662	1,93,86,757	-	-	
Grand Total (A+B)	1,96,01,41,715	3,78,51,951	8,54,03,110	2,08,33,96,776	95,40,68,048	8,55,68,613	4,30,47,541	1,08,26,84,202	1,00,07,12,574	1,00,60,73,667	
Previous year	1,68,91,06,523	9,67,31,485	17,43,03,707	1,96,01,41,715	79,18,84,871	8,07,87,395	8,13,95,782	95,40,68,048	1,00,60,73,667		

Reliance FLAG Atlantic France SAS

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.08		
Long-Term Loans and Advances		
Capital Advance	1,33,25,163	7,19,85,717
Prepaid expenses	37,77,500	-
	<u>1,71,02,663</u>	<u>7,19,85,717</u>
NOTE # 2.09		
Trade Receivable (Unsecured)		
Debts outstanding for a period exceeding six months:		
Considered Good	1,17,80,37,904	-
Considered Doubtful	2,78,00,643	-
	<u>1,20,58,38,547</u>	<u>-</u>
Less: Provision for Doubtful Debts	2,78,00,643	-
	<u>1,17,80,37,904</u>	<u>-</u>
Others:		
Considered Good	2,12,74,02,688	2,27,63,82,467
Considered Doubtful	-	1,12,36,324
	<u>2,12,74,02,688</u>	<u>2,28,76,18,791</u>
Less: Provision for doubtful debts	-	1,12,36,324
	<u>2,12,74,02,688</u>	<u>2,27,63,82,467</u>
	<u>3,30,54,40,592</u>	<u>2,27,63,82,467</u>
NOTE # 2.10		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	1,41,49,573	1,04,43,113
	<u>1,41,49,573</u>	<u>1,04,43,113</u>
NOTE # 2.11		
Short-Term Loans and Advances		
Advances recoverable in cash and kind	7,60,87,962	48,23,27,906
Balances with Government Authorities	35,08,82,805	25,64,25,231
Advance Tax and Tax deducted at source	1,58,47,293	-
Deposits	16,74,320	16,05,070
Loans and Advances to related parties	22,16,19,972	2,26,82,80,052
	<u>66,61,12,352</u>	<u>3,00,86,38,259</u>
NOTE # 2.12		
Other Current Assets		
Unbilled Debtors	28,09,253	28,45,809
	<u>28,09,253</u>	<u>28,45,809</u>

Reliance FLAG Atlantic France SAS

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.13		
Service Income		
Lease Capacity Services	32,86,58,731	40,05,57,900
Operation and Maintenance Charges	16,17,07,181	15,98,82,606
Internet Protocol	3,02,20,41,574	3,10,34,44,408
Network Service Income	1,23,99,20,983	-
	<u>4,75,23,28,469</u>	<u>3,66,38,84,914</u>
NOTE # 2.14		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	2,75,29,466	1,96,17,303
Reversal of provision no longer required	3,240	-
Miscellaneous	-	32,07,251
	<u>2,75,32,706</u>	<u>2,28,24,554</u>
NOTE # 2.15		
Network Operation Expenses		
Equipment Maintenance and Support	39,26,632	38,82,329
Landing Stations and Point of Presence costs	33,18,33,114	32,44,61,394
Terrestrial Cable, Inland Amplifier and Regenerator Sites	16,62,24,884	15,66,00,014
Local Tails	90,25,519	1,41,31,268
Internet Protocol	16,27,601	20,09,240
Network Service Expenses	3,85,05,76,226	3,76,25,36,120
	<u>4,36,32,13,976</u>	<u>4,26,36,20,365</u>
NOTE # 2.16		
Employee benefits expense		
Salaries, Wages and Bonus	5,95,40,374	6,00,43,643
Staff Welfare	23,76,399	28,62,944
	<u>6,19,16,773</u>	<u>6,29,06,587</u>
NOTE # 2.17		
Depreciation and amortization expense		
Depreciation on Tangible assets	8,55,68,613	8,07,87,395
	<u>8,55,68,613</u>	<u>8,07,87,395</u>
NOTE # 2.18		
Sales and General Administration Expenses		
Rates and Taxes	-	1,93,28,336
Legal Fees	80,60,660	27,20,835
Professional Charges	20,58,153	39,53,973
Licensing and Regulatory Fees	22,59,547	19,04,170
Travel and Entertainment	16,26,338	22,30,694
Bank charges	5,21,804	3,14,455
Provision for Doubtful Debts	-	1,13,39,094
Miscellaneous	-	433
	<u>1,45,26,502</u>	<u>4,17,91,990</u>
Payment to auditors	14,65,941	21,86,319
	<u>1,59,92,443</u>	<u>4,39,78,309</u>

Reliance FLAG Atlantic France SAS

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

NOTE # 2.19

Background and Organisation

The principal activities of Reliance Flag Atlantic France SAS (the "Company") are, both in France and abroad is licensing, developing and managing systems and telecommunication networks. The company operates a submarine cable comprised of advanced fiber-optic cable systems over a transatlantic telecommunication link between Europe and the United States.

NOTE # 2.20

Earnings Per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit/ (Loss) after Tax	129,070,048	(769,697,088)
B Weighted average number of share of US\$ 0.01 each used as denominator for calculating Basic and Diluted EPS	2,500	2,500
C Basic and Diluted Earnings per Share (A/B)	51,628	(307,879)

NOTE # 2.21

LITIGATIONS

Pending Litigations (as represented by the management)

France Tax Litigation

Reliance Flag Atlantic France SAS ('RFAF') was subject to a special tax audit from the French Tax Administration ('FTA'), covering the period April 01, 2007 to March 31, 2010, which resulted in the rejection of the deductibility of backbone expenses relating to the FA-1 cable, due to insufficient documentation. The total amount of recoveries chargeable to the company amounted to € 60,236,904 (US\$ 82,843,814). The Company has disputed the legitimacy of the decision of the tax administration.

Further, during the year, the FTA has also now concluded its special tax audit of RFAF for April 1, 2010 to March 31, 2012 and raised a demand of € 91,413,733 (US\$ 98,352,035). The Company has appealed against this assessment principally on the grounds that we believe that RFAF's accounting records for April 1, 2010 to March 31, 2012 period have enabled us to demonstrate that the tax records for this period reconcile and are consistent with the transfer pricing policy in place during this period, and that all material documentation including cost invoices have been made available to the FTA.

With a view to achieving a fast settlement of this dispute, the Company approached the FTA on April 10, 2015 with an enhanced offer of settlement of the dispute. This offer is a cost plus offer amounting to approximately € 7,650,000 (US\$ 9,777,924) over and above the utilization of tax losses of earlier years. This proposal is backed by transfer pricing calculations and adequate documentary support to the satisfaction of FTA. The offer is under due consideration but will be too early to speculate on the precise outcome of these negotiations. Discussions with FTA have been productive and consequently it is believed that the more or less the appropriate amount of the aggregate tax assessment for all open years of assessment will be close to the amount proposed by the Company. The company has therefore decided to limit the amount of the corresponding provision to € 7,650,000 (US\$ 9,777,924) in the financial statements, as it considers that adequate support for the transfer pricing methodology exists, so as to prove that (1) all transactions were at arm's length, and (2) by reference to the corresponding income, as presented in the course of the contentious procedure, the amount of € 7,650,000 (US\$ 9,777,924) constitutes the maximum amount of tax which the company is able to justify regarding transfer pricing, in relation to any non-contentious settlement of the dispute. Accordingly, Company is reasonably confident of resolving the French Tax matter and in Company's view it has provided a reasonable offer of settlement, based on an appropriate arm's length return for RFAF.

NOTE # 2.22

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015

NOTE # 2.23

Prior Period comparatives have been classified to confirm with the current year's presentation, where ever applicable.

Reliance FLAG Atlantic France SAS

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

NOTE # 2.24

Related Party Disclosures

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Globalcom Limited
- b) Enterprises as affiliated companies are:
 - i) Reliance Globalcom (U.K.) Limited
 - ii) Reliance Flag Telecom Ireland Limited
 - iii) Flag Telecom Ireland Network Limited
 - iv) Flag Telecom Development Limited
 - v) Flag Telecom Deutschland GmbH
 - vi) Flag Telecom Espana Network SAU
 - vii) Flag Telecom Network USA Limited
 - viii) Flag Telecom Japan Limited
 - ix) Flag Atlantic UK Limited
 - x) Reliance Communications Limited
 - xi) Reliance Communications Infrastructure Limited
 - xii) Reliance Communications Inc.
 - xiii) Reliance Communications (UK) Limited
 - xiv) Reliance Communications (Hong Kong) Limited

Reliance FLAG Atlantic France SAS

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

Summarized below are the transactions entered into with related parties:

Name of the Entity	Network Service Income		Network Operating Expenses		Trade Receivables		Short Term Loans and Advances		Other current liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Reliance Communications Ltd.	2,39,01,46,059	57,38,27,465	-	-	2,58,98,59,280	39,16,54,512	-	-	-	-
Reliance Communication Infrastructure Limited	94,86,20,644	2,91,45,03,627	-	-	18,94,89,345	1,55,90,59,018	-	-	-	-
Reliance Communication Inc	15,31,08,739	15,45,90,356	-	-	48,20,99,155	31,25,54,798	-	-	-	-
Reliance Communication HK	27,99,584	27,67,996	-	-	89,88,074	58,73,419	-	-	-	-
Reliance Communication UK	26,52,817	26,22,885	-	-	81,33,750	51,98,225	-	-	-	-
Flag Telecom Japan Limited	-	-	-	-	-	-	-	-	5,17,937	4,96,516
Reliance Globalcom (U.K.) Limited	-	-	-	-	-	-	-	-	4,61,566	1,69,463
Flag Telecom Deutschland GMBH	-	-	-	-	-	-	-	-	8,56,008	8,20,603
Reliance Flag Telecom Ireland Limited	1,23,99,20,983	-	-	-	-	-	-	-	6,93,41,23,011	7,90,14,37,635
Flag Telecom Ireland Network Limited	-	-	-	-	-	-	-	-	97,96,08,774	91,76,90,458
Flag Atlantic UK Limited	-	-	-	49,91,583	-	-	-	-	57,46,27,833	55,08,61,225
Reliance Globalcom Limited	-	-	3,85,05,76,226	3,92,47,90,460	-	-	20,89,69,997	2,25,61,53,280	90,386	86,647
Flag Telecom Development Ltd	-	-	-	-	-	-	-	-	4,79,81,47,373	4,59,96,95,997
Flag Telecom Espana Network SAU	-	-	-	-	-	-	69,67,787	66,79,600	-	-
Flag Telecom Network USA Limited	-	-	-	-	-	-	56,82,188	54,47,172	-	-

NOTE # 2.25

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.153 and (Previous year 1 USD = ₹ 60.463). Opening Profit & Loss Balance of FY 2013-14 is translated at closing rate of FY 2012-13 of 1 USD = ₹ 54.285

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Reliance Flag Atlantic France SAS

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

Janet Troxell

President

Flag Telecom Nederland BV

Independent Auditor's Report

To

The Board of Directors of FLAG Telecom Nederland BV

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Nederland BV ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Flag Telecom Nederland BV

Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	9,55,125	9,15,621
Reserves and Surplus	2.02	(2,33,45,887)	(2,24,29,579)
		<u>(2,23,90,762)</u>	<u>(2,15,13,958)</u>
Current Liabilities			
Trade Payable	2.03	28,37,695	22,22,721
Other Current Liabilities	2.04	3,98,25,791	3,98,51,015
Short Term Provisions	2.05	10,69,649	10,25,409
		<u>4,37,33,135</u>	<u>4,30,99,145</u>
TOTAL		<u>2,13,42,373</u>	<u>2,15,85,187</u>
ASSETS			
Current Assets			
Short-Term Loans and Advances	2.06	2,13,42,373	2,15,85,187
		<u>2,13,42,373</u>	<u>2,15,85,187</u>
TOTAL		<u>2,13,42,373</u>	<u>2,15,85,187</u>
Significant Accounting Policies			
Notes forming part of Financial Statements			
	1		
	2		
For Shridhar & Associates		For Flag Telecom Nederland BV	
Chartered Accountants			
Firm Registration No.: 134427W			
Shridhar Mirani		Andrew Goldie	
Partner		Director	
Membership Number: 030006			
Place : Mumbai			
Date : May 28, 2015			

Flag Telecom Nederland BV

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

			Amount in ₹
	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Service Income	2.07	14,91,867	-
Other Income	2.08	-	5,283
		<u>14,91,867</u>	<u>5,283</u>
Expenditure			
Employee Benefits Expenses	2.09	1,56,259	1,33,098
Sales and General Administration Expenses	2.10	13,24,671	12,04,466
		<u>14,80,930</u>	<u>13,37,564</u>
Profit/(Loss) Before Tax		<u>10,937</u>	<u>(13,32,281)</u>
Provision for taxation			
- Current Tax		(39,359)	-
		<u>(39,359)</u>	<u>-</u>
Profit/(Loss) After Tax		<u>50,296</u>	<u>(13,32,281)</u>
Basic and Diluted Earnings per Share of Euro 100 each	2.12	279	(7,402)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Nederland BV

Andrew Goldie

Director

Flag Telecom Nederland BV

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax and Minority Interest	10,937	(13,32,281)
Adjustments for:		
Effects of exchange difference on translation of assets & Liabilities	(9,27,099)	12,073
	(9,16,162)	(13,20,208)
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase)/decrease in Trade and Other Receivables	(6,44,292)	41,486
(Decrease)/Increase in Trade Payables	15,21,095	12,78,722
Cash generated from operations	8,76,803	13,20,208
	(39,359)	-
Income Taxes (Paid)/ Refund	39,359	-
Net Cash from Operating Activities (A)	-	-
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	-	-
Cash and Cash Equivalents at the Beginning of the Period	-	-
Cash and Cash Equivalents at the End of the Period	-	-

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Nederland BV

Andrew Goldie

Director

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

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network assets. Revenue from cancellable ROU arrangements are accounted as an operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

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 recognized in the Company's income statement over the term of the contract.

Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

c) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

d) Current and Deferred Tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

e) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the Balance Sheet date and the exchange difference has been ascertained and recognized in the books of accounts.

Flag Telecom Nederland BV

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

f) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised:		
900 (900) Equity Shares of Euro 100 each	<u>61,03,181</u>	<u>45,78,105</u>
	<u>61,03,181</u>	<u>45,78,105</u>
Issued, Subscribed and Paid up:		
180 (180) Equity Shares of Euro 100 each, fully paid up	<u>9,55,125</u>	<u>9,15,621</u>
	<u>9,55,125</u>	<u>9,15,621</u>

a) Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Globalcom Limited	<u>180</u>	<u>180</u>
	<u>180</u>	<u>180</u>

b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom limited	100	180	100	180

c) Terms/ Rights attached to the shares

The Company has only equity having a par value of Euro 100 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Balance as at the beginning of the year	180	9,55,125	180	9,15,621
Add: Movement for the year	-	-	-	-
At the end of the year	<u>180</u>	<u>9,55,125</u>	<u>180</u>	<u>9,15,621</u>

Flag Telecom Nederland BV

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(29,38,102)	(19,71,498)
Surplus/ (deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(2,04,58,081)	(1,91,25,800)
Add: Profit/ (Loss) for the year	50,296	(13,32,281)
	(2,04,07,785)	(2,04,58,081)
	(2,33,45,887)	(2,24,29,579)
NOTE # 2.03		
Trade Payables		
Trade Payables	2,28,642	-
Trade Accrual	26,09,053	22,22,721
	28,37,695	22,22,721
NOTE # 2.04		
Other Current Liabilities		
Payable to related parties (Refer Note 2.14)	3,98,25,791	3,98,51,015
	3,98,25,791	3,98,51,015
NOTE # 2.05		
Short Term Provisions		
Income Tax (net of advanced tax)	10,69,649	10,25,409
	10,69,649	10,25,409
NOTE # 2.06		
Short-Term Loans and Advances		
Advances recoverable in cash and kind	4,88,742	2,33,044
Deposits	6,87,188	6,58,766
Balances with Government Authorities	24,67,884	23,40,756
Receivables from related parties (Refer Note 2.14)	1,76,98,559	1,83,52,621
	2,13,42,373	2,15,85,187

Flag Telecom Nederland BV

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.07		
Service Income		
Network Service Income	14,91,867	-
	<u>14,91,867</u>	<u>-</u>
NOTE # 2.08		
Other Income		
Other Income	-	5,283
	<u>-</u>	<u>5,283</u>
NOTE # 2.09		
Employee Benefits Expenses		
Employee Benefits Expenses	1,56,259	1,33,098
	<u>1,56,259</u>	<u>1,33,098</u>
NOTE # 2.10		
Sales and General Administration Expenses		
Professional Charges	11,00,754	10,74,934
Licensing and Regulatory Fees	-	1,29,532
Loss on Foreign Exchange Fluctuation Net	2,23,917	-
	<u>13,24,671</u>	<u>12,04,466</u>

Note # 2.11

Background and Organisation

The Principal activities of Flag Telecom Nederland BV are the Provision of Telecommunication Services, Sales and Marketing Support Services to its fellow Subsidiaries and the Operation of a Fibre Optic Telecommunications network in Netherland.

Note # 2.12

Earnings Per Share

Amount in ₹ except number of shares

	For the year ended March 31, 2015	For the year ended March 31, 2014
Earnings per Share		
A Profit/ (Loss) after Tax	50,296	(1,332,281)
B Weighted average number of share of Euro 100 each used as denominator for calculating Basic and Diluted EPS	180	180
C Basic and Diluted Earnings per Share (A/B)	279	(7,402)

Note # 2.13

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

Note # 2.14

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited

Flag Telecom Nederland BV

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

- b) Enterprises as affiliated companies are:
- i) Reliance Globalcom (U.K.) Limited
 - ii) FLAG Telecom Ireland Network Limited
 - iii) Reliance FLAG Telecom Ireland Limited
- c) Summarized below are the transactions entered into with related parties:

Amount in ₹

Name of the Entity	Service Income		Short Term Loans and Advances		Other Current Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Reliance Globalcom (U.K.) Limited	-	-	191,863	145,354	-	-
FLAG Telecom Ireland Network Limited	-	-	4,301,834	4,334,668	-	210,781
Reliance Globalcom Limited	-	-	13,204,862	13,872,599	-	-
Reliance FLAG Telecom Ireland Limited	1,491,867	-	-	-	39,825,791	39,640,234

Note # 2.15

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.153 and (Previous year 1 USD = ₹ 60.463). Opening Profit & Loss Balance of Financial Year 2013-14 is translated at closing rate of Financial Year 2012-13 of 1 USD = ₹ 54.285

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Nederland BV

Andrew Goldie

Director

FLAG Telecom Hellas AE

Independent Auditor's Report

To

The Board of Directors of FLAG Telecom Hellas AE

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Hellas AE ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

FLAG Telecom Hellas AE

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	31,87,250	30,55,425
Reserves and Surplus	2.02	(2,08,18,038)	(1,98,81,954)
		<u>(1,76,30,788)</u>	<u>(1,68,26,529)</u>
Current Liabilities			
Trade Payable	2.03	24,73,882	28,73,583
Other Current Liabilities	2.04	2,03,98,922	2,04,90,391
		<u>2,28,72,804</u>	<u>2,33,63,974</u>
TOTAL LIABILITIES		<u>52,42,016</u>	<u>65,37,445</u>
ASSETS			
Current Assets			
Cash and Bank Balances	2.05	47,16,433	45,21,366
Short-Term Loans and Advances	2.06	5,25,583	20,16,079
		<u>52,42,016</u>	<u>65,37,445</u>
TOTAL ASSET		<u>52,42,016</u>	<u>65,37,445</u>
Significant Accounting Policies	1		
Notes to Financial Statement	2		

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For FLAG Telecom Hellas AE

Andrew Goldie
Rod Riley

} **Directors**

FLAG Telecom Hellas AE

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income	Notes		
Service Income	2.07	7,56,768	-
Other Income	2.08	-	70,054
		<u>7,56,768</u>	<u>70,054</u>
Expenditure			
Sales and General Administration Expenses	2.09	7,49,959	10,12,513
		<u>7,49,959</u>	<u>10,12,513</u>
Profit/(Loss) Before Tax		<u>6,809</u>	<u>(9,42,460)</u>
Provision for taxation			
- Current Tax		83,409	40,933
- Deferred Tax		-	
		<u>83,409</u>	<u>40,933</u>
Profit /(Loss) After Tax		<u>(76,600)</u>	<u>(9,83,393)</u>
Basic and Diluted Earnings per Share	2.11	(5.11)	(65.56)
Significant Accounting Policies	1		
Notes to Financial Statement	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For FLAG Telecom Hellas AE

Andrew Goldie
Rod Riley

} Directors

FLAG Telecom Hellas AE

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	6,809	(9,83,393)
Adjustments for:		
Effects of exchange difference on translation of asset & Liabilities	(7,27,659)	(3,93,776)
	(7,20,850)	(13,77,169)
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase) in Trade and Other Receivables	14,90,496	(35,26,237)
Increase in Trade Payables	(4,91,170)	45,10,580
	2,78,476	(3,92,826)
Income Taxes Paid	(83,409)	(40,933)
Net Cash from Operating Activities (A)	1,95,067	(4,33,759)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of Equity Share	-	-
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	1,95,067	(4,33,759)
Cash and Cash Equivalents at the Beginning of the Period	45,21,366	49,55,123
Cash and Cash Equivalents at the End of the Period	47,16,433	45,21,366

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For FLAG Telecom Hellas AE

Andrew Goldie

Rod Riley

} Directors

NOTE # 1

SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

Capacity

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognized over the life of the contract.

Revenue from non cancellable ROU arrangements is recognized upfront as licensing income on activation of services. Also refer note below for change in accounting policy in current year.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognized are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

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 recognized in the Company's income statement over the term of the contract.

b) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

c) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

d) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

e) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.

f) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

g) Investments

Long-term investments and current maturities of long-term investments are stated at cost, less provision for other temporary diminution in value. Current investments, except for current maturities of long term investments, are stated at the lower of cost and fair value.

FLAG Telecom Hellas AE

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

	As at March 31, 2015		Amount in ₹ As at March 31, 2014	
NOTE # 2.01				
Share Capital				
Authorised				
15,000 (15,000) Shares of € 4 each		31,87,250		30,55,425
		31,87,250		30,55,425
Issued Subscribed and Paid up				
15,000 (15,000) Shares of € 4 each, fully paid up		31,87,250		30,55,425
		31,87,250		30,55,425
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares		No of Shares	
FLAG Telecom Development Limited	15,000		15,000	
	15,000		15,000	
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
FLAG Telecom Development Limited	100	15,000	100	15,000
c) Terms/ Rights attached to the Shares				
The Company has only shares having a par value of € 4 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Shares				
Balance as at the beginning of the year	15,000	31,87,250	15,000	30,55,425
Add: Movement for the year	-	-	-	-
At the end of the year	15,000	31,87,250	15,000	30,55,425
NOTE # 2.02				
Reserves and Surplus				
Foreign Currency Translation Reserve		(26,27,219)		(17,67,735)
Surplus/ (Deficit) in Statement of Profit and Loss				
As per Last Balance Sheet		(1,81,14,219)		(1,71,30,826)
Add: Profit/ (Loss) for the year		(76,600)		(9,83,393)
		(1,81,90,819)		(1,81,14,219)
		(2,08,18,038)		(1,98,81,954)
NOTE # 2.03				
Trade Payables				
Trade Payables		1,23,548		-
Other contractual obligations		23,50,334		28,73,583
		24,73,882		28,73,583

FLAG Telecom Hellas AE

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.04		
Other Current Liabilities		
Statutory dues payable	279	240
Payable to related parties (Refer Note 2.14)	2,03,98,643	2,04,90,151
	<u>2,03,98,922</u>	<u>2,04,90,391</u>
NOTE # 2.05		
Cash and Bank Balances		
Balance with Banks	47,16,433	45,21,366
- Current Accounts		
	<u>47,16,433</u>	<u>45,21,366</u>
NOTE # 2.06		
Short-term loans and advances		
Unsecured considered good:		
Advance for supply of goods and rendering of services	-	15,81,396
Balances with Government Authorities	5,25,583	4,34,683
	<u>5,25,583</u>	<u>20,16,079</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
NOTE # 2.07		
Service Income		
Network Service Income	7,56,768	-
	<u>7,56,768</u>	<u>-</u>
NOTE # 2.08		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	-	60,138
Miscellaneous Income	-	9,916
	<u>-</u>	<u>70,054</u>
NOTE # 2.09		
Sales and General Administration Expenses		
Rent	96,876	-
Insurance	-	1,00,732
Professional Charges	4,65,292	5,52,450
Licensing and Regulatory Fees	-	3,19,426
Gain on Foreign Exchange Fluctuation (Net)	1,86,723	-
Bank charges	1,068	-
Payment to auditors	-	39,906
	<u>7,49,959</u>	<u>10,12,513</u>

FLAG Telecom Hellas AE

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

NOTE # 2.10

BACKGROUND AND ORGANISATION

The Principal activities of Flag Telecom Hellas AE (the Non Trading Entity) are the Provision of Telecommunication Services, Sales and Marketing Support Services to its fellow Subsidiaries and an Intermediate Holding company, and the Operation of a Fibre Optic Telecommunications network in Greece.

NOTE # 2.11

Earnings Per Share

Earnings per Share	Amount in ₹ except number of shares	
	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit after Tax	(76,600)	(983,393)
B Weighted average number of share of Euro 4 each used as denominator for calculating Basic and Diluted EPS	15,000	15,000
C Basic and Diluted Earnings per Share (A/B)	(5.11)	(65.56)

NOTE # 2.12

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE # 2.13

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = Rs. 62.50 (Previous year 1 USD = Rs. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 61.15 and (Previous year 1 USD = Rs. 60.46).

NOTE # 2.14

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
- b) Enterprises as affiliated companies are:
 - i) Reliance Globalcom (U.K.) Limited
 - ii) Reliance FLAG Telecom Ireland Limited
 - iii) FLAG Telecom Ireland Network Limited
- c) Summarized below are the transactions entered into with related parties:

Name of the Entity	Service Income		Trade Payable		Other Current Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Reliance Globalcom (U.K.) Limited	-	-	-	-	1,684,144	1,097,583
Reliance FLAG Telecom Ireland Limited	773,438	-	-	-	4,326,233	4,888,764
Reliance Globalcom Limited	-	-	-	710,472	14,199,017	13,611,729
FLAG Telecom Ireland Network Limited	-	-	-	-	189,250	181,423

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For FLAG Telecom Hellas AE

Andrew Goldie

Rod Riley

} Directors

Flag Telecom Espana Network SAU

Independent Auditor's Report

To

The Board of Directors of FLAG Telecom Espana Network SAU Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Espana Network SAU ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Flag Telecom Espana Network SAU

Balance Sheet as at March 31, 2015

Particulars	Note	Amount in ₹	
		As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	33,36,813	31,98,802
Reserves and Surplus	2.02	(62,95,65,124)	(60,46,30,583)
		<u>(62,62,28,311)</u>	<u>(60,14,31,781)</u>
Current Liabilities			
Trade Payables	2.03	2,77,77,110	4,35,14,969
Other Current Liabilities	2.04	77,78,26,732	68,94,62,969
		<u>80,56,03,842</u>	<u>73,29,77,938</u>

The Notes referred to above form an integral part of the Balance Sheet

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Espana Network SAU

Andrew Goldie
Paul Rhodes

} Directors

Flag Telecom Espana Network SAU

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
	Note		
Income			
Network Service Income	2.08	5,06,49,103	4,09,18,819
Other Income	2.09	1,468	-
		<u>5,06,50,571</u>	<u>4,09,18,819</u>
Expenditure			
Network Operation Expenses	2.10	2,02,82,464	2,47,64,673
Employee Benefits Expense	2.11	91,70,096	2,23,41,124
Depreciation and Amortization Expense	2.12	23,41,926	23,87,021
Sales and General Administration Expenses	2.13	1,77,28,969	(15,00,729)
		<u>4,95,23,455</u>	<u>4,79,92,089</u>
Profit Before Tax		11,27,116	(70,73,270)
Provision for taxation			
- Current Tax		-	-
- Deferred Tax		-	-
		<u>-</u>	<u>-</u>
Profit/(Loss) After Tax		11,27,116	(70,73,270)
Basic and Diluted Earning Per Share	2.15	11,271	(70,733)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Telecom Espana Network SAU

Andrew Goldie

Paul Rhodes

} Directors

Flag Telecom Espana Network SAU

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	11,27,116	(70,73,270)
Adjustments for:		
Depreciation and Amortisation	23,41,926	23,87,021
Effects of exchange difference on translation of Assets and Liabilities	(2,60,78,179)	1,61,831
	(2,26,09,137)	(45,24,418)
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase) in Trade and Other Receivables	(4,68,15,755)	-
Increase in Trade Payables	7,26,50,453	33,85,275
	2,58,34,698	33,85,275
Income Taxes Paid	-	-
Net Cash from Operating Activities (A)	32,25,561	(11,39,143)
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	-	-
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	-	-
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	32,25,561	(11,39,143)
Cash and Cash Equivalents at the Beginning of the year	11,589	11,50,732
Cash and Cash Equivalents at the end of the year	32,37,150	11,589

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Espana Network SAU

Andrew Goldie

Paul Rhodes

} Directors

Flag Telecom Espana Network SAU

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

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

b) Revenue Recognition

Indefeasible Rights of Use

The Company sells Rights of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network assets. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Services

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 Services revenue is recognized in the Company's income statement over the term of the contract.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations.

In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known/ materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Tangible Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to Tangible assets on the date of completion of project and which is placed in service. Capital Work-in- Progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the

Flag Telecom Espana Network SAU

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

development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment.....	3 to 5 years.
Fixtures and fittings.....	3 to 7 years.
Vehicles.....	5 years.
Leasehold improvements.....	over the useful life.
Network Assets.....	the shorter of 15 to 25 years or remaining useful lives.

The estimated useful life of Network Assets are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Indefeasible Right of Use are fully amortised in the year of purchase

iv) Impairment of Fixed Assets

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

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

Flag Telecom Espana Network SAU

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

	As at March 31, 2015		Amount in ₹ As at March 31, 2014	
NOTE # 2.01				
Share Capital				
Authorised:				
100 Ordinary Shares of Euro 601.02 each		33,36,813		31,98,802
		33,36,813		31,98,802
Issued Subscribed and Paid up:				
100 Ordinary Shares of Euro 601.02 each, fully paid up		33,36,813		31,98,802
		33,36,813		31,98,802
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares		No of Shares	
FLAG Telecom Ireland Network Limited	100		100	
	100		100	
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No of Shares
FLAG Telecom Ireland Network Limited	100	100	100	100
c) Terms/Rights attached to the shares				
The Company has only ordinary shares having a par value of EURO 601.02 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	100	33,36,813	100	31,92,802
Add: Movement for the year	-	-	-	-
At the end of the year	100	33,36,813	100	31,92,802
NOTE # 2.02				
Reserves and Surplus				
Foreign Currency Translation Reserve		(8,21,53,880)		(5,60,92,223)
Surplus/(Deficit) in Statement of Profit and Loss				
As per Last Balance Sheet		(54,85,38,360)		(54,14,65,090)
Add: Profit/ (Loss) for the year		11,27,116		(70,73,270)
		(54,74,11,244)		(54,85,38,360)
		(62,95,65,124)		(60,46,30,583)

Flag Telecom Espana Network SAU

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.03		
Trade Payables		
Trade Payables	58,96,771	1,56,41,953
Trade Accruals	2,18,80,339	2,78,73,016
	<u>2,77,77,110</u>	<u>4,35,14,969</u>

NOTE # 2.04		
Other Current Liabilities		
Unearned Income-current	-	8,37,007
Employee payable	84,82,683	78,36,942
Statutory Dues payable	1,37,01,835	93,85,835
Payable to Related Parties	75,56,42,214	67,14,03,185
	<u>77,78,26,732</u>	<u>68,94,62,969</u>

NOTE # 2.05

Fixed Assets

	Gross Block						Depreciation		Net Block		Amount in ₹
Particulars	As at April 01, 2014	Additions during the year	Forex Adjustments	As on March 31, 2015	As at April 01, 2014	For the year	Forex Adjustments	As on March 31, 2015	As on March 31, 2015	As on March 31, 2014	
Tangible Asset											
Network Assets	7,92,67,089	-	34,19,935	8,26,87,024	7,44,89,703	23,41,926	32,65,403	8,00,97,031	25,89,993	47,77,386	
Total	7,92,67,089	-	34,19,935	8,26,87,024	7,44,89,703	23,41,926	32,65,403	8,00,97,031	25,89,993	47,77,386	
Previous year	7,18,18,642	-	74,48,447	7,92,67,089	6,53,47,050	23,87,021	67,55,632	7,44,89,703	47,77,386		

NOTE # 2.06

Cash and Bank Balances

Balance with Banks		
- Current Accounts	32,37,150	11,589
	<u>32,37,150</u>	<u>11,589</u>

NOTE # 2.07

Short-Term Loans and Advances

Advances Recoverable in Cash or Kind or for Value to be Received	52,13,252	-
Receivable from Related Parties	16,83,35,136	12,67,57,182
	<u>17,35,48,388</u>	<u>12,67,57,182</u>

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
--	--------------------------------------	---

NOTE # 2.08

Service Income

Network Service Income	5,06,49,103	4,09,18,819
	<u>5,06,49,103</u>	<u>4,09,18,819</u>

NOTE # 2.09

Other Income

Miscellaneous Income	1,468	-
	<u>1,468</u>	<u>-</u>

Flag Telecom Espana Network SAU

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.10		
Network Operation Expenses		
Landing Stations and Point of Presence costs	84,58,455	1,23,43,054
Local Tails	61,70,883	66,39,122
Internet Protocol	-	1,91,942
Terrestrial, ILA & Regen	56,53,126	55,90,554
	<u>2,02,82,464</u>	<u>2,47,64,673</u>
NOTE # 2.11		
Employee benefits expense		
Salaries, Wages and Bonus	88,87,080	1,92,76,270
Contribution to Provident and Other Funds	2,83,016	30,64,854
	<u>91,70,096</u>	<u>2,23,41,124</u>
NOTE # 2.12		
Depreciation and amortization expense		
Depreciation on Tangible assets	23,41,926	23,87,021
	<u>23,41,926</u>	<u>23,87,021</u>
NOTE # 2.13		
Sales and General Administration Expenses		
Rates & Taxes	-	(21,83,859)
Professional Charges	13,45,562	12,55,947
Licensing and Regulatory Fees	-	32,790
Bank charges	85,431	67,498
Foreign Exchange Fluctuation Loss	58,40,884	(6,73,105)
Insurance	1,04,57,092	-
	<u>1,77,28,969</u>	<u>(15,00,729)</u>

NOTE # 2.14

Background and Organisation

The principal activities of FLAG Telecom Espana Network SAU (the "Company") are providing Sale & distribution of Telecommunication Services & the Establishment, Installation, Maintenance & Operation of Public & Private Telecommunications Networks.

NOTE # 2.15

Earnings Per Share

	For the year ended March 31, 2015	Amount in ₹ except no of shares For the year ended March 31, 2014
A Profit/(Loss) after Tax	1,127,116	(7,073,270)
B Weighted average number of share of Euro 601.02 each used as denominator for calculating Basic and Diluted EPS	100	100
C Basic and Diluted Earnings per Share (A/B)	11,271	(70,733)

Flag Telecom Espana Network SAU

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

NOTE # 2.16

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Hence, no Segment Reporting is required.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE # 2.17

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable.

NOTE # 2.18

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- A. Parties where control exist :
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
- B. Enterprises as affiliated companies are :
 - i) Reliance Globalcom (UK) Limited
 - ii) Reliance Flag Telecom Ireland Limited
 - iii) Flag Telecom Ireland Network Limited
 - iv) Reliance Flag Atlantic France SAS
 - v) Flag Telecom Network USA Limited
 - vi) Flag Telecom Development Limited

C. Summarized below are the transactions entered into with related parties:

Amount in ₹

Name of the Entity	Service Income		Short Term Loans and Advances		Other Current Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Reliance Globalcom (UK) Limited	-	-	-	-	15,81,662	15,16,269
Reliance Flag Telecom Ireland Limited	5,06,49,103	9,97,337	15,70,48,121	11,27,38,210	-	-
Flag Telecom Ireland Network Limited	-	-	-	-	62,32,69,335	57,69,16,451
Reliance Flag Atlantic France SAS	-	-	-	-	69,67,787	66,79,624
Flag Telecom Network USA Limited	-	-	1,12,87,015	1,08,20,170	-	-
Reliance Globalcom Limited	-	3,99,21,482	-	-	12,38,23,430	8,62,90,841
Flag Telecom Development Limited	-	-	-	31,98,802	-	-

NOTE # 2.19

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.153 and (Previous year 1 USD = ₹ 60.463). Opening Profit and Loss Balance of Financial Year 2013-14 is translated at closing rate of Financial Year 2012-13 of 1 USD = ₹ 54.285

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Telecom Espana Network SAU

Andrew Goldie

Paul Rhodes

} Directors

Flag Telecom Development Services Company LLC

Independent Auditor's Report

To

The Board of Directors of FLAG Telecom Development Services Company LLC

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Development Services Company LLC ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Flag Telecom Development Services Company LLC

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES	Note		
Shareholders' Funds			
Share Capital	2.01	8,25,063	7,90,938
Reserves and Surplus	2.02	(2,08,20,470)	(1,89,42,202)
		<u>(1,99,95,407)</u>	<u>(1,81,51,266)</u>
Current Liabilities			
Trade Payable	2.03	1,29,418	83,73,954
Other Current Liabilities	2.04	7,37,26,393	9,91,60,288
Short Term Provisions	2.05	5,50,429	1,95,69,684
		<u>7,44,06,240</u>	<u>12,71,03,926</u>
		<u>5,44,10,833</u>	<u>10,89,52,660</u>
ASSETS			
Current Assets:			
Cash and Bank Balance	2.06	-	4,95,021
Short-Term Loans and Advances	2.07	5,44,10,833	10,84,57,639
		<u>5,44,10,833</u>	<u>10,89,52,660</u>
		<u>5,44,10,833</u>	<u>10,89,52,660</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Development Services Company LLC

Girish Kulai
Hassan Mohammad

} Directors

Flag Telecom Development Services Company LLC

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income	Note		
Service Income	2.08	4,05,36,953	2,26,26,006
Other Income	2.09	-	4,636
		<u>4,05,36,953</u>	<u>2,26,30,642</u>
Expenditure			
Employee Benefits Expense	2.10	2,58,45,077	1,41,07,336
Sales and General Administration Expenses	2.11	1,22,99,191	64,61,761
		<u>3,81,44,268</u>	<u>2,05,69,097</u>
Profit/(Loss) Before Tax		<u>23,92,685</u>	<u>20,61,545</u>
Provision for taxation			
- Current Tax		34,30,834	1,50,99,304
- Deferred Tax		-	-
		<u>34,30,834</u>	<u>1,50,99,304</u>
Profit /(Loss) After Tax		<u>(10,38,149)</u>	<u>(1,30,37,759)</u>
Basic and Diluted Earning Per Share	2.13	(2,076)	(26,076)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Development Services Company LLC

Girish Kulai
Hassan Mohammad

} Directors

Flag Telecom Development Services Company LLC

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Indian Rupee For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax and Minority Interest	23,92,685	20,61,545
Adjustments for:		
Effects of exchange difference on translation of assets and Liabilities	(8,05,993)	2,97,131
	<u>15,86,692</u>	<u>23,58,676</u>
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase)/decrease in Trade and Other Receivables	5,40,46,806	-
Increase/(decrease) in Trade Payables	(5,26,97,685)	1,15,10,052
	<u>29,35,813</u>	<u>1,38,68,728</u>
Income Taxes Paid	(34,30,834)	(1,50,99,304)
Net Cash from Operating Activities (A)	<u>(4,95,021)</u>	<u>(12,30,576)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	(4,95,021)	(12,30,576)
Cash and Cash Equivalents at the Beginning of the Period	4,95,021	17,25,597
Cash and Cash Equivalents at the End of the Period	<u>-</u>	<u>4,95,021</u>

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Development Services Company LLC

Girish Kulai
Hassan Mohammad } Directors

Flag Telecom Development Services Company LLC

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

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

Indefeasible Rights of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network assets. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Services

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 Services revenue is recognized in the Company's income statement over the term of the contract.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations.

In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known/ materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Tangible Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal

Flag Telecom Development Services Company LLC

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

fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment..... 3 to 5 years

Fixtures and fittings..... 3 to 7 years

Vehicles..... 5 years

Leasehold improvements..... over the useful life

Network Asset..... the shorter of 15 – 25 years or remaining useful lives

The estimated useful life of Network Asset are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Indefeasible Right of Use are fully amortised in the year of purchase

iv) 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 Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable amount is higher of net selling price and value in use.

g) Leases

As a lessee:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

The Company leases certain tangible assets and such leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in other long-term borrowings. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

h) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.

i) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

Flag Telecom Development Services Company LLC

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

	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised:		
500 (500) Shares of Egyptian Pound 100 each	<u>8,25,063</u>	<u>7,90,938</u>
	<u>8,25,063</u>	<u>7,90,938</u>
Issued Subscribed and Paid up:		
500 (500) Shares of Egyptian Pound 100 each, fully paid up	<u>8,25,063</u>	<u>7,90,938</u>
	<u>8,25,063</u>	<u>7,90,938</u>
a) Shares held by Holding Company and subsidiary of Holding Company		
	No. of Shares	No of Shares
Flag Telecom Development Limited	495	495
Reliance Globalcom limited	<u>5</u>	<u>5</u>
	<u>500</u>	<u>500</u>
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company		
Particulars	% of Holding	No. of Shares
Flag Telecom Development Limited	99	495
c) Terms/ Rights attached to the Shares		
The Company has only shares having a par value of Egyptian Pound 100 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.		
d) Reconciliation of shares outstanding at the beginning and at the end of the year		
	No of Shares	Amt (₹)
Shares		
Balance as at the beginning of the year	500	7,90,938
Add: Movement for the year	-	-
At the end of the year	<u>500</u>	<u>7,90,938</u>
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	(12,87,876)	(4,47,757)
Surplus/ (Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(1,84,94,445)	(54,56,686)
Add: Profit/ (Loss) for the year	(10,38,149)	(1,30,37,759)
	<u>(1,95,32,594)</u>	<u>(1,84,94,445)</u>
	<u>(2,08,20,470)</u>	<u>(1,89,42,202)</u>

Flag Telecom Development Services Company LLC

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.03		
Trade Payables		
Trade Payables	97,716	4,02,552
Trade Accruals	31,702	79,71,402
	<u>1,29,418</u>	<u>83,73,954</u>
NOTE # 2.04		
Other Current Liabilities		
Employee payable	94,42,030	81,185
Other Current Liabilities	23,60,395	-
Payables to related parties (Refer Note 2.16)	6,19,23,968	9,90,79,103
	<u>7,37,26,393</u>	<u>9,91,60,288</u>
NOTE # 2.05		
Short Term Provisions		
Income Tax (net of advanced tax)	5,50,429	1,95,69,684
	<u>5,50,429</u>	<u>1,95,69,684</u>
NOTE # 2.06		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	-	4,95,021
	<u>-</u>	<u>4,95,021</u>
NOTE # 2.07		
Short-Term Loans and Advances		
Advances Recoverable in Cash or Kind or for Value to be Received	10,60,079	55,48,303
Deposits	10,633	10,194
Prepaid Expenses	-	6,07,113
Receivables from related parties (Refer Note 2.16)	5,33,40,121	10,22,92,029
	<u>5,44,10,833</u>	<u>10,84,57,639</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
NOTE # 2.08		
Service Income		
Netwrok Service Income	4,05,36,953	2,26,26,006
	<u>4,05,36,953</u>	<u>2,26,26,006</u>
NOTE # 2.09		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	-	4,636
	<u>-</u>	<u>4,636</u>
NOTE # 2.10		
Employee benefits expense		
Salaries, Wages and Bonus	2,45,55,016	1,35,57,939
Contribution to Provident and Other Funds	12,90,061	5,49,397
	<u>2,58,45,077</u>	<u>1,41,07,336</u>

Flag Telecom Development Services Company LLC

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.11		
Sales and General Administration Expenses		
Rent	47,65,705	35,52,336
Insurance	13,07,306	-
Electricity Expenses- Office	20,09,686	-
Professional Charges	15,65,517	16,10,734
Licensing and Regulatory Fees	42,282	39,301
Travel and Entertainment	12,74,292	4,38,806
Communication	2,86,502	1,76,290
Bank charges	64,080	13,305
Foreign Exchange Fluctuation Loss	9,356	-
Postage & courier	30,997	86,822
	1,13,55,723	59,17,594
Audit Fees	9,43,468	5,44,167
	1,22,99,191	64,61,761

NOTE # 2.12

Background And Organisation

The principal activities of FLAG Telecom Development Services LLC (the "Company") are providing consultation in Telecom sector.

NOTE # 2.13

Earnings Per Share

	For the year ended March 31, 2015	Amount in ₹ except No of shares For the year ended March 31, 2014
Earnings per Share		
A Profit/(Loss) after Tax	(1,038,148)	(13,037,759)
B Weighted average number of share of Pound 100 each used as denominator for calculating Basic and Diluted EPS	500	500
C Basic and Diluted Earnings per Share (A/B)	(2,076)	(26,076)

NOTE # 2.14

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Hence, no Segment Reporting is required.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE # 2.15

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable.

Flag Telecom Development Services Company LLC

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

NOTE # 2.16

Related Party Disclosures

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- A. Parties where control exist :
- i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
- B. Enterprises as affiliated companies are :
- iii) Reliance Flag Telecom Ireland Limited
 - iv) Flag Telecom Ireland Network Limited
 - v) Flag Telecom Development Limited

Summarized below are the transactions entered into with related parties:

Amount in ₹

Name of the Entity	Service Income		Short Term Loans and Advances		Current Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Reliance Flag Telecom Ireland Limited	40,536,953	-	-	-	21,981,127	60,788,321
Flag Telecom Ireland Network Limited	-	-	-	-	1,062,500	1,018,555
Reliance Globalcom Limited	-	22,626,006	52,515,058	101,501,091	38,880,341	37,272,227
Flag Telecom Development Limited	-	-	825,063	790,938	-	-

NOTE # 2.17

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = Rs. 62.50 (Previous year 1 USD = Rs. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 61.153 and (Previous year 1 USD = Rs. 60.463). Opening Profit & Loss Balance of Financial Year 2013-14 is translated at closing rate of Financial Year 2012-13 of 1 USD = Rs. 54.285

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Development Services Company LLC

Girish Kulai
Hassan Mohammad

} Directors

Reliance FLAG Pacific Holdings Limited

Independent Auditor's Report

To

The Board of Directors of Reliance FLAG Pacific Holdings Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance FLAG Pacific Holdings Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Reliance FLAG Pacific Holdings Limited

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	7,50,000	1,45,14,409
Reserves and Surplus	2.02	(4,21,79,34,583)	9,74,32,80,166
		<u>(4,21,71,84,583)</u>	<u>9,75,77,94,575</u>
Current Liabilities			
Short Term borrowings	2.03	4,23,74,71,535	7,94,89,68,885
Trade Payable	2.04	2,35,51,933	14,08,94,689
Other Current Liabilities	2.05	-	3,51,48,61,098
		<u>4,26,10,23,468</u>	<u>11,60,47,24,672</u>
	Total	<u><u>4,38,38,885</u></u>	<u><u>21,36,25,19,247</u></u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	2.06	-	20,96,73,80,740
Current Assets:			
Trade Receivables	2.07	-	36,47,48,481
Cash and Bank Balances	2.08	14,74,436	15,94,396
Short-Term Loans and Advances	2.09	4,23,64,449	2,87,95,630
		<u>4,38,38,885</u>	<u>39,51,38,507</u>
	Total	<u><u>4,38,38,885</u></u>	<u><u>21,36,25,19,247</u></u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		
For Shridhar & Associates	For Reliance FLAG Pacific Holdings Limited		
Chartered Accountants			
Firm Registration No.: 134427W			
Shridhar Mirani	Rod Riley	}	Directors
Partner	B K Sinha		
Membership Number: 030006			
Place : Mumbai			
Date : May 28, 2015			

Reliance FLAG Pacific Holdings Limited

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

		Amount in ₹	
	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Service Income	2.10	38,22,063	11,23,45,164
Other Income	2.11	24,98,37,821	-
		<u>25,36,59,884</u>	<u>11,23,45,164</u>
Expenditure			
Network Operation Expenses	2.12	1,14,66,188	14,49,65,040
Depreciation and Amortization Expense	2.13	24,69,09,335	97,91,76,458
Sales and General Administration Expenses	2.14	5,17,966	5,19,362
		<u>25,88,93,489</u>	<u>1,12,46,60,860</u>
Profit/(Loss) Before Tax		<u>(52,33,605)</u>	<u>(1,01,23,15,696)</u>
Provision for taxation			
- Current Tax		-	-
- Deferred Tax		-	-
		<u>-</u>	<u>-</u>
Profit /(Loss) After Tax		<u>(52,33,605)</u>	<u>(1,01,23,15,696)</u>
Basic and Diluted Earning Per Share	2.16	(436)	(84,360)

Significant Accounting Policies

1

Notes forming part of Financial Statements

2

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Reliance FLAG Pacific Holdings Limited

Rod Riley

B K Sinha

} Directors

Reliance FLAG Pacific Holdings Limited

Cash Flow Statement for the year ended March 31, 2015

		For the year Ended March 31, 2015	Amount in ₹ For the year Ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:			
Profit/(Loss) Before Tax		(52,33,605)	(1,01,23,15,696)
Adjustments for:			
Provision for Doubtful Debts			
Depreciation and Amortisation	24,69,09,335	97,91,76,458	
Effects of exchange difference on translation of Asset and Liabilities	65,113	4,51,466	
Profit on Sale of Fixed Assets	(24,98,37,821)	-	
		(28,63,373)	97,96,27,924
		(80,96,978)	(3,26,87,772)
Operating Profit before Working Capital Changes			
Adjustments for:			
(Increase)/decrease in Trade and Other Receivables	-	(11,13,26,936)	
(decrease)/Increase in Trade Payables	79,77,018	79,77,018	(2,31,27,95,968)
		(1,19,960)	(2,34,54,83,740)
Income Taxes Paid		-	-
Net Cash from Operating Activities (A)		(1,19,960)	(2,34,54,83,740)
B) CASH FLOW FROM INVESTING ACTIVITIES:			
Sale of Fixed Assets - CWIP		-	2,34,56,21,087
Profit on Sale of Fixed Assets		-	-
Net Cash Used in Investing Activities (B)		-	2,34,56,21,087
C) CASH FLOW FROM FINANCING ACTIVITIES:			
Loan Received/(Repaid)		-	-
Redemption of Preference shares		-	-
Net Cash Used in Financing Activities (C)		-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)		(1,19,960)	1,37,347
Cash and Cash Equivalents at the Beginning of the Period		15,94,396	14,57,048
Cash and Cash Equivalents at the End of the Period		14,74,436	-

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Reliance FLAG Pacific Holdings Limited

Rod Riley

B K Sinha

} Directors

Reliance FLAG Pacific Holdings Limited

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

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The Financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India.

b) Revenue Recognition

i. Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services. Also refer note 3 below for change in accounting policy in current year.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

ii. Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

iii. Network Revenue

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 recognized in the Company's income statement over the term of the contract.

iv. Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

Reliance FLAG Pacific Holdings Limited

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

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

Borrowing costs incurred for the construction of any qualifying assets capitalized during the period of time that is required to complete and prepare the asset for its intended use.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Network Assets..... the shorter of 15 years or remaining useful lives.

The estimated useful life of network assets are determined based on the estimated period over which they will generate revenue, ranging from 10 to 15 years. Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Indefeasible Right of Use are fully amortized in the year of purchase

iv) Impairment of Fixed Assets

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

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference is ascertained and recognized in the books of accounts.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

i) Accounting for Investments

Interest on investments which are reinvested in cash funds are treated as short term investments and are classified as current investments. The carrying amount for the current investments is lower of cost or fair value.

Reliance FLAG Pacific Holdings Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014		
NOTE # 2.01				
Share Capital				
Authorised				
12000 (12000) ordinary shares par value US\$1 each	7,50,000	7,18,980		
	7,50,000	7,18,980		
Issued Subscribed and Paid up:				
12000 (12000) ordinary shares par value US\$1 each, fully paid up	7,50,000	7,18,980		
Nil (230,250) 5% Redeemable Non Cumulative, Non-Convertible Preference shares par value US\$1 each, fully paid up	-	1,37,95,429		
	7,50,000	1,45,14,409		
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Ordinary Shares				
Reliance Globalcom B.V.	12,000	12,000		
	12,000	12,000		
Redeemable Preference Shares				
Reliance Globalcom B.V.	-	2,30,250		
	-	2,30,250		
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Ordinary Shares				
Reliance Globalcom B.V.	100	12,000	100	12,000
Redeemable Preference Shares				
Reliance Globalcom B.V.	-	-	100	2,30,250
c) Terms/Rights attached to the shares				
The Company has only ordinary shares having a par value of USD of 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	12,000	7,50,000	12,000	7,18,980
Add: Movement for the year	-	-	-	-
At the end of the year	12,000	7,50,000	12,000	7,18,980
Redeemable Preference Shares				
Balance as at the beginning of the year	2,30,250	1,37,95,429	2,30,250	1,37,95,429
Less: Redemption during the year	2,30,250	1,37,95,429	-	-
At the end of the year	-	-	2,30,250	1,37,95,429

Reliance FLAG Pacific Holdings Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.02		
Reserves and Surplus		
Securities Premium Account	-	13,78,16,33,321
Foreign Currency Translation Reserve	(45,03,80,955)	(27,60,33,133)
Surplus/(Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(3,76,23,20,023)	(2,75,00,04,327)
Add: Profit/ (Loss) for the year	(52,33,605)	(1,01,23,15,696)
	(3,76,75,53,628)	(3,76,23,20,023)
	(4,21,79,34,583)	9,74,32,80,166
NOTE # 2.03		
Short Term Borrowings		
Loan from Body corporate	4,23,74,71,535	7,94,89,68,885
	4,23,74,71,535	7,94,89,68,885
NOTE # 2.04		
Trade Payables		
Trade Payables	55,58,791	13,52,94,661
Trade Accruals	1,79,93,142	56,00,027
	2,35,51,933	14,08,94,689
NOTE # 2.05		
Other Current Liabilities		
Payables to related parties (Refer Note 2.17)	-	3,51,48,61,098
	-	3,51,48,61,098

Reliance FLAG Pacific Holdings Limited

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

NOTE # 2.06

Fixed Assets

Particulars	Gross Block				Depreciation				Net Block			
	As at April 1, 2014	Additions	Disposal	Forex Adjustment	As at March 31, 2015	As at April 1, 2014	For the year	Disposal	Forex Adjustment	As at March 31, 2015	As at March 31, 2014	
Tangible Assets												
Network Assets	22,79,74,86,129	-	(22,89,64,15,385)	9,89,29,256	-	1,83,01,05,389	24,69,09,335	(2,08,10,07,631)	39,92,847	-	20,96,73,80,740	
Tangible Assets (A)	22,79,74,86,129	-	(22,89,64,15,385)	9,89,29,256	-	1,83,01,05,389	24,69,09,335	(2,08,10,07,631)	39,92,847	-	20,96,73,80,740	
Previous year	12,97,62,88,544	8,55,29,20,653		1,26,82,76,931	22,79,74,86,129	77,90,10,900	97,91,76,458	-	7,19,18,038	1,83,01,05,389	20,96,73,80,740	

Reliance FLAG Pacific Holdings Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.07		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	-	-
	-	-
Less: Provision for doubtful debts	-	-
	-	-
Others:		
Considered Good	-	36,47,48,481
Considered Doubtful	-	-
	-	36,47,48,481
Less: Provision for Doubtful Debts	-	-
	-	36,47,48,481
	-	36,47,48,481
	-	36,47,48,481
NOTE # 2.08		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	14,74,436	15,94,396
	14,74,436	15,94,396
NOTE # 2.09		
Short-Term Loans and Advances		
Advances Recoverable in Cash or Kind or for Value to be Received	4,23,64,449	2,87,95,630
	4,23,64,449	2,87,95,630
NOTE # 2.10		
Service Income		
Indefeasible Right of Use	-	10,12,75,525
Operation and Maintenance Charges	38,22,063	1,10,69,639
	38,22,063	11,23,45,164
NOTE # 2.11		
Other Income		
Profit on Sale of Fixed Assets	24,98,37,821	-
	24,98,37,821	-

Reliance FLAG Pacific Holdings Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.12		
Network Operation Expenses		
Equipment Maintenance and Support	<u>1,14,66,188</u>	<u>14,49,65,040</u>
	<u>1,14,66,188</u>	<u>14,49,65,040</u>
NOTE # 2.13		
Depreciation and amortization expense		
Depreciation on Tangible assets	<u>24,69,09,274</u>	<u>97,91,76,458</u>
Amortisation of Intangible assets	<u>-</u>	<u>-</u>
	<u>24,69,09,274</u>	<u>97,91,76,458</u>
NOTE # 2.14		
Sales and General Administration Expenses		
Licensing and Regulatory Fees	<u>5,04,512</u>	<u>5,05,471</u>
Bank charges	<u>13,454</u>	<u>13,891</u>
	<u>5,17,966</u>	<u>5,19,362</u>

NOTE # 2.15

Background and Organisation

The Company is part of a multinational corporate organization. The company operates a global telecommunication network comprised of advanced fibre-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the company.

NOTE # 2.16

Earnings Per Share

	₹ except number of shares	
Earnings per Share	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit/(Loss) after Tax	(5,233,605)	(1,012,315,696)
B Weighted average number of share par value US\$1 each	12,000	12,000
C Basic and Diluted Earnings per Share (A/B)	(436)	(84,360)

NOTE # 2.17

Related Party Disclosures

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom BV

Reliance FLAG Pacific Holdings Limited

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

b) Enterprises as affiliated companies are:

- i) Reliance Globalcom Limited
- ii) Reliance Communications Inc.

Summarized below are the transactions entered into with related parties:

Amount in ₹

		Reliance Globalcom BV	Reliance Communication Inc.	Reliance Globalcom Limited
Service Income	Current year	-	-	38,22,063
	Previous year	-	-	1,14,66,188
Network Cost	Current year	-	-	1,14,66,188
	Previous year	-	-	4,51,82,851
Trade Receivable	Current year	-	-	-
	Previous year	-	-	36,47,48,481
Short term loan and Advance	Current year	-	-	-
	Previous year	-	-	-
Short term borrowing	Current year	2,84,24,10,250	1,39,50,61,285	-
	Previous year	6,61,16,07,248	1,33,73,61,637	-
Other current liabilities	Current year	-	-	-
	Previous year	-	-	3,51,48,61,098
Sale of Fixed Assets	Current year	21,06,30,00,000	-	-
	Previous year	-	-	-
Preference share	Current year	-	-	-
	Previous year	13,79,54,28,750	-	-

NOTE # 2.18

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE # 2.19

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹. 61.15 and (Previous year 1 USD = ₹ 60.46).

Opening Profit and Loss account balances of FY 2013-14 have been translated at Closing Rate of FY 2012-13 i.e. 1 USD = ₹ 54.285.

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Reliance FLAG Pacific Holdings Limited

Rod Riley

B K Sinha

} Directors

FLAG Telecom Network USA Limited

Independent Auditor's Report

To

The Board of Directors of FLAG Telecom Network USA Limited Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Network USA Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

FLAG Telecom Network USA Limited

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	63	60
Reserves and Surplus	2.02	(4,74,96,72,447)	(4,63,19,77,173)
		<u>(4,74,96,72,384)</u>	<u>(4,63,19,77,113)</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	49,88,34,446	48,51,27,944
		<u>49,88,34,446</u>	<u>48,51,27,944</u>
Current Liabilities			
Trade Payable	2.04	25,08,12,239	58,63,16,430
Other Current Liabilities	2.05	7,90,70,05,755	7,45,73,24,508
Short Term Provisions	2.06	-	13,72,259
		<u>8,15,78,17,994</u>	<u>8,04,50,13,197</u>
Total		<u><u>3,90,69,80,056</u></u>	<u><u>3,89,81,64,028</u></u>
ASSETS			
Non Current Assets			
Fixed Assets	2.07		
Tangible Assets		76,95,05,197	61,55,81,734
Capital Work-in-Progress		19,11,034	14,86,695
		<u>77,14,16,231</u>	<u>61,70,68,429</u>
Long-Term Loans and Advances	2.08	12,328	-
		<u>12,328</u>	<u>-</u>
Current Assets			
Trade Receivables	2.09	6,00,000	8,62,776
Cash and Bank Balances	2.10	2,31,20,321	1,10,70,617
Short-Term Loans and Advances	2.11	3,11,18,31,176	3,26,91,62,206
		<u>3,13,55,51,497</u>	<u>3,28,10,95,599</u>
Total		<u><u>3,90,69,80,056</u></u>	<u><u>3,89,81,64,028</u></u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Network USA Limited

Janet Troxell

B K Sinha

} Directors

FLAG Telecom Network USA Limited

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income	Note		
Service Income	2.12	1,16,59,69,165	55,18,35,757
Other Income	2.13	1,13,87,212	4,81,022
		<u>1,17,73,56,377</u>	<u>55,23,16,779</u>
Expenditure			
Network Operation Expenses	2.14	73,21,58,682	72,85,07,341
Employee Benefits Expenses	2.15	23,56,15,456	19,17,57,882
Depreciation and Amortization Expense	2.16	7,64,43,850	6,73,92,027
Sales and General Administration Expenses	2.17	5,35,83,858	7,35,99,655
		<u>1,09,78,01,846</u>	<u>1,06,12,56,905</u>
Profit/(Loss) Before Tax		<u>7,95,54,531</u>	<u>(50,89,40,126)</u>
Provision for taxation			
– Current Tax		(8,23,853)	5,21,796
Profit /(Loss) After Tax		<u>8,03,78,384</u>	<u>(50,94,61,922)</u>
Basic and Diluted Earning Per Share	2.19	8,03,78,384	(50,94,61,922)

Significant Accounting Policies

1

Notes forming part of Financial Statements

2

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Telecom Network USA Limited

Janet Troxell

B K Sinha

} Directors

FLAG Telecom Network USA Limited

Cash Flow Statement for the year ended March 31, 2015

		For the year Ended March 31, 2015	Amount in ₹ For the year Ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:			
Profit/(Loss) Before Tax		7,95,54,531	(50,89,40,126)
Adjustments for:			
Depreciation and Amortisation	7,64,43,850		6,73,92,027
Effects of exchange difference on translation of assets & Liabilities	(22,97,22,071)		74,42,609
		(15,32,78,221)	7,48,34,636
		(7,37,23,690)	(43,41,05,490)
Operating Profit before Working Capital Changes			
Adjustments for:			
Decrease/(increase) in Trade and Other Receivables	15,75,81,477		(88,58,94,502)
Increase/(decrease) in Trade Payables	12,65,11,299	28,40,92,776	1,49,01,86,120
		21,03,69,086	60,42,91,618
Income Taxes (Paid) / Refund		8,23,853	17,01,86,128
Net Cash from Operating Activities (A)		21,11,92,939	(5,21,796)
			16,96,64,332
B) CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets (Including Capital Work in Progress)		(19,91,43,235)	(17,63,15,488)
Net Cash Used in Investing Activities (B)		(19,91,43,235)	(17,63,15,488)
C) CASH FLOW FROM FINANCING ACTIVITIES:			
Net Cash Used in Financing Activities (C)		-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)		1,20,49,704	(66,51,156)
Cash and Cash Equivalents at the Beginning of the Year		1,10,70,617	1,77,21,773
Cash and Cash Equivalents at the End of the year		2,31,20,321	1,10,70,617

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Network USA Limited

Janet Troxell
B K Sinha

} **Directors**

FLAG Telecom Network USA Limited

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

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The Financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI).

b) Revenue Recognition

Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network assets. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services. Also refer note 3 below for change in accounting policy in current year.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Revenue

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 recognized in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

FLAG Telecom Network USA Limited

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

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Tangible Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computer equipment..... 3 to 5 years.

Leasehold improvements..... Over the useful life.

Network Asset..... the shorter of 15 to 25 years or remaining useful lives.

The estimated useful life of network asset are determined based on the estimated period over which they will generate revenue.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Indefeasible Right of Use are fully amortized in the year of purchase

iv) Impairment of Fixed Assets

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

g) Effects of Changes in Foreign Currency Rates

i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.

ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference is ascertained and recognized in the books of accounts.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

FLAG Telecom Network USA Limited

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

	As at March 31, 2015		Amount in ₹ As at March 31, 2014	
NOTE # 2.01				
Share Capital				
Authorised:				
3000 (3000) shares of US\$ 1 each		<u>1,87,500</u>		<u>1,79,745</u>
		<u>1,87,500</u>		<u>1,79,745</u>
Issued Subscribed and Paid up:				
1 (1) share of US\$ 1 each, fully paid up		<u>63</u>		<u>60</u>
		<u>63</u>		<u>60</u>
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	Amount	No of Shares	Amount
Flag Telecom Ireland Network Limited	<u>1</u>	<u>63</u>	<u>1</u>	<u>60</u>
	<u>1</u>	<u>63</u>	<u>1</u>	<u>60</u>
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Flag Telecom Ireland Network Limited	100	1	100	1
c) Terms/ Rights attached to the shares				
The Company has only shares having a par value of USD 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Balance as at the beginning of the year	<u>1</u>	<u>63</u>	<u>1</u>	<u>60</u>
Add: Movement for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At the end of the year	<u>1</u>	<u>63</u>	<u>1</u>	<u>60</u>
NOTE # 2.02				
Reserves and Surplus				
Foreign Currency Translation Reserve		(58,12,68,244)		(38,31,94,586)
Surplus/ (Deficit) in Statement of Profit and Loss				
As per Last Balance Sheet		(4,24,87,82,587)		(3,73,93,20,665)
Add: Profit/(Loss) for the year		8,03,78,384		(50,94,61,922)
		<u>(4,16,84,04,203)</u>		<u>(4,24,87,82,587)</u>
		<u>(4,74,96,72,447)</u>		<u>(4,63,19,77,173)</u>

FLAG Telecom Network USA Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.03		
Other Long Term Liabilities		
Unearned Income	49,88,34,446	48,51,27,944
	<u>49,88,34,446</u>	<u>48,51,27,944</u>
NOTE # 2.04		
Trade Payables		
Trade Payables	3,92,04,733	21,15,18,180
Trade Accrual	21,16,07,506	37,47,98,250
	<u>25,08,12,239</u>	<u>58,63,16,430</u>
NOTE # 2.05		
Other Current Liabilities		
Capital creditors/provision	2,24,17,265	2,03,31,536
Unearned Income-current	2,05,12,204	1,96,63,815
Employee payable	8,66,23,192	2,81,06,426
Payable to related parties (Refer Note 2.22)	7,77,74,53,094	7,38,92,22,731
	<u>7,90,70,05,755</u>	<u>7,45,73,24,508</u>
NOTE # 2.06		
Short Term Provisions		
Income Tax (net of advanced tax)	-	13,72,259
	<u>-</u>	<u>13,72,259</u>

FLAG Telecom Network USA Limited

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

NOTE # 2.07

Fixed Assets

Particulars	Gross Block					Depreciation			Net Block	
	As at April 1, 2014	Additions during the year	Forex Adjustments	As at March 31, 2015	As at April 1, 2014	For the year	Forex Adjustments	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible Assets										
Leasehold Improvement	1,03,20,641	-	4,45,278	1,07,65,919	1,02,97,317	23,806	4,44,796	1,07,65,919	-	23,324
Computers	39,57,531	-	1,70,722	41,28,253	38,95,583	30,760	1,68,723	40,95,066	33,188	61,948
Furniture and Fixtures	7,42,268	-	32,025	7,74,293	7,42,268	-	32,025	7,74,293	-	-
Network Assets	2,02,86,80,499	19,87,94,781	9,42,23,741	2,32,16,99,021	1,41,31,84,037	7,63,89,284	6,26,53,691	1,55,22,27,012	76,94,72,009	61,54,96,462
Tangible Assets (A)	2,04,37,00,939	19,87,94,781	9,48,71,766	2,33,73,67,486	1,42,81,19,205	7,64,43,850	6,32,99,235	1,56,78,62,290	76,95,05,197	61,55,81,734
Previous year	1,69,42,03,898	17,53,77,527	17,41,19,514	2,04,37,00,939	1,23,34,17,903	6,73,92,027	12,73,09,275	1,42,81,19,205	61,55,81,734	-
Intangible Assets										
Indefeasible Right of Connectivity	51,56,01,650	-	2,22,45,352	53,78,47,003	51,56,01,650	-	2,22,45,352	53,78,47,003	-	-
Intangible Assets (B)	51,56,01,650	-	2,22,45,352	53,78,47,003	51,56,01,650	-	2,22,45,352	53,78,47,003	-	-
Previous year	46,71,52,392	-	4,84,49,258	51,56,01,650	46,71,52,392	-	4,84,49,258	51,56,01,650	-	-
Total (A + B)	2,55,93,02,589	19,87,94,781	11,71,17,119	2,87,52,14,489	1,94,37,20,856	7,64,43,850	8,55,44,587	2,10,57,09,292	76,95,05,197	61,55,81,734
Previous year	2,16,13,56,290	17,53,77,527	22,25,68,772	2,55,93,02,589	1,70,05,70,295	6,73,91,999	17,57,58,561	1,94,37,20,856	61,55,81,734	-
Capital Work in Progress (C)									19,11,034	14,86,695

FLAG Telecom Network USA Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.08		
Long-Term Loans and Advances		
Capital Advance	<u>12,328</u>	<u>-</u>
	<u>12,328</u>	<u>-</u>
NOTE # 2.09		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	<u>6,00,000</u>	<u>8,62,776</u>
Considered Doubtful	<u>-</u>	<u>-</u>
	<u>6,00,000</u>	<u>8,62,776</u>
NOTE # 2.10		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	<u>2,31,20,321</u>	<u>1,10,70,617</u>
	<u>2,31,20,321</u>	<u>1,10,70,617</u>
NOTE # 2.11		
Short-Term Loans and Advances		
Advances Recoverable in Cash or Kind or for Value to be Received	<u>1,07,70,972</u>	<u>24,20,34,209</u>
Deposits	<u>7,35,063</u>	<u>7,04,660</u>
Prepaid Expenses	<u>-</u>	<u>4,89,939</u>
Receivables from Related Parties (Refer Note 2.22)	<u>3,10,03,25,141</u>	<u>3,02,59,33,398</u>
	<u>3,11,18,31,176</u>	<u>3,26,91,62,206</u>
	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.12		
Service Income		
Indefeasible Right of Use	<u>70,68,382</u>	<u>69,88,616</u>
Operation and Maintenance Charges	<u>1,73,35,652</u>	<u>1,71,40,049</u>
Network Service Income	<u>1,14,15,65,131</u>	<u>52,77,07,092</u>
	<u>1,16,59,69,165</u>	<u>55,18,35,757</u>
NOTE # 2.13		
Other Income		
Gain on Foreign Exchange Fluctuation (Net)	<u>39,851</u>	<u>-</u>
Reversal of provision no longer required	<u>1,05,53,930</u>	<u>-</u>
Miscellaneous	<u>-</u>	<u>4,81,022</u>
Sundry Balances Written Off	<u>7,93,431</u>	<u>-</u>
	<u>1,13,87,212</u>	<u>4,81,022</u>

FLAG Telecom Network USA Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.14		
Network Operation Expenses		
Equipment Maintenance and Support	14,28,476	12,27,402
Marine Cable Operations	2,729	1,51,160
Landing Stations and Point of Presence costs	38,98,82,951	33,86,46,371
Terrestrial Cable, Inland Amplifier and Regenerator Sites	7,89,83,586	9,18,20,761
Local Tails	22,50,99,673	23,41,85,340
Internet Protocol	3,67,61,267	6,24,76,307
	73,21,58,682	72,85,07,341
NOTE # 2.15		
Employee Benefits Expense		
Salaries, Wages and Bonus	21,21,24,800	15,40,84,104
Contribution to Provident and Other Funds	2,05,87,134	2,94,52,804
Staff Welfare	29,03,522	82,20,974
	23,56,15,456	19,17,57,882
NOTE # 2.16		
Depreciation and amortization expense		
Depreciation on Tangible assets	7,64,43,850	6,73,92,027
Depreciation on Intangible assets	-	-
	7,64,43,850	6,73,92,027
NOTE # 2.17		
Sales and General Administration Expenses		
Rent	66,85,930	58,78,917
Insurance	1,11,67,210	53,55,813
Rates and Taxes	31,71,899	24,61,093
Professional Charges	-	26,81,655
Licensing and Regulatory Fees	1,33,66,423	1,27,92,066
Travel and Entertainment	1,41,30,132	97,63,840
Communication	16,42,261	21,75,230
Information Technology Support	46,120	37,789
Bank charges	5,67,481	55,234
Sales and Marketing Expenses	22,02,124	83,019
Facility Usage charges	5,10,935	2,97,297
Foreign Exchange Fluctuation Loss	-	14,976
Miscellaneous	93,343	3,20,02,726
	5,35,83,858	7,35,99,655

FLAG Telecom Network USA Limited

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

NOTE # 2.18

Background And Organisation

The Company is part of a multinational corporate organization. The company operates a global telecommunication network comprised of advanced fibre-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the company.

NOTE # 2.19

Earnings Per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit/ (Loss) after Tax	8,03,78,384	(50,94,61,922)
B Weighted average number of share of USD 1 each used as denominator for calculating Basic and Diluted EPS	1	1
C Basic and Diluted Earnings per Share (A/B)	8,03,78,384	(50,94,61,922)

NOTE # 2.20

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Hence no segment reporting required.

Substantial network assets are located across geographic territories and therefore not identifiable to any particular geographical segment.

NOTE # 2.21

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE # 2.22

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
- b) Enterprises as affiliated companies are:
 - i) FLAG Telecom Japan Limited
 - ii) Reliance Globalcom (U.K.) Limited
 - iii) Reliance FLAG Telecom Ireland Limited
 - iv) FLAG Telecom Ireland Network Limited
 - v) FLAG Atlantic UK Limited
 - vi) Reliance FLAG Atlantic France SAS
 - vii) FLAG Telecom Espana Network SAU
 - viii) FLAG Telecom Development Limited
 - ix) Reliance Globalcom Services Inc.
 - x) Reliance Communications Inc.

FLAG Telecom Network USA Limited

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

Summarized below are the transactions entered into with related parties:

Name of the Entity	Network Service Income		Network Service Expenses		Trade Payables		Short Term Loans & Advances		Current Liabilities	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Reliance Communication Inc.	-	-	-	-	-	-	-	3,73,24,307	-	-
Reliance Globalcom Services Inc.	-	-	3,11,49,871	3,26,48,650	1,93,87,875	1,48,73,918	-	-	-	-
Reliance Globalcom Limited	1,14,15,65,131	10,64,14,759	-	-	-	-	4,37,500	4,19,405	7,75,09,45,393	7,36,07,73,412
FLAG Telecom Japan Limited	-	-	-	-	-	-	2,53,55,875	2,43,07,156	-	-
FLAG Telecom Ireland Network Limited	-	-	-	-	-	-	20,23,60,311	19,39,90,690	-	-
FLAG Telecom Atlantic France SAS	-	-	-	-	-	-	-	-	56,82,188	54,47,172
Reliance FLAG Atlantic France SAS	-	-	-	-	-	-	-	-	1,12,87,015	1,08,20,170
FLAG Telecom Espana Network SAU	-	-	-	-	-	-	-	-	5,01,176	4,80,458
Reliance Globalcom (UK) Limited	-	-	-	-	-	-	-	-	-	-
Reliance FLAG Telecom Ireland Limited	-	41,55,20,540	-	-	-	-	2,87,21,71,455	2,76,98,91,840	-	-
FLAG Atlantic UK Limited	-	-	-	-	-	-	-	-	29,23,697	44,10,942
FLAG Telecom Development Limited	-	-	-	-	-	-	-	-	611,36,25	72,90,577

NOTE # 2.23

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.153 and (Previous year 1 USD = ₹ 60.463). Opening Profit and Loss Balance of Financial Year 2013-14 is translated at closing rate of Financial Year 2012-13 of 1 USD = ₹ 54.285

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Telecom Network USA Limited

Janet Troxell

B K Sinha

Directors

FLAG Telecom Group Services Limited

Independent Auditor's Report

To

The Board of Directors of FLAG Telecom Group Services Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Group Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

FLAG Telecom Group Services Limited

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	7,50,000	7,18,980
Reserves and Surplus	2.02	39,08,84,305	38,75,70,279
		<u>39,16,34,305</u>	<u>38,82,89,259</u>
Current Liabilities			
Short Term Borrowings	2.03	1,37,50,00,000	-
Other Current Liabilities	2.04	35,94,39,95,051	31,87,34,77,391
		<u>37,71,06,29,356</u>	<u>32,26,17,66,650</u>
ASSETS			
Non Current Assets			
Non Current Investments	2.05	31,74,80,35,313	29,11,68,06,590
Current Assets:			
Short-Term Loans and Advances	2.06	5,96,25,94,043	31,44,96,060
		<u>37,71,06,29,356</u>	<u>32,26,17,66,650</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Group Services Limited

Janet Troxell

Wilfred Kwan

} Directors

FLAG Telecom Group Services Limited

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

		Amount in ₹	
	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Other Income	2.07	-	3,43,874
		-	3,43,874
Expenditure			
Sales and General Administration Expenses	2.08	1,31,18,506	68,76,276
		1,31,18,506	68,76,276
Profit/(Loss) Before Tax		(1,31,18,506)	(65,32,402)
Provision for taxation			
- Current Tax		-	-
- Deferred Tax		-	-
		-	-
Profit /(Loss) After Tax		(1,31,18,506)	(65,32,402)
Basic and Diluted Earning Per Share	2.10	(1,093)	(544)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Group Services Limited

Janet Troxell }
Wilfred Kwan } Directors

FLAG Telecom Group Services Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	(1,31,18,506)	(65,32,402)
Adjustments for:		
Effects of exchange difference on translation of asset & Liabilities	(1,23,97,65,170)	64,24,363
	<u>(1,23,97,65,170)</u>	<u>64,24,363</u>
	(1,25,28,83,676)	(1,08,039)
Operating Profit before Working Capital Changes		
Adjustments for:		
(Increase)/decrease in Trade and Other Receivables	(2,81,76,33,984)	42,17,162
(decrease)/Increase in Trade Payables	<u>4,07,05,17,660</u>	<u>(41,09,123)</u>
	1,25,28,83,676	1,08,039
Income Taxes Paid	-	-
Net Cash from Operating Activities (A)	<u>-</u>	<u>-</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in Subsidiaries	<u>(1,37,50,00,000)</u>	-
Net Cash Used in Investing Activities (B)	<u>(1,37,50,00,000)</u>	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Loan taken	<u>1,37,50,00,000</u>	-
Net Cash Used in Financing Activities (C)	<u>1,37,50,00,000</u>	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	-	-
Cash and Cash Equivalents at the Beginning of the Period	-	-
Cash and Cash Equivalents at the End of the Period	<u>-</u>	<u>-</u>

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Telecom Group Services Limited

Janet Troxell

Wilfred Kwan

} **Directors**

FLAG Telecom Group Services Limited

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

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The Financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India.

b) Revenue Recognition

i. Indefeasible Right of Use

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

ii. Operations And Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

iii. Network Revenue

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 recognized in the Company's income statement over the term of the contract.

iv. Ethernet Services

Ethernet revenue is recognized in the Company's income statement over the term of the contract.

v. Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Employee Benefit Insurance is insurance policy issued by an insurer to reimburse employee benefits already paid.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the group reporting package and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

e) Current and Deferred Tax

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

FLAG Telecom Group Services Limited

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

f) Effects of Changes in Foreign Currency Rates

- All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference is ascertained and recognized in the books of accounts.

g) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Amount in ₹

	As at March 31, 2015	As at March 31, 2014
--	-------------------------	-------------------------

NOTE # 2.01

Share Capital

Authorised:

12000 (12000) ordinary shares par value US\$1 each	7,50,000	7,18,980
	<u>7,50,000</u>	<u>7,18,980</u>

Issued Subscribed and Paid up:

12000 (12000) ordinary shares par value US\$1 each	7,50,000	7,18,980
	<u>7,50,000</u>	<u>7,18,980</u>

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Held by Reliance Globalcom BV	-	12,000
Held by GCX Limited	12,000	-
	<u>12,000</u>	<u>12,000</u>

b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom BV	-	-	100	12,000
GCX Limited	100	12,000	-	-

c) Terms/ Rights attached to the shares

The Company has only ordinary shares having a par value of USD 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

Reliance Globalcom B.V., the Netherlands (RGBV), the erstwhile holding company had availed US\$ 700 million facility from Standard Chartered Bank (Lender) for the maximum period of 60 Months from the date of utilisation in 2010-11. For securing the facility, shares of FTGSL and its material subsidiaries were pledged to the Lender and FTGSL was one of the Guarantors for the facility. During the year, pursuant to the group restructuring exercise, the Lender has released the pledge on shares of FTGSL and its subsidiaries.

During the year, GCX Limited has issued 7% Senior Secured Notes of US\$350 million. These Notes are guaranteed by FTGSL and its material subsidiaries (together referred as 'Subsidiary Guarantors') and these Notes are secured by way of a pledge of equity shares of Subsidiary Guarantors.

d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year

	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	12,000	7,50,000	12,000	7,18,980
Add: Movement for the year	-	-	-	-
At the end of the year	<u>12,000</u>	<u>7,50,000</u>	<u>12,000</u>	<u>7,18,980</u>

FLAG Telecom Group Services Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	5,35,18,605	3,70,86,073
Surplus/(Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	35,04,84,206	35,70,16,608
Add: Profit/ (Loss) for the year	(1,31,18,506)	(65,32,402)
	33,73,65,700	35,04,84,206
	39,08,84,305	38,75,70,279
NOTE # 2.03		
Short Term Borrowings		
Loan from Related Parties (Refer Note 2.12)	1,37,50,00,000	-
	1,37,50,00,000	-
NOTE # 2.04		
Other Current Liabilities		
Other Liabilities/Accrued Expense	62,50,000	-
Other Payables	13,24,614	7,42,021
Payable to Related Parties (Refer Note 2.12)	35,93,64,20,437	31,87,27,35,370
	35,94,39,95,051	31,87,34,77,391
NOTE # 2.05		
Non Current Investments		
Investment in Subsidiaries:		
108 (100) Ordinary shares of Yipes Holding Inc. of USD 0.01 each	19,74,66,92,375	17,61,18,39,196
110072000 (110072000) Ordinary shares of Reliance Vanco Group Limited of GBP 0.001 each and 200000 (200000) Redeemable Preference shares of Reliance Vanco Group Limited of GBP 1 each	12,00,13,42,938	11,50,49,67,394
	31,74,80,35,313	29,11,68,06,590
NOTE # 2.06		
Short-term loans and advances		
Receivables from Related Parties (Refer Note 2.12)	5,96,25,94,043	31,44,96,060
	5,96,25,94,043	31,44,96,060
NOTE # 2.07		
Other Income		
Miscellaneous Income	-	3,43,874
	-	3,43,874

FLAG Telecom Group Services Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE # 2.08		
Sales and General Administration Expenses		
Licensing and Regulatory Fees	5,36,215	1,20,624
	<u>5,36,215</u>	<u>1,20,624</u>
Payment to Auditors	1,25,82,291	67,55,652
	<u>1,31,18,506</u>	<u>68,76,276</u>

NOTE #2.09

Background and Organisation

The Company is part of a multinational corporate organization. The company operates a global telecommunication network comprised of advanced fibre-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the company.

NOTE #2.10

Earnings Per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit/(Loss) after Tax	(13,118,506)	(6,532,402)
B Weighted average number of ordinary share of USD 1 each used as denominator for calculating Basic and Diluted EPS	12,000	12,000
C Basic and Diluted Earnings per Share (A/B)	(1,093)	(544)

NOTE #2.11

Prior Period Comparatives have been classified and regrouped to confirm with the current year's presentations, where applicable.

NOTE #2.12

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Globalcom Limited
 - iii) Reliance Globalcom BV
- b) Enterprises as affiliated companies are :
 - i) Reliance Vanco Group Limited
 - ii) Yipes Holdings Inc
 - iii) Reliance Globalcom Services Inc.
 - iv) Flag Telecom Development Limited

FLAG Telecom Group Services Limited

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

Summarized below are the transactions entered into with related parties:

Name of the Entity	Short Term Loans and Advances		Other Current Liabilities		Trade Payables		Short term borrowings		Sale of shares		Purchase of shares	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Reliance Globalcom Limited	-	-	35,88,41,17,062	31,87,27,35,370	-	-	-	-	-	-	-	-
Reliance Vanco Group Limited	5,96,19,69,043	3,14,43,60,910	4,53,20,125	-	-	-	-	-	-	-	-	-
Yipes Holdings Inc	6,25,000	5,99,150	-	-	-	-	1,37,50,00,000	-	-	-	1,37,50,00,000	-
Reliance Globalcom Services Inc.	-	-	69,83,250	-	-	-	-	-	-	-	-	-
FLAG Telecom Development Limited	-	-	-	-	6,96,006	6,67,813	-	-	-	-	-	-
Reliance Globalcom B.V.	-	-	-	-	-	-	-	-	1,37,50,00,000	-	1,37,50,00,000	-

NOTE #2.13

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.153 and (Previous year 1 USD = ₹ 60.463). Opening Profit and Loss account balances of FY 2013-14 have been translated at Closing Rate of FY 2012-13 i.e. 1 USD = ₹ 54.285.

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Telecom Group Services Limited

Janet Troxell

Wilfred Kwan

} Directors

FLAG Telecom Development Limited

Independent Auditor's Report

To

The Board of Directors of FLAG Telecom Development Limited Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of FLAG Telecom Development Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

FLAG Telecom Development Limited

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES	Note		
Shareholders' Funds			
Share Capital	2.01	7,50,000	7,18,980
Reserves and Surplus	2.02	40,98,02,25,586	35,92,86,12,887
		<u>40,98,09,75,586</u>	<u>35,92,93,31,867</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	-	18,44,14,857
Long Term Provisions	2.04	-	8,96,36,73,395
		<u>-</u>	<u>9,14,80,88,252</u>
Current Liabilities			
Trade Payables	2.05	-	86,06,02,860
Other Current Liabilities	2.06	4,40,69,86,723	4,22,40,45,950
		<u>4,40,69,86,723</u>	<u>5,08,46,48,810</u>
		<u>45,38,79,62,309</u>	<u>50,16,20,68,929</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	2.07	-	5,79,14,17,654
Non Current Investments	2.08	8,17,940	38,41,210
		<u>8,17,940</u>	<u>5,79,52,58,864</u>
Current Assets:			
Short-Term Loans and Advances	2.09	45,38,71,44,369	44,36,68,10,065
		<u>45,38,71,44,369</u>	<u>44,36,68,10,065</u>
		<u>45,38,79,62,309</u>	<u>50,16,20,68,929</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Development Limited

Rod Riley }
Wilfred Kwan } Directors

FLAG Telecom Development Limited

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income	Note		
Service Income	2.10	<u>18,82,25,326</u>	<u>36,30,89,651</u>
		<u>18,82,25,326</u>	<u>36,30,89,651</u>
Expenditure			
Network Operation Expenses	2.11	-	(17,23,53,893)
Depreciation and Amortization Expense	2.12	(3,23,78,02,811)	44,28,73,638
Sales and General Administration Expenses	2.13	-	1,20,624
		<u>(3,23,78,02,811)</u>	<u>27,06,40,369</u>
Profit/(Loss) Before Tax		<u>3,42,60,28,137</u>	<u>9,24,49,282</u>
Provision for taxation			
- Current Tax		-	-
- Deferred Tax		-	-
Profit /(Loss) After Tax		<u>3,42,60,28,137</u>	<u>9,24,49,282</u>
Basic and Diluted Earning Per Share	2.15	2,855	77
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Development Limited

Rod Riley }
Wilfred Kwan } Directors

FLAG Telecom Development Limited

Cash Flow Statement for the year ended March 31, 2015

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:			
Profit/(Loss) Before Tax		3,42,60,28,137	9,24,49,282
Adjustments for:			
Provision for Doubtful Debts			
Depreciation and Amortisation	(3,23,78,02,811)	44,28,73,638	
Foreign Currency Translation Reserve	1,80,85,56,357	(1,06,57,93,974)	
		(1,42,92,46,454)	(62,29,20,336)
		1,99,67,81,683	(53,04,71,054)
Operating Profit before Working Capital Changes			
Adjustments for:			
(Increase)/ decrease in Trade and Other Receivables	(1,01,73,11,035)	6,62,59,999	
(decrease)/Increase in Trade Payables	(97,94,70,648)	46,42,11,055	
		(1,99,67,81,683)	53,04,71,054
		-	-
Income Taxes Paid			
Net Cash from Operating Activities (A)		-	-
B) CASH FLOW FROM INVESTING ACTIVITIES:			
Net Cash Used in Investing Activities (B)		-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:			
Net Cash Used in Financing Activities (C)		-	-
Net (Decrease) in Cash and Bank Balances (A+B+C)		-	-
Cash and Bank Balances at the Beginning of the Period		-	-
Cash and Cash Equivalents at the End of the Period		-	-

For Shridhar & Associates

Chartered Accountants

Firm Registration No.: 134427W

Shridhar Mirani

Partner

Membership Number: 030006

Place : Mumbai

Date : May 28, 2015

For Flag Telecom Development Limited

Rod Riley

Wilfred Kwan

} Directors

FLAG Telecom Development Limited

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

NOTE # 1

Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

Capacity

The Company sells Right of Use (ROU) that provide customers with network capacity, typically over a 10 to 15 year period without transferring the legal title or giving an option to purchase the network capacity. Revenue from cancellable ROU arrangements are accounted as operating lease and recognised over the life of the contract.

Revenue from non cancellable ROU arrangements is recognised upfront as licensing income on activation of services.

Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue.

Operations and Maintenance

The Company provides operation and maintenance services over the life of the capacity contract, for which the Company receives Operation and Maintenance charges. Operation and maintenance charges are invoiced separately from capacity sales. Revenues relating to maintenance are recognized over the period in which the service is provided.

Network Services

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 Services revenue is recognised in the Company's income statement over the term of the contract.

Unearned Income

Unearned income represents income billed in accordance with the contract but not recognised in Statement of Profit and Loss as at the Balance Sheet date. Unearned income net of the amount recognisable within one year is disclosed as unearned income in non-current liabilities and the amount recognisable within one year is disclosed as unearned income in current liabilities.

c) Employee Benefits

Eligible employees of the Company are covered by a defined contribution pension plan. Contribution to the plan is generally based on each employee's eligible compensation and years of service and is based on the local regulations. The schemes are funded through payments to insurance companies as defined contribution plans. In some defined contribution retirement plan, eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations.

Contributions are made to employees personal pension schemes and the costs are charged to the profit and loss account when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Current and Deferred tax

i) Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Indefeasible Right of Use is stated at cost of acquisition less accumulated amortization.

FLAG Telecom Development Limited

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

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

Computers and Office Equipments	3 to 5 years
Fixtures and Fixtures.....	3 to 7 years
Vehicles.....	5 years
Leasehold improvements.....	Shorter of the remaining lease term, ranging from 1 to 17 years or useful life
Network assets	The shorter of 15 to 25 years or remaining useful live
Network assets –Fibre Optic Transmission Systems	20 Years

Assets acquired under capital lease obligations are amortized over the shorter of the estimated useful lives of the assets or the life of the lease.

The estimated useful life of cable systems are determined based on the estimated period over which they will generate revenue, ranging from 10 to 25 years.

Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset. Maintenance and repairs on property and equipment are expensed as incurred.

During the year ended March 31, 2012, the Company has reviewed the current condition of network assets. Based on the outcome of technical assessment and upgradation in recent years, the company extended the estimated useful lives of FEA, FA-1 and FNAL cable systems to 25 years which are forming part of network assets. The impact of the same has been taken prospectively from April 1, 2011.

iii) Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Indefeasible Right of Use are fully amortised in the year of purchase

iv) 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 Profit and Loss Account 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 amount. The recoverable amount is higher of net selling price and value in use.

v) Asset Retirement Obligation('ARO')

The cost of tangible assets also includes, where applicable, costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of installing the item. This liability is estimated based on the best estimate of the expenditure required to settle the obligation. A corresponding liability is created for the amount recognised. Subsequent changes in the asset retirement obligation due to change in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation are adjusted in the cost of the asset prospectively. In case of decrease in liability, it is first reduced from the carrying value of the related Network Assets and the excess amount, if any, is credited to the Statement of Profit and Loss.

The asset retirement obligation is depreciated over the estimated useful life of the asset for which the obligation has been created.

g) Effects of Changes in Foreign Currency Rates

- All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognized in the books of accounts.
- Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.

FLAG Telecom Development Limited

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

h) Accounting for Investment

Interest on investments which are reinvested in cash funds are treated as short term investments and are classified as current investments. The carrying amount for the current investments is lower of cost or fair value.

i) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent Assets are neither recognised nor disclosed in the financial statements

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised:		
12000 (12000) ordinary shares par value US\$1 each	<u>7,50,000</u>	<u>7,18,980</u>
	<u>7,50,000</u>	<u>7,18,980</u>
Issued Subscribed and Paid up:		
12000 (12000) ordinary shares par value US\$1 each, fully paid up	<u>7,50,000</u>	<u>7,18,980</u>
	<u>7,50,000</u>	<u>7,18,980</u>

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Globalcom Limited	<u>12,000</u>	<u>12,000</u>
	<u>12,000</u>	<u>12,000</u>

b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom Limited	100	12,000	100	12,000

c) Terms/ Rights attached to the shares

The Company has only ordinary shares having a par value of USD 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year

	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	12,000	7,50,000	12,000	7,18,980
Add: Movement for the year	-	-	-	-
At the end of the year	<u>12,000</u>	<u>7,50,000</u>	<u>12,000</u>	<u>7,18,980</u>

FLAG Telecom Development Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.02		
Reserves and Surplus		
Foreign Currency Translation Reserve	4,99,22,22,567	3,36,66,38,005
Surplus/(Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	32,56,19,74,882	32,46,95,25,600
Add: Profit/ (Loss) for the year	3,42,60,28,137	9,24,49,282
	<u>35,98,80,03,019</u>	<u>32,56,19,74,882</u>
	<u>40,98,02,25,586</u>	<u>35,92,86,12,887</u>
NOTE # 2.03		
Other Long Term Liabilities		
Unearned Income	-	18,44,14,857
	<u>-</u>	<u>18,44,14,857</u>
NOTE # 2.04		
Long Term Provisions		
Provision for Assets Retirement Obligations	-	8,96,36,73,395
	<u>-</u>	<u>8,96,36,73,395</u>
NOTE # 2.05		
Trade Payables		
Trade Accruals	-	86,06,02,860
	<u>-</u>	<u>86,06,02,860</u>
NOTE # 2.06		
Other Current Liabilities		
Payable to Related Parties (Refer Note 2.18)	4,40,69,86,723	4,22,40,45,950
	<u>4,40,69,86,723</u>	<u>4,22,40,45,950</u>

FLAG Telecom Development Limited

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

Note 2.07 Fixed Assets		Amount in ₹									
Particulars	Gross Block					Depreciation				Net Block	
	As at April 01, 2014	Transferred During the year	Foreign Currency Translation Reserve	Adjustment	As at March 31, 2015	As at April 01, 2014	Transferred during the year	Foreign Currency Translation Reserve	For the year	As at March 31, 2015	As at March 31, 2014
Network Assets	8,96,36,73,437	9,35,04,06,199	-	38,67,32,762	-	3,17,22,55,783	-	(6,55,47,028)	(3,23,78,02,811)	-	5,79,14,17,654
Total	8,96,36,73,437	9,35,04,06,199	-	38,67,32,762	-	3,17,22,55,783	-	(6,55,47,028)	(3,23,78,02,811)	-	5,79,14,17,654
Previous year	8,12,13,88,798	-	84,22,84,639	-	8,96,36,73,437	2,47,65,48,579	-	25,28,33,565	44,28,73,638	3,17,22,55,783	5,79,14,17,654

FLAG Telecom Development Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.08		
Non Current Investments		
Trade Investment		
Investment in Subsidiaries:		
495 Flag Telecom Services Development Company LLC, 100 Egyptian (495) Pound per Share	8,16,815	7,83,029
20 Flag Telecom Network Services Limited, 1 Euro per Share (20)	1,125	1,078
15000 Flag Telecom Hellas AE-Greece, 4 Euro per Share (15000)	-	30,55,485
- Flag Holding (Taiwan) Limited, 10 New Taiwan Dollar per share (1)	-	1,618
	8,17,940	38,41,210
NOTE # 2.09		
Short-term loans and advances		
Receivables from Related Parties (Refer Note 2.18)	45,38,71,44,369	44,36,68,10,065
	45,38,71,44,369	44,36,68,10,065
	For the year ended March 31, 2015	For the year ended March 31, 2014
NOTE # 2.10		
Service Income		
Lease Capacity Services	18,82,25,326	36,30,89,651
	18,82,25,326	36,30,89,651
NOTE # 2.11		
Network Operation Expenses		
Network Cost	-	(17,23,53,893)
	-	(17,23,53,893)
NOTE # 2.12		
Depreciation and amortization expense		
Depreciation on Tangible assets	(3,23,78,02,811)	44,28,73,638
	(3,23,78,02,811)	44,28,73,638
NOTE # 2.13		
Sales and General Administration Expenses		
Miscellaneous	-	1,20,624
	-	1,20,624
NOTE # 2.14		
Background And Organisation		
The Company is part of a multinational corporate organization .The Company operates a global telecommunications network comprised of advanced fiber-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the Company.		
NOTE # 2.15		
Earnings Per Share		
	Amount in ₹ except number of shares	
	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit after Tax	3,426,028,137	92,449,282
B Weighted average number of share of US\$ 1 each equivalent ₹ 62.50 each used as denominator for calculating Basic and Diluted EPS	12,000	12,000
C Basic and Diluted Earnings per Share i (A/B)	2,855	77

FLAG Telecom Development Limited

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

NOTE # 2.16

Provisions

		Amount in ₹
Asset Retirement Obligation (ARO)		
Particulars of Provisions	For the year ended March 31, 2015	For the year ended March 31, 2014
Opening Balance as on April 1, 2014	9,350,406,188	9,350,406,188
Less: Provisions reversed during the period	9,350,406,188	-
Closing Provisions as on March 31, 2015	-	9,350,406,188

Notes:

Provision for ARO has been made in respect of under-sea cables and equipments owned by the Company. The above provision is made on the technical estimates made by the Management and has been relied upon by the Auditors.

NOTE # 2.17

Prior Period comparatives have been classified to confirm with the current year's presentation, where applicable.

NOTE # 2.18

Related Party Transaction

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Enterprises as affiliated companies are:
- FLAG Holdings (Taiwan) Limited
 - Reliance Flag Telecom Ireland Limited
 - FLAG Telecom Ireland Network Limited
 - FLAG Atlantic UK Limited
 - Reliance Flag Atlantic France SAS
 - FLAG Telecom Network USA Limited
 - FLAG Telecom Group Services Limited
 - Reliance Globalcom Limited
 - Flag Telecom Network Services Limited
 - Flag Telecom Network Espana SAU

Company Name	Short Term Loans and Advances		Other Current Liabilities	
	Current Year	Previous Year	Current Year	Previous Year
FLAG Holdings (Taiwan) Limited	2,835,125	2,717,842	-	-
FLAG Telecom Network Services Limited	-	-	779	-
Reliance FLAG Telecom Ireland Limited	-	-	2,181,289,938	2,08,72,05,335
FLAG Telecom Ireland Network Limited	-	-	2,225,000,000	2,13,29,74,000
FLAG Atlantic UK Limited	3,261,978,000	-	-	-
Reliance FLAG Atlantic France SAS	4,798,147,375	-	-	-
FLAG Telecom Network USA Limited	6,113,625	72,90,577	-	-
FLAG Telecom Group Services Limited	-	-	696,006	667,813
Reliance Globalcom Limited	37,318,070,244	44,356,801,646	-	-
Flag Telecom Network Espana SAU	-	-	-	31,98,802

NOTE # 2.19

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.15 and (Previous year 1 USD = ₹ 60.46). Opening Profit and Loss account balances of FY 2013-14 have been translated at Closing Rate of FY 2012-13 i.e. 1 USD = ₹ 54.285.

For Shridhar & Associates

Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani

Partner
Membership Number: 030006
Place : Mumbai
Date : May 28, 2015

For Flag Telecom Development Limited

Rod Riley

Wilfred Kwan

} Directors

Global Cloud Xchange Limited

Independent Auditor's Report

To

The Board of Directors of Global Cloud Xchange Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Global Cloud Xchange Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Global Cloud Xchange Limited

Balance Sheet as at March 31 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
Equity and Liabilities			
Shareholders' funds			
Share Capital	2.01	14,70,76,74,375	5,99,150
Reserves and Surplus	2.02	6,51,02,30,407	-
		<u>21,21,79,04,782</u>	<u>5,99,150</u>
Current liabilities			
Short-Term Borrowings	2.03	-	5,99,150
Trade Payables	2.04	1,75,781	-
		<u>1,75,781</u>	<u>5,99,150</u>
Total		<u>21,21,80,80,563</u>	<u>11,98,300</u>
Assets			
Non Current Assets			
Non Current Investments	2.05	21,21,78,93,063	5,99,150
		<u>21,21,78,93,063</u>	<u>5,99,150</u>
Current Assets:			
Trade Receivables	2.06	1,87,500	-
Cash and Bank Balances	2.07	-	5,99,150
		<u>1,87,500</u>	<u>5,99,150</u>
Total		<u>21,21,80,80,563</u>	<u>11,98,300</u>
Significant Accounting Policies	1		
Notes on Accounts	2		
The notes are an integral part of these Financial Statements.			
This is the Balance Sheet referred to in our report of even date.			

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Global Cloud Xchange Limited

Deepak Khanna }
Bill Barney } Directors

Global Cloud Xchange Limited

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

		April 1, 2014 to March 31, 2015	Amount in ₹ March 19, 2014 to March 31, 2014
Revenue			
Service Income	2.08	1,83,459	-
Total Revenue		<u>1,83,459</u>	<u>-</u>
Expenses			
Other Expenses	2.09	1,71,993	-
Total Expenses		<u>1,71,993</u>	<u>-</u>
Profit Before Tax		11,466	-
Tax Expense			
- Current Tax		-	-
- Deferred Tax		-	-
Profit for the year		<u>11,466</u>	<u>-</u>
Earnings per ordinary share of US\$1 each:	2.11	-	-

Significant Accounting Policies

1

Notes on Accounts

2

The notes are an integral part of these Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Shridhar & Associates

Chartered Accountants

Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Global Cloud Xchange Limited

Deepak Khanna

Bill Barney

} **Directors**

Global Cloud Xchange Limited

Cash Flow Statement for the year ended March 31, 2015

	April 1, 2014 March 31, 2015	Amount in ₹ March 19, 2014 March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	11,466	-
Adjustment for:		
Foreign Currency Transalation reserve	26,103	-
Changes in Working Capital		
(Increase) in Trade Receivables	(1,87,500)	-
Increase in Trade Payables	1,75,781	-
Cash Generated from Operations	25,850	-
Taxes Paid	-	-
Net Cash Generated from Operating Activities (A)	25,850	-
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Investment in share	-	(5,99,150)
Net Cash from Investing Activities (B)	-	(5,99,150)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Short Term Borrowing	-	5,99,150
Issue of Ordinary shares	-	5,99,150
Repayment of Short Term Borrowing	(6,25,000)	-
Net Cash (Used) in Financing Activities (C)	(6,25,000)	11,98,300
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(5,99,150)	5,99,150
Add: Cash and Cash equivalents at the beginning of the year/ period	5,99,150	-
Cash and Cash Equivalents at the end of the year/period (Refer Note 2.07)	-	5,99,150

Notes:

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 - Cash Flow Statement issued by the Institute of Chartered Accountants of India.
 - 2) Refer Note 2.01 and 2.05 for non cash transaction during the year.
- This is the Cash Flow Statement referred to in our report of even date.

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani
Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Global Cloud Xchange Limited

Deepak Khanna }
Bill Barney } **Directors**

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The standalone financial statements have been prepared in accordance with Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) under the historical cost convention on accrual basis. The financial statements have been prepared to comply in all material aspects with applicable Accounting Standards issued by ICAI.

The Company is domiciled in Bermuda however the financial statements are presented in US\$ considering the fact that the items included in the financial statement are measured using the currency of primary economic environment in which the Company operates which is the US\$.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. The Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

b) Revenue Recognition

Service Income

Revenue from services is recognised on rendering of services in accordance with contractual arrangements.

c) Use of Estimates

The preparation and presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised.

d) Current and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

e) Foreign Currency Translation

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

f) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

g) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

Global Cloud Xchange Limited

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

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

i) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Ordinary Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential ordinary shares that have changed the number of Ordinary Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to ordinary shareholders and the weighted average number of Ordinary Shares outstanding during the period is adjusted for the effects of all dilutive potential Ordinary Shares.

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE 2.01		
Share Capital		
Authorised		
250,000,000 (March 31, 2014 : 10,000)	15,62,50,00,000	5,99,150
Ordinary shares of US\$ 1 each	15,62,50,00,000	5,99,150
Issued, Subscribed and Paid up:		
235,322,790 (March 31, 2014 : 10,000)	14,70,76,74,375	5,99,150
Ordinary shares of US\$ 1 each fully paid up	14,70,76,74,375	5,99,150
a) Reconciliation of number of Ordinary shares	No. of Shares	Amount in ₹
Balance as at the beginning of the year	10,000	6,25,000
Add: Ordinary shares issued during the year	23,53,12,790	14,70,70,49,375
Balance as at the end of the year	23,53,22,790	14,70,76,74,375
		No. of Shares
		Amount in ₹
		-
		10,000
		5,99,150
		10,000
		5,99,150

Note :

During the year, the Company has acquired from Reliance Globalcom B.V. (RGBV) equity shares held in GCX Limited for a consideration of ₹ 1,333 crore by way of issuance of its own shares for and equivalent value to RGBV.

During the year, the Company has issued 22,029,790 Ordinary Shares of US\$ 1 per share to RGBV at the aggregate Security Premium of ₹ 651 crore for an amount receivable of ₹ 789 crore.

RGBV had availed US\$ 700 million facility from Standard Chartered Bank (Lender). For securing the facility, shares of Reliance Globalcom Limited (RGL), Flag Telecom Group Services Limited (FTGSL) and its material subsidiaries were pledged to the Lender.

The said security has been replaced by pledge of shares of GCXL were extended inter-alia other securities.

b) Rights, preferences and restriction attached to the shares

The Company has only Ordinary Shares (shares) having a par value of US\$1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

Global Cloud Xchange Limited

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

	As at March 31, 2015	As at March 31, 2014
c) Shares held by holding company and subsidiary of holding Company		
	No. of Shares	No. of Shares
Reliance Globalcom BV, the Holding Company	23,53,22,790	10,000
	23,53,22,790	10,000

d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Ordinary shares:

Reliance Globalcom BV, the holding company	23,53,22,790	10,000
	(100%)	(100%)

NOTE 2.02

Amount in ₹

Reserves and Surplus

Securities Premium Account

Balance as at the beginning of the year/period	-	-
Add : Premium on shares issued during the year/period	6,51,02,18,688	-
Balance at the end of the year/period	6,51,02,18,688	-

Foreign Exchange Transalation Reserve

253	-
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Surplus/(Deficit) in Statement of Profit and Loss

Balance as at the beginning of the year/period	-	-
Add: Profit/ (Loss) for the year/period	11,466	-
Balance at the end of the year/period	11,466	-

Total

6,51,02,30,407	-
-----------------------	---

NOTE 2.03

Short-Term Borrowings

Unsecured:

Loans from Reliance Globalcom Limited, Bermuda	-	5,99,150
	-	5,99,150

NOTE 2.04

Trade Payables

Trade Payable	1,75,781	-
	1,75,781	-

NOTE 2.05

Non Current Investments

Trade Investment

(Unquoted, Fully paid up)

Investment in Subsidiaries:

235,322,790 Ordinary share (March 31, 2014 : 10,000) of US \$ 1 each held in GCX Limited	21,21,78,93,063	5,99,150
--	------------------------	----------

21,21,78,93,063	5,99,150
------------------------	----------

Global Cloud Xchange Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE 2.06		
Trade Receivable		
Unsecured, considered good	1,87,500	-
Less: Provision for doubtful debts	-	-
	<u>1,87,500</u>	<u>-</u>

NOTE 2.07

Cash and Bank Balances

Cash on hand	-	5,99,150
	<u>-</u>	<u>5,99,150</u>

For the year ended March 31, 2015

March 19, 2014 to
March 31, 2014

NOTE 2.08

Service Income

Service Income	1,83,459	-
	<u>1,83,459</u>	<u>-</u>

NOTE 2.09

Other Expenses

Sales and Marketing Expenses	1,71,993	-
	<u>1,71,993</u>	<u>-</u>

NOTE 2.10

GENERAL INFORMATION

Global Cloud Xchange Limited ("GCXL") was incorporated in Bermuda on March 19, 2014 and is a wholly owned subsidiary of Reliance Globalcom B.V., Netherland (RGBV). The Company is holding company of a multinational corporate organisation and operates global telecommunications network comprised of advanced fiber-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the company subsidiaries.

NOTE 2.11

Earnings per share

Profit for the year/period (A)	11,466	-
Weighted average number of shares of US\$ 1 each used as denominator for calculating Basic and Diluted EPS (B)	22,98,90,787	10,000
Basic and Diluted Earnings per Share (C=A/B)	-	-

Amount in ₹ except number of shares

Global Cloud Xchange Limited

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

NOTE 2.12

Related Party Disclosures

Names of related parties and nature of relationships:

a) Parties where control exists:

S. No Name of the entity

Parent Company

- 1 Reliance Communications Limited (Ultimate Holding Company)
- 2 Reliance Globalcom B.V. (Holding Company)

Subsidiary Company

- 1 FLAG Telecom Development Limited
- 2 FLAG Telecom Development Services Company LLC
- 3 Reliance FLAG Atlantic France SAS
- 4 FLAG Telecom Deutschland GmbH
- 5 FLAG Telecom Hellas AE
- 6 FLAG Telecom Asia Limited (including representative office in China)
- 7 FLAG Telecom Network Services Limited
- 8 Reliance FLAG Telecom Ireland Limited
- 9 FLAG Telecom Ireland Network Limited
- 10 FLAG Telecom Japan Limited
- 11 FLAG Telecom Netherland BV
- 12 FLAG Telecom Singapore Pte. Limited
- 13 FLAG Telecom Espana Network SAU
- 14 FLAG Telecom Taiwan Limited
- 15 Reliance Globalcom (U.K.) Limited
- 16 FLAG Atlantic UK Limited
- 17 FLAG Telecom Network USA Limited
- 18 Seoul Telenet Inc.
- 19 FLAG Holdings (Taiwan) Limited
- 20 Reliance Globalcom Limited, India
- 21 Flag Telecom Group Services Limited
- 22 Yipes Holdings Inc.
- 23 Reliance Globalcom Services Inc.
- 24 YTV Inc.
- 25 Reliance Vanco Group Limited
- 26 Vanco UK Limited
- 27 Vanco Global Limited
- 28 Vanco ROW Limited
- 29 Vanco International Limited
- 30 Vanco Switzerland A.G.
- 31 VNO Direct Limited
- 32 Vanco US LLC
- 33 Vanco Solutions Inc.
- 34 Vanco BV
- 35 Vanco Benelux BV
- 36 Vanco GmbH
- 37 Vanco Deutschland GmbH
- 38 Vanco SAS
- 39 Vanco NV
- 40 Vanco Srl
- 41 Euronet Spain SA
- 42 Vanco EuronetSp Zoo
- 43 Vanco Sweden AB
- 44 Vanco South America Ltda
- 45 Vanco Australasia Pty Limited
- 46 Vanco Asia Pacific PTE Limited
- 47 Vanco (Shanghai) Co. Limited
- 48 Vanco Japan KK
- 49 Net Direct SA (Proprietary) Limited (under liquidation)
- 50 Reliance Globalcom Limited, Bermuda
- 51 GCX Limited

Global Cloud Xchange Limited

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

b) Summarised below are the transactions entered into with related parties: Amount in ₹

During the year/period :	Reliance Globalcom Ltd	GCX Limited	Reliance Globalcom B.V.
Revenue from Operations	1,83,459	-	-
	(-)	(-)	(-)
Purchase of Hawk Cable	-	-	21,875,000,000
	(-)	(-)	(-)
Sale of Hawk Cable	-	21,875,000,000	-
	(-)	(-)	(-)
Investment in shares of GCX Limited	-	7,887,080,563	13,330,187,500
	(-)	(-)	(-)
Borrowing taken	-	-	-
	(5,99,150)	(-)	(-)
Borrowing repaid	6,25,000	-	-
	(-)	(-)	(-)
Assignment of Intercompany Payable	-	15,625,000,000	-
	(-)	(-)	(-)
Assignment of Intercompany Receivable	-	-	15,625,000,000
	(-)	(-)	(-)

Amount in ₹

Year-end balance:	Reliance Globalcom Ltd	GCX Limited	Reliance Globalcom B.V.
Trade Receivables	187,500	-	-
	(-)	(-)	(-)
Borrowing	-	-	-
	(5,99,150)	(-)	(-)

Figures in bracket represent previous period figures.

NOTE 2.13

Previous Period Figures:

The previous period figures are for the period March 19, 2014 to March 31, 2014 and therefore, current year figures are not comparable with those of previous period. Previous period figures have been reclassified to confirm to this year's classifications

NOTE 2.14

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.15

As per our report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Global Cloud Xchange Limited

Deepak Khanna

Bill Barney

} Directors

Independent Auditor's Report

To

The Board of Directors of GCX Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of GCX Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

GCX Limited

Balance Sheet as at March 31, 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	1470 76 74 375	5 99 150
Reserves and Surplus	2.02	525 43 29 975	-
		<u>1996 20 04 350</u>	<u>5 99 150</u>
Non Current Liabilities			
Long-Term Borrowings	2.03	2187 50 00 000	-
		<u>2187 50 00 000</u>	
Current Liabilities			
Trade Payables	2.04	1 11 13 281	-
Other Current Liabilities	2.05	65 44 17 884	-
		<u>66 55 31 165</u>	<u>-</u>
TOTAL		<u>4250 25 35 515</u>	<u>5 99 150</u>
ASSETS			
Non Current Assets			
Non Current Investments	2.06	3686 44 80 547	-
Other Non Current Assets	2.07	36 74 41 905	-
		<u>3723 19 22 452</u>	<u>-</u>
Current Assets:			
Trade Receivables	2.08	1 87 500	-
Cash and Bank Balances	2.09	317 77 84 365	5 99 150
Short-Term Loans and Advances	2.10	193 51 66 096	-
Other Current Assets	2.11	15 74 75 102	-
		<u>527 06 13 063</u>	<u>5 99 150</u>
TOTAL		<u>4250 25 35 515</u>	<u>5 99 150</u>

Significant Accounting Policies

1

Notes on Accounts

2

The notes are an integral part of these Financial Statements.
This is the Balance Sheet referred to in our report of even date.

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

For GCX Limited

Rodney Riley

Clive Van Hilten

} Directors

Date : May 28, 2015

Place : Mumbai

GCX Limited

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

		April 1, 2014 to March 31, 2015	Amount in ₹ March 20, 2014 to March 31, 2014
Revenue	Note		
Service Income	2.12	1 83 459	-
Other Income	2.13	14 69 701	-
Total Revenue		<u>16 53 160</u>	<u>-</u>
Expenses			
Finance Costs	2.14	114 55 83 333	-
Other Expenses	2.15	8 48 91 606	-
Total Expenses		<u>123 04 74 939</u>	<u>-</u>
Profit/ (Loss) Before Tax		(122 88 21 779)	-
Tax Expense			
-Current Tax		-	-
Profit/ (Loss) for the Year		<u>(122 88 21 779)</u>	<u>-</u>
Profit/ (Loss) per Ordinary share of US\$1 each:			
- Basic and Diluted	2.17	(5.35)	-

Significant Accounting Policies

1

Notes on Accounts

2

The notes are an integral part of these Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Shridhar & Associates

Chartered Accountants

Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

For GCX Limited

Rodney Riley

Clive Van Hilten

} Directors

Date : May 28, 2015

Place : Mumbai

GCX Limited

Cash Flow Statement for the year ended March 31, 2015

	April 1, 2014 to March 31, 2015	Amount in ₹ March 20, 2014 to March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/ (Loss) Before Tax	(122 88 21 779)	-
Adjustments for:		
Interest Income	(11 97 060)	-
Interest Expenses	99 88 32 374	-
Credit Facility Fees	4 40 30 160	-
Notes Issue Expenses	7 39 87 261	-
Movement in Foreign Translation Reserve	(2 70 41 067)	-
Amortisation of Notes Issue Expenses	10 27 20 799	-
	<u>(3 74 89 312)</u>	-
Changes in Working Capital		
(Increase) in Trade Receivables	(1 87 500)	-
Increase in Liabilities and Provisions	1 11 13 281	-
Cash Generated from Operations	<u>(2 65 63 531)</u>	-
Taxes Paid	-	-
Net Cash Generated from Operating Activities (A)	<u>(2 65 63 531)</u>	-
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Loan to related parties	(193 51 66 096)	-
Purchase of Hawk cable system	(1562 50 00 000)	-
Interest Received	11 97 060	-
Investment in Subsidiaries	(2 22 12 501)	-
Net Cash Used in Investing Activities (B)	<u>(1758 11 81 537)</u>	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(74 36 23 999)	-
Credit Facility fees paid	(4 40 30 160)	-
Notes Issue Expenses	(70 16 25 067)	-
Proceeds from issue of Ordinary Shares	-	5 99 150
Loan from related party	39 92 09 509	-
Proceeds from issue of 7% Senior Secured Notes 2019	2187 50 00 000	-
Net Cash from Financing Activities (C)	<u>2078 49 30 283</u>	5 99 150
Net Increase in Cash and Cash Equivalents (A+B+C)	<u>317 71 85 215</u>	5 99 150
Add: Cash and Cash equivalents at the beginning of the year/period	5 99 150	-
Cash and Cash Equivalents at the end of the year/period (refer Note 2.09)	<u>317 77 84 365</u>	5 99 150

Notes:

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 - Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- 2) For Non-cash transaction entered during the year Refer note 2.01 and 2.06

This is the Cash Flow Statement referred to in our report of even date.

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

For GCX Limited

Rodney Riley

Clive Van Hilten

} **Directors**

Date : May 28, 2015

Place : Mumbai

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared in accordance with Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) under the historical cost convention on accrual basis. The financial statements have been prepared to comply in all material aspects with applicable Accounting Standards issued by (ICAI).

The Company is domiciled in Bermuda however the financial statements are presented in US\$ considering the fact that the items included in the financial statement are measured using the currency of primary economic environment in which the Company operates which is the US\$.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. The Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

b) Revenue Recognition

Service Income

Revenue from services is recognised on rendering of services in accordance with contractual arrangements.

c) Use of Estimates

The preparation and presentation of financial statements in conformity with accounting standards issued by ICAI requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known/ materialised.

d) Current and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

However, where there is unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax asset if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

e) Foreign Currency Translation

Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

f) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss
g) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a liable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are neither recognised nor disclosed in the financial statements.

i) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of Ordinary Shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential ordinary shares that have changed the number of Ordinary Shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to ordinary shareholders and the weighted average number of Ordinary Shares outstanding during the period is adjusted for the effects of all dilutive potential ordinary shares.

	As at March 31, 2015 Amount in ₹	As at March 31, 2014 Amount in ₹
NOTE 2.01		
Share Capital		
Authorised		
250,000,000 (March 31, 2014 : 10,000)	1562 50 00 000	5 99 150
Ordinary Shares of US\$ 1 each	<u>1562 50 00 000</u>	<u>5 99 150</u>
Issued Subscribed and Paid up:		
235,322,790 Ordinary Shares (March 31, 2014 : 10,000) of US \$ 1 each fully paid (Refer note below)	1470 76 74 375	5 99 150
	<u>1470 76 74 375</u>	<u>5 99 150</u>

Note: The Company has issued ₹ 1,333.08 crore of shares to Reliance Globalcom BV (RGBV) for acquisition of shares in Reliance Globalcom Limited, Bermuda, (RGL) and Flag Telecom Group Services Limited, Bermuda (FTGSL) for the consideration of ₹ 1,333 crore and ₹ 0.08 crore, respectively. Eventually, RGBV has transferred its holding in the Company to Global Cloud Xchange Limited (GCXL) in lieu of ordinary share issued by GCXL for an equivalent amount.

During the year, the Company has issued 22,029,790 Ordinary Shares of US\$ 1 per share to GCXL at Premium amounting to ₹ 651 crore in settlement of the inter company balances and toward part payment for purchase of HAWK cable system amounting to ₹ 164 crore and ₹ 625 crore respectively.

	As at March 31, 2015	As at March 31, 2014
a) Reconciliation of number of Ordinary Shares		
No. of Shares	Amount in ₹	No. of Shares
Balance as at the beginning of the year	10 000	6 25 000
Add: Shares issued during the year	23 53 12 790	1470 70 49 375
Balance as at the end of the year	<u>23 53 22 790</u>	<u>1470 76 74 375</u>
	<u>1470 76 74 375</u>	<u>10 000</u>
		<u>5 99 150</u>

GCX Limited

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

b) Terms/ Rights attached to the shares

The Company has only Ordinary Shares (shares) having a par value of US\$ 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

RGBV had availed US\$ 700 million facility from Standard Chartered Bank (Lender). For securing the facility, shares of RGL and its material subsidiaries were pledged to the Lender and RGL was one of the Guarantors for the facility.

During the year, due to internal corporate restructuring, the Lender has released the pledge on shares of RGL and its material subsidiaries and FLAG Telecom Group Services Limited and its material subsidiaries and RGL as Guarantor, in exchange of pledge of shares of GCX Limited were extended inter-alia other securities.

	As at March 31, 2015 No. of Shares	As at March 31, 2014 No. of Shares
c) Shares held by Holding company and subsidiary of Holding Company		
Ordinary Shares		
235,322,790 shares (March 31, 2014: 10,000 Shares) held by Global Cloud Xchange Limited, Bermuda	23 53 22 790	10 000
	<u>23 53 22 790</u>	<u>10 000</u>

d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2015	As at March 31, 2014
Ordinary Shares		
Global Cloud Xchange Limited, Bermuda	23 53 22 790 (100%)	10 000 (100%)

	As at March 31, 2015 Amount in ₹	As at March 31, 2014 Amount in ₹
--	--	--

NOTE 2.02

Reserves and Surplus

Securities Premium

Balance at the beginning of the year	-	-
Add: Premium on shares issued during the year	651 02 18 671	-
Balance at the end of the year	<u>651 02 18 671</u>	-

Foreign Exchange Translation Reserve	(2 70 66 917)	-
---	---------------	---

Surplus in Statement of Profit and Loss

Balance at the beginning of the year	-	-
Add: Loss for the year	(122 88 21 779)	-
Balance at the end of the year	<u>(122 88 21 779)</u>	-

Total	<u>525 43 29 975</u>	-
--------------	----------------------	---

Note: During the year, the Company has issued 22,029,790 Ordinary Shares of US\$1 per share to GCXL at the aggregate Security Premium of ₹ 651 crore in settlement of the inter-company balances amounting to ₹ 789 crore.

GCX Limited

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

	As at March 31, 2015 Amount in ₹	As at March 31, 2014 Amount in ₹
--	--	--

NOTE 2.03

Long-Term Borrowings

Secured:

7.00% Senior Secured Notes due 2019 ("Notes") (US\$ 350,000,000)	2187 50 00 000	-
	<u>2187 50 00 000</u>	<u>-</u>

Note: On August 01 2014, GCX limited has issued "7% Senior Secured Notes due 2019" of US\$350mn to Institutional Investors. Notes are having 5 year maturity in 2019 and 7% interest rate. For issue of Notes GCX's subsidiaries RGL, FTGSL and their material subsidiaries shares has been pledge to Security Trusty of Notes Holders.

NOTE 2.04

Trade Payables

Trade Payables	1 11 13 281	-
	<u>1 11 13 281</u>	<u>-</u>

NOTE 2.05

Other Current Liabilities

Interest accrued and not due on Notes	25 52 08 375	-
Due to related parties (Refer Note 2.18)	39 92 09 509	-
	<u>65 44 17 884</u>	<u>-</u>

NOTE 2.06

Non Current Investments (Valued at cost)

Trade Investment

(Unquoted full paid up)

Investment in Subsidiaries:

31,604,315,300 (Nil) Class A Common shares of US \$ 0.01 each held in Reliance Globalcom Limited	3686 37 30 547	-
12,000 (Nil) Ordinary shares of US \$ 1 each held in Flag Telecom Group Services Limited	7 50 000	-
	<u>3686 44 80 547</u>	<u>-</u>

Note

The Company has acquired from RGBV equity share held in Reliance Globalcom Limited, Bermuda (RGL) and Flag Telecom Group Services Limited (FTGSL) at the consideration of ₹ 1,333 crore and ₹ 0.08 crore respectively by way of issue of its own shares for equivalent value to RGBV.

During the year, the company has sold HAWK cable acquired during the year to RGL for a consideraion of ₹ 2,188 crore. The amount has been settled by RGL by way of issueance of its Class A Common Shares of an equivalent amount to the Company.

During the year, RGL has assigned intercompany payable of ₹ 163 crore to the Company and in settlement RGL has issued its share of equivalent value to the Company.

During the year, Company has acquired 9,700,000 Class A Common Shares of US\$ 0.01 each of RGL at a total consideration of ₹ 2 crore from Lagerwood Investment Limited.

NOTE 2.07

Other Non Current Assets

Unamortised Notes Issue Expenses	36 74 41 905	-
	<u>36 74 41 905</u>	<u>-</u>

GCX Limited

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

	As at March 31, 2015 Amount in ₹	As at March 31, 2014 Amount in ₹
NOTE 2.08		
Trade Receivable		
Unsecured, Considered good	1 87 500	-
Less: provision for doubtful debts	-	-
	<u>1 87 500</u>	<u>-</u>
NOTE 2.09		
Cash and Bank Balances		
Cash on hand	-	5 99 150
Bank Balance	-	-
Demand Deposits	317 77 84 365	-
	<u>317 77 84 365</u>	<u>5 99 150</u>
NOTE 2.10		
Short-Term Loans and Advances		
Unsecured, Considered good		
Loan and Advances to related parties (Refer Note 2.18)	193 51 66 096	-
	<u>193 51 66 096</u>	<u>-</u>
NOTE 2.11		
Other Current Assets		
Unamortised Notes Issue Expenses	15 74 75 102	-
	<u>15 74 75 102</u>	<u>-</u>
	April 1, 2014 to March 31, 2015 Amount in ₹	March 20, 2014 to March 31, 2014 Amount in ₹
NOTE 2.12		
Service Income		
Service Income	1 83 459	-
	<u>1 83 459</u>	<u>-</u>
NOTE 2.13		
Other Income		
Interest Income	11 97 060	-
Miscellaneous Income	2 72 641	-
	<u>14 69 701</u>	<u>-</u>
NOTE 2.14		
Finance Costs		
Interest on Notes	99 88 32 374	-
Amortisation of Notes Issue Expenses	10 27 20 799	-
Credit Facility Fees	4 40 30 160	-
	<u>114 55 83 333</u>	<u>-</u>

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

April 1, 2014 to March 20, 2014 to
March 31, 2015 March 31, 2014
Amount in ₹ Amount in ₹

NOTE 2.15

Other expenses

Professional Fees	7 39 87 261	-
Payment to auditors	1 07 01 775	-
Sales and Marketing Expenses	1 71 993	-
Miscellaneous Expenses	30 577	-
	8 48 91 606	-

NOTE 2.16

GENERAL INFORMATION

GCX Limited ("GCX") was incorporated in Bermuda on March 20, 2014 and is a wholly owned subsidiary of Global Cloud Xchange Limited, Bermuda (GCXL). The Company is holding company of a multinational corporate organisation and operates global telecommunications network comprised of advanced fiber-optic cable systems and interfaces that are owned by, leased to, or otherwise available to the Company subsidiaries.

Amount in ₹ except number of shares

NOTE 2.17

Earnings per Share

Loss for the year (A)	(122 88 21 779)	-
Weighted average number of Ordinary share of US\$ 1 each used as denominator for calculating Basic and Diluted Loss per Share (B)	22 98 90 787	10 000
Basic and Diluted Loss per Share (A)/(B)	(5.35)	-

NOTE 2.18

Related Party Disclosures

Names of related parties and nature of relationships:

a) Parties where control exists:

S. Name of the entity No

Parent Company

- 1 Reliance Communications Limited (Ultimate Holding Company) (RCOM)
- 2 Reliance Globalcom B.V. (Intermediary Holding Company) (RGBV)
- 3 Global Cloud Xchange Limited, Bermuda (Holding Company) (GCXL)

Subsidiary Company

- 1 Reliance Globalcom Limited, Bermuda
- 2 FLAG Telecom Development Limited
- 3 FLAG Telecom Development Services Company LLC
- 4 Reliance FLAG Atlantic France SAS
- 5 FLAG Telecom Deutschland GmbH
- 6 FLAG Telecom Hellas AE
- 7 FLAG Telecom Asia Limited (including representative office in China)
- 8 FLAG Telecom Network Services Limited
- 9 Reliance FLAG Telecom Ireland Limited
- 10 FLAG Telecom Ireland Network Limited
- 11 FLAG Telecom Japan Limited
- 12 FLAG Telecom Netherland BV

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

S. No	Name of the entity
13	FLAG Telecom Singapore Pte. Limited
14	FLAG Telecom Espana Network SAU
15	FLAG Telecom Taiwan Limited
16	Reliance Globalcom (U.K.) Limited
17	FLAG Atlantic UK Limited
18	FLAG Telecom Network USA Limited
19	Seoul Telenet Inc.
20	FLAG Holdings (Taiwan) Limited
21	Reliance Globalcom Limited, India
22	Flag Telecom Group Services Limited
23	Yipes Holdings Inc.
24	Reliance Globalcom Services Inc.
25	YTV Inc.
26	Reliance Vanco Group Limited
27	Vanco UK Limited
28	Vanco Global Limited
29	Vanco ROW Limited
30	Vanco International Limited
31	Vanco Switzerland A.G.
32	VNO Direct Limited
33	Vanco US LLC
34	Vanco Solutions Inc.
35	Vanco BV
36	Vanco Benelux BV
37	Vanco GmbH
38	Vanco Deutschland GmbH
39	Vanco SAS
40	Vanco NV
41	Vanco Srl
42	Euronet Spain SA
43	Vanco EuronetSp Zoo
44	Vanco Sweden AB
45	Vanco South America Ltda
46	Vanco Australasia Pty Limited
47	Vanco Asia Pacific PTE Limited
48	Vanco (Shanghai) Co. Limited
49	Vanco Japan KK
50	Net Direct SA (Proprietary) Limited (under liquidation)

GCX Limited

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

b) Other related parties (Fellow Subsidiaries) with whom transactions have taken place:

i) Lagerwood Investment Limited

c) Summarised below are the transactions entered into with related parties:

Amount in ₹

During the year/period :	RGL	RGBV	Lagerwood	GCXL
Revenue from Operations	1,83,459	-	-	-
	(-)	(-)	(-)	(-)
Purchase of Hawk Cable System	-	-	-	21,875,000,000
	(-)	(-)	(-)	(-)
Sale of Hawk Cable System	21,875,000,000	-	-	-
	(-)	(-)	(-)	(-)
Investment in RGL shares	23,512,080,563	13,329,437,500	22,212,500	-
	(-)	(-)	(-)	(-)
Investment in FTGSL shares	-	7,50,000	-	-
	(-)	(-)	(-)	(-)
Loan Given	1,935,166,096	-	-	-
	(-)	(-)	(-)	(-)
Expense incurred on behalf of the company	3,76,997,009	-	-	-
	(-)	(-)	(-)	(-)
Assignment of Intercompany Receivable	-	-	-	15,625,000,000
	(-)	(-)	(-)	(-)
Year End Balance:	RGL	RGBV	Lagerwood	GCXL
Trade Receivables	1,87,500	-	-	-
	(-)	(-)	(-)	(-)
Loan and Advances	1,935,166,096	-	-	-
	(-)	(-)	(-)	(-)
Other Current Liabilities	3,76,997,009	-	22,212,500	-
	(-)	(-)	(-)	(-)

Figures in bracket represent previous period figures.

NOTE 2.19

Previous Period Figures:

- a) The previous period figures are for the period March 20, 2014 to March 31, 2014 and therefore, current year figures are not comparable with those of previous period.
- b) Previous period figures have been reclassified to conform to this year's classifications.

NOTE 2.20

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.15

For Shridhar & Associates

Chartered Accountants

Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Date : May 28, 2015

Place : Mumbai

For GCX Limited

Rodney Riley

Clive Van Hilten

} **Directors**

Reliance Vanco Group Limited

Independent Auditor's Report

To

The Board of Directors of Reliance Vanco Group Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Vanco Group Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its Loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Reliance Vanco Group Limited

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	28,672,352	30,934,327	
Reserves and Surplus	2.02	<u>5,458,560,196</u>	<u>5,487,232,548</u>	<u>6,569,387,855</u>
				6,600,322,182
Current Liabilities				
Short Term Borrowings	2.03	-	2,523,893,504	
Trade Payables	2.04	1,874,923	-	
Other Current Liabilities	2.05	<u>5,910,721,304</u>	<u>5,912,596,227</u>	<u>3,17,15,03,314</u>
			<u>11,399,828,775</u>	<u>12,295,719,000</u>
ASSETS				
Non Current Assets				
Non Current Investments	2.06		44,887,942	48,429,170
Current Assets				
Cash and Bank Balance	2.07	69,287,808	1,460,821	
Short Term Loans and Advances	2.08	39,044,111	40,253,409	
Other Current Assets	2.09	<u>11,246,608,914</u>	<u>11,354,940,833</u>	<u>12,205,575,600</u>
			<u>11,399,828,775</u>	<u>12,295,719,000</u>
Significant Accounting Policies				
Notes forming part of Financial Statements				

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Reliance Vanco Group Limited

Andrew Goldie

Director

Reliance Vanco Group Limited

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

	Note		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME				
Services Revenue and Other Operating Income	2.10		24,958,307	-
Other Income	2.11		60,790,771	538,052,961
			<u>85,749,078</u>	<u>538,052,961</u>
EXPENDITURE				
Network Operation Expenses	2.12	11,786,413	-	-
Sales and General Administration Expenses	2.13	746,355,416	758,141,829	57,355,212
			<u>758,141,829</u>	<u>57,355,212</u>
PROFIT/(LOSS) BEFORE TAX			(672,392,751)	480,697,749
Provision for:				
- Income Tax		-	-	-
			<u>(672,392,751)</u>	<u>480,697,749</u>
PROFIT/ (LOSS) AFTER TAX			(672,392,751)	480,697,749
Basic and Diluted Earnings per Share	2.15		(6.11)	4.37
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Reliance Vanco Group Limited

Andrew Goldie

Director

Reliance Vanco Group Limited

Cash Flow Statement for the year ended March 31, 2015

		Amount in ₹
	For the year ended March 31, 2015	For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	(67,23,92,751)	48,06,97,749
Adjusted for:		
Effects of exchange difference on translation of assets & liabilities	(43,71,55,662)	1,13,28,22,465
	<u>(43,71,55,662)</u>	<u>1,13,28,22,465</u>
Operating Profit before Working Capital Changes	(1,10,95,48,413)	1,61,35,20,214
Adjusted for:		
Receivables and other Advances	96,01,75,985	(2,12,63,85,579)
Trade Payables	<u>2,74,10,92,919</u>	<u>26,62,38,991</u>
	3,70,12,68,904	(1,86,01,46,588)
Cash Generated from Operations	2,59,17,20,491	(24,66,26,374)
Incometax Paid	-	-
Net Cash from Operating Activities	2,59,17,20,491	(24,66,26,374)
B CASH FLOW FROM INVESTING ACTIVITIES		
Financial Income	-	-
Net Cash Used in Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds/ (Repayment) from Short term Borrowings	(2,52,38,93,504)	22,56,69,412
Net Cash from Financing Activities	(2,52,38,93,504)	22,56,69,412
Net Increase/ (Decrease) in Cash and Cash Equivalents	6,78,26,987	(2,09,56,962)
Opening Balance of Cash and Cash Equivalents	14,60,821	2,24,17,783
Closing Balance of Cash and Cash Equivalents	6,92,87,808	14,60,821

As per our report attached
For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani
Partner
Membership No : 030006

For Reliance Vanco Group Limited

Andrew Goldie
Director

Place : Mumbai
Date : May 28, 2015

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

g) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Reliance Vanco Group Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014		
Note No 2.01				
SHARE CAPITAL				
Authorised				
200,000,000 (200,000,000) Ordinary shares of £ 0.001	1,84,94,000	1,99,53,000		
200,000 (200,000) Redeemable preference shares of £1	1,84,94,000	1,99,53,000		
	<u>3,69,88,000</u>	<u>3,99,06,000</u>		
Issued, Subscribed and Paid up				
110,072,000 (110,072,000) Ordinary shares of £ 0.001p each fully paid up	1,01,78,352	1,09,81,327		
200,000 (200,000) Redeemable preference shares of £1 each fully paid up	1,84,94,000	1,99,53,000		
	<u>2,86,72,352</u>	<u>3,09,34,327</u>		
a) Shares held by Holding Company and subsidiary of Holding Company				
Ordinary Shares	No. of Shares	No of Shares		
Flag Telecom Group Services Limited	11,00,72,000	11,00,72,000		
Redeemable Preference Shares				
Flag Telecom Group Services Limited	2,00,000	2,00,000		
	<u>11,02,72,000</u>	<u>11,02,72,000</u>		
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Ordinary Shares				
Flag Telecom Group Services Limited	100.00	11,00,72,000	100.00	11,00,72,000
Redeemable Preference Shares				
Flag Telecom Group Services Limited	100.00	2,00,000	100.00	2,00,000
c) Rights, Preferences and Restriction attached to the shares				
The Company has Ordinary Shares (shares) having a par value of £ .001 each per share and Redeemable Perference Share (shares) having a par value of £ 1 each per share. Each holder of Ordinary shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of Ordinary shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of Ordinary shares held by the shareholder.				
During the year, Global cloudXChange limited (a ultimate holding company) has issued 7 % senior secured noted of USD 350 Millions. These Notes are guaranteed by Reliance Vanco Group limited and its material subsidiaries and secured by way of a pledge of equity shares.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Ordinary Shares				
Balance as at the beginning of the year	11,00,72,000	1,01,78,352	11,00,72,000	1,09,81,327
Add: Movement for the year	-	-	-	-
At the end of the year	<u>11,00,72,000</u>	<u>1,01,78,352</u>	<u>11,00,72,000</u>	<u>1,09,81,327</u>
Preference Shares				
Balance as at the beginning of the year	2,00,000	1,84,94,000	2,00,000	1,99,53,000
Add: Movement for the year	-	-	-	-
At the end of the year	<u>2,00,000</u>	<u>1,84,94,000</u>	<u>2,00,000</u>	<u>1,99,53,000</u>

Reliance Vanco Group Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note No 2.02		
RESERVES AND SURPLUS		
Exchange Fluctuation Reserve	42,51,45,320	70,07,74,459
Securities Premium Account	2,06,36,94,241	2,22,65,00,010
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	3,64,21,13,386	3,16,14,15,637
Add: Profit / (loss) during the year	(67,23,92,751)	48,06,97,749
	<u>2,96,97,20,635</u>	<u>3,64,21,13,386</u>
	<u>5,45,85,60,196</u>	<u>6,56,93,87,855</u>
Note No 2.03		
SHORT TERM BORROWINGS		
Loans and Advances from Related Parties	-	2,52,38,93,504
	-	2,52,38,93,504
Note No 2.04		
TRADE PAYABLE		
Trade Payable	18,74,923	-
	<u>18,74,923</u>	-
Note No 2.05		
OTHER CURRENT LIABILITIES		
Other Liabilities/Accrued Expense	1,14,32,067	35,91,570
Payable to related parties	5,89,92,89,237	3,16,79,11,744
	<u>5,91,07,21,304</u>	<u>3,17,15,03,314</u>
Note No 2.06		
NON CURRENT INVESTMENTS		
Investment in Subsidiaries		
5,000 Vanco Sweden AB of SEK 100 Per Share	4,173,634	4,502,893
(5,000)		
140,000 Vanco (Shanghai) Co Limited of US \$ 1 Per Share	6,444,616	6,953,035
(140,000)		
2,000,000 Vanco Asia Pacific Pte limited of SG \$ 1 Per Share	14,802,654	15,970,442
(2000,000)		
180 Vanco Japan KK of JPY 50,000 Per Share	6,026,547	6,501,984
(180)		
2,000 Vanco Euronet Sp Zoo of PNL 50 Per Share	1,337,862	1,443,407
(2,000)		
12,480,000 Vanco Euronet SA of Euro 0.01 Per Share	12,102,629	13,057,409
(12,480,000)		
30,000 Vanco SAS of Euro 10 Per Share *	-	-
(30,000)		
5,61,499 Vanco NV of Euro 1 Per Share *	-	-
(5,61,499)		

Reliance Vanco Group Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
3,100,000 Vanco Australasia Pty limited of AU \$ 1 Per share *	-	-
(3,100,000)		
799,999 Vanco South America Ltda of BRL 1 Per Share *	-	-
(799,999)		
99,000 Vanco Srl of Euro 1 Per Share *	-	-
(99,000)		
25,000 Vanco Deutschland GmbH of Euro 1 Per Share *	-	-
(25,000)		
2,000,000 Vanco BV of Euro 0.01 Per Share *	-	-
(2,000,000)		
36,689,751 Vanco UK limited of GBP 0.01 Per Share *	-	-
(36,689,751)		
520,000,000 VNO Direct Limited of GBP 0.001 Per Share *	-	-
(520,000,000)		
100 Net Direct SA (Proprietary) Limited of ZAR 1 Per Share *	-	-
(100)		
1,789 Vanco GmbH of Euro 500 Per Share *	-	-
(1,789)		
Total	44,887,942	48,429,170
* Investment Value Impaired		
Note No 2.07		
CASH AND BANK BALANCE		
Balance with Banks		
- Current Accounts	6,92,87,808	14,60,821
	6,92,87,808	14,60,821
Note No 2.08		
SHORT TERM LOANS AND ADVANCES		
Advances Recoverable in Cash or Kind or for Value to be Received	35,98,853	20,11,858
Unsecured Loans to Related Parties	3,54,45,258	3,82,41,551
	3,90,44,111	4,02,53,409
Note No 2.09		
OTHER CURRENT ASSETS		
Receivables from Related Party	11,24,66,08,914	12,20,55,75,600
	11,24,66,08,914	12,20,55,75,600

Reliance Vanco Group Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note No 2.10		
SERVICE REVENUE AND OTHER OPERATING INCOME		
Enterprise Value Added Services	2,49,58,307	-
	<u>2,49,58,307</u>	<u>-</u>
Note No 2.11		
OTHER INCOME		
Foreign Exchange Fluctuation Gain	-	53,80,52,961
Dividend Income	6,07,90,771	-
	<u>6,07,90,771</u>	<u>53,80,52,961</u>
Note No 2.12		
NETWORK OPERATION EXPENSES		
Network Operating Expenses	1,17,86,413	-
	<u>1,17,86,413</u>	<u>-</u>
Note No 2.13		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Bank Charges	3,59,149	79,408
Marketing	25,53,919	-
Leagal Fees	42,16,005	-
Professional fees	39,05,300	-
Foreign Exchange Fluctuation Loss	73,43,34,735	-
Other General and Administrative Expenses	72,129	5,67,46,608
	<u>74,54,41,237</u>	<u>-</u>
Payment to Auditors	9,14,179	5,68,26,016
	<u>74,63,55,416</u>	<u>5,29,196</u>
		<u>5,73,55,212</u>

Note 2.14

BACKGROUND AND ORGANISATION

Reliance Vanco Group Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Reliance Vanco Group Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.15

Earnings Per Share

Amount in ₹ except number of shares

	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	(672,392,751)	480,697,749
B Weighted average number of share of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	110,072,000	110,072,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(6.11)	4.37

Reliance Vanco Group Limited

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

Note 2.16

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.17

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Flag Telecom Group Services Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco International Limited
 - iii) VNO Direct Limited
 - iv) Vanco SAS
 - v) Euronet Spain SA
 - vi) Vanco Srl
 - vii) Vanco GmbH
 - viii) Vanco Deutschland GmbH
 - ix) Vanco Switzerland A.G.
 - x) Vanco B.V.
 - xi) Vanco Benelux BV
 - xii) Vanco NV
 - xiii) Vanco US LLC
 - xiv) Vanco Solutions Inc.
 - xv) Vanco Australasia Pty. Limited
 - xvi) Vanco (Asia Pacific) Pte. Limited
 - xvii) Vanco Japan KK
 - xviii) Vanco (Shanghai) Co. Limited
 - xix) Vanco Global Limited
 - xx) Vanco Sp Zoo
 - xxi) Vanco Sweden AB
 - xxii) Vanco South America Ltda
 - xxiii) Net Direct SA (Proprietary) Limited
 - xxiv) Vanco UK Limited
 - xxv) Reliance Communication Inc
 - xxvi) Reliance Global Services Inc
 - xxvii) Reliance Globalcom BV

Reliance Vanco Group Limited

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

Particulars	Dividend Income		Other Current Assets		Other Current Liabilities		Short Term Loan & Advances		Trade Payables		Short Term Borrowings	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Vanco UK Limited			2,63,20,85,138	3,64,36,70,659								
Vanco International Limited			-	1,77,37,618								
Vanco Global Limited			22,41,36,157	27,63,40,199								
Vanco Deutschland GmbH			83,85,47,783	81,02,64,782								
Vanco GmbH			1,09,42,15,567	97,50,83,356								
Vanco SAS			3,29,51,21,563	3,06,26,03,513								
Vanco US LLC			1,19,21,02,182	1,60,65,24,313								
Vanco NV			55,58,28,167	52,22,45,197								
Vanco Australasia Pty Limited			29,22,12,372	21,16,71,176								
Vanco Srl			-	1,71,39,389								
Vanco BV			54,24,34,198	57,38,38,149								
Vanco Sweden AB			1,98,99,636	-								
Vanco SP Zoo			51,64,824	-								
Vanco South America Ltda	6,07,90,771		21,05,50,644	12,10,75,499								
VNO Direct Limited			30,80,28,050	33,35,25,702								
Vanco Shanghai Co Ltd			93,83,573	40,99,534								
Net Direct SA (Proprietary) Limited			2,68,99,060	2,97,56,513								
Reliance Globalcom Services Inc							3,54,45,258	3,82,41,551				
Reliance Globalcom BV											2,41,91,80,035	
Reliance Communications Inc											10,47,13,469	
FLAG Telecom Group Services Limited					5,89,92,89,237	3,16,79,11,744						
Reliance Communications Limited					1,14,32,067	35,91,570			18,74,923	-		

Details of Related Party Transaction for Reliance Vanco Group Limited

Reliance Vanco Group Limited

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

Note 2.18

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = INR 92.47 (Previous year 1 GBP = INR 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.62 and (Previous year 1 GBP = INR 95.97).

**As per our Report attached
For Shridhar & Associates**

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani
Partner
Membership No : 030006

For Reliance Vanco Group Limited

Andrew Goldie
Director

Place : Mumbai
Date : May 28, 2015

Independent Auditor's Report

To

The Board of Directors of Vanco UK Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco UK Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco UK Limited

Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015		Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	3,392,724		3,660,378
Reserves and Surplus	2.02	(3,935,218,046)	(3,931,825,322)	(4,094,691,709)
				(4,091,031,331)
Current Liabilities				
Trade Payables	2.03	1,099,349,213		1,026,742,467
Other Current Liabilities	2.04	3,718,587,084		3,988,279,054
			4,817,936,297	5,015,021,521
TOTAL			886,110,975	923,990,190
ASSETS				
Non Current Assets				
Fixed Assets				
Tangible Assets	2.05	70,911,752		23,347,818
Non Current Investments	2.06	10,946,507		11,810,081
Long-Term Loans and Advances	2.07	309,690	82,167,949	878,889
				36,036,788
Current Assets				
Trade Receivables	2.08	354,417,575		554,652,549
Cash and Bank Balance	2.09	83,546,549		3,855,211
Short-Term Loans and Advances	2.10	216,581,503		255,439,562
Other Current Assets	2.11	149,397,399	803,943,026	74,006,080
				887,953,402
TOTAL			886,110,975	923,990,190
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

As per our Report attached

For Vanco UK Limited

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Andrew Goldie
Director

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

Vanco UK Limited

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

	Note	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME			
Services Revenue and Other Operating Income	2.12	4,421,538,905	4,056,899,788
Other Income	2.13	-	12,986,996
		<u>4,421,538,905</u>	<u>4,069,886,784</u>
EXPENDITURE			
Network Operation Expenses	2.14	3,786,928,028	3,407,570,190
Employee benefits expense	2.15	300,837,899	146,238,929
Finance Charges	2.16	644,184	122,677
Depreciation and amortization expense	2.05	20,393,575	10,002,623
Sales and General Administration Expenses	2.17	461,979,974	489,435,848
		<u>4,570,783,660</u>	<u>4,053,370,267</u>
PROFIT/ (LOSS) BEFORE TAX		(149,244,755)	16,516,517
Provision for:			
- Current Tax		-	-
		<u>(149,244,755)</u>	<u>16,516,517</u>
PROFIT / (LOSS) FOR THE YEAR		(149,244,755)	16,516,517
Basic and Diluted Earning Per Share	2.19	(4.067)	0.450
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco UK Limited

Andrew Goldie

Director

Vanco UK Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before tax as per Profit and Loss Account	(14,92,44,755)	1,65,16,517
Adjusted for:		
Provision for Doubtful Debts	34,28,027	91,64,387
Depreciation/ Impairment and Amortisation	2,03,93,575	1,00,02,623
Effects of Exchange Difference on Translation of Assets and Liabilities	30,93,14,311	(71,99,39,261)
Interest Expenses	6,44,184	1,22,677
Financial Income	-	(4,495)
	33,37,80,097	(70,06,54,069)
Operating Profit/ (Loss) before Working Capital Changes	18,45,35,342	(68,41,37,552)
Adjusted for:		
Receivables and other Advances	16,41,23,045	(35,50,89,854)
Trade Payables	(20,03,65,357)	1,01,63,56,467
	(3,62,42,312)	66,12,66,613
Cash Generated from Operations	14,82,93,030	(2,28,70,939)
Net Cash from Operating Activities	14,82,93,030	(2,28,70,939)
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	(6,79,57,508)	(73,82,354)
Financial Income	-	4,495
Net Cash Used in Investing Activities	(6,79,57,508)	(73,77,859)
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	(6,44,184)	(1,22,677)
Net Cash from Financing Activities	(6,44,184)	(1,22,677)
Net Increase/ (Decrease) in Cash and Cash Equivalents	7,96,91,338	(3,03,71,475)
Opening Balance of Cash and Cash Equivalents	38,55,211	3,42,26,686
Closing Balance of Cash and Cash Equivalents	8,35,46,549	38,55,211

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco UK Limited

Andrew Goldie

Director

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight –line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

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

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.01		
SHARE CAPITAL		
Authorised		
40,000,000 Ordinary shares @£0.001 per share	44,38,560	47,88,720
and 8,000,000 deferred shares @£0.001 per share	44,38,560	47,88,720
Issued, Subscribed and Paid up		
34,081,765 Ordinary shares @£0.001 per share	33,92,724	36,60,378
and 2,607,986 deferred shares @£0.001 per share	33,92,724	36,60,378

Vanco UK Limited

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

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Vanco Group Limited	3,40,81,765	3,40,81,765

b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Vanco Group Limited	100	3,40,81,765	100	3,40,81,765

c) Terms/ Rights attached to the shares

The Company has Ordinary Shares (shares) having a par value of £ .001 each per share Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

During the year, Global Cloud X Change limited (a ultimate holding company) has issued 7 % senior secured noted of USD 350 Millions. These Notes are guaranteed by Vanco UK Limited and secured by way of a pledge of equity shares.

d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year

	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	3,40,81,765	33,92,724	3,40,81,765	36,60,378
Add: Movement for the year	-	-	-	-
At the end of the year	3,40,81,765	33,92,724	3,40,81,765	36,60,378

Amount in ₹
As at
March 31, 2015
As at
March 31, 2014

Note 2.02

RESERVES AND SURPLUS

Exchange Fluctuation Reserve

37,80,90,425 6,53,436

Securities Premium Account

83,57,56,436 90,16,89,638

Other Reserves

3,53,06,804 3,80,92,173

Surplus / (Deficit) in Statement of Profit and Loss

As per last Balance Sheet	(5,03,51,26,956)	(5,05,16,43,474)	
Add: Profit during the year	(14,92,44,755)	1,65,16,518	(5,03,51,26,956)
	<u>(3,93,52,18,046)</u>		<u>(4,09,46,91,709)</u>

Note 2.03

TRADE PAYABLE

Trade Payable	1,09,93,49,213	1,02,67,42,467
	<u>1,09,93,49,213</u>	<u>1,02,67,42,467</u>

Note 2.04

OTHER CURRENT LIABILITIES

Unearned Income-current	34,86,64,453	33,67,05,270	
Employee Benefits Payable	55,11,896	1,36,28,714	
Statutory Dues Payable	4,67,95,963	2,42,52,686	
Intercompany Payables	3,31,76,14,772	3,61,36,92,384	
	<u>3,71,85,87,084</u>		3,98,82,79,054
	<u>3,71,85,87,084</u>		<u>3,98,82,79,054</u>

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

Note 2.05

Fixed Assets and Depreciation

Particulars	Gross Block			Depreciation			Net Block	
	As at April 01, 2014	Additions during the year	Adjustments on account of Foreign Exchange	As at March 31, 2015	As at April 01, 2014	Adjustments on account of Foreign Exchange	As at March 31, 2015	As at April 01, 2014
Leasehold Assets	21,44,75,859	-	1,56,82,869	19,87,92,991	19,32,25,001	1,47,33,604	18,81,86,926	21,12,50,859
Furniture & Fixtures	2,44,59,228	-	17,88,504	2,26,70,747	2,44,59,228	17,88,505	2,26,70,747	-
Computer Equipment	63,97,58,854	7,29,31,265	2,86,47,894	66,13,71,501	63,76,61,872	4,72,93,884	60,10,65,792	20,96,959
Sub Total	87,86,93,942	7,29,31,265	-	88,28,35,238	85,53,46,101	2,03,93,575	81,19,23,465	2,33,47,818
Previous Year	72,23,88,661	21,54,578	15,41,51,136	87,86,94,374	69,64,20,200	14,89,23,277	85,53,46,100	2,59,68,461
Softwares and Licenses	14,00,27,602	-	-	14,00,27,602	14,00,27,602	-	14,00,27,602	-
Sub Total	14,00,27,602	-	-	14,00,27,602	14,00,27,602	-	14,00,27,602	-
Previous Year	11,54,13,117	-	2,46,14,485	14,00,27,602	11,54,13,117	2,46,14,485	14,00,27,602	-
Grand Total	1,01,87,21,544	7,29,31,265	-	1,02,28,62,840	99,53,73,703	-	2,03,93,575	2,33,47,818
Previous Year	83,78,01,778	21,54,578	17,87,65,620	1,01,87,21,976	81,18,33,318	17,35,37,762	99,53,73,702	2,59,68,461

Vanco UK Limited

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

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.06			
NON CURRENT INVESTMENT			
Trade Investment			
10,00,00,000 Vanco International Limited, £ 0.001 per share		<u>1,09,46,507</u> <u>1,09,46,507</u>	<u>1,18,10,081</u> <u>1,18,10,081</u>
Note 2.07			
LONG TERM LOANS AND ADVANCES			
Prepaid Expenses		<u>3,09,690</u> <u>3,09,690</u>	<u>8,78,889</u> <u>8,78,889</u>
Note 2.08			
TRADE RECEIVABLE			
Due for More than Six months			
Considered Good	-	-	-
Considered Doubtful	<u>16,88,77,406</u>	<u>23,57,31,493</u>	
	16,88,77,406	23,57,31,493	
Less: Provision for doubtful debts	<u>16,88,77,406</u>	<u>23,57,31,493</u>	
	-	-	
Others			
Considered Good	35,44,17,575	55,46,52,549	
Considered Doubtful	<u>37,10,127</u>	<u>(5,29,96,279)</u>	
	35,81,27,702	50,16,56,270	
Less: Provision for doubtful debts	<u>37,10,127</u>	<u>(5,29,96,279)</u>	
	<u>35,44,17,575</u>	<u>55,46,52,549</u>	<u>55,46,52,549</u>
Note 2.09			
CASH AND BANK BALANCE			
Balance with Banks			
- Current Accounts		<u>8,35,46,549</u>	<u>38,55,211</u>
		<u>43,79,64,123</u>	<u>55,85,07,760</u>
Note 2.10			
SHORT TERM LOANS AND ADVANCES			
Deposits - Current		<u>76,608</u>	<u>82,651</u>
Prepaid Expenses - Current		<u>18,59,53,652</u>	<u>22,18,30,890</u>
Other Receivables		<u>2,86,76,876</u>	<u>3,15,03,784</u>
Advance to Vendors		<u>18,74,367</u>	<u>20,22,237</u>
		<u>21,65,81,503</u>	<u>25,54,39,562</u>
Note 2.11			
OTHER CURRENT ASSETS			
Others	4,96,779	-	-
Receivables from Related Party	<u>14,89,00,620</u>	<u>14,93,97,399</u>	<u>7,40,06,080</u>
		<u>14,93,97,399</u>	<u>7,40,06,080</u>

Vanco UK Limited

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

	For the year ended March 31 , 2015	Amount in ₹ For the year ended March 31, 2014
Note 2.12		
SERVICE REVENUE AND OTHER OPERATING INCOME		
Enterprise Value Added Services	4,42,15,38,905	4,05,68,99,788
	4,42,15,38,905	4,05,68,99,788
Note 2.13		
OTHER INCOME		
Interest Income	-	4,495
Gain on Foreign Exchange Fluctuation (Net)	-	1,29,82,501
	-	1,29,86,996
Note 2.14		
NETWORK OPERATION EXPENSES		
Other Network Operating Expenses	3,78,69,28,028	3,40,75,70,190
	3,78,69,28,028	3,40,75,70,190
Note 2.15		
EMPLOYEE BENEFITS EXPENSE		
(Including Managerial Remuneration)		
Salaries	27,98,79,487	12,44,64,024
Contribution to Provident, Gratuity and Superannuation Fund	1,83,50,460	1,81,73,411
Employee Welfare and Other Amenities	26,07,952	36,01,494
Deputation Cost	30,08,37,899	14,62,38,929
Note 2.16		
FINANCE CHARGES		
Other Financial Cost	6,44,184	1,22,677
	6,44,184	1,22,677
Note 2.17		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Rent	12,76,23,411	11,12,98,450
Insurance	1,15,55,891	1,37,37,827
Rates & Taxes	4,22,32,121	4,01,96,339
Legal Fees	86,51,725	68,34,522
Professional Fees	17,36,509	14,86,490
Travelling	1,46,76,418	1,37,71,516
Communication	1,51,22,780	1,56,84,128
Information Technology Support	4,67,005	6,49,912
Bank Charges	10,98,492	9,95,013
Provision for Doubtful Debts, Loans and Advances	34,28,027	91,64,387
Provision for Impairment Loss	1,07,02,482	42,43,129
Selling and Marketing	62,09,336	52,30,958
Other Repairing	79,025	86,144
Foreign Exchange Fluctuation Loss	8,29,42,305	-
Other General and Administrative Expenses	13,15,26,413	26,34,61,789
	45,80,51,940	48,68,40,604
Payment to Auditors	39,28,034	25,95,244
	46,19,79,974	48,94,35,848

Vanco UK Limited

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

Note 2.18

BACKGROUND AND ORGANISATION

Vanco UK Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco UK Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.19

Earnings Per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	(149,244,755)	16,516,517
B Weighted average number of share of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	36,689,751	36,689,751
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(4.067)	0.450

Note 2.20

Commitment, Contingencies and Litigations

Litigations (as represented by the management)

An engagement letter was signed between Vanco UK Limited (on behalf of Vanco plc) and KPMG for research and development services. KPMG has raised a claim of £114,333.38 in relation to the services rendered. Vanco UK Limited has taken a stand that Vanco plc is liable for the payment of fees to KPMG, however, KPMG alleges liability on the part of Vanco UK Limited for the payment of the same. This matter is a potential claim/litigation against Vanco UK Limited.

Note 2.21

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

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

Note 2.22

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Globalcom UK Limited
 - ii) Reliance Flag Telecom Ireland Limited
 - iii) FLAG Telecom Group Limited
 - iv) Reliance Vanco Group Limited

- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco Global Limited
 - iii) Vanco International Limited
 - iv) VNO Direct Limited
 - v) Vanco SAS
 - vi) Euronet Spain SA
 - vii) Vanco Srl
 - viii) Vanco GmbH
 - ix) Vanco Deutschland GmbH
 - x) Vanco Switzerland A.G.
 - xi) Vanco B.V.
 - xii) Vanco Benelux BV
 - xiii) Vanco NV
 - xiv) Vanco US LLC
 - xv) Vanco Solutions Inc.
 - xvi) Vanco Australasia Pty. Limited
 - xvii) Vanco (Asia Pacific) Pte. Limited
 - xviii) Vanco Japan KK
 - xix) Vanco (Shanghai) Co. Ltd.
 - xx) Vanco Euronet Sro
 - xxi) Vanco Sp Zoo
 - xxii) Vanco Sweden AB
 - xxiii) Vanco South America Ltda
 - xxiv) Vanco EpE
 - xxv) Net Direct SA (Proprietary) Limited
 - xxvi) Reliance Globalcom Limited

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

Summarized below are the transactions entered into with related parties:

Name of the Entity	During the Year 2014-2015			During the Year 2013-2014			Year End Balances as on 31.03.2015			Year End Balances as on 31.03.2014			Amount in ₹
	Service Income	Network Operating Expenses		Service Income	Network Operating Expenses		Othe Current Assets	Other Current Liabilities	Trade Payables	Othe Current Assets	Other Current Liabilities	Trade Payables	
Reliance Vanco Group Limited													
Vanco (Asia Pacific) Pre. Limited	7,67,65,667	22,69,70,729		1,32,93,483	2,36,54,689		-	2,63,20,85,138	-	-	2,94,41,79,372	70,48,91,287	
Vanco Sweden AB	-	1,01,45,954		-	85,09,378		-	2,40,31,961	-	-	14,93,76,052	-	
Vanco GmbH	21,21,38,578	16,71,43,724		23,78,75,483	15,78,44,808		-	-	-	-	1,39,33,639	-	
Vanco Deutschland GmbH	2,76,36,090	-		4,61,39,170	-		-	-	-	-	-	-	
Vanco SRL	8,18,25,784	1,27,06,793		7,76,32,678	1,40,88,870		-	3,35,36,342	-	-	-	-	
Vanco BV	11,95,02,307	1,07,34,590		13,79,51,188	1,41,00,386		-	-	-	-	-	-	
Euronet Spain SA	80,97,330	5,24,12,171		1,06,78,179	19,87,731		-	11,93,29,155	-	-	10,71,38,612	-	
Vanco SAS	19,16,44,226	6,44,87,299		22,45,39,396	6,29,19,484		-	-	-	-	-	-	
Vanco Australasia Pty Limited	16,48,23,193	2,80,08,155		17,14,48,799	1,32,21,032		-	-	-	-	-	-	
Vanco NV	26,23,633	81,95,835		23,55,539	1,41,24,666		-	-	-	-	-	-	
Vanco Japan KK	-	5,31,360		-	5,05,186		-	88,22,312	-	-	93,40,909	-	
Vanco Solutions Inc	14,01,86,672	-		11,60,13,116	-		-	24,38,86,706	-	-	11,38,55,594	-	
Vanco US LLC	12,13,16,083	36,46,59,761		15,31,76,880	33,39,79,292		-	-	-	-	-	-	
Vanco International Limited	11,82,83,675	8,04,53,962		22,05,85,030	7,05,90,716		-	1,80,25,880	-	-	-	-	
Vanco Global Limited	14,22,19,310	1,21,73,013		15,67,97,220	83,06,656		-	-	-	-	-	-	
Benelux BV	-	-		-	-		-	2,23,90,189	-	-	3,37,95,011	-	
Switzerland AG	-	-		-	-		-	7,65,57,667	-	-	8,82,55,933	-	
Euronet Sp Zoo	-	-		-	-		-	-	-	-	4,63,535	-	
Vanco ROW Limited	1,72,331	4,45,17,742		-	9,38,76,082		-	13,89,49,422	-	-	15,33,53,727	-	
Reliance Globalcom UK Limited	-	-		-	-		-	13,32,90,320	-	-	10,78,17,432	-	
Reliance Flag Telecom Ireland Limited	-	21,79,70,877		-	26,46,54,497		-	1,96,99,093	-	-	14,32,23,233	-	
Reliance Globalcom Limited	-	23,88,31,329		-	25,33,39,586		-	4,79,74,688	-	-	45,665,036	-	

Note 2.23

The previous year's figures have been reworked, regrouped, rearrange and reclassified wherever necessary.

Note 2.24

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.47 (Previous year 1 GBP = ₹ 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.62 and (Previous year 1 GBP = ₹ 95.97).

As per our Report attached

For Vanco UK Limited

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Andrew Goldie

Director

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

Vanco Asia Pacific Pte. Limited

Independent Auditor's Report

To

The Board of Directors of Vanco Asia Pacific Pte. Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Asia Pacific Pte. Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco Asia Pacific Pte. Limited

Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	9,08,03,751	9,79,67,300
Reserves and Surplus	2.02	<u>(6,77,75,345)</u>	<u>(8,15,24,028)</u>
		2,30,28,406	1,64,43,272
Current Liabilities			
Trade Payable	2.03	5,15,63,401	14,20,32,502
Other Current Liabilities	2.04	<u>8,68,24,847</u>	<u>8,40,54,125</u>
		13,83,88,248	22,60,86,627
TOTAL		<u>16,14,16,654</u>	<u>24,25,29,899</u>
ASSETS			
Non Current Assets			
Fixed Assets	2.05	<u>7,32,518</u>	<u>1,91,986</u>
		7,32,518	1,91,986
Current Assets			
Trade Receivables	2.06	3,87,74,956	4,53,02,438
Cash and Bank Balance	2.07	7,21,23,470	1,39,59,874
Short Term Loans and Advances	2.08	2,57,53,749	3,36,99,550
Other Currents Assets	2.09	<u>2,40,31,961</u>	<u>14,93,76,051</u>
		16,06,84,136	24,23,37,913
TOTAL		<u>16,14,16,654</u>	<u>24,25,29,899</u>
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

As per our report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Asia Pacific Pte. Limited

Andrew Goldie

Hong Meng Lee

Directors

Vanco Asia Pacific Pte. Limited

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

	Note	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME			
Service Revenue and Other Operating Income	2.10	79,21,72,960	69,15,18,057
TOTAL		<u>79,21,72,960</u>	<u>69,15,18,057</u>
EXPENDITURE			
Network Operation Expenses	2.11	69,04,01,779	59,41,86,723
Employee Benefits Expense	2.12	6,38,32,607	5,67,18,454
Depreciation	2.05	2,11,285	41,198
Sales and General Administration Expenses	2.13	<u>2,95,76,777</u>	<u>5,32,14,782</u>
TOTAL		78,40,22,448	70,41,61,157
Profit / (Loss) before Tax		<u>81,50,512</u>	<u>(1,26,43,100)</u>
Provision for :			
- Current Tax		-	-
Profit / (Loss) after Tax		<u>81,50,512</u>	<u>(1,26,43,100)</u>
Basic and Diluted Earnings per Share	2.15	4.08	(6.32)
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Asia Pacific Pte. Limited

Andrew Goldie

Hong Meng Lee

} **Directors**

Vanco Asia Pacific Pte. Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES:		
Profit/(Loss) Before Income Tax	8,150,512	(12,643,100)
Adjustments for:		
Depreciation and Amortisation	211,285	41,198
Effects of Exchange difference on traslation of Assets & Liabilities	(1,565,378)	(28,960,958)
	(1,354,093)	(28,919,760)
Operating Profit before Working Capital Changes	6,796,419	(4,15,62,860)
Adjustments for:		
Decrease / (Increase) in Trade and Other receivables	6,527,482	(30,949,804)
Decrease / (Increase) in Other Assets	125,344,090	(3,832,718)
Increase / (Decrease) in Trade and other payables	(90,469,101)	78,128,780
Increase / (Decrease) in unearned income	4,327,780	16,834,501
Increase / (Decrease) in other liabilities	(1,557,058)	(2,780,627)
Increase / (Decrease) in Short Term loans and Advances	7,945,801	(17,147,175)
	52,118,994	40,252,957
Net cash generated from operating activities before income tax	58,915,413	(1,309,903)
Net Cash generated from Operating Activities (A)	58,915,413	(1,309,903)
B) CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and Intangibles	(751,817)	(191,409)
Net Cash Used in Investing Activities (B)	(751,817)	(191,409)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	58,163,596	(1,501,312)
Cash and Cash Equivalents at the Beginning of the Period	13,959,874	15,461,186
Cash and Cash Equivalents at the End of the Period	72,123,470	13,959,874

As per our report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Asia Pacific Pte. Limited

Andrew Goldie

Hong Meng Lee

} **Directors**

Note No. 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as and when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

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

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Asia Pacific Pte. Limited

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

	As at March 31,2015	Amount in ₹ As at March 31,2014		
Note No. 2.01				
Share Capital				
Authorised				
20,00,000(20,00,000) ordinary shares of SGD 1 each	9,08,03,751	9,79,67,300		
	9,08,03,751	9,79,67,300		
Issued, Subscribed and Paid up				
20,00,000(20,00,000) ordinary shares of SGD 1 each fully paid up.	9,08,03,751	9,79,67,300		
	9,08,03,751	9,79,67,300		
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Reliance Vanco Group Limited	19,99,000	19,99,000		
Vanco UK Limited	1,000	1,000		
	20,00,000	20,00,000		
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom Limited	99.95	19,99,000	99.95	19,99,000
c) Terms/Rights attached to the shares				
The Company has Ordinary Shares (shares) having a par value of SGD 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Shares				
Balance as at the beginning of the year	20,00,000	9,08,03,751	20,00,000	9,79,67,300
Add: Movement for the year	-	-	-	-
At the end of the year	20,00,000	9,08,03,751	20,00,000	9,79,67,300
Note No. 2.02				
Reserves and Surplus				
Surplus / (Deficit) in Statement of Profit and Loss	8,10,23,811	(6,83,80,711)		
Profit / (Loss) for the Year	81,50,512	(1,26,43,100)		
	7,28,73,299	8,10,23,811		
Effect of exchange difference on translation of assets & liabilities	(50,97,954)	(5,00,217)		
	(6,77,75,345)	(8,15,24,028)		
Note No. 2.03				
Trade Payables				
Trade Payables	5,15,63,401	14,20,32,502		
	5,15,63,401	14,20,32,502		
Note No. 2.04				
Other Current Liabilities				
Unearned Income	5,83,98,720	5,40,70,940		
Other Liabilities	2,84,26,127	2,99,83,185		
	8,68,24,847	8,40,54,125		

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

Note No. 2.05									
Fixed Assets									
Particulars	Gross Block				Depreciation			Net Block	
	As at April 01, 2014	Additions during the year	Effect of exchange diff on translation of assets & liabilities	As at March 31, 2015	As at April 01, 2014	For the year	Effect of exchange diff on translation of assets & liabilities	As at March 31, 2015	As at March 31, 2014
Tangible Assets									
Computer Equipments	21,098,165	570,210	(1,538,110)	20,130,265	20,935,139	165,884	(1,558,677)	587,919	163,026
Furniture & Fixtures	65,148	181,608	(4,764)	241,992	36,189	45,401	15,803	144,599	28,959
Total	21,163,313	751,818	(1,542,874)	20,372,257	20,971,328	211,285	(1,542,874)	732,518	191,985
Previous year	2,01,29,630	1,91,409	8,42,274	2,11,63,313	2,00,80,985	41,198	8,49,145	1,91,985	-

Vanco Asia Pacific Pte. Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note No. 2.06		
Trade Receivables		
Due for More than Six months		
Considered Doubtful	2,12,144	7,52,695
Less: Provision for doubtful debts	(2,12,144)	(7,52,695)
	-	-
Others		
Considered Good	3,87,74,956	4,53,02,438
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
	3,87,74,956	4,53,02,438
Note No. 2.07		
Cash and Bank Balance		
Balance with Banks		
- Current Accounts	7,21,23,470	1,39,59,874
	7,21,23,470	1,39,59,874
Note No. 2.08		
Short Term Loans and Advances		
Advance for Supply of Goods and rendering of services	34,90,974	36,42,729
Prepaid Expenses	20,42,053	60,82,061
Deposits	2,02,20,722	2,39,74,759
	2,57,53,749	3,36,99,550
Note No. 2.09		
Other Current Assets		
Receivables from Related Party	2,40,31,961	14,93,76,052
	2,40,31,961	14,93,76,052
Note No. 2.10		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	79,21,72,960	69,15,18,057
	79,21,72,960	69,15,18,057
Note No. 2.11		
Network Operation Expenses		
Network Operating Expenses	69,04,01,779	59,41,86,723
	69,04,01,779	59,41,86,723

Vanco Asia Pacific Pte. Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note No. 2.12		
Employee Benefits Expense		
Salaries	5,51,30,677	4,58,79,323
Contribution to Provident, Gratuity and Superannuation Fund	33,70,890	45,06,356
Employee Welfare and Other Amenities	53,31,040	63,32,775
	6,38,32,607	5,67,18,454

Note No. 2.13

Sales and General Administration Expenses

Rent	69,13,581	1,49,53,423
Insurance	5,97,636	3,11,613
Rates & Taxes	1,43,839	8,19,877
Audit Fees	5,43,954	8,72,226
Legal Fees	8,47,636	88,584
Professional Fees	12,80,599	9,94,949
Travelling	18,12,325	15,44,348
Bank Charges	40,572	51,753
Communication	23,47,450	10,29,472
Other General and Administrative Expenses	1,50,49,185	3,25,48,536
	2,95,76,777	5,32,14,781

Note No. 2.14

BACKGROUND AND ORGANISATION

Vanco Asiapacific Pte. Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Asiapacific Pte. Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note No. 2.15

Earnings Per Share

	For the year ended March 31, 2015	Amount in ₹ except number of shares For the year ended March 31, 2014
A Profit / (Loss) after Tax	8,150,512	(12,643,100)
B Weighted average number of share of SG \$ 1 each used as denominator for calculating Basic and Diluted EPS	2,000,000	2,000,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	4.08	(6.32)

Vanco Asia Pacific Pte. Limited

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

Note No. 2.16

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended MARCH 31, 2015.

Note No. 2.17

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Communication Infrastructure Limited
 - ii) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco International Limited
 - v) Vanco SAS
 - vi) Euronet Spain SA
 - vii) Vanco Srl
 - viii) Vanco GmbH
 - ix) Vanco Deutschland GmbH
 - x) Vanco Switzerland A.G.
 - xi) Vanco B.V.
 - xii) Vanco NV
 - xiii) Vanco US LLC
 - xiv) Vanco Solutions Inc.
 - xv) Vanco (Asia Pacific) Pte. Limited
 - xvi) Vanco Australasia Pty. Limited
 - xvii) Vanco Japan KK
 - xviii) Vanco (Shanghai) Co. Ltd.
 - xix) Reliance Flag Telecom Ireland Limited

Vanco Asia Pacific Pte. Limited

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

c) Summarized below are the transactions entered into with related parties:

Amount in ₹

Name of the Entity	During the Year				Year end Balances			
	Service Income		Network Operating Expenses		Other Current Assets		Trade Payable	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
Vanco UK Limited	22,69,70,729	2,36,54,689	7,67,65,667	1,32,93,483	2,40,31,961	14,93,76,052	-	-
Vanco GmbH	-	64,49,049	3,58,315	-	-	-	-	-
Vanco Deutschland GmbH	5,56,93,394	1,45,52,545	-	-	-	-	-	-
Vanco SRL	1,18,91,570	93,70,952	-	-	-	-	-	-
Vanco BV	1,66,99,910	9,68,654	-	-	-	-	-	-
Euronet Spain SA	5,60,197	1,72,038	1,36,68,140	-	-	-	-	-
Vanco SAS	33,48,943	1,60,83,246	-	-	-	-	-	-
Vanco Australasia Pty Limited	8,39,56,661	-	23,59,637	16,50,746	-	-	-	-
Vanco NV	2,29,714	1,80,526	-	-	-	-	-	-
Vanco Japan KK	-	-	7,11,033	4,47,453	-	-	-	-
Vanco (Shanghai) Co. Ltd.	-	-	-	-	-	-	-	-
Vanco Solutions Inc.	82,84,086	1,31,14,372	-	-	-	-	-	-
Vanco US LLC	5,63,19,529	6,38,69,783	4,06,783	5,24,945	-	-	-	-
Vanco International Limited	19,52,060	1,09,66,072	-	-	-	-	-	-
Vanco Global Limited	7,30,69,421	12,28,94,596	-	-	-	-	-	-
Vanco ROW Limited	-	-	8,54,320	4,32,350	-	-	-	-
Reliance Flag Telecom Ireland Limited	-	-	26,05,403	-	-	-	40,82,551	-
Reliance Communications Infrastructure Limited	-	-	-	-	48,95,973	5,10,101	-	-

Note No. 2.18

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = Rs. 92.470 (Previous year 1 GBP = Rs. 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = Rs. 98.620 and (Previous year 1 GBP = Rs. 95.968).

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Asia Pacific Pte. Limited

Andrew Goldie

Hong Meng Lee

} Directors

Independent Auditor's Report

To

The Board of Directors of Vanco Sweden AB

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Sweden AB ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco Sweden AB

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	36,11,714	38,96,644	
Reserves and Surplus	2.02	(83,58,229)	2,05,16,355	
		(47,46,515)		2,44,12,999
Current Liabilities				
Trade Payable	2.03	34,70,505	2,16,20,219	
Other Current Liabilities	2.04	2,16,99,782	6,45,557	
		2,51,70,287		2,22,65,776
TOTAL			2,04,23,773	4,66,78,775
ASSETS				
Current Assets				
Cash and Bank Balance	2.05	74,30,376	47,01,717	
Short Term Loans and Advances	2.06	1,29,93,397	1,29,43,642	
Other Current Assets	2.07	-	2,90,33,416	
		2,04,23,773		4,66,78,775
			2,04,23,773	4,66,78,775
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

As per our Report attached

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

Shridhar Mirani
Partner
Membership No : 030006

Place : Mumbai
Date : May 28, 2015

For Vanco Sweden AB

Andrew Goldie
Janet Troxell } **Directors**

Vanco Sweden AB

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

	Note	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME			
Service Revenue and Other Operating Income	2.08	10,20,06,683	8,88,41,491
Other Income	2.09	44,274	1,01,925
TOTAL		10,20,50,957	8,89,43,416
EXPENDITURE			
Network Operation Expenses	2.10	9,82,29,161	7,90,55,773
Employee Benefits Expense	2.11	22,41,083	55,76,112
Finance Charges	2.12	53,845	65,317
Sales and General Administration Expenses	2.13	3,32,15,501	1,11,83,018
TOTAL		13,37,39,590	9,58,80,220
PROFIT/ (LOSS) BEFORE TAX		(3,16,88,633)	(69,36,804)
Provision for:			
- Current Tax		46,384	-
PROFIT/ (LOSS) FOR THE YEAR		(3,17,35,017)	(69,36,804)
Basic and Diluted Earning Per Share	2.15	(6,347)	(1,387)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Sweden AB

Andrew Goldie

Janet Troxell

} **Directors**

Vanco Sweden AB

Cash Flow Statement for the year ended March 31, 2015

	For the Year ended March 31, 2015	Amount in ₹ For the Year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	(3,16,88,633)	(69,36,804)
Adjusted for:		
Effects of exchange difference on translation of assets & liabilities	46,36,711	(1,04,12,157)
Financial Income	(44,274)	(1,01,925)
Interest Expenses	53,845	62,936
	46,46,282	(1,04,51,146)
Operating Profit before Working Capital Changes	(2,70,42,351)	(1,73,87,950)
Adjusted for:		
Other Advances	2,79,29,865	2,56,298
Trade Payables & Other Current liabilities	29,04,512	(67,34,009)
	3,08,34,377	(64,77,711)
Cash Generated from Operations	37,92,026	(2,38,65,661)
Tax Refund	-	2,85,02,527
Tax Paid	(10,53,796)	2,85,02,527
Net Cash from Operating Activities	27,38,230	46,36,867
B CASH FLOW FROM INVESTING ACTIVITIES		
Financial Income	44,274	1,01,925
Net Cash Used in Investing Activities	44,274	1,01,925
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	(53,845)	(62,936)
Net Cash from Financing Activities	(53,845)	(62,936)
Net Increase/ (Decrease) in Cash and Cash Equivalents	27,28,659	46,75,855
Opening Balance of Cash and Cash Equivalents	47,01,717	25,862
Closing Balance of Cash and Cash Equivalents	74,30,376	47,01,717

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Sweden AB

Andrew Goldie

Janet Troxell

} **Director**

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

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

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Sweden AB

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014		
Note 2.01				
Share Capital				
Authorised				
20,00,000 (20,00,000) ordinary shares @SEK100 per share	<u>1,44,46,85,600</u>	<u>1,55,86,57,600</u>		
	<u>1,44,46,85,600</u>	<u>1,55,86,57,600</u>		
Issued, Subscribed and Paid up				
5,000 (5,000) ordinary shares @SEK100 per share	<u>36,11,714</u>	<u>38,96,644</u>		
	<u>36,11,714</u>	<u>38,96,644</u>		
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Reliance Vanco Group Limited	<u>5,000</u>	<u>5,000</u>		
	<u>5,000</u>	<u>5,000</u>		
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No of Shares
Reliance Vanco Group Limited	100.00	5,000	100.00	5,000
c) Terms/ Rights attached to the shares			The Company has Ordinary Shares (shares) having a par value of SEK 100 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.	
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	5,000	36,11,714	5,000	38,96,644
Add: Movement for the year	-	-	-	-
At the end of the year	<u>5,000</u>	<u>36,11,714</u>	<u>5,000</u>	<u>38,96,644</u>
Note 2.02				
Reserves and Surplus				
Exchange Fluctuation Reserve		26,00,222		(2,74,457)
Securities Premium Account		1,80,586		1,94,832
Surplus in Statement of Profit and Loss	2,05,95,980		2,75,32,784	
Add: Profit / (Loss) for the Year	(3,17,35,017)		(69,36,804)	
		<u>(1,11,39,037)</u>		<u>2,05,95,980</u>
		<u>(83,58,229)</u>		<u>2,05,16,355</u>
Note 2.03				
Trade Payables				
Others	34,70,505		2,16,20,219	
	<u>34,70,505</u>		<u>2,16,20,219</u>	
Note 2.04				
Other Current Liabilities				
Other Liabilities		2,16,99,782		6,45,557

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.05		
Cash and Bank Balance		
Balance with Banks		
– Current Accounts	74,30,376	47,01,717
	<u>74,30,376</u>	<u>47,01,717</u>
	<u>74,30,376</u>	<u>47,01,717</u>
Note 2.06		
Short Term Loans and Advances		
(Unsecured, Considered good – unless stated otherwise)		
Advance for supply of goods and rendering of services	53,11,449	42,07,898
Advance Tax and Tax deducted at source	76,81,947	87,35,744
	<u>1,29,93,397</u>	<u>1,29,43,642</u>
Note 2.07		
OTHER CURRENT ASSETS		
Others	-	2,90,33,416
	<u>-</u>	<u>2,90,33,416</u>
	<u>-</u>	<u>2,90,33,416</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 2.08		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	10,20,06,683	8,88,41,491
	<u>10,20,06,683</u>	<u>8,88,41,491</u>
Note 2.09		
Other Income		
Interest Income	44,274	1,01,925
	<u>44,274</u>	<u>1,01,925</u>
Note 2.10		
Network Operating Expenses		
Other Network Operating Expenses	9,82,29,161	7,90,55,773
	<u>9,82,29,161</u>	<u>7,90,55,773</u>
Note 2.11		
Employee benefits expense		
Salaries	21,89,951	48,51,602
Employee Welfare and Other Amenities	51,132	7,24,510
	<u>22,41,083</u>	<u>55,76,112</u>
Note 2.12		
Finance Charges		
Other Financial Cost	53,845	65,317
	<u>53,845</u>	<u>65,317</u>

Vanco Sweden AB

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

	For the Year ended March 31, 2015	Amount in ₹ For the Year ended March 31, 2014
Note 2.13		
Sales and General Administration Expenses		
Insurance	-	60,530
Rates & Taxes	-	8,246
Professional Fees	26,22,907	25,28,600
Travelling	-	1,33,842
Communication	1,142	94,361
Bank Charges	53,209	54,051
Foreign Exchange Fluctuation Loss	2,94,79,147	70,02,248
Other General and Administrative Expenses	8,26,296	8,94,070
	3,29,82,701	1,07,75,948
Payment to Auditors	2,32,800	4,07,070
	3,32,15,501	1,11,83,018

Note 2.14

Background and Organisation

Vanco Sweden AB is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Sweden AB is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.15

Earnings Per Share

Amount in ₹ except number of shares

	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	(31,735,018)	(6,936,804)
B Weighted average number of share of SEK 100 each used as denominator for calculating Basic and Diluted EPS	5,000	5,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(6,347)	(1,387)

Note 2.16

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Vanco Sweden AB

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

Note 2.17

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- | | | | |
|----|--|--------|-----------------------------------|
| a. | Parties where control exist: | xi) | Vanco Switzerland A.G. |
| | i) Reliance Vanco Group Limited | xii) | Vanco B.V. |
| | | xiii) | Vanco Benelux BV |
| b) | Enterprises as affiliated companies are: | xiv) | Vanco NV |
| | i) Vanco ROW Limited | xv) | Vanco US LLC |
| | ii) Vanco UK Limited | xvi) | Vanco Solutions Inc. |
| | iii) Vanco Global Limited | xvii) | Vanco Australasia Pty. Limited |
| | iv) Vanco International Limited | xviii) | Vanco (Asia Pacific) Pte. Limited |
| | v) VNO Direct Limited | xix) | Vanco Japan KK |
| | vi) Vanco SAS | xx) | Vanco (Shanghai) Co. Ltd. |
| | vii) Euronet Spain SA | xxi) | Vanco Sp Zoo |
| | viii) Vanco Srl | xxii) | Vanco South America Ltda |
| | ix) Vanco GmbH | | |
| | x) Vanco Deutschland GmbH | | |

c) Summarized below are the transactions entered into with related parties:

Entity Name	During the Year 2014-2015	During the Year 2013-2014	Year End Balances as on 31.03.2015	Year End Balances as on 31.03.2014
	Service Income	Service Income	Other Current Liabilities	Trade Receivables
Reliance Vanco Group Limited	-	-	1,98,99,636	-
Vanco UK Limited	1,01,45,954	85,09,378		1,93,33,639
Vanco International Limited	69,901	55,36,306	-	-
Vanco Global Limited	3,81,57,175	3,18,24,824	-	-
Vanco Deutschland GmbH	5,14,126	4,49,936	-	-
Vanco GmbH	1,03,12,628	74,39,479	-	-
Vanco SAS	2,20,96,536	2,16,08,876	-	-
Vanco US LLC	28,76,429	24,81,950	-	-
Vanco Solutions Inc.	22,01,166	19,49,954	-	-
Vanco Srl	10,08,551	6,37,137	-	-
Vanco B.V.	78,22,128	58,51,416	-	-
Euronet Spain SA	2,73,439	-	-	-

Note 2.18

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.19

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.47 (Previous year 1 GBP = ₹ 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.62 and (Previous year 1 GBP = ₹ 95.97).

As per our Report attached

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

For Vanco Sweden AB

Andrew Goldie }
Janet Troxell } Directors

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

Independent Auditor's Report

To

The Board of Directors of Vanco GmbH

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco GmbH ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco GmbH

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	59,870,327		64,593,525
Reserves and Surplus	2.02	(1,149,261,980)	(1,089,391,653)	(1,033,454,840)
Current Liabilities				
Trade Payable	2.03	9,749,373		23,798,382
Other Current Liabilities	2.04	1,419,406,706	1,429,156,079	1,336,443,678
TOTAL			339,764,426	302,988,838
ASSETS				
Non Current Assets				
Fixed Assets	2.05			
Tangible assets		1,005,765	1,005,765	1,615,275
Current Assets				
Trade Receivables	2.06	309,107,431		281,188,532
Cash and Bank Balance	2.07	29,312,559		18,777,522
Short Term Loans and Advances	2.08	338,671	338,758,661	301,373,563
TOTAL			339,764,426	302,988,838
Significant Accounting Policies				
	1			
Notes forming part of Financial Statements				
	2			

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco GmbH

Andrew Goldie

Janet Troxell

} **Directors**

Vanco GmbH

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

	Note	For the Year ended March 31, 2015	Amount in ₹ For the Year ended March 31, 2014
INCOME			
Service Revenue and Other Operating Income	2.09	1,769,105,266	1,824,899,999
Other Income	2.10	3,119,448	298,672,525
TOTAL		1,772,224,714	2,123,572,524
EXPENDITURE			
Network Operation Expenses	2.11	1,422,273,861	1,435,694,968
Employee Benefits Expense	2.12	214,474,889	243,483,750
Finance Charges	2.13	-	13,721
Depreciation and Amortization Expense	2.05	567,880	451,877
Sales and General Administration Expenses	2.14	286,860,003	219,598,391
TOTAL		1,924,176,633	1,899,242,707
Profit / (Loss) Before Tax		(151,951,919)	224,329,817
Provision for:			
- Current Tax		-	-
- Tax for earlier years		20,638	1,345,269
		20,638	1,345,269
Profit / (Loss) After Tax		(151,972,557)	222,984,548
Basic and Diluted Earnings per Share	2.16	(84,901)	1,24,572
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		
As per our Report attached		For Vanco GmbH	
For Shridhar & Associates		Andrew Goldie	} Directors
Chartered Accountants		Janet Troxell	
Regn. No. 134427W			
Shridhar Mirani			
Partner			
Membership No : 030006			

Place : Mumbai

Date : May 28, 2015

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	(151,951,919)	224,329,817
Adjusted for:		
Provision for Tax / Advance tax write off	20,638	1,345,269
Depreciation/ Impairment and Amortisation	567,880	451,877
Effects of exchange difference on translation of assets & liabilities.	96,015,106	167,164,792
	96,603,624	168,961,938
Operating Profit before Working Capital Changes	(55,348,295)	393,291,755
Adjusted for:		
Receivables and other Advances	(26,850,062)	(51,593,815)
Trade Payables	92,712,402	(421,916,198)
	65,862,340	(473,510,013)
Cash Generated from Operations	10,514,045	(80,218,258)
Tax Paid	(20,637)	-
	(20,637)	-
Net Cash from Operating Activities (A)	10,493,408	(80,218,258)
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	41,629	-
Net Cash Used in Investing Activities (B)	41,629	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Used in Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	10,535,037	(80,218,258)
Opening Balance of Cash and Cash Equivalents	18,777,522	98,995,780
Closing Balance of Cash and Cash Equivalents	29,312,559	18,777,522

As per our Report attached

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

Shridhar Mirani
Partner
Membership No : 030006

Place : Mumbai
Date : May 28, 2015

For Vanco GmbH

Andrew Goldie
Janet Troxell } **Directors**

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

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

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

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

	As at 31st March, 2015	Amount in ₹ As at 31st March, 2014		
Note 2.01				
Share Capital				
Authorised				
1790 (1790) Ordinary shares of 500 Euro each	5,98,70,327	6,45,93,525		
	5,98,70,327	6,45,93,525		
Issued, Subscribed and Paid up				
1790 (1790) Ordinary shares of 500 Euro each	5,98,70,327	6,45,93,525		
fully paid up	5,98,70,327	6,45,93,525		
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Reliance Vanco Group Limited	1,789	1,789		
Reliance Vanco UK Limited	1	1		
	1,790	1,790		
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Vanco Group Limited	99.94	1,789	99.94	1,789
c) Terms/ Rights attached to the shares				
The Company has only Ordinary Shares having a par value of EURO 500 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	1,790	5,98,70,327	1,790	6,45,93,525
Add: Movement for the year	-	-	-	-
At the end of the year	1,790	5,98,70,327	1,790	6,45,93,525
Note 2.02				
Reserves and Surplus				
Exchange Fluctuation Reserve		9,76,39,281		(90,56,599)
Securities Premium Account		7,52,55,461		8,11,92,399
Surplus / (Deficit) in statement of Profit and Loss				
(1,17,01,84,165)			(1,39,31,68,713)	
Add: Profit / (Loss) for the Year	(15,19,72,557)		22,29,84,548	
		(1,32,21,56,722)		(1,17,01,84,165)
		(1,14,92,61,980)		(1,09,80,48,365)
Note 2.03				
Trade Payables				
Trade Payables	97,49,373		2,37,98,382	
		97,49,373		2,37,98,382

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

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.04			
Other Current Liabilities			
Employee benefits Payable	54,71,973		33,90,715
Statutory Dues Payables	12,69,800		-
Other Liabilities	1,15,74,09,476		1,04,63,23,524
Unearned Income	25,52,55,457	1,41,94,06,706	26,29,31,057
		1,42,91,56,079	1,33,64,43,678

Note 2.05

Fixed Assets and Depreciation

Fixed Assets and Depreciation											Amount in ₹
Sr	Particulars	Gross Block			Depreciation				Net Block		
		As at April 01, 2014	Additions	Adjustments on account of Foreign Exchange	As at March 31, 2015	As at April 01, 2014	For the year	Deductions/ adjustments	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible Assets											
1	Leasehold Assets	57,19,797	-		57,19,797	48,64,854	2,08,473	26,378	50,99,705	6,20,093	8,54,944
2	Furniture & Fixtures	17,07,093	-		17,07,093	15,46,660	24,550	5,637	15,76,847	1,30,247	1,60,434
3	Computer Equipment	67,71,008	-		67,71,008	61,71,110	3,34,857	9,616	65,15,583	2,55,425	5,99,898
	Sub Total	1,41,97,898	-	-	1,41,97,898	1,25,82,623	5,67,880	41,631	1,31,92,134	10,05,765	16,15,275
	Previous Year	1,12,75,218	4,98,269	24,24,412	1,41,97,898	1,00,10,994	4,51,877	21,19,752	1,25,82,623	16,15,275	12,64,224

Note 2.06

Trade Receivables

Due for More than Six months

Considered Good	-	-
Considered Doubtful	-	9,83,257
	-	9,83,257
Less: Provision for doubtful debts	-	9,83,257
	-	-

Others

Considered Good	30,91,07,431	28,11,88,532
	30,91,07,431	28,11,88,532

Note 2.07

Cash and Bank Balance

Cash on hand	83,021	27,462
Balance with Banks		
- Current Accounts	2,92,29,538	1,87,50,060
	2,93,12,559	1,87,77,522

Note 2.08

Short-term loans and advances

(Unsecured, Considered good – unless stated otherwise)

Advance for supply of goods and rendering of services	-	(3,95,564)
Prepaid Expenses	3,38,671	18,03,073
	3,38,671	14,07,509

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

	For the Year ended March 31, 2015	Amount in ₹ For the Year ended March 31, 2014
Note 2.09		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	<u>1,76,91,05,266</u>	<u>1,82,48,99,999</u>
	<u>1,76,91,05,266</u>	<u>1,82,48,99,999</u>
Note 2.10		
Other Income		
Miscellaneous Income	31,19,448	(38,61,396)
Business support charges recharge	-	30,25,33,921
	<u>31,19,448</u>	<u>29,86,72,525</u>
Note 2.11		
Network Operation Expenses		
Other Network Operating Expenses	<u>1,42,22,73,861</u>	<u>1,43,56,94,968</u>
	<u>1,42,22,73,861</u>	<u>1,43,56,94,968</u>
Note 2.12		
Employee Benefits Expense		
Salaries	<u>21,44,74,889</u>	<u>24,34,83,750</u>
	<u>21,44,74,889</u>	<u>24,34,83,750</u>
Note 2.13		
Finance Charges		
Interest Cost	-	13,721
	-	13,721
Note 2.14		
Sales and General Administration Expenses		
Rent	1,76,89,139	1,82,20,482
Insurance	5,32,693	1,39,064
Rates & Taxes	-	46,257
Travelling	49,15,065	79,25,745
Professional Fees	94,69,569	62,43,030
Communication	45,67,326	47,97,860
Bank charges	5,49,537	3,70,497
Selling and Marketing	40,19,529	10,15,584
Other Repairs	3,02,101	2,60,603
Foreign Exchange Fluctuation Loss	15,90,92,564	92,56,787
Contracted Services	4,53,148	32,34,183
Business Support Charges	7,13,93,347	10,85,50,055
Other General and Administrative Expenses	1,15,39,700	5,14,85,108
	<u>28,45,23,718</u>	<u>21,15,45,255</u>
Payment to Auditors	<u>23,36,285</u>	<u>80,53,136</u>
	<u>28,68,60,003</u>	<u>21,95,98,391</u>

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

Note 2.15

BACKGROUND AND ORGANISATION

Vanco GmbH is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco GmbH is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.16

Earnings Per Share

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A Profit / (Loss) after Tax	(151,972,557)	222,984,584
B Weighted average number of share of Euro 550 each used as denominator for calculating Basic and Diluted EPS(Previous year 1790 share of Euro 500	1,790	1,790
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(84,901)	124,572

Note 2.17

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.18

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco International Limited
 - v) Vanco SAS
 - vi) Euronet Spain SA
 - vii) Vanco Srl
 - viii) Vanco Deutschland GmbH
 - ix) Vanco Switzerland A.G.
 - x) Vanco B.V.
 - xi) Vanco Benelux BV
 - xii) Vanco NV
 - xiii) Vanco US LLC
 - xiv) Vanco Solutions Inc.
 - xv) Vanco Australasia Pty. Limited
 - xvi) Vanco (Asia Pacific) Pte. Limited
 - xvii) Vanco Japan KK
 - xviii) Vanco Sweden AB

Vanco GmbH

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

c) Summarized below are the transactions entered into with related parties:

Amount in ₹

Name of the Entity	During the Year 2014-2015		During the Year 2013-2014		Year End Balances as on 31.03.2015	Year End Balances as on 31.03.2014
	Service Income	Network Operating Expenses and other expenses	Service Income	Network Operating Expenses and other expenses	Other Current Liabilities	Other Current Liabilities
Vanco Global Limited	32,76,620	-	34,46,691	-	-	-
Reliance Vanco Group Limited	-	-	-	-	1,09,42,15,567	97,50,83,356
Vanco UK Limited	16,71,43,724	21,21,38,578	15,78,44,808	23,78,75,483	-	-
Vanco (Asia Pacific) Pte. Limited	3,58,315	2,70,21,081	-	64,49,049	-	-
Vanco Sweden AB	-	1,03,12,628	-	74,39,479	-	-
Vanco Deutschland GmbH	11,13,23,197	-	16,29,34,566	-	-	-
Vanco SRL	1,61,47,433	2,27,83,390	1,69,85,184	1,90,29,495	-	-
Vanco Benelux BV	5,14,41,399	1,93,13,149	5,73,24,278	2,54,57,911	-	-
Euronet Spain SA	48,34,620	3,89,38,868	42,86,219	3,20,33,062	-	-
Vanco SAS	6,20,51,269	2,26,30,935	7,37,74,920	2,14,42,759	-	-
Vanco Australasia Pty Limited	31,98,712	7,88,71,324	6,12,948	7,54,42,940	-	-
Vanco NV	-	2,64,47,404	18,34,332	2,88,58,825	-	-
Vanco Japan KK	-	12,71,792	-	27,65,385	-	-
Vanco Solutions Inc.	45,01,915	-	72,37,714	-	-	-
Vanco US LLC	45,33,511	20,33,05,464	57,28,425	25,27,50,538	-	-
Vanco International Limited	-	14,04,573	10,79,640	20,24,372	-	-
Vanco ROW Limited	-	8,98,90,020	-	11,47,33,916	-	-

Note 2.19

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.20

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.470 (Previous year 1 GBP = ₹ 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.62 and (Previous year 1 GBP = ₹ 95.968).

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco GmbH

Andrew Goldie

Janet Troxell

} Directors

Independent Auditor's Report

To

The Board of Directors of Vanco Deutschland GmbH

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Deutschland GmbH ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco Deutschland GmbH

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	16,72,636		18,04,591
Reserves and Surplus	2.02	(83,83,46,891)	(83,66,74,255)	(80,22,83,058)
Current Liabilities				
Other Current Liabilities	2.03	90,11,10,999	90,11,10,999	88,07,19,786
TOTAL			6,44,36,744	7,84,36,728
ASSETS				
Current Assets				
Trade Receivables	2.04	4,61,19,571		7,44,77,250
Cash and Bank Balance	2.05	1,40,10,619		39,59,478
Short Term Loans and Advances	2.06	43,06,554	6,44,36,744	-
TOTAL			6,44,36,744	7,84,36,728
Significant Accounting Policies				
	1			
Notes forming part of Financial Statements				
	2			

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Deutschland GmbH

Andrew Goldie

Janet Troxell

} **Directors**

Vanco Deutschland GmbH

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

	Note		For the Year ended March 31, 2015	Amount in ₹ For the Year ended March 31, 2014
INCOME				
Service Revenue and Other Operating Income	2.07		<u>30,38,62,577</u>	<u>38,77,84,776</u>
TOTAL			<u>30,38,62,577</u>	<u>38,77,84,776</u>
EXPENDITURE				
Network Operation Expenses	2.08	29,09,61,485		37,42,07,117
Sales and General Administration Expenses	2.09	<u>12,04,40,018</u>	<u>41,14,01,503</u>	<u>27,48,29,367</u>
				64,90,36,484
Profit / (Loss) Before Tax			(10,75,38,926)	(26,12,51,708)
Provision for:				
- Current Tax		<u>-</u>	<u>-</u>	<u>-</u>
Profit / (Loss) after Tax			<u>(10,75,38,926)</u>	<u>(26,12,51,708)</u>
Basic and Diluted Earnings per Share	2.11		(4,302)	(10,450)
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Deutschland GmbH

Andrew Goldie

Janet Troxell

} **Directors**

Vanco Deutschland GmbH

Cash Flow Statement for the year ended March 31, 2015

	For the Year ended March 31, 2015	Amount in ₹ For the Year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax as per Profit and Loss Account	(10,75,38,926)	(26,12,51,708)
Adjusted for:		
Provision for Tax / Advance tax write off	(43,06,554)	(5,76,153)
Effects of exchange difference on translation of assets & liabilities.	7,31,47,729	(1,87,20,630)
Financial Income	-	(3,743)
	6,88,41,175	(1,93,00,526)
Operating Profit before Working Capital Changes	(3,86,97,751)	(28,05,52,234)
Adjusted for:		
Receivables and other Advances	2,83,57,680	2,14,00,965
Trade Payables	2,03,91,212	19,05,17,904
	4,87,48,892	21,19,18,869
Cash Generated from Operations	1,00,51,141	(6,86,33,365)
Tax Refund	-	59,52,471
Net Cash from Operating Activities (A)	1,00,51,141	(6,26,80,894)
B CASH FLOW FROM INVESTING ACTIVITIES		
Financial Income	-	3,743
Net Cash Used in Investing Activities (B)	-	3,743
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash Used in Financing Activities (C)	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	1,00,51,141	(6,26,77,151)
Opening Balance of Cash and Cash Equivalents	39,59,478	6,66,36,629
Closing Balance of Cash and Cash Equivalents	1,40,10,619	39,59,478

As per our Report attached

For Shridhar & Associates

Chartered Accountants

Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Deutschland GmbH

Andrew Goldie

Janet Troxell

Directors

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

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

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Deutschland GmbH

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.01		
Share Capital		
Authorised		
25000 (25000) Ordinary shares of 1 Euro each	<u>16,72,636</u>	<u>18,04,591</u>
	<u>16,72,636</u>	<u>18,04,591</u>
Issued, Subscribed and Paid up		
25000 (25000) Ordinary shares of 1 Euro each fully paid up	<u>16,72,636</u>	<u>18,04,591</u>
	<u>16,72,636</u>	<u>18,04,591</u>

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company	No. of Shares	No of Shares
Reliance Vanco Group Limited	<u>25,000</u>	<u>25,000</u>
	<u>25,000</u>	<u>25,000</u>

b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No of Shares
Reliance Vanco Group Limited	100	25,000	100	25,000

c) Terms/ Rights attached to the shares

The Company has only Class A Common Shares (shares) having a par value of EURO 1 per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	25,000	16,72,636	25,000	18,04,591
Add: Movement for the year	-	-	-	-
At the end of the year	<u>25,000</u>	<u>16,72,636</u>	<u>25,000</u>	<u>18,04,591</u>

Note 2.02

Reserves and Surplus

Foreign Currency Translation Reserve	7,32,79,684	1,06,10,833
Securities Premium Account	-	-
Surplus / (Deficit) in Statement of Profit and Loss	(80,40,87,649)	(55,34,46,775)
Add: Profit / (Loss) for the Year	(10,75,38,926)	(26,12,51,707)
	<u>(91,16,26,575)</u>	<u>(81,46,98,482)</u>
	<u>(83,83,46,891)</u>	<u>(80,40,87,649)</u>

Note 2.03

Other Current Liabilities

Other Liabilities	83,87,48,497	81,08,42,251
Unearned Income	6,23,62,502	6,98,77,535
	<u>90,11,10,999</u>	<u>88,07,19,786</u>
	<u>90,11,10,999</u>	<u>88,07,19,786</u>

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

	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Note 2.04		
Trade Receivable		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
Others		
Considered Good	4,61,19,571	7,44,77,250
	4,61,19,571	7,44,77,250
Note 2.05		
Cash and Bank Balance		
Balance with Banks		
- Current Accounts	1,40,10,619	39,59,478
	1,40,10,619	39,59,478
Note 2.06		
Short-term loans and advances		
(Unsecured, Considered good – unless stated otherwise)		
Advance Tax and Tax deducted at source (net of Income Tax Provision)	43,06,554	-
	43,06,554	-
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 2.07		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	30,38,62,577	38,77,84,776
	30,38,62,577	38,77,84,776
Note 2.08		
Network Operation Expenses		
Other Network Operating Expenses	29,09,61,485	37,42,07,117
	29,09,61,485	37,42,07,117

Vanco Deutschland GmbH

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note 2.09		
Sales and General Administration Expenses		
Bank charges	1,85,302	1,89,016
Foreign Exchange Fluctuation Loss	10,44,12,508	51,99,430
Business Support Charges	1,60,06,362	10,85,50,055
Professional Fees	(1,80,878)	(8,83,021)
Other General and Administrative Expenses	-	16,17,65,482
	12,04,23,294	27,48,20,962
Payment to Auditors	16,724	8,405
	12,04,40,018	27,48,29,367

Note 2.10

BACKGROUND AND ORGANISATION

Vanco Deutschland GmbH is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Deutschland GmbH is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.11

	For the year ended March 31, 2015	Amount in ₹ except number of shares For the year ended March 31, 2014
Earnings per Share		
A Profit / (Loss) after Tax	(107,538,926)	(261,251,708)
B Weighted average number of share of each used as denominator for calculating Basic and Diluted EPS	25,000	25,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(4302)	(10450)

Note 2.12

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Vanco Deutschland GmbH

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

Note 2.13

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- | | |
|---|--|
| a) Parties where control exist: | |
| i) Reliance Communications Limited | vii) Vanco Srl |
| ii) Reliance Vanco Group Limited | viii) Vanco GmbH |
| | ix) Vanco B.V. |
| b) Enterprises as affiliated companies are: | x) Vanco Benelux BV |
| i) Vanco ROW Limited | xi) Vanco NV |
| ii) Vanco UK Limited | xii) Vanco US LLC |
| iii) Vanco International Limited | xiii) Vanco Australasia Pty. Limited |
| iv) VNO Direct Limited | xiv) Vanco (Asia Pacific) Pte. Limited |
| v) Vanco SAS | xv) Vanco Japan KK |
| vi) Euronet Spain SA | xvi) Vanco Sweden AB |

c) Summarized below are the transactions entered into with related parties: Amount in ₹

Name of the Entity	During the Year 2014-2015	During the Year 2013- 2014	Year End Balances as on 31.03.2015	Year End Balances as on 31.03.2014
	Network Operating Expenses	Network Operating Expenses	Other Current Liabilities	Other Current Liabilities
Reliance Vanco Group Limited	-		83,85,47,783	81,02,64,782
Vanco UK Limited	2,76,36,090	4,61,39,170	-	
Vanco (Asia Pacific) Pte. Limited	2,34,14,398	1,45,52,545	-	
Vanco Sweden AB	5,14,126	4,49,936	-	
Vanco GmbH	11,13,23,197	16,29,34,566	-	
Vanco SRL	30,51,895	44,15,872	-	
Vanco Benelux BV	43,886	17,90,187	-	
Euronet Spain SA	52,04,232	25,65,316	-	
Vanco SAS	29,59,301	45,80,976	-	
Vanco Australasia Pty Ltd	7,85,210	62,98,764	-	
Vanco Japan KK	-	3,47,473	-	
Vanco US LLC	5,50,74,622	9,60,79,419	-	
Vanco International Limited	62,59,221	68,71,940	-	
Vanco ROW Limited	1,26,33,342	1,85,14,031	-	

Note 2.14

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.15

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = Rs. 92.470 (Previous year 1 GBP = Rs. 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = Rs. 98.62 and (Previous year 1 GBP = Rs. 95.968).

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Deutschland GmbH

Andrew Goldie

Janet Troxell

} Directors

Lagerwood Investments Limited

Independent Auditor's Report

To

The Board of Directors of Lagerwood Investments Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Lagerwood Investments Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended, and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2015

Lagerwood Investments Limited

Balance Sheet as at March 31, 2015

	Notes	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	1,41,750	1,35,887
Reserves and Surplus	2.02	2,29,79,126	73,10,170
Current Liabilities			
Other Current Liabilities	2.03	19,56,937	19,06,315
Total		2,50,77,813	93,52,372
ASSETS			
Non Current Assets			
Non Current Investments	2.04	-	58,11,755
Current Assets			
Trade Receivable	2.05	2,22,12,500	-
Cash and Bank balances	2.06	28,65,313	35,40,617
Total		2,50,77,813	93,52,372
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Lagerwood Investments Limited

Eva Agathangelou

Xenia Thoma

} Directors

Lagerwood Investments Limited

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

			(Amount in ₹)
	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Other Income	2.07	15,801,906	12,153,161
		<u>15,801,906</u>	<u>12,153,161</u>
Expenditure			
Finance Costs		34,307	18,804
Administration Expenses		744,964	605,481
		<u>779,271</u>	<u>624,285</u>
Profit Before Tax		15,022,635	11,528,876
Current Tax		-	-
Profit After Tax		<u>15,022,635</u>	<u>11,528,876</u>
Basic and Diluted Earning per Share of Euro 1.71 each (₹)	2.08	15 023	11 529
Significant Accounting Policies	1		
Notes on Account	2		

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

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Lagerwood Investments Limited

Eva Agathangelou

Xenia Thoma

} Directors

Lagerwood Investments Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Statement of Profit and Loss	15,022,635	11,528,876
Adjusted for:		
Profit on Sale of Investments	(15,801,906)	-
Operating Profit before Working Capital Changes	(779,271)	11,528,876
Trade Receivables	-	-
Effect of Exchange difference on translation of Assets & Liabilities	72,341	142,925
Other Liabilities	31,625	75,193
	103,966	218,118
Net Cash from Operating Activities	(675,305)	11,746,994
B CASH FLOW FROM INVESTING ACTIVITIES	-	-
Sale of Investments	-	-
Net Cash from Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Short Term Borrowings	-	(12,042,915)
Net Cash from Financing Activities	-	(12,042,915)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(675,305)	(295,921)
Opening Balance of Cash and Cash Equivalents	3,540,617	3,836,538
Closing Balance of Cash and Cash Equivalents	2,865,312	3,540,617

Note:

Cash and Cash Equivalents includes cash on hand, cheques on hand.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Lagerwood Investments Limited

Eva Agathangelou

Xenia Thoma

} **Directors**

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

Note :1 Significant Accounting Policies to the Financial Statements

1.01 Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard 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 and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Revenue Recognition

Interest Income is recognised on time proportion basis.

Any other income is recognised on accrual basis.

1.03 Use of Estimates

The 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 are recognised in the period in which the results are known / materialised.

1.04 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.

1.05 Earning per Share

In determining Earning per Share, the Company 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 Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average number of shares considered for deriving Basic Earnings per Share, and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.06 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. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.07 Investments

Non Current Investments are stated at cost or fair value as required .

Lagerwood Investments Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.01		
Share Capital		
Authorised		
5000 (Previous year 5000) Ordinary shares Euro 1.71 each	<u>7,08,750</u>	<u>6,79,435</u>

Issued, Subscribed and Paid up

1000 (Previous year 1000) Ordinary shares Euro 1.71 each fully paid up	<u>1,41,750</u>	<u>1,35,887</u>
	<u>1,41,750</u>	<u>1,35,887</u>

1) Details of Shares held by holding Company:

Particulars	% of Holding	No. of Shares	% of Holding	No of Shares
Ledra Trustee Services Limited as trustee of Reliance Communications Shareholders Trust	100	1,000	100	1,000

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

Particulars	% of Holding	No. of Shares	% of Holding	No of Shares
Ledra Trustee Services Limited as trustee of Reliance Communications Shareholders Trust	100	1,000	100	1,000

- 3) The Company has only one class of ordinary shares having a par value of Euro 1.71 per share. Each holder of Ordinary shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of ordinary share will be entitled to receive remaining assets of the Company.

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

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Equity Shares				
At the beginning of the year	1,000	1,41,750	1,000	1,35,887
Add/Less: Changes during the year	-	-	-	-
At the end of the year	<u>1,000</u>	<u>1,41,750</u>	<u>1,000</u>	<u>1,35,887</u>

Note: 2.02

Reserve & Surplus

Exchange Fluctuation Reserve	5,41,738	(1,04,583)
Surplus/(Deficit) in Statement of Profit and Loss		
Opening Balance	74,14,753	(41,14,123)
Add: Profit for the year	1,50,22,635	1,15,28,876
	<u>2,24,37,388</u>	<u>74,14,753</u>
	<u>2,29,79,126</u>	<u>73,10,170</u>

Note: 2.03

Other Current Liabilities

Payable to Related Party (Refer Note 2.09)	17,09,500	16,38,795
Other Liabilities	2,47,437	2,67,520
	<u>19,56,937</u>	<u>19,06,315</u>

Lagerwood Investments Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.04		
Non Current Investments		
Trade Investments, Unquoted, At cost		
Nil (Previous year 97 00 000) ordinary shares of Reliance Globalcom Limited, Bermuda of \$ 0.01 each fully paid	-	58,11,755
	-	58,11,755
Note: 2.05		
TRADE RECEIVABLES (Unsecured)		
Due for More than Six months from the date they are due for payment		
Considered Good	-	-
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
Others		
Considered Good	2,22,12,500	-
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
	2,22,12,500	-
Note: 2.06		
Cash and Bank Balances		
Balance with Bank in Current Account	28,65,313	35,40,617
	28,65,313	35,40,617
		(Amount in ₹)
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note: 2.07		
Other Income		
Profit on sale of Investments	1,58,01,906	1,21,53,161
	1,58,01,906	1,21,53,161
Note : 2.08		
Earnings per share		
Net Profit (Numerator used for calculation) (₹)	1 50 22 635	1 15 28 876
Weighted Average number of Equity Shares used as denominator for calculating EPS	1 000	1 000
Basic and Diluted Earning Per Share of Euro 1.71 each (₹)	15 023	11 529

Lagerwood Investments Limited

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

Note : 2.09

Related Party Transactions

As per Accounting Standard 18, the disclosures of transactions with the related parties as defined in the Accounting Statdard are given below:

Name of the Related Party (with whom transaction took place)	Relationship		
1 Lendra Trustee Services Limited	Holding Company		
Transaction during the year with related party	As at March 31, 2015	As at March 31, 2014	
Other Current Liabilities	17,09,500	16,38,795	

Note : 2.10

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.15 and (Previous year 1 USD = ₹ 60.46).

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Lagerwood Investments Limited

Eva Agathangelou

Xenia Thoma

} Directors

Vanco Srl

Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	66,23,638	71,46,180
Reserves and Surplus	2.02	(8,88,20,836)	(11,63,07,113)
		(8,21,97,198)	(10,91,60,933)
Current Liabilities			
Trade Payable	2.03	2,48,89,012	5,23,21,596
Other Current Liabilities	2.04	58,07,47,291	64,13,25,061
Short Term Provisions	2.05	61,21,044	72,18,363
		61,17,57,347	70,08,65,020
TOTAL		52,95,60,149	59,17,04,087
ASSETS			
Non Current Assets			
Fixed Assets	2.06		
Tangible Assets		9,05,643	41,64,182
Intangible Assets		21,76,29,947	23,48,10,591
		21,85,35,590	23,89,74,773
Long-Term Loans and Advances	2.07	1,36,18,501	1,52,26,451
Current Assets			
Trade Receivables	2.08	23,00,88,631	26,01,29,491
Cash and Bank Balance	2.09	2,81,54,445	85,05,142
Short Term Loans and Advances	2.10	3,91,62,982	6,88,68,230
		29,74,06,058	33,75,02,863
TOTAL		52,95,60,149	59,17,04,087
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Vanco Srl

Andrew Goldie

Janet Troxell

} Directors

Place : Mumbai

Date : May 28, 2015

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

	Note	For the Year ended March 31, 2015	Amount in ₹ For the Year ended March 31, 2014
INCOME			
Service Revenue and Other Operating Income	2.11	71,60,87,565	60,24,49,362
Other Income	2.12	19,020	29,93,283
TOTAL		71,61,06,585	60,54,42,645
EXPENDITURE			
Network Operation Expenses	2.13	50,29,38,167	42,59,73,236
Employee Benefits Expense	2.14	14,27,85,038	13,28,76,752
Finance Charges	2.15	4,12,129	7,14,304
Depreciation and Amortization Expense	2.06	34,41,838	34,80,945
Sales and General Administration Expenses	2.16	6,36,41,827	2,96,24,259
TOTAL		71,32,18,999	59,26,69,496
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		28,87,586	1,27,73,149
Profit / (Loss) Before Tax		28,87,586	1,27,73,149
Provision for:			
- Current Tax		70,73,733	69,43,636
- Tax for earlier years		(77,31,870)	95,62,271
		(6,58,137)	1,65,05,907
Profit / (Loss) for the Year		35,45,723	(37,32,758)
Basic and Diluted Earning Per Share	2.18	33.58	(38.05)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Vanco Srl

Andrew Goldie

Janet Troxell

} Directors

Place : Mumbai

Date : May 28, 2015

Cash Flow Statement for the year ended March 31, 2015

	For the Year ended March 31, 2015	Amount in ₹ For the Year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	28,87,586	1,27,73,148
Adjusted for:		
Provision for Doubtful Debts, Loans & Advances and Bad Debts Written off (Net of Reversal)	15,35,019	(9,24,874)
Depreciation/ Impairment and Amortisation	34,41,838	34,80,945
Effects of exchange difference on translation of assets & liabilities	2,57,14,303	(2,84,00,764)
Interest Expenses	4,12,129	7,14,304
Financial Income	(19,020)	(29,93,283)
	3,10,84,269	(2,81,23,672)
Operating Profit before Working Capital Changes	3,39,71,855	(1,53,50,524)
Adjusted for:		
Receivables and other Advances	5,89,74,506	(8,77,50,572)
Trade Payables	(8,80,10,354)	11,59,83,160
	(2,90,35,848)	2,82,32,588
Cash Generated from Operations	49,36,007	1,28,82,064
Tax Refund	1,51,31,320	-
Tax Paid	-	(2,41,09,431)
	1,51,31,320	(2,41,09,431)
Net Cash from Operating Activities	2,00,67,327	(1,12,27,367)
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	(24,915)	(1,17,226)
Financial Income	19,020	29,93,283
Net Cash Used in Investing Activities	(5,895)	28,76,057
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	(4,12,129)	(7,14,304)
Net Cash from Financing Activities	(4,12,129)	(7,14,304)
Net Increase/ (Decrease) in Cash and Cash Equivalents	1,96,49,303	(90,65,614)
Opening Balance of Cash and Cash Equivalents	85,05,142	1,75,70,756
Closing Balance of Cash and Cash Equivalents	2,81,54,445	85,05,142

For Vanco Srl

Andrew Goldie

Janet Troxell

} Directors

Place : Mumbai
Date : May 28, 2015

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight –line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

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

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years). Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

License fees are fully amortised in the year of purchase.

Goodwill arising on consolidation or acquisition is not amortised but is tested for impairment.

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.01		
Share Capital		
Authorised		
99,000 (99,000) Ordinary shares of Euro 1 each	66,23,638	71,46,180
	66,23,638	71,46,180
Issued, Subscribed and Paid up		
99,000 (99,000) Ordinary shares of Euro 1 each fully paid up	66,23,638	71,46,180
	66,23,638	71,46,180

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

	As at March 31, 2015		Amount in ₹ As at March 31, 2014	
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company				
Reliance Vanco Group Limited	No. of Shares 99,000		No of Shares 99,000	
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No of Shares
Reliance Vanco Group Limited	100	99,000	100	99,000
c) Terms/ Rights attached to the shares				
The Company has Ordinary Shares (shares) having a par value of EUR 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	99,000	66,23,638	99,000	71,46,180
Add: Movement for the year	-	-	-	-
At the end of the year	<u>99,000</u>	<u>66,23,638</u>	<u>99,000</u>	<u>71,46,180</u>
Note 2.02				
Reserves and Surplus				
Exchange Fluctuation Reserve		98,99,183		(1,73,16,613)
Other Reserves		4,15,16,325		4,47,91,567
Surplus / (Deficit) in statement of Profit and Loss	(14,37,82,067)		(14,00,49,309)	
Add: Profit / (Loss) for the Year	35,45,723		(37,32,758)	
		<u>(14,02,36,344)</u>		<u>(14,37,82,067)</u>
		<u>(8,88,20,836)</u>		<u>(11,63,07,113)</u>
Note 2.03				
Trade Payables				
Others	2,48,89,012		5,23,21,596	
		<u>2,48,89,012</u>		<u>5,23,21,596</u>
Note 2.04				
Other Current Liabilities				
Unearned Income	13,51,40,771		17,12,34,340	
Other Liabilities	44,56,06,520	<u>58,07,47,291</u>	47,00,90,721	<u>64,13,25,061</u>
Note 2.05				
Short Term Provisions				
Income Tax		61,21,044		72,18,363
		<u>61,21,044</u>		<u>72,18,363</u>

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

Note No 2.06 Fixed Assets and Depreciation												Amount in ₹	
Particulars	Gross Block				Depreciation				Net Block				
	As at April 01, 2014	Additions during the year	Deductions/ adjustments	Forex	As at March 31, 2015	As at April 01, 2014	Forex	For the year	Deductions/ Adjustments	As at March 31, 2015	As at March 31, 2014		
Tangible Assets													
Computer Equipments	8,57,940	24,915	-	(62,734)	8,20,121	6,41,546	(62,899)	1,18,694	-	1,22,780	2,16,395		
Network Assets	9,88,07,446	-	-	(72,24,982)	9,15,82,464	9,49,03,364	(73,84,942)	33,07,366	-	7,56,676	39,04,082		
Furniture & Fixtures	9,88,518	-	-	(72,951)	9,15,567	9,44,813	(71,211)	15,778	-	26,187	43,705		
Sub Total	10,06,53,904	24,915	-	(73,60,667)	9,33,18,152	9,64,89,723	(75,19,052)	34,41,838	-	9,05,643	41,64,182		
Previous Year	9,10,73,739	1,00,676	-	94,79,490	10,06,53,905	8,47,47,036	82,61,741	34,80,945	-	9,64,89,722	41,64,182		
Intangible Assets													
Softwares and Licenses	14,79,155	-	-	(2,10,903)	12,68,252	14,79,155	(2,10,903)	-	-	12,68,252	-		
Indefeasible Right of Connectivity	8,98,61,323	-	-	(1,11,89,243)	7,86,72,080	8,98,61,323	(1,11,89,243)	-	-	7,86,72,080	-		
Goodwill	23,48,10,591	-	-	(1,71,80,644)	21,76,29,947	-	-	-	-	21,76,29,947	23,48,10,591		
Sub Total	32,61,51,069	-	-	2,85,80,790	29,75,70,279	9,13,40,478	(1,14,00,146)	-	-	7,99,40,332	21,76,29,947		
Previous Year	25,94,13,393	-	-	6,67,26,046	32,61,39,439	7,04,63,829	3,80,45,663	-	-	10,85,09,492	23,48,10,591		
Total	42,68,04,973	24,915	-	(3,59,41,457)	39,08,88,430	18,78,30,201	(1,89,19,198)	34,41,838	-	17,23,52,841	21,85,35,590		
Previous Year	35,04,87,132	1,00,676	-	7,62,05,535	42,67,93,343	15,52,10,865	4,63,07,404	34,80,945	-	20,49,99,214	23,89,74,773		

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

	As at March 31, 2015		Amount in ₹ As at March 31, 2014	
Note 2.07				
Long Term Loans and Advances				
Prepaid Expenses	1,36,18,501		1,52,26,451	
	<u>1,36,18,501</u>		<u>1,52,26,451</u>	
Note 2.08				
Trade Receivable				
Due for More than Six months				
Considered Good	-		-	
Considered Doubtful	44,78,975		-	
	<u>44,78,975</u>		<u>-</u>	
Less: Provision for doubtful debts	44,78,975		-	
	<u>-</u>		<u>-</u>	
Others				
Considered Good	23,00,88,631		26,01,29,491	
Considered Doubtful	1,230		34,00,578	
	<u>23,00,89,861</u>		<u>26,35,30,069</u>	
Less: Provision for doubtful debts	1,230		34,00,578	
	<u>23,00,88,631</u>	<u>23,00,88,631</u>	<u>26,01,29,491</u>	<u>26,01,29,491</u>
Note 2.09				
Cash and Bank Balance				
Cash on hand	34,006		12,455	
Balance with Banks				
- Current Accounts	2,81,20,439		84,92,687	
	<u>2,81,54,445</u>		<u>85,05,142</u>	
Note 2.10				
Short-Term Loans and Advances				
(Advances Recoverable in Cash or Kind or for Value to be Received)				
Prepaid Expenses		2,54,16,571		5,40,66,232
Advance Tax and Tax deducted at source		97,80,673		1,05,52,275
Deposits		39,65,738		42,49,723
		<u>3,91,62,982</u>		<u>6,88,68,230</u>

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

	For the Year ended March 31, 2015	Amount in ₹ For the Year ended March 31, 2014
Note 2.11		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	64,64,57,236	53,31,26,671
Lease Capacity Services	2,74,34,129	2,62,51,001
Operation and Maintenance Charges	4,21,96,200	4,30,71,690
	<u>71,60,87,565</u>	<u>60,24,49,362</u>
Note 2.12		
Other Income		
Interest Income	19,020	12,707
Foreign Exchange Fluctuation Gain	-	20,55,702
Provision for Doubtful Debts, Loans and Advances written back	-	9,24,874
	<u>19,020</u>	<u>29,93,283</u>
Note 2.13		
Network Operation Expenses		
Other Network Operating Expenses	50,29,38,167	42,59,73,236
	<u>50,29,38,167</u>	<u>42,59,73,236</u>
Note 2.14		
Employee Benefits Expense		
Salaries	13,38,46,735	12,62,00,701
Contribution to Provident, Gratuity and Superannuation Fund	82,36,654	54,07,274
Employee Welfare and Other Amenities	7,01,649	12,68,777
	<u>14,27,85,038</u>	<u>13,28,76,752</u>
Note 2.15		
Finance Charges		
Other Financial Cost	4,12,129	7,14,304
	<u>4,12,129</u>	<u>7,14,304</u>
Note 2.16		
Sales and General Administration Expenses		
Rent	78,96,205	70,68,777
Insurance	5,34,353	2,02,768
Rates & Taxes	64,36,633	58,94,397
Legal Fees	20,10,346	4,61,977
Professional Fees	51,28,120	47,83,517
Travelling	40,08,939	31,11,701
Communication	5,48,927	22,63,129
Bank Charges	2,05,906	2,59,797
Provision for Doubtful Debts, Loans and Advances	15,35,019	-
Selling and Marketing	3,78,082	8,06,712
Other Repairing	2,07,565	1,63,580
Foreign Exchange Fluctuation Loss	2,64,56,993	-
Other G&A	82,94,739	46,07,904
	<u>6,36,41,827</u>	<u>2,96,24,259</u>
	<u>6,36,41,827</u>	<u>2,96,24,259</u>

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

Note 2.17

BACKGROUND AND ORGANISATION

Vanco Srl is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Srl is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.18

Amount in ₹

Earnings Per Share		For the year ended March 31, 2015	For the year ended March 31, 2014
A	Profit / (Loss) after Tax	3,324,609	(3,766,469)
B	Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	99,000	99,000
C	Basic and Diluted Earnings / (Loss) per Share before Exceptional items (A/B)	33.58	(38.05)

Note 2.19

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.20

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Vanco Group Limited
 - ii) Reliance Flag Telecom Ireland Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco International Limited
 - v) VNO Direct Limited
 - vi) Vanco SAS
 - vii) Euronet Spain SA
 - viii) Vanco Asiapacific
 - ix) Vanco GmbH
 - x) Vanco Deutschland GmbH
 - xi) Vanco Switzerland A.G.
 - xii) Vanco B.V.
 - xiii) Vanco Benelux BV
 - xiv) Vanco NV
 - xv) Vanco US LLC
 - xvi) Vanco Solutions Inc.
 - xvii) Vanco Australasia Pty. Limited
 - xviii) Vanco Japan KK
 - xix) Vanco (Shanghai) Co. Ltd.
 - xx) Vanco Sp Zoo

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

- xxi) Vanco Sweden AB
- xxii) Vanco South America Ltda
- xxiii) Vanco EpE
- xxiv) Net Direct SA (Proprietary) Limited

c) Summarized below are the transactions entered into with related parties:

								Amount in ₹
		During the Year 2014-2015		During the Year 2013-2014		Year End Balances as on 31.03.2015		Year End Balances as on 31.03.2014
Entity Name	Service Income	Network Expenses	Service Income	Network Expenses	Trade Receivables	Other Current Liabilities	Other Current Liabilities	
Reliance Flag Telecom Ireland Limited	-	5,14,57,581	-	4,46,18,257	-	39,65,49,325	39,47,54,498	
Reliance Vanco Group Limited	-	-	-	-	-	-	1,71,39,389	
Vanco UK Limited	1,27,06,793	8,18,25,784	1,40,88,870	7,76,32,678	3,35,36,342	-	-	
Vanco (Asia Pacific) Pte. Limited	-	1,18,91,570	-	93,70,952	-	-	-	
Vanco Sweden AB	-	10,08,551	-	6,37,137	-	-	-	
Vanco GmbH	2,27,83,390	1,61,47,433	1,90,29,495	1,69,85,184	-	-	-	
Vanco Deutschland GmbH	30,51,895	-	44,15,872	-	-	-	-	
Vanco BV	1,49,36,985	44,01,411	1,14,35,451	30,68,961	-	-	-	
Euronet Spain SA	-	1,66,18,706	-	1,00,28,126	-	-	-	
Vanco SAS	2,36,24,520	-	2,81,10,083	1,69,90,104	-	-	-	
Vanco Australasia Pty Limited	-	1,18,91,570	-	93,70,952	-	-	-	
Vanco NV	-	88,31,409	-	1,61,42,105	-	-	-	
Vanco Japan KK	-	48,88,658	-	54,31,420	-	-	-	
Vanco Solutions Inc.	68,69,376	-	68,45,110	-	-	-	-	
Vanco US LLC	33,38,681	98,78,547	21,67,149	89,55,542	-	-	-	
Vanco International Limited	-	29,17,352	61,228	32,32,073	-	-	-	
Vanco Global Limited	1,48,055	-	5,47,018	-	-	-	-	
Vanco ROW Limited	-	1,06,67,624	-	1,54,48,425	-	-	-	

Note 2.21

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.22

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.47 (Previous year 1 GBP = ₹ 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.62 and (Previous year 1 GBP = ₹ 95.97).

For Vanco Srl

Andrew Goldie

Janet Troxell

} Directors

Place : Mumbai
Date : May 28, 2015

Independent Auditor's Report

To

The Board of Directors of Vanco BV

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco BV ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco BV

Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	1,338,109	1,443,673
Reserves and Surplus	2.02	(503,986,645)	(495,470,277)
		(502,648,536)	(494,026,604)
Current Liabilities			
Trade Payable	2.03	10,344,566	8,183,355
Other Current Liabilities	2.04	711,181,870	772,804,801
		721,526,436	780,988,156
		218,877,900	286,961,552
ASSETS			
Non Current Assets			
Fixed Assets	2.05	-	-
Tangible assets		-	-
Non Current Investments	2.06	2,885,860	3,113,683
Current Assets			
Trade Receivables	2.07	165,271,296	153,862,281
Cash and Bank Balance	2.08	46,084,655	124,837,042
Short Term Loans and Advances	2.09	4,636,089	3,138,932
Other Current Assets	2.10	-	2,009,614
		215,992,040	283,847,869
		218,877,900	286,961,552
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco BV

Andrew Goldie

Janet Troxell

} **Directors**

Vanco BV

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

	Note	Amount in ₹	
		For the Year ended March 31, 2015	For the Year ended March 31, 2014
INCOME			
Service Revenue and Other Operating Income	2.10	811,294,828	739,756,509
Other Income	2.11	2,656,035	-
TOTAL		813,950,863	739,756,509
EXPENDITURE			
Network Operation Expenses	2.12	627,725,035	569,642,937
Employee Benefits Expense	2.13	87,803,951	111,659,117
Finance Charges	2.14	-	35,632
Depreciation and amortization expense	2.05	-	327,833
Sales and General Administration Expenses	2.15	150,377,288	102,114,977
TOTAL		865,906,274	783,780,495
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		(51,955,411)	(44,023,986)
Profit / (Loss) Before Tax		(51,955,411)	(44,023,986)
Provision for:			
- Current Tax		-	-
- Tax for earlier years			(1,205,137)
		-	(1,205,137)
Profit / (Loss) for the Year		(51,955,411)	(42,818,849)
Basic and Diluted Earning Per Share	2.17	(25.98)	(21.41)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		
As per our Report attached		For Vanco BV	
For Shridhar & Associates		Andrew Goldie	
Chartered Accountants		} Directors	
Regn. No. 134427W			
Shridhar Mirani		Janet Troxell	
Partner			
Membership No : 030006			
Place : Mumbai			
Date : May 28, 2015			

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	(51,955,411)	(44,023,986)
Adjusted for:		
Provision for Doubtful Debts	408,040	4,444,510
Depreciation/ Impairment and Amortisation	-	327,833
Effects of exchange difference on translation of assets & liabilities	43,333,481	(85,476,391)
Interest Expenses	-	35,632
Interest income	(2,656,035)	-
	41,085,486	(80,668,416)
Operating Profit before Working Capital Changes	(10,869,925)	(124,692,402)
Adjusted for:		
Receivables and other Advances	(11,076,777)	(186,125)
Trade Payables	(59,461,720)	209,432,056
	(70,538,497)	209,245,931
Cash Generated from Operations	(81,408,422)	84,553,529
Tax Refund	-	1,205,137
Tax Paid	-	-
	-	1,205,137
Net Cash from Operating Activities	(81,408,422)	85,758,666
B CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income	2,656,035	-
Net Cash Used in Investing Activities	2,656,035	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	-	(35,632)
Net Cash from Financing Activities	-	(35,632)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(78,752,387)	85,723,034
Opening Balance of Cash and Cash Equivalents	124,837,042	39,114,008
Closing Balance of Cash and Cash Equivalents	46,084,655	124,837,042

As per our Report attached

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

Shridhar Mirani
Partner
Membership No : 030006

Place : Mumbai
Date : May 28, 2015

For Vanco BV

Andrew Goldie
Janet Troxell

} **Directors**

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

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

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

i) Commitment, Contingencies and Litigations

Bank guarantee have been given to third party:

- For office rental in Holland for approximately € 44,000.

Vanco BV

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014		
Note 2.01				
Share Capital				
Authorised				
4,000,000 of € 0.01 Ordinary – A Shares and	6,021,489	6,021,489		
4,000,000 of € 0.01 Ordinary – B Shares and				
1,000,000 of € 0.01 Ordinary – C Shares				
	<u>6,021,489</u>	<u>6,021,489</u>		
Issued, Subscribed and Paid up				
20,00,000 (20,00,000) ordinary A shares @ € 0.01	1,338,109	1,443,673		
per share				
	<u>1,338,109</u>	<u>1,443,673</u>		
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Reliance Vanco Group Limited	20,00,000	20,00,000		
	<u>20,00,000</u>	<u>20,00,000</u>		
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No of Shares
Reliance Vanco Group Limited	100	20,00,000	100	20,00,000
c) Terms/ Rights attached to the shares			The Company has Ordinary Shares (shares) having a par value of EUR 0.01 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.	
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	20,00,000	1,338,109	20,00,000	1,443,673
Add: Movement for the year	-	-	-	-
At the end of the year	<u>20,00,000</u>	<u>1,338,109</u>	<u>20,00,000</u>	<u>1,443,673</u>
Note 2.02				
Reserves and Surplus				
Exchange Fluctuation Reserve		4,69,12,970		(19,21,809)
Securities Premium Account		6,83,95,292		7,37,91,028
Surplus / (Deficit) in Statement of Profit and Loss	(56,73,39,496)		(52,45,20,647)	
Add: Profit / (Loss) for the Year	<u>(5,19,55,411)</u>		<u>(4,28,18,849)</u>	
		<u>(61,92,94,907)</u>		<u>(56,73,39,496)</u>
		<u>(50,39,86,645)</u>		<u>(49,54,70,277)</u>
Note 2.03				
Trade Payables				
Trade Payables	1,03,44,566		81,83,355	
		<u>1,03,44,566</u>		<u>81,83,355</u>
Note 2.04				
Other Current Liabilities				
Other Liabilities	60,19,03,544		68,36,23,015	
Unearned Income	<u>10,92,78,326</u>		<u>8,91,81,786</u>	
		<u>71,11,81,870</u>		<u>77,28,04,801</u>

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

Note No 2.05 Fixed Assets and Depreciation									
Amount in ₹									
Particulars	Gross Block			Depreciation			Net Block		
	As at April 01, 2014	Additions for the year	Adjustments on account of Foreign Exchange	As at 31st Mar 2015	As at 31st Mar 2014	Adjustments on account of Foreign Exchange	As at 31st Mar 2015	As at 31st Mar 2014	As at 31st Mar 2014
Tangible Assets									
Computer Equipment	2,345,786	-	(171,528)	2,174,258	2,345,786	(171,528)	2,174,258	-	-
Total	2,345,786	-	(171,528)	2,174,258	2,345,786	(171,528)	2,174,258	-	-
Previous Year	19,33,437	-	4,12,349	23,45,786	16,52,513	3,65,441	23,45,786	-	-

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.06		
Non Current Investments		
Trade Investment (Valued at Cost)		
Unquoted, Fully paid up		
Investment in subsidiary company	<u>28,85,860</u>	<u>31,13,683</u>
40000(40000) Ordinary shares of Vanco Benelux B.V of € 0.45 each		
Note 2.07		
Trade Receivable		
Due for More than Six months		
Considered Good	19,71,603	4,93,375
Considered Doubtful	<u>19,76,700</u>	<u>37,30,034</u>
	39,48,303	42,23,410
Less: Provision for doubtful debts	<u>19,76,700</u>	<u>37,30,034</u>
	19,71,603	4,93,375
Others		
Considered Good	15,90,49,170	15,33,68,905
Considered Doubtful	<u>76,82,092</u>	<u>17,23,956</u>
	16,67,31,262	15,50,92,861
Less: Provision for doubtful debts	<u>34,31,569</u>	<u>17,23,956</u>
	16,32,99,693	15,33,68,905
	16,52,71,296	15,38,62,281
Note 2.08		
Cash and Bank Balance		
Balance with Banks	<u>4,60,84,655</u>	<u>12,48,37,042</u>
- Current Accounts	4,60,84,655	12,48,37,042
	<u>21,13,55,951</u>	<u>27,86,99,323</u>
Note 2.09		
Short Term Loans and Advances		
(Unsecured, Considered good - unless stated otherwise)	26,11,700	29,38,530
Advance for supply of goods and rendering of services	15,14,744	2,00,402
Prepaid Expenses	5,09,645	-
Deposits	<u>46,36,089</u>	<u>31,38,932</u>
Note 2.10		
OTHER CURRENT ASSETS	-	20,09,614
Unbilled Debtors	<u>-</u>	<u>20,09,614</u>

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note 2.10		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	<u>81,12,94,828</u>	<u>73,97,56,509</u>
	<u>81,12,94,828</u>	<u>73,97,56,509</u>
Note 2.11		
Other Income		
Interest Income	<u>26,56,035</u>	<u>-</u>
	<u>26,56,035</u>	<u>-</u>
Note 2.12		
Network Operation Expenses		
Other Network Operating Expenses	<u>62,77,25,035</u>	<u>56,96,42,937</u>
	<u>62,77,25,035</u>	<u>56,96,42,937</u>
Note 2.13		
Employee Benefits Expense		
Salaries	<u>8,77,47,283</u>	<u>11,12,20,837</u>
Employee Welfare and Other Amenities	<u>56,668</u>	<u>4,38,280</u>
	<u>8,78,03,951</u>	<u>11,16,59,117</u>
Note 2.14		
Finance Charges		
Interest and Financial Charges	<u>-</u>	<u>35,632</u>
	<u>-</u>	<u>35,632</u>
Note 2.15		
Sales and General Administration Expenses		
Rent	53,80,614	53,77,227
Insurance	25,61,968	5,24,736
Rates & Taxes	-	5,41,371
Professional Fees	1,90,65,249	78,16,200
Travelling	1,31,36,576	36,14,432
Communication	42,23,261	46,26,117
Bank Charges	5,30,782	9,89,466
Provision for Doubtful Debts, Loans and Advances	4,08,040	44,44,510
Selling and Marketing	12,45,721	13,95,866
Foreign Exchange Fluctuation Loss	5,54,28,205	1,01,73,649
Business Support Charges	3,87,53,755	4,30,96,235
Other General and Administrative Expenses	<u>71,02,856</u>	<u>1,75,05,468</u>
	<u>14,78,37,027</u>	<u>10,01,05,277</u>
Payment to Auditors	<u>25,40,261</u>	<u>20,09,700</u>
	<u>15,03,77,288</u>	<u>10,21,14,977</u>

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

Note 2.16

BACKGROUND AND ORGANISATION

Vanco BV is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco BV is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.17

Earnings Per Share

Amount in ₹ except number of shares

	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	(51,955,411)	(44,023,986)
B Weighted average number of share of Euro 0.01 each used as denominator for calculating Basic and Diluted EPS	2,000,000	2,000,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(25.98)	(21.41)

Note 2.18

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.19

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Vanco Group Limited (Holding Company)
 - ii) Vanco Benelux BV (Subsidiary Company)
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco International Limited
 - v) Vanco SAS
 - vi) Euronet Spain SA
 - vii) Vanco Srl
 - viii) Vanco GmbH
 - ix) Vanco Deutschland GmbH
 - x) Vanco NV
 - xi) Vanco US LLC
 - xii) Vanco Solutions Inc.
 - xiii) Vanco Australasia Pty. Limited
 - xiv) Vanco (Asia Pacific) Pte. Limited
 - xv) Vanco Japan KK
 - xvi) Vanco Sweden AB

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

c) Summarized below are the transactions entered into with related parties: Amount in ₹

Entity Name	During the Year 2014-2015		During the Year 2013-2014		Year End Balances as on 31.03.2015	Year End Balances as on 31.03.2014
	Service Income	Network Expenses & Overhead recharge	Service Income	Network Expenses & Overhead recharge	Other Current Liabilities	Other Current Liabilities
Reliance Vanco Group Limited	-	-	-	-	54,24,34,198	57,38,38,149
Vanco UK Limited	1,07,34,590	11,95,02,307	1,41,00,386	13,79,51,188	-	-
Vanco International Limited	1,36,68,140	22,67,874	61,13,162	18,36,995	-	-
Vanco Global Limited	26,55,442	-	13,59,099	-	-	-
Vanco ROW Limited	-	63,99,088	-	1,01,34,191	-	-
Vanco Deutschland GmbH	43,886	-	17,90,187	-	-	-
Vanco GmbH	1,93,13,149	5,14,41,399	2,54,57,911	5,73,24,278	-	-
Vanco SAS	1,79,75,763	4,01,10,463	2,39,46,607	-	-	-
Vanco US LLC	41,30,699	2,75,81,002	42,15,682	2,86,74,471	-	-
Vanco Solutions Inc	26,75,955	-	36,94,672	-	-	-
Euronet Spain SA	-	1,07,54,667	-	53,25,187	-	-
Vanco NV	-	3,96,01,449	12,27,431	5,28,61,861	-	-
Vanco Australasia Pty Limited	-	8,21,477	1,05,949	9,48,836	-	-
Vanco Srl	44,01,411	1,49,36,985	30,68,961	1,14,35,451	-	-
Vanco Benelux BV	-	-	-	-	-	-
Vanco (Asia Pacific) Pte. Limited	1,66,99,910	-	-	9,68,654.31	-	-
Vanco Sweden AB	-	78,22,128	-	58,51,416	-	-
Vanco Japan KK	-	2,00,207	-	2,17,896	-	-

Note 2.21

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.22

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.47 (Previous year 1 GBP = ₹ 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.62 and (Previous year 1 GBP = ₹ 95.97).

As per our Report attached

For Shridhar & Associates

Chartered Accountants

Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco BV

Andrew Goldie

Janet Troxell

} **Directors**

Euronet Spain SA

Balance Sheet as at March 31, 2015

	Note	Amount in ₹	
		As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	83,63,179	90,22,954
Reserves and Surplus	2.02	<u>11,38,01,105</u>	<u>10,01,72,374</u>
		12,21,64,284	10,91,95,328
Current Liabilities			
Trade Payable	2.03	33,60,552	95,13,576
Other Current Liabilities	2.04	<u>2,73,06,753</u>	<u>1,55,53,074</u>
		3,06,67,305	2,50,66,650
TOTAL		<u>15,28,31,589</u>	<u>13,42,61,978</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.05	1,859	14,037
Current Assets			
Trade Receivables	2.06	93,19,719	1,48,00,797
Cash and Bank Balances	2.07	1,99,43,684	18,78,746
Short Term Loans and Advances	2.08	42,37,172	1,04,29,786
Other Current Assets	2.09	<u>11,93,29,155</u>	<u>10,71,38,612</u>
		15,28,29,730	13,42,47,941
TOTAL		<u>15,28,31,589</u>	<u>13,42,61,978</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Euronet Spain SA

Andrew Goldie

Janet Troxell

} Directors

Place : Mumbai

Date : May 28, 2015

Euronet Spain SA

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

	Note	For the Year ended March 31, 2015	Amount in ₹ For the Year ended March 31, 2014
INCOME			
Service Revenue and Other Operating Income	2.10	28,67,47,044	22,23,76,700
Other Income	2.11	-	2,14,207
TOTAL		28,67,47,044	22,25,90,907
EXPENDITURE			
Network Operation Expenses	2.12	20,82,49,525	18,53,77,011
Employee Benefits Expenses	2.13	2,82,06,910	2,20,69,801
Depreciation and Amortization Expense	2.05	12,887	14,499
Sales and General Administration Expenses	2.14	2,60,26,356	1,52,49,004
TOTAL		26,24,95,678	22,27,10,315
PROFIT BEFORE TAX		2,42,51,366	(1,19,408)
Provision for:			
- Current Tax		36,608	-
Profit / (Loss) for the Year		2,42,14,758	(1,19,408)
Basic and Diluted Earning Per Share	2.16	2.02	(0.010)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Euronet Spain SA

Andrew Goldie

Janet Troxell

} Directors

Place : Mumbai

Date : May 28, 2015

Euronet Spain SA

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	2,42,51,366	(1,19,408)
Adjusted for:		
Provision for Doubtful Debts	1,39,119	(2,14,207)
Depreciation/ Impairment and Amortisation	12,887	14,499
Effects of exchange difference on translation of assets & liabilities	(1,13,85,652)	55,35,368
	(1,12,33,646)	53,35,660
Operating Profit before Working Capital Changes	1,30,17,720	52,16,252
Adjusted for:		
Receivables and other Advances	(5,16,829)	(80,68,758)
Trade Payables	56,00,655	39,36,451
	50,83,826	(41,32,307)
Cash Generated from Operations	1,81,01,546	10,83,945
Income Taxes Paid	(36,608)	-
Net Cash from Operating Activities	1,80,64,938	10,83,945
CASH FLOW FROM INVESTING ACTIVITIES		
	-	-
Net Cash Used in Investing Activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
Net Cash from Financing Activities	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	1,80,64,938	10,83,945
Opening Balance of Cash and Cash Equivalents	18,78,746	7,94,801
Closing Balance of Cash and Cash Equivalents	1,99,43,684	18,78,746

For Euronet Spain SA

Andrew Goldie

Janet Troxell

} Directors

Place : Mumbai

Date : May 28, 2015

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

Note No. 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

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

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Euronet Spain SA

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note No. 2.01		
Share Capital		
Authorised		
9,500,000 (9,500,000) Ordinary A shares of Euro 0.01 each	63,56,016	68,57,445
2,500,000 (2,50,000) Ordinary B Shares (Non Voting) of Euro 0.01 each	16,72,636	18,04,591
500,000 B (500,000) Shares (Preferred) of Euro 0.01 each	3,34,527	3,60,918
	83,63,179	90,22,954
Issued, Subscribed and Paid up		
9,500,000 (9,500,000) Ordinary A shares of Euro 0.01 each fully paid up	63,56,016	68,57,445
2,500,000 (2,500,000) Ordinary B Shares (Non Voting) of Euro 0.01 each fully paid up	16,72,636	18,04,591
500,000 (500,000) B Shares (Preferred) Euro 0.01 of each fully paid up	3,34,527	3,60,918
	83,63,179	90,22,954

a) Share held by holding/Ultimate company and /or their subsidiaries/associates

Ordinary Shares	% of Holding	No. of shares	%	No. of shares
Reliance Vanco Group Limited (ordinary A shares)	99.789	94,80,000	99.789	94,80,000
Vanco UK Limited (ordinary A shares)	0.211	20,000	0.211	20,000
	100	95,00,000	100	95,00,000

Ordinary B Shares (Non -voting)	% of Holding	No. of shares	% of Holding	No. of shares
Reliance Vanco Group Limited (ordinary class B Non Voting shares)	100	25,00,000	100	25,00,000

Ordinary Shares (Preferred)	% of Holding	No. of shares	% of Holding	No. of shares
Reliance Vanco Group Limited (ordinary class C Preferred shares)	100	5,00,000	100	5,00,000

b) Details of Shareholders holding more than 5% shares in Company

Ordinary Shares	% of Holding	No. of shares	% of Holding	No. of shares
Reliance Vanco Group Limited (ordinary class A shares)	99.789	94,80,000	99.789	94,80,000

Ordinary Shares (Non -voting)	% of Holding	No. of shares	% of Holding	No. of shares
Reliance Vanco Group Limited (ordinary class B Non Voting shares)	100	25,00,000	100	25,00,000

Ordinary Shares (Preferred)	% of Holding	No. of shares	% of Holding	No. of shares
Reliance Vanco Group Limited (ordinary class C Preferred shares)	100	5,00,000	100	5,00,000

c) Terms /Rights attached to equity Share

The Company has Ordinary A Shares, Ordinary B Shares and B Shares (Preferred) having a par value of EUR 0.01 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Equity Shares	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	1,25,00,000	83,63,179	1,25,00,000	90,22,954
Add/less :changes during the year	-	-	-	-
At the end of the year	1,25,00,000	83,63,179	1,25,00,000	90,22,954

Euronet Spain SA

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

	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Note No. 2.02		
Reserves and Surplus		
Exchange Fluctuation Reserve	37,76,314	(4,724)
Other Reserves	18,21,14,130	19,64,81,196
Surplus/(Deficit) in Statement of Profit and Loss		
Opening Balance	(9,63,04,097)	(9,61,84,690)
Add: Profit / (Loss) for the Year	2,42,14,758	(1,19,408)
Closing Balance	<u>(7,20,89,339)</u>	<u>(9,63,04,098)</u>
	<u>11,38,01,105</u>	<u>10,01,72,374</u>
Note No. 2.03		
Trade Payables		
Trade Payables	<u>33,60,552</u>	<u>95,13,576</u>
Note No. 2.04		
Other Current Liabilities		
Other Liabilities	2,21,00,147	1,10,58,428
Unearned Income	52,06,606	44,94,646
	<u>2,73,06,753</u>	<u>1,55,53,074</u>
	<u>3,06,67,305</u>	<u>2,50,66,650</u>

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

NOTE # 2.05

Fixed Assets and Depreciation

Particulars	Gross Block					Depreciation				Net Block	
	As at April 01, 2014	Additions during the year	Deductions/ adjustments	Adjustments on account of Foreign Exchange	As at March 31, 2015	As at April 01, 2014	Adjustments on account of Foreign Exchange	For the year	Deductions/ Adjustments	As at March 31, 2015	As at March 31, 2014
Tangible Assets											
Computer Equipments	10,49,702	-	-	(76,756)	9,72,946	10,35,665	77,465	12,887	-	9,71,087	14,037
Sub Total	10,49,702	-	-	(76,756)	9,72,946	10,35,665	77,465	12,887	-	9,71,087	14,037
Previous Year	9,04,428	-	-	1,45,274	10,49,702	8,79,347	1,41,819	14,499	-	10,35,665	14,037
Intangible Assets											
Software Licences	67,250	-	-	(4,917)	62,332	67,250	4,917	-	-	62,332	-
Sub Total	67,250	-	-	(4,917)	62,332	67,250	4,917	-	-	62,332	-
Previous Year	57,943	-	-	9,307	67,250	57,943	9,307	-	-	67,250	-
Total	11,16,952	-	-	(81,674)	10,35,278	11,02,915	82,383	12,887	-	10,33,419	14,037
Previous year	9,62,371	-	-	1,54,581	11,16,952	9,37,290	1,51,126	14,499	-	11,02,915	14,037

Euronet Spain SA

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

	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Note No. 2.06		
Trade Receivable		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	62,82,594	66,48,352
	<u>62,82,594</u>	<u>66,48,352</u>
Less: Provision for doubtful debts	<u>62,82,594</u>	<u>66,48,352</u>
Others		
Considered Good	93,19,719	1,48,00,797
Considered Doubtful	-	-
	<u>93,19,719</u>	<u>1,48,00,797</u>
Less: Provision for doubtful debts	-	-
	<u>93,19,719</u>	<u>1,48,00,797</u>
	<u>93,19,719</u>	<u>1,48,00,797</u>
Note No. 2.07		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	<u>1,99,43,684</u>	<u>18,78,746</u>
	<u>1,99,43,684</u>	<u>18,78,746</u>
Note No. 2.08		
Short-Term Loans and Advances		
(Unsecured, Considered good – unless stated otherwise)		
Advance for supply of goods and rendering of services	<u>36,53,037</u>	<u>97,99,569</u>
Deposits – Current	<u>5,84,135</u>	<u>6,30,217</u>
	<u>42,37,172</u>	<u>1,04,29,786</u>
Note No. 2.09		
OTHER CURRENT ASSETS		
Other Current Assets	<u>11,93,29,155</u>	<u>10,71,38,612</u>
	<u>11,93,29,155</u>	<u>10,71,38,612</u>

Euronet Spain SA

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

	For the Year ended March 31, 2015	Amount in ₹ For the Year ended March 31, 2014
Note No. 2.10		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	<u>28,67,47,044</u>	<u>22,23,76,700</u>
	<u>28,67,47,044</u>	<u>22,23,76,700</u>
Note No. 2.11		
Other Income		
Reversal of provision for Doubtful Debts (Net)	<u>-</u>	<u>2,14,207</u>
	<u>-</u>	<u>2,14,207</u>
Note No. 2.12		
Network Operation Expenses		
Other Network Operating Expenses	<u>20,82,49,525</u>	<u>18,53,77,011</u>
	<u>20,82,49,525</u>	<u>18,53,77,011</u>
Note No. 2.13		
Employee Benefits Expense		
Salaries	<u>2,69,70,328</u>	<u>2,09,95,526</u>
Contribution to Provident, Gratuity and Superannuation Fund	<u>8,55,963</u>	<u>6,83,237</u>
Employee Welfare and Other Amenities	<u>3,80,619</u>	<u>3,91,038</u>
	<u>2,82,06,910</u>	<u>2,20,69,801</u>
Note No. 2.14		
Sales and General Administration Expenses		
Rent	24,05,966	23,90,499
Insurance	3,10,776	3,92,902
Rates & Taxes	5,830	41,838
Professional Fees	31,83,725	26,03,173
Travelling	11,62,085	3,29,473
Communication	6,29,461	7,81,889
Bank Charges	38,497	49,134
Provision for Doubtful Debts, Loans and Advances	1,39,119	-
Contracted Services	49,329	50,945
Foreign Exchange Fluctuation Loss	97,69,627	3,61,472
Business Support Charges	50,69,169	56,80,381
Other General and Administrative Expenses	<u>32,62,772</u>	<u>25,67,298</u>
	<u>2,60,26,356</u>	<u>1,52,49,004</u>
	<u>2,60,26,356</u>	<u>1,52,49,004</u>

Euronet Spain SA

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

Note No. 2.15

BACKGROUND AND ORGANISATION

Euronet Spain SA is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Euronet Spain SA is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note No. 2.16

Earnings Per Share

Amount in ₹ except number of shares

	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	24,214,758	(119,408)
B Weighted average number of share of Euro 0.01 each used as denominator for calculating Basic and Diluted EPS	12,000,000	12,000,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	2.02	(0.010)

Note No. 2.17

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note No. 2.18

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco International Limited
 - iv) VNO Direct Limited
 - v) Vanco SAS
 - vi) Vanco Global Limited
 - vii) Vanco Srl
 - viii) Vanco GmbH
 - ix) Vanco Deutschland GmbH
 - x) Vanco Switzerland A.G.
 - xi) Vanco B.V.
 - xii) Vanco Benelux BV
 - xiii) Vanco NV
 - xiv) Vanco US LLC
 - xv) Vanco Solutions Inc.
 - xvi) Vanco Australasia Pty. Limited
 - xvii) Vanco (Asia Pacific) Pte. Limited
 - xviii) Vanco Sweden Ab

Euronet Spain SA

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

c) Summarized below are the transactions entered into with related parties Amount in ₹

Entity Name	During the Year 2014-2015		During the Year 2013-2014		Year End Balances as on 31.03.2015	Year End Balances as on 31.03.2014
	Service Income	Network Expenses & Overhead recharge	Service Income	Network Expenses & Overhead recharge	Other Current Assets	Other Current Assets
Vanco UK Limited	5,24,12,171	80,97,330	1,98,77,311	1,06,78,179	11,93,29,155	10,71,38,612
Vanco (Asia Pacific) Pte. Limited	1,36,68,140	5,60,197		1,72,038	-	-
Vanco GmbH	3,89,38,868	48,34,620	3,20,33,062	42,86,219	-	-
Vanco Deutschland GmbH	52,04,232	-	25,65,316	-	-	-
Vanco Srl	1,66,18,706	-	1,00,28,126	-	-	-
Vanco BV	1,07,54,667	-	53,25,187	-	-	-
Vanco SAS	5,12,61,832	-	2,67,30,538	-	-	-
Vanco Solutions Inc.	98,34,554	-	26,12,284	-	-	-
Vanco Australasia Pty. Limited	-	15,27,109	-	-	-	-
Vanco Sweden AB	-	2,73,439	-	-	-	-
Vanco NV	-		1,35,240		-	-
Vanco US LLC	15,32,977	1,96,70,893	5,71,499	1,75,79,610	-	-
Vanco International Limited			20,93,911	23,68,951	-	-
Vanco Global Limited	6,65,832	-	3,09,709	-	-	-
Vanco ROW Limited	-	51,57,238	-	64,97,085	-	-

Note No. 2.19

The previous years figures have been reworked, regrouped, rearranged and Reclassified whenever necessary.

Note No. 2.20

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = ₹ 92.47 (Previous year 1 GBP = ₹ 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.62 and (Previous year 1 GBP = ₹ 95.97).

For Euronet Spain SA

Place : Mumbai
Date : May 28, 2015

Andrew Goldie
Janet Troxell } Directors

Independent Auditor's Report

To

The Board of Directors of Vanco SAS

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco SAS ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco SAS

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	2,00,71,630		2,16,55,090
Reserves and Surplus	2.02	(3,38,96,16,611)	(3,36,95,44,981)	(3,21,52,75,424)
				(3,19,36,20,334)
Current Liabilities				
Trade Payable	2.03	3,49,14,431		4,65,75,034
Other Current Liabilities	2.04	3,63,75,32,432	3,67,24,46,863	3,45,51,22,173
				3,50,16,97,207
TOTAL			30,29,01,882	30,80,76,873
ASSETS				
Non Current Assets				
Fixed Assets	2.05	5,90,036	5,90,036	9,83,933
Current Assets				
Trade Receivables	2.06	19,96,77,491		27,53,44,161
Cash and Bank Balance	2.07	4,77,32,220		1,34,84,975
Short Term Loans and Advances	2.08	5,49,02,135	30,23,11,846	1,82,63,804
				30,70,92,940
TOTAL			30,29,01,882	30,80,76,873
Significant Accounting Policies	1			
Notes forming part of the Financial Statements	2			

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco SAS

Andrew Goldie

Janet Troxell

} Directors

Vanco SAS

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

	Note	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME			
Service Revenue and Other Operating Income	2.09	<u>1,578,393,178</u>	<u>1,535,962,161</u>
TOTAL		<u><u>1,578,393,178</u></u>	<u><u>1,535,962,161</u></u>
EXPENDITURE			
Network Operation Expenses	2.10	1,049,639,693	1,027,246,121
Employee benefits expense	2.11	279,518,520	304,191,419
Depreciation	2.05	372,058	223,708
Sales and General Administration Expenses	2.12	<u>720,129,150</u>	<u>348,535,286</u>
TOTAL		<u><u>2,049,659,421</u></u>	<u><u>1,680,196,534</u></u>
Profit / (Loss) before Tax		<u><u>(471,266,243)</u></u>	<u><u>(144,234,373)</u></u>
Provision for :			
- Current Tax		<u>1,908,958</u>	-
Profit / (Loss) for the year		<u><u>(473,175,201)</u></u>	<u><u>(144,234,373)</u></u>
Basic and Diluted Earnings per Share	2.14	<u>(15,722.50)</u>	(4,807.81)
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		
As per our Report attached		For Vanco SAS	
For Shridhar & Associates		Andrew Goldie	} Directors
Chartered Accountants Regn. No. 134427W		Janet Troxell	
Shridhar Mirani			
Partner			
Membership No : 030006			
Place : Mumbai			
Date : May 28, 2015			

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES:		
Profit/(Loss) Before Income Tax	(473,175,201)	(144,234,373)
Adjustments for:		
Depreciation and Amortisation	372,058	223,708
	372,058	223,708
Operating Profit before Working Capital Changes	(472,803,143)	(144,010,665)
Adjustments for:		
Decrease / (Increase) in Trade and Other receivables	75,666,670	(43,871,647)
Increase / (Decrease) in Trade and other payables	(11,660,605)	(53,074,396)
Increase / (Decrease) in unearned income	(68,041,426)	61,683,917
Increase / (Decrease) in other liabilities	17,933,633	52,569,572
Increase / (Decrease) in Short Term loans and Advances	(36,638,331)	37,842,647
Effect of exchange difference on translation of Assets and Liabilities	297,272,393	(357,683,078)
	274,532,336	(302,532,985)
Net cash generated from operating activities before income tax	(198,270,808)	(446,543,650)
Income tax paid (net of refunds received)	-	-
Net Cash generated from Operating Activities (A)	(198,270,808)	(446,543,650)
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and Intangibles		(1,053,110)
Net Cash Used in Investing Activities (B)	-	(1,053,110)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Financial assistance received from related parties	232,518,053	434,396,081
Net Cash Used in Financing Activities (C)	232,518,053	434,396,081
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	34,247,245	(13,200,679)
Cash and Cash Equivalents at the Beginning of the year	13,484,975	26,685,654
Cash and Cash Equivalents at the End of the year	47,732,220	13,484,975

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco SAS

Andrew Goldie

Janet Troxell

Directors

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as and when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

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

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.01		
Share Capital		
Authorised		
30,000 (30,000) Ordinary Shares @ Eur 10 per share	2,00,71,630	2,16,55,090
	2,00,71,630	2,16,55,090
Issued, Subscribed and Paid up		
30,000 (30,000) Ordinary Shares @ Eur 10 per share fully paid up	2,00,71,630	2,16,55,090
	2,00,71,630	2,16,55,090

a) Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Vanco Group Limited	30,000	30,000

b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Vanco Group Limited	100.00	30,000	100.00	30,000

c) Terms/Rights attached to the shares

The Company has Ordinary Shares (shares) having a par value of ₹ 10 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

During the year, Global Cloud X Change limited (a ultimate holding company) has issued 7 % senior secured noted of USD 350 Millions. These Notes are guaranteed by Reliance Vanco Group limited and its material subsidiaries and secured by way of a pledge of equity shares.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Shares				
Balance as at the beginning of the year	30,000	2,00,71,630	30,000	2,16,55,090
Add: Movement for the year	-	-	-	-
At the end of the year	30,000	2,00,71,630	30,000	2,16,55,090

		Amount in ₹
Note 2.02		
Reserves and Surplus		
Surplus / (Deficit) Statement in Profit and Loss	(3,20,95,68,773)	(3,06,53,34,400)
Add: Profit / (Loss) for the Year	(47,31,75,201)	(14,42,34,373)
	(3,68,27,43,974)	(3,20,95,68,773)
Exchange Fluctuation Reserve	29,31,27,363	(57,06,651)
	(3,38,96,16,611)	(3,21,52,75,424)

Note 2.03

Trade Payables

Others	3,49,14,431	4,65,75,034
	3,49,14,431	4,65,75,034

Note 2.04

Other Current Liabilities

Unearned Income	13,81,73,913	20,62,15,338
Other Liabilities	20,42,36,956	18,63,03,322
Payable to Related Party	3,29,51,21,563	3,06,26,03,513
	3,63,75,32,432	3,45,51,22,173

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

Note 2.05

Fixed Assets and Depreciation

Fixed Assets and Depreciation										Amount in ₹	
Particulars	Gross Block					Depreciation				Net Block	
	As at Apr 01, 2014	Additions during the year/period	Deductions/adjustments	Effect of exchange diff on translation of assets & liabilities	As at 31th March 2015	As at Apr 01, 2014	For the year/period	Deductions/Adjustment	Effect of exchange diff on translation of assets & liabilities	As at 31th March 2015	As at 31th March 2014
Tangible Assets											
Leasehold Assets	16,74,108	-	-	(1,22,414)	15,51,694	16,74,108	-	-	(1,22,414)	15,51,694	-
Computer Equipment	2,72,67,757	-	-	(19,93,868)	2,52,73,889	2,62,83,825	3,72,058	-	(19,72,030)	2,46,83,853	9,83,932
Total	2,89,41,865	-	-	(21,16,282)	2,68,25,583	2,79,57,933	3,72,058	-	(20,94,444)	2,62,35,547	9,83,932
Previous year	2,84,77,137	10,53,110	-	(5,88,382)	2,89,41,865	2,83,09,015	2,23,708	-	(5,74,790)	2,79,57,933	1,68,122

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.06		
Trade Receivables		
Due for More than Six months		
Considered Doubtful	7,13,41,331	7,52,75,645
Less: Provision for doubtful debts	(7,13,41,331)	(7,52,75,645)
	-	-
Others		
Considered Good	19,96,77,491	27,53,44,161
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
	19,96,77,491	27,53,44,161
Note 2.07		
Cash and Bank Balances		
Balance with Banks		
– Current Accounts	4,77,32,220	1,34,84,975
	4,77,32,220	1,34,84,975
Note 2.08		
Short Term Loans and Advances		
VAT Receivables	3,39,50,744	89,25,064
Prepaid Expenses	1,25,77,414	33,14,195
Deposits	56,11,394	60,24,545
Other	27,62,583	-
	5,49,02,135	1,82,63,804

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

	For the the year ended March 31,2015	Amount in ₹ For the the year ended March 31,2014
Note 2.09		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	1,57,83,93,178	1,53,59,62,161
	1,57,83,93,178	1,53,59,62,161
Note 2.10		
Network Operation Expenses		
Network Operating Expenses	1,04,96,39,693	1,02,72,46,121
	1,04,96,39,693	1,02,72,46,121
Note 2.11		
Employee benefits expense		
Salaries	17,22,34,337	19,93,97,598
Contribution to Provident, Gratuity and Superannuation Fund	9,97,88,764	9,24,74,979
Employee Welfare and Other Amenities	74,95,419	1,23,18,842
	27,95,18,520	30,41,91,419
Note 2.12		
Sales and General Administration Expenses		
Rent	1,67,09,217	5,48,29,591
Insurance	3,21,176	-
Rates & Taxes	2,34,88,539	2,37,70,960
Audit Fees	77,31,895	1,12,16,148
Legal Fees	96,34,853	5,87,808
Professional Fees	92,50,579	1,23,22,872
Travelling	1,05,42,592	87,93,883
Bank Charges	3,63,499	2,55,079
Communication	17,56,435	11,51,329
Provision/Reversal of Doubtful debts	18,14,334	1,84,41,910
Foreign Exchange Fluctuation Loss/(Gain)	49,21,47,055	6,74,19,084
Restructuring Cost	7,66,90,763	5,38,18,794
Other General and Administrative Expenses	6,96,78,213	9,59,27,828
	72,01,29,150	34,85,35,286

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

Note 2.13

BACKGROUND AND ORGANISATION

Vanco SAS is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco SAS is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.14

Earnings Per Share

Amount in ₹ except number of shares

	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	(473,175,201)	(144,234,373)
B Weighted average number of share of Euro 10 each used as denominator for calculating Basic and Diluted EPS	30,000	30,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(15,722.50)	(4,807.81)

Note 2.15

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.16

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Vanco Group Ltd.
- b. Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco International Limited
 - iv) Vanco Global Limited
 - v) Euronet Spain SA
 - vi) Vanco Srl
 - vii) Vanco GmbH
 - viii) Vanco Deutschland GmbH
 - ix) Vanco Switzerland A.G.
 - x) Vanco B.V.
 - xi) Vanco Benelux BV
 - xii) Vanco NV
 - xiii) Vanco US LLC
 - xiv) Vanco Solutions Inc.
 - xv) Vanco Australasia Pty. Limited
 - xvi) Vanco (Asia Pacific) Pte. Limited
 - xvii) Vanco Japan KK
 - xviii) Vanco Sp Zoo
 - xix) Vanco Sweden AB

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

b) Summarized below are the transactions entered into with related parties:

Amount in ₹

Entity Name	During the Year				Year end Balance	
	Service Income		Network Operating Expenses & Other expenses		Other Current Liabilities	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
Reliance Vanco Group Limited	-	-	-	-	3,29,51,21,563	3,06,26,03,513
Vanco UK Limited	6,44,87,299	6,29,19,484	19,16,44,226	22,45,39,396	-	-
Vanco International Limited	86,768	3,93,744	18,18,658	54,96,585	-	-
Vanco Global Limited	14,62,565	18,44,586	-	-	-	-
Vanco ROW Limited	-	-	3,12,47,391	5,78,66,173	-	-
Vanco Deutschland GmbH	29,59,301	45,80,976	-	-	-	-
Vanco GmbH	2,26,30,935	2,14,42,759	6,20,51,269	7,37,74,920	-	-
Vanco US LLC	2,80,46,532	2,68,52,868	7,47,08,865	11,25,73,727	-	-
Vanco Solutions Inc.	1,53,48,877	1,09,06,088	-	-	-	-
Euronet Spain SA	-	-	5,12,61,832	2,67,30,538	-	-
Vanco NV	18,089	18,93,321	1,40,39,420	1,68,87,009	-	-
Vanco Australasia Pty. Limited	-	-	21,68,476	17,86,060	-	-
Vanco Srl	-	1,69,90,104	2,36,24,520	2,81,10,083	-	-
Vanco B.V.	-	4,01,10,463	1,79,75,763	2,39,46,607	-	-
Vanco (Asia Pacific) Pte. Limited	-	-	33,48,943	1,60,83,246	-	-
Vanco Switzerland A.G.	-	-	-	-	-	-
Vanco Sweden AB	-	-	2,20,96,536	2,16,08,876	-	-
Vanco Japan KK	-	-	8,22,055	12,95,572	-	-
Vanco S.P Zoo	-	-	-	44,97,039	-	-

Note 2.17

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.470 (Previous year 1 GBP = ₹ 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.620 and (Previous year 1 GBP = ₹ 95.968).

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco SAS

Andrew Goldie

Janet Troxell

} Directors

Vanco Sp Zoo

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	16,43,298		17,72,938
Reserves and Surplus	2.02	(17,91,399)		(4,96,631)
			(1,48,101)	12,76,307
Current Liabilities				
Trade Payable	2.03	36,53,616		30,36,077
Other Current Liabilities	2.04	54,35,600		2,45,721
			90,89,216	32,81,798
TOTAL			89,41,115	45,58,105
ASSETS				
Current Assets				
Cash and Bank Balance	2.05	-		13,47,306
Short-Term Loans and Advances	2.06	89,41,115		32,10,799
			89,41,115	45,58,105
TOTAL			89,41,115	45,58,105
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

For Vanco Sp Zoo

Place : Mumbai
Date : May 28, 2015

Andrew Goldie

Director

Vanco Sp Zoo

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

	Note	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME			
Service Revenue and Other Operating Income	2.07	<u>2,52,04,951</u>	<u>2,24,70,947</u>
TOTAL		<u>2,52,04,951</u>	<u>2,24,70,947</u>
EXPENDITURE			
Network Operation Expenses	2.08	2,13,23,720	1,89,17,291
Employee Benefits Expense	2.09	-	24,97,208
Sales and General Administration Expenses	2.10	<u>49,55,804</u>	<u>21,41,602</u>
TOTAL		<u>2,62,79,524</u>	<u>2,35,56,101</u>
Profit / (Loss) before Tax		<u>(10,74,573)</u>	<u>(10,85,154)</u>
Provision for :			
- Current Tax		4,21,950	3,192
Profit / (Loss) After Tax		<u>(14,96,523)</u>	<u>(10,88,346)</u>
Basic and Diluted Earning Per Share	2.12	(748)	(544)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Vanco Sp Zoo

Place : Mumbai
Date : May 28, 2015

Andrew Goldie

Director

Vanco Sp Zoo

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES:		
Profit/(Loss) Before Income Tax	(10,74,573)	(10,85,154)
Adjusted For:		
Effects of Exchange difference on translation of Assets and Liabilities	72,113	1,85,79,184
Operating Profit before Working Capital Changes	(10,02,460)	1,74,94,030
Adjustments for:		
Increase / (Decrease) in Trade and other payables	1,54,004	28,91,667
Increase / (Decrease) in other liabilities	25,057	2,39,526
Increase / (Decrease) in Short Term loans and Advances	(57,30,316)	15,25,402
	(55,51,255)	46,56,595
Net cash generated from operating activities before income tax	(65,53,715)	2,21,50,625
Income tax paid (net of refunds received)	(4,21,950)	-
Net Cash generated from Operating Activities (A)	(69,75,665)	2,21,50,625
B) CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES:		
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Financial assistance received	56,28,359	(2,10,47,565)
Net Cash Used in Financing Activities (C)	56,28,359	(2,10,47,565)
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	(13,47,306)	11,03,060
Cash and Cash Equivalents at the Beginning of the Period	13,47,306	2,44,246
Cash and Cash Equivalents at the End of the Period	-	13,47,306
	For Vanco Sp Zoo	

Place : Mumbai
Date : May 28, 2015

Andrew Goldie

Director

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commission payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

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

g) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Amount in ₹
As at
March 31, 2015 March 31, 2014

Note 2.01

Share Capital

Authorised

2000 ordinary shares of PLN 50 each

16,43,298	17,72,938
16,43,298	17,72,938

Issued, Subscribed and Paid up

2000 ordinary shares of PLN 50 each

16,43,298	17,72,938
16,43,298	17,72,938

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Vanco Group Limited	1,980	1,980
Vanco UK Limited	20	20
	2,000	2,000

b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% of Holding	No of Shares
Reliance Vanco Group Limited	99.00	1,980	99.00	1,980

c) Terms/ Rights attached to the shares

The Company has only ordinary shares having a par value of PLN 50 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year

	No of Shares	Amount in ₹	No of Shares	Amount in ₹
Ordinary Shares				
Balance as at the beginning of the year	2,000	16,43,298	2,000	17,72,938
Add: Movement for the year	-	-	-	-
At the end of the year	2,000	16,43,298	2,000	17,72,938

Amount in ₹
As at
March 31, 2015 March 31, 2014

Note 2.02

Reserves and Surplus

Surplus/(Deficit) in Statement of Profit and Loss

Add: Profit/ (Loss) for the year

(4,53,571)	6,34,775
(14,96,523)	(10,88,346)
(19,50,094)	(4,53,571)
1,58,695	(43,060)
(17,91,399)	(4,96,631)

Exchange Fluctuation Reserve

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.03		
Trade Payables		
Others	36,53,616	30,36,077
	<u>36,53,616</u>	<u>30,36,077</u>
Note 2.04		
Other Current Liabilities		
Payable to Related Party	51,64,824	-
Other Liabilities	2,70,776	2,45,721
	<u>54,35,600</u>	<u>2,45,721</u>
Note 2.05		
Cash and Bank Balance		
Balance with Banks		
- Current Accounts	-	13,47,306
	<u>-</u>	<u>13,47,306</u>
Note 2.06		
Short-Term Loans and Advances		
Advance for Supply of Goods and rendering of services	63,45,118	15,17,027
Receivable from Related Parties	-	4,63,353
Prepaid Expenses	11,40,449	12,30,419
Deposits	14,55,548	-
	<u>89,41,115</u>	<u>32,10,799</u>
	For the the year ended March 31, 2015	For the the year ended March 31, 2014
Note 2.07		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	2,52,04,951	2,24,70,947
	<u>2,52,04,951</u>	<u>2,24,70,947</u>
Note 2.08		
Network Operation Expenses		
Network Operating Expenses	2,13,23,720	1,89,17,291
	<u>2,13,23,720</u>	<u>1,89,17,291</u>
Note 2.09		
Employee Benefits Expense		
Salaries	-	21,73,027
Contribution to Provident, Gratuity and Superannuation Fund	-	58,943
Employee Welfare and Other Amenities	-	2,65,238
	<u>-</u>	<u>24,97,208</u>
Note 2.10		
Sales and General Administration Expenses		
Rent	50,806	1,21,233
Professional Fees	2,47,187	14,310
Travelling	-	1,13,017
Bank Charges	10,827	44,443
Foreign Exchange Fluctuation Loss/(Gain)	26,42,807	1,03,546
Other General and Administrative Expenses	20,04,177	17,45,053
	<u>49,55,804</u>	<u>21,41,602</u>

Vanco Sp Zoo

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

Note 2.11

BACKGROUND AND ORGANISATION

Vanco SP Zoo is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco SP Zoo is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.12

Earnings Per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	(1,496,523)	(1,088,346)
B Weighted average number of share of PLN 50 each used as denominator for calculating Basic and Diluted EPS	2,000	2,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(748)	(544)

Note 2.13

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.14

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco UK Limited
- c) Summarized below are the transactions entered into with related parties:

Amount in ₹

	Other Current Liabilities Current year	Other Current Liabilities Previous year	Short Term Loan and Advances Current year	Short Term Loan and Advances Previous year
Reliance Vanco Group limited	51,64,824	-		
Vanco UK Limited			-	4,63,535

Note 2.15

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.16

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.470 (Previous year 1 GBP = ₹ 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.620 and (Previous year 1 GBP = ₹ 95.968)

For Vanco Sp Zoo

Place : Mumbai
Date : May 28, 2015

Andrew Goldie Director

Vanco Australasia Pty. Limited

Independent Auditor's Report

To

The Board of Directors of Vanco Australasia Pty. Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Australasia Pty. Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco Australasia Pty. Limited

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	14,75,48,384	15,91,88,542	
Reserves and Surplus	2.02	(40,34,87,955)	(43,86,00,823)	
		(25,59,39,571)		(27,94,12,281)
Current Liabilities				
Trade Payable	2.03	2,88,52,194	4,41,19,257	
Other Current Liabilities	2.04	44,06,03,008	46,71,56,209	
		46,94,55,202		51,12,75,466
TOTAL		21,35,15,631		23,18,63,185
ASSETS				
Non Current Assets				
Fixed Assets	2.05	1,79,455		3,14,370
– Tangible Assets				
Current Assets				
Trade Receivables	2.06	17,10,26,459	18,05,37,713	
Cash and Bank Balances	2.07	3,21,76,488	3,39,30,424	
Short-Term Loans and Advances	2.08	1,01,33,229	1,70,80,678	
		21,33,36,176		23,15,48,815
TOTAL		21,35,15,631		23,18,63,185
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

As per our Report Attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Australasia Pty. Limited

Andrew Goldie

Marcus Leonard

} **Directors**

Vanco Australasia Pty. Limited

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

	Note	For the the year ended March 31,2015	Amount in ₹ For the the year ended March 31,2014
INCOME			
Service Revenue and Other Operating Income	2.09	1,18,91,85,352	1,09,30,06,179
TOTAL		1,18,91,85,352	1,09,30,06,179
EXPENDITURE			
Network Operation Expenses	2.10	94,33,99,766	83,71,02,310
Employee benefits expense	2.11	11,44,49,400	17,79,50,188
Finance Charges	2.12	-	1,342
Depreciation	2.05	2,30,973	3,97,234
Sales and General Administration Expenses	2.13	12,64,20,893	9,28,01,982
		1,18,45,01,032	1,10,82,53,056
Profit / (Loss) Before Tax		46,84,320	(1,52,46,876)
Provision for Taxation			
- Current Tax		12,71,100	12,04,589
- Prior Period Tax		-	(1,65,939)
Profit / (Loss) After Tax		34,13,220	(1,62,85,527)
Basic and Diluted Earnings per Share	2.15	1.10	(5.25)

Significant Accounting Policies 1
Notes forming part of Financial Statements 2

As per our Report Attached

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

Shridhar Mirani
Partner
Membership No : 030006

Place : Mumbai
Date : May 28, 2015

For Vanco Australasia Pty. Limited

Andrew Goldie
Marcus Leonard } Directors

Vanco Australasia Pty. Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	46,84,320	(1,52,46,876)
Adjustments for:		
Depreciation and Amortisation	2,30,973	3,97,234
Finance cost	-	1,342
	2,30,973	3,98,576
Operating Profit before Working Capital Changes	49,15,293	(1,48,48,300)
Adjustments for:		
Decrease / (Increase) in Trade and Other receivables	95,11,253	(6,65,75,088)
Increase / (Decrease) in Trade and other payables	(1,52,67,062)	(6,95,68,046)
Increase / (Decrease) in unearned income	(6,78,09,149)	6,26,02,718
Increase / (Decrease) in other liabilities	(3,92,85,248)	50,11,308
Increase / (Decrease) in Short Term loans and Advances	69,47,449	(41,44,827)
Effects of Exchange difference on translation of Assets and Liabilities	2,00,59,489	(4,67,84,311)
	(8,58,43,268)	(11,94,58,246)
Net cash generated from operating activities before income tax	(8,09,27,97)	(13,43,06,547)
Income tax paid	(12,71,100)	(10,38,650)
Net Cash generated from Operating Activities (A)	(8,21,99,077)	(13,53,45,197)
B) CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(96,058)	(1,36,047)
Net Cash Used in Investing Activities (B)	(96,058)	(1,36,047)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Financial assistance received from related parties	8,05,41,196	10,82,90,444
Interest Paid	-	(1,342)
Net Cash Used in Financing Activities (C)	8,05,41,196	10,82,89,103
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	(17,53,936)	(2,71,92,141)
Cash and Cash Equivalents at the Beginning of the year	3,39,30,424	6,11,22,566
Cash and Cash Equivalents at the End of the year	3,21,76,488	3,39,30,424

As per our Report Attached

For Shridhar & Associates

Chartered Accountants

Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Australasia Pty. Limited

Andrew Goldie

Marcus Leonard

} Directors

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Vanco Australasia Pty. Limited

Notes forming part of the Balance Sheet as at March 31, 2015

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Australasia Pty. Limited

Notes forming part of the Balance Sheet as at March 31, 2015

		As at March 31,2015	Amount in ₹ As at March 31,2014	
Note 2.01				
Share Capital				
Authorised				
3,100,000 (3,100,000) Ordinary Shares of AU \$ 1 each		14,75,48,384	15,91,88,542	
		14,75,48,384	15,91,88,542	
Issued, Subscribed and Paid up				
3,100,000 (3,100,000) Ordinary Shares of AU \$ 1 each, Fully paid up		14,75,48,384	15,91,88,542	
		14,75,48,384	15,91,88,542	
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares		No of Shares	
Reliance Vanco Group Limited	31,00,000		31,00,000	
	31,00,000		31,00,000	
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No of Shares
Flag Telecom Network Services Limited	100.00	31,00,000	100.00	31,00,000
c) Terms/ Rights attached to the shares				
The Company has only Class A Common Shares (shares) having a par value of AU\$ 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	31,00,000	14,75,48,384	31,00,000	15,91,88,542
Add: Movement for the year	-	-	-	-
At the end of the year	31,00,000	14,75,48,384	31,00,000	15,91,88,542
Note 2.02				
Reserves and Surplus				
Surplus/Deficit in statement of Profit and Loss		40,53,85,428	42,16,70,955	
Profit / (Loss) for the Year		(34,13,220)	(1,62,85,527)	
Exchange Fluctuation Reserve		15,15,747	6,44,341	
		40,34,87,955	43,86,00,823	
Note 2.03				
Trade Payables				
Trade Payables		2,88,52,194	4,41,19,257	
		2,88,52,194	4,41,19,257	
Note 2.04				
Other Current Liabilities				
Unearned Income		7,50,38,324	14,28,47,473	
Payables to Related Party		29,22,12,372	21,16,71,176	
Other Liabilities		7,33,52,312	11,26,37,560	
		44,06,03,008	46,71,56,209	

Note#2.05

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Vanco Australasia Pty. Limited

Notes forming part of the Balance Sheet as at March 31, 2015

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.06		
Trade receivables		
Due for More than Six months		
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
	-	-
Others		
Considered Good	17,73,50,909	18,59,37,741
Considered Doubtful	-	-
Less: Provision for doubtful debts	(63,24,450)	(54,00,028)
	<u>17,10,26,459</u>	<u>18,05,37,713</u>
Note 2.07		
Cash and Bank Balance		
Balance with Banks		
- Current Accounts	3,21,76,488	3,39,30,424
	<u>3,21,76,488</u>	<u>3,39,30,424</u>
Note 2.08		
Short Term Loans and Advances		
Advance for Supply of Goods and rendering of services	62,88,575	94,07,201
Prepaid Expenses	38,44,654	76,73,477
	<u>1,01,33,229</u>	<u>1,70,80,678</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 2.09		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	1,18,91,85,352	1,09,30,06,179
	<u>1,18,91,85,352</u>	<u>1,09,30,06,179</u>
Note 2.10		
Network Operation Expenses		
Network Operating Expenses	94,33,99,766	83,71,02,310
	<u>94,33,99,766</u>	<u>83,71,02,310</u>
Note 2.11		
Employee Benefits Expense		
Salaries	10,12,04,623	16,18,27,012
Contribution to Provident, Gratuity and Superannuation Fund	1,04,14,978	1,09,50,539
Employee Welfare and Other Amenities	28,29,799	51,72,637
	<u>11,44,49,400</u>	<u>17,79,50,188</u>

Vanco Australasia Pty. Limited

Notes forming part of Financial Statements for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note 2.12		
Finance Charges		
Finance Cost	-	1,342
	-	1,342

Note 2.13

Sales and General Administration Expenses

Rent	1,13,54,724	90,09,653
Insurance	7,32,798	10,30,486
Rates & Taxes	23,77,547	43,45,896
Audit Fees	-	54,303
Legal Fees	22,807	16,70,864
Professional Fees	2,52,334	10,01,275
Travelling	77,46,238	77,18,808
Bank Charges	12,90,835	9,95,123
Communication	16,62,912	22,19,860
Provision/Reversal of Doubtful debts	14,80,485	2,10,571
Foreign Exchange Fluctuation Loss/(Gain)	3,62,56,676	2,48,93,490
Other General and Administrative Expenses	6,32,43,538	3,96,51,653
	12,64,20,893	9,28,01,982

Note 2.14

BACKGROUND AND ORGANISATION

Vanco Australasia Pty Ltd is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Australasia Pty Ltd is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.15

Earnings per Share

	For the year ended March 31, 2015	Amount in ₹ except number of shares For the year ended March 31, 2014
A Profit / (Loss) after Tax	3,413,220	(16,285,527)
B Weighted average number of share of AU \$ 1 each used as denominator for calculating Basic and Diluted EPS	3,100,000	3,100,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	1.10	(5.25)

Note 2.16

Commitment, Contingencies and Litigations

a) Guarantees

Bank guarantees have been given to third parties:

- For office rental in Australia for approximately AUD 155,440
- Bank guarantee to Payroll Consultant ADP in Australia for AUD 100,000.

Note 2.17

Segment Reporting

Vanco Australasia Pty. Limited

Notes forming part of Financial Statements for the year ended March 31, 2015

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015

Note 2.18

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Reliance Communication Infrastructure Limited
 - iii) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco UK Limited
 - ii) Vanco ROW Limited
 - iii) Vanco International Limited
 - iv) Vanco Global Limited
 - v) Vanco SAS
 - vi) Vanco GmbH
 - vii) Vanco Deutschland GmbH
 - viii) Vanco B.V.
 - ix) Vanco Benelux BV
 - x) Vanco US LLC
 - xi) Vanco Solutions Inc.
 - xii) Vanco (Asia Pacific) Pte. Limited
 - xiii) Vanco Japan KK
 - xiv) Vanco SRL
 - xv) Vanco BV (Netherlands)
 - xvi) Euronet Spain SA

Vanco Australasia Pty. Limited

Notes forming part of Financial Statements for the year ended March 31, 2015

c) Summarized below are the transactions entered into with related parties:

Name of the Entity	During the Year 2014-2015			During the Year 2013-2014		Year End Balances as on 31.03.2015			Year End Balances as on 31.03.2014	
	Service Income	Network Operating Expenses	Service Income	Network Operating Expenses	Trade Payable	Other Current Liabilities	Trade Payable	Other Current Liabilities	Amount in ₹	
Reliance Vanco Group Limited	-	-	-	-	-	29,22,12,372	-	21,16,71,176	-	-
Vanco UK Limited	2,80,08,155	16,48,23,193	1,32,21,032	17,14,48,799	-	-	-	-	-	-
Vanco (Asia Pacific) Pte. Limited	23,59,637	8,39,56,661	16,50,746	-	-	-	-	-	-	-
Vanco GmbH	7,88,71,324	31,98,712	7,54,42,940	6,12,948	-	-	-	-	-	-
Vanco Deutschland GmbH	7,85,210	-	62,98,764	-	-	-	-	-	-	-
Vanco SRL	4,17,69,287	-	2,44,92,953	-	-	-	-	-	-	-
Vanco BV	8,21,477	-	9,48,836	1,05,949	-	-	-	-	-	-
Vanco SAS	21,68,476	-	17,86,060	-	-	-	-	-	-	-
Vanco Japan KK	-	1,03,700	-	98,591	-	-	-	-	-	-
Vanco Solutions Inc.	24,67,209	-	43,17,312	-	-	-	-	-	-	-
Vanco US LLC	2,26,05,420	1,21,31,146	3,40,73,150	1,24,86,492	-	-	-	-	-	-
Vanco International Limited	-	-	14,107	-	-	-	-	-	-	-
Euronet Spain SA	15,27,109	-	-	-	-	-	-	-	-	-
Vanco Benelux BV	-	-	-	-	-	-	-	-	-	-
Vanco Global Limited	-	62,19,114	-	29,83,843	-	-	-	-	-	-
Vanco ROW Limited	-	20,82,703	-	36,24,384	-	-	-	-	-	-
Reliance Communications Ltd.	-	2,36,30,893	-	1,62,35,386	59,07,723	1,18,15,447	-	-	-	-
Reliance Communications Infrastructure Ltd.	-	-	-	3,46,45,983	-	-	-	76,58,460	-	-

Vanco Australasia Pty. Limited

Notes forming part of Financial Statements for the year ended March 31, 2015

Note 2.19

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.20

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.470 (Previous year 1 GBP = ₹ 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.620 and (Previous year 1 GBP = ₹ 95.968)

As per our Report Attached

For Shridhar & Associates

Chartered Accountants

Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Australasia Pty. Limited

Andrew Goldie

Marcus Leonard

} Directors

Independent Auditor's Report

To

The Board of Directors of Vanco NV

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco NV ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco NV

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	3,75,67,400		4,05,31,109
Reserves and Surplus	2.02	(60,65,25,846)	(56,89,58,446)	(57,29,67,357)
				(53,24,36,248)
Minority Interest			-	-
Current Liabilities				
(a) Trade Payables	2.03	8,04,249		-
(b) Other Current Liabilities	2.04	58,36,27,142	58,44,31,391	54,52,11,071
			<u>1,54,72,945</u>	<u>1,27,74,823</u>
ASSETS				
Current Assets				
(a) Trade Receivables	2.05	12,10,479		30,14,566
(b) Cash and Bank Balance	2.06	1,23,23,329		1,76,577
(c) Short Term Loans and Advances	2.07	19,39,137	1,54,72,945	95,83,680
			<u>1,54,72,945</u>	<u>1,27,74,823</u>
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

As per our Report Attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco NV

Andrew Goldie

Janet Troxell

} Directors

Vanco NV

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

	Note		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME				
Services Revenue and Other Operating Income	2.08		15,47,64,640	16,31,25,891
Other Income	2.09		-	14,48,611
			<u>15,47,64,640</u>	<u>16,45,74,502</u>
EXPENDITURE				
Network Operation Expenses	2.10	10,92,58,478		11,98,47,327
Employee Benefits Expense	2.11	68,50,458		71,37,237
Finance Charges	2.12	-		7,673
Sales and General Administration Expenses	2.13	12,58,54,535	24,19,63,471	4,10,14,634
			<u>24,19,63,471</u>	<u>16,80,06,871</u>
PROFIT BEFORE TAX			(8,71,98,831)	(34,32,369)
Provision for:				
- Current Tax		-	-	2,89,511
				<u>2,89,511</u>
PROFIT / (LOSS) FOR THE YEAR			(8,71,98,831)	(37,21,880)
Basic and Diluted Earning Per Share	2.15		(155.30)	(6.63)
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

As per our Report Attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco NV

Andrew Goldie

Janet Troxell

} Directors

Vanco NV

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	(8,71,98,831)	(34,32,369)
Adjusted for:		
Provision for Doubtful Debts	23,04,134	17,69,559
Effects of Exchange Difference on Translation of Assets and Liabilities	5,06,76,633	(4,36,629)
Interest Expenses	-	7,673
Financial Income	-	(924)
	5,29,80,767	13,39,679
Operating Profit before Working Capital Changes	(3,42,18,063)	(20,92,690)
Adjusted for:		
Receivables and other Advances	1,14,63,358	64,18,068
Trade Payables	3,49,01,457	(44,82,251)
	4,63,64,815	19,35,817
Cash Generated from Operations	1,21,46,752	(1,56,873)
Net Cash from Operating Activities	1,21,46,752	(1,57,014)
B CASH FLOW FROM INVESTING ACTIVITIES		
Financial Income	-	924
Net Cash Used in Investing Activities	-	924
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	-	(7,673)
Net Cash from Financing Activities	-	(7,673)
Net Increase/ (Decrease) in Cash and Cash Equivalents	1,21,46,752	(1,63,764)
Opening Balance of Cash and Cash Equivalents	1,76,577	3,40,340
Closing Balance of Cash and Cash Equivalents	1,23,23,329	1,76,577

As per our Report Attached

For Shridhar & Associates

Chartered Accountants

Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco NV

Andrew Goldie

Janet Troxell

} **Directors**

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

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

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets**Computer software**

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014		
Note 2.01				
SHARE CAPITAL				
Authorised				
561,499 (561,499) ordinary shares of 1.00 Euro each and 1 (1) ordinary A share of 1.00 Euro each	3,75,67,400	4,05,31,109		
	<u>3,75,67,400</u>	<u>4,05,31,109</u>		
Issued, Subscribed and Paid up				
561,499 (561,499) ordinary shares of 1.00 Euro each and 1 (1) ordinary A share of 1.00 Euro each, fully paid up	3,75,67,400	4,05,31,109		
	<u>3,75,67,400</u>	<u>4,05,31,109</u>		
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Reliance Vanco Group Limited	5,61,499	5,61,499		
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Vanco Group Limited	100	5,61,499	100	5,61,499
c) Terms/ Rights attached to the shares				
The Company has Ordinary Shares (shares) having a par value of ₹ .001 each per share Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
During the year, Global Cloud X Change limited (a ultimate holding company) has issued 7 % senior secured noted of USD 350 Millions. These Notes are guaranteed by Vanco UK Limited and secured by way of a pledge of equity shares.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	5,61,500	3,75,67,400	5,61,500	4,05,31,109
Add: Movement for the year	-	-	-	-
At the end of the year	<u>5,61,500</u>	<u>3,75,67,400</u>	<u>5,61,500</u>	<u>4,05,31,109</u>
Note 2.02				
RESERVES AND SURPLUS				
Exchange Fluctuation Reserve		5,34,93,080		(1,47,262)
Surplus/(Deficit) in Statement of Profit and Loss				
As per last Balance Sheet	(57,28,20,095)		(56,90,98,215)	
Add: Profit during the year	<u>(8,71,98,831)</u>	<u>(66,00,18,926)</u>	<u>(37,21,880)</u>	<u>(57,28,20,095)</u>
		<u>(60,65,25,846)</u>		<u>(57,29,67,357)</u>
Note 2.03				
TRADE PAYABLE				
Trade Payable		<u>8,04,249</u>		-
Note 2.04				
OTHER CURRENT LIABILITIES				
Other Liabilities	58,22,75,254		54,22,45,197	
Unearned Income – Current	<u>13,51,888</u>	<u>58,36,27,142</u>	<u>29,65,874</u>	<u>54,52,11,071</u>
		<u>58,44,31,391</u>		<u>54,52,11,071</u>

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

	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Note 2.05		
TRADE RECEIVABLE		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	36,98,872	18,39,572
	<u>36,98,872</u>	<u>18,39,572</u>
Less: Provision for doubtful debts	<u>36,98,872</u>	<u>18,39,572</u>
	-	-
Others		
Considered Good	12,10,479	30,14,566
Considered Doubtful	-	-
	<u>12,10,479</u>	<u>30,14,566</u>
Less: Provision for doubtful debts	-	-
	<u>12,10,479</u>	<u>30,14,566</u>
	12,10,479	30,14,566
		<u>30,14,566</u>
Note 2.06		
CASH AND BANK BALANCE		
Balance with Banks		
- Current Accounts	1,23,23,329	1,76,577
	<u>1,23,23,329</u>	<u>1,76,577</u>
	1,23,23,329	1,76,577
	<u>1,35,33,808</u>	<u>31,91,142</u>
Note 2.07		
SHORT TERM LOANS AND ADVANCES		
Advances Recoverable in Cash or Kind or for Value to be Received	19,39,137	95,83,680
	<u>19,39,137</u>	<u>95,83,680</u>
	19,39,137	95,83,680
		<u>95,83,680</u>
	For the period ended March 31, 2015	For the year ended March 31, 2014
Note 2.08		
SERVICE REVENUE AND OTHER OPERATING INCOME		
Enterprise Value Added Services	15,47,64,640	16,31,25,891
	<u>15,47,64,640</u>	<u>16,31,25,891</u>
	15,47,64,640	16,31,25,891
		<u>16,31,25,891</u>
Note 2.09		
OTHER INCOME		
Interest Income	-	889
Excess provision written back of marketing	-	1,73,521
Excess provision written back of employee Welfare and Other Amenities	-	12,74,201
	<u>-</u>	<u>14,48,611</u>
	-	14,48,611
		<u>14,48,611</u>
Note 2.10		
NETWORK OPERATION EXPENSES		
Other Network Operating Expenses	10,92,58,478	11,98,47,327
	<u>10,92,58,478</u>	<u>11,98,47,327</u>
	10,92,58,478	11,98,47,327
		<u>11,98,47,327</u>

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note 2.11		
EMPLOYEE BENEFITS EXPENSE		
Salaries	68,50,458	70,24,800
Contribution to Provident, Gratuity and Superannuation Fund	-	1,12,437
	<u>68,50,458</u>	<u>71,37,237</u>
Note 2.12		
FINANCE CHARGES (NET)		
Other Financial Cost	-	7,673
	<u>-</u>	<u>7,673</u>
Note 2.13		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Rent	13,75,343	14,20,286
Insurance	3,03,735	1,26,062
Rates & Taxes	-	1,13,754
Professional Fees	11,02,956	8,85,817
Travelling	2,74,900	51,593
Communication	-	4,47,051
Bank Charges	2,15,202	1,29,854
Provision for Doubtful Debts, Loans and Advances	23,04,134	17,69,559
Foreign Exchange Fluctuation Loss	10,72,37,340	1,39,89,729
Miscellaneous	1,15,60,195	2,06,78,772
	<u>12,43,73,805</u>	-
Payment to Auditors	14,80,730	14,02,152
	<u>12,58,54,535</u>	<u>4,10,14,634</u>

Note 2.14
BACKGROUND AND ORGANISATION

Vanco NV is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco NV is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.15
Earnings per Share

	For the year ended March 31, 2015	Amount in ₹ except number of shares For the year ended March 31, 2014
A Profit / (Loss) after Tax	(87,198,831)	(3,721,880)
B Weighted average number of share of Euro 1 each used as denominator for calculating Basic and Diluted EPS	561,500	561,500
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(155.30)	(6.63)

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

Note 2.16

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended MARCH 31, 2015.

Note 2.17

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco UK Limited
 - ii) Vanco International Limited
 - iii) Vanco International Limited
 - iv) Vanco Global Limited
 - v) Vanco ROW Limited
 - vi) Vanco GmbH
 - vii) Vanco Deutschland GmbH
 - viii) Vanco B.V.
 - ix) Vanco SRL
 - x) Euronet Spain SA
 - xi) Vanco SAS
 - xii) Vanco US LLC
 - xiii) Vanco Solutions Inc.
 - xiv) Vanco (Asia Pacific) Pte. Limited

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

c) Summarized below are the transactions entered into with related parties:

Entity Name	During the Year 2014-2015		During the Year 2013-2014		Year End Balances as on 31.03.2015		Year End Balances as on 31.03.2014	
	Service Income	Network Operating Expenses and Other expenses	Service Income	Network Operating Expenses and Other expenses	Other Current Assets	Other Current Liabilities	Other Current Assets	Other Current Liabilities
Reliance Vanco Group Limited	-	-	-	-	-	55,58,28,167	-	52,22,45,197
Vanco UK Limited	81,95,835	26,23,633	1,41,24,666	23,55,539	-	-	-	-
Vanco International Limited	76,272	328	86,659	13,806	-	-	-	-
Vanco Global Limited	31,512	-	53,454	-	-	-	-	-
Vanco ROW Limited	-	41,153	-	12,61,646	-	-	-	-
Vanco Deutschland GmbH	-	-	-	-	-	-	-	-
Vanco GmbH	2,64,47,404	-	2,88,58,825	18,34,332	-	-	-	-
Vanco SAS (France)	1,40,39,420	18,089	1,68,87,009	18,93,321	-	-	-	-
Vanco US LLC	27,62,041	27,53,256	45,66,253	44,08,002	-	-	-	-
Vanco Solutions Inc.	45,33,851	-	20,93,925	-	-	-	-	-
Euronet Spain SA	-	-	-	1,35,240	-	-	-	-
Vanco Srl	88,31,409	-	1,61,42,105	-	-	-	-	-
Vanco B.V.	3,96,01,449	-	5,28,61,861	12,27,431	-	-	-	-
Vanco (Asia Pacific) Pte. Limited	-	2,29,714	-	1,80,526	-	-	-	-

Note 2.18

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note 2.19

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.47 (Previous year 1 GBP = ₹ 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.62 and (Previous year 1 GBP = ₹ 95.97).

As per our Report Attached

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

Shridhar Mirani
Partner
Membership No : 030006

Place : Mumbai
Date : May 28, 2015

For Vanco NV

Andrew Goldie
Janet Troxell } **Directors**

Vanco Japan KK

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	46,74,651	50,43,436	
Reserves and Surplus	2.02	48,86,006	48,45,289	
			95,60,657	98,88,725
Current Liabilities				
Trade Payable	2.03	4,40,164	5,57,112	
Other Current Liabilities	2.04	12,57,183	15,42,140	
Other Short Term Provision	2.05	1,23,415	50,401	
			18,20,762	21,49,653
TOTAL			1,13,81,419	1,20,38,378
ASSETS				
Non Current Assets				
Fixed Assets	2.06	9,762	26,330	
			9,762	26,330
Current Assets				
Cash and Bank Balance	2.07	7,75,167	10,76,288	
Short Term Loans and Advances	2.08	17,74,178	15,94,852	
Other Currents Assets	2.09	88,22,312	93,40,909	
			1,13,71,657	1,20,12,049
TOTAL			1,13,81,419	1,20,38,378
Significant Accounting Policies				
Notes forming part of Financial Statements	1	2		

For Vanco Japan KK

Janet Troxell

Jiro Mase

} Directors

Place : Mumbai

Date : May 28, 2015

Vanco Japan KK

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

	Note	For the the year ended March 31,2015	Amount in ₹ For the the year ended March 31,2014
INCOME			
Service Revenue and Other Operating Income	2.10	<u>1,51,94,141</u>	<u>1,71,47,291</u>
TOTAL		<u><u>1,51,94,141</u></u>	<u><u>1,71,47,291</u></u>
EXPENDITURE			
Network Operation Expenses	2.11	65,46,166	90,61,052
Employee Benefits Expense	2.12	67,93,573	61,24,018
Depreciation	2.06	15,731	15,196
Sales and General Administration Expenses	2.13	<u>12,62,116</u>	<u>14,29,889</u>
		1,46,17,586	1,66,30,155
Profit before Tax		<u><u>5,76,555</u></u>	<u><u>5,17,136</u></u>
Provision for :			
– Current Tax		1,52,160	1,14,765
Profit for the year		<u><u>4,24,395</u></u>	<u><u>4,02,371</u></u>
Basic and Diluted Earnings per Share	2.15	2,358	2,235
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Vanco Japan KK

Janet Troxell

Jiro Mase

} Directors

Place : Mumbai

Date : May 28, 2015

Vanco Japan KK

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES:		
Profit Before Income Tax	424,395	402,371
Adjustments for:		
Depreciation and Amortisation	15,731	15,196
Operating Profit before Working Capital Changes	440,126	417,567
Adjustments for:		
Decrease / (Increase) in Other Assets	518,596	(1,407,177)
Increase / (Decrease) in Trade and other payables	(116,949)	(118,512)
Increase / (Decrease) in unearned income	73,015	8,860
Increase / (Decrease) in other liabilities	(284,957)	293,571
Increase / (Decrease) in Short Term loans and Advances	(179,326)	(272,257)
Effect of Exchange difference on translation of assets and liabilities	(751,626)	1,680,662
	(741,247)	185,147
Net cash generated from operating activities before income tax	(301,121)	602,714
Income tax paid (net of refunds received)		
Net Cash generated from Operating Activities (A)	(301,121)	602,714
B) CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES:		
Purchase of property, plant and equipment and Intangibles	-	(6,804)
Net Cash Used in Investing Activities (B)	-	(6,804)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	(301,121)	595,910
Cash and Cash Equivalents at the Beginning of the Period	1,076,288	480,378
Cash and Cash Equivalents at the End of the Period	775,167	1,076,288

For Vanco Japan KK

Janet Troxell

Jiro Mase

} Directors

Place : Mumbai

Date : May 28, 2015

Note: 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as and when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

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

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Japan KK

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note No. 2.01		
Share Capital		
Authorised		
JPY 90,00,000 divided into 180 ordinary shares @ JPY 50,000 per share.	46,74,651	50,43,436
	<u>46,74,651</u>	<u>50,43,436</u>
Issued, Subscribed and Paid up		
JPY 90,00,000 divided into 180 ordinary shares @ JPY 50,000 per share.	46,74,651	50,43,436
	<u>46,74,651</u>	<u>50,43,436</u>

a) Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Reliance Vanco Group Limited	180	180

b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Vanco Group Limited	100.00	180	100.00	180

c) Terms/Rights attached to the shares

The Company has Ordinary Shares (shares) having a par value of JPY 50,000 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Shares				
Balance as at the beginning of the year	180	46,74,651	180	50,43,436
Add: Movement for the year	-	-	-	-
At the end of the year	<u>180</u>	<u>46,74,651</u>	<u>180</u>	<u>50,43,436</u>

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note No. 2.02		
Reserves and Surplus		
Surplus in Statement of Profit and Loss	48,29,368	44,26,997
Profit for the Year	<u>4,24,395</u>	<u>4,02,371</u>
	52,53,763	48,29,368
Exchange Fluctuation Reserve	<u>(3,67,757)</u>	<u>15,920</u>
	<u>48,86,006</u>	<u>48,45,289</u>

Note No. 2.03

Trade Payables

Trade Payables	4,40,164	5,57,112
	<u>4,40,164</u>	<u>5,57,112</u>

Note No. 2.04

Other Current Liabilities

Other Liabilities	12,57,183	15,42,140
	<u>12,57,183</u>	<u>15,42,140</u>

Note No. 2.05

Other Short term Provision

Other Short term Provision	1,23,415	50,401
	<u>1,23,415</u>	<u>50,401</u>

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

Particulars	Gross Block		Acc Depreciation		Net Block	
	As at April 01, 2014	As at March 31, 2015	As at April 01, 2014	For the year	As at March 31, 2015	As at March 31, 2014
		Effect of exchange diff on translation of assets & liabilities		Effect of exchange diff on translation of assets & liabilities		
Fixed Assets						
Tangible Assets						
Computer Equipments	4,40,699	-	4,14,369	15,731	3,98,712	26,330
Total Assets	4,40,699	-	4,14,369	15,731	3,98,712	26,330
Previous year	4,40,699	-	3,99,173	15,196	26,330	41,526

Vanco Japan KK

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note No. 2.07		
Cash and Bank Balance		
Balance with Banks		
– Current Accounts	7,75,167	10,76,288
	<u>7,75,167</u>	<u>10,76,288</u>

Note No. 2.08		
Short Term Loans and Advances		
Advance for Supply of Goods and rendering of services	16,32,616	15,95,078
Prepaid Expenses	1,41,562	(225)
Deposits	-	-
	<u>17,74,178</u>	<u>15,94,852</u>

Note No. 2.09		
Other Current Assets		
Receivables from Related Party	88,22,312	93,40,909
	<u>88,22,312</u>	<u>93,40,909</u>

	For the the year ended March 31, 2015	Amount in ₹ For the the year ended March 31, 2014
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Note No. 2.10		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	1,51,94,141	1,71,47,291
	<u>1,51,94,141</u>	<u>1,71,47,291</u>

Note No. 2.11		
Network Operation Expenses		
Network Operating Expenses	65,46,166	90,61,052
	<u>65,46,166</u>	<u>90,61,052</u>

Note No. 2.12		
Employee Benefits Expense		
Salaries	53,01,363	51,21,009
Contribution to Provident, Gratuity and Superannuation Fund	7,10,509	6,79,577
Employee Welfare and Other Amenities	7,81,701	3,23,432
	<u>67,93,573</u>	<u>61,24,018</u>

Note No. 2.13		
Sales and General Administration Expenses		
Rates & Taxes	39,062	37,734
Professional Fees	5,27,007	5,96,950
Travelling	49,281	48,894
Bank Charges	6,37,882	-
Communication	1,93,552	2,87,824
Foreign Exchange Fluctuation Loss/(Gain)	(3,09,530)	3,54,328
Other General and Administrative Expenses	1,24,861	1,04,159
	<u>12,62,115</u>	<u>14,29,889</u>

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

Note No. 2.14

BACKGROUND AND ORGANISATION

Vanco Japan K.K is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Japan K.K is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note No. 2.15

Earnings Per Share

Amount in ₹ except number of shares

Earnings per Share	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit after Tax	424,395	402,371
B Weighted average number of share of JPY 50,000 each used as denominator for calculating Basic and Diluted EPS	180	180
C Basic and Diluted Earnings per Share (A/B)	2,358	2,235

Note No. 2.16

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note No. 2.17

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco GmbH
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco SAS
 - v) Euronet Spain SA
 - vi) Vanco Srl
 - vii) Vanco Deutschland GmbH
 - viii) Vanco B.V.
 - ix) Vanco US LLC
 - x) Vanco Australasia Pty. Limited
 - xi) Vanco (Asia Pacific) Pte. Limited
 - xii) Flag Telecom Japan Limited

Vanco Japan KK

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

c) Summarized below are the transactions entered into with related parties:

Amount in ₹

Entity Name	During the year		Year end Balances			
	Service Income		Other Current Assets		Current Liabilities	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
Vanco UK Limited	5,31,360	5,05,186	88,22,312	93,40,909	-	-
Vanco (Asia Pacific) Pte. Limited	7,11,033	4,47,453	-	-	-	-
Vanco GmbH	12,71,792	27,65,385	-	-	-	-
Vanco Deutschland GmbH	-	3,47,473	-	-	-	-
Vanco SRL (Italy)	48,88,658	54,31,420	-	-	-	-
Vanco BV (Holland)	2,00,207	2,17,896	-	-	-	-
Vanco SAS (France)	8,22,055	12,95,572	-	-	-	-
Vanco Australasia Pty Limited	1,03,700	98,591	-	-	-	-
Vanco US LLC	15,25,239	16,58,304	-	-	-	-
Vanco Global Limited	1,73,265	1,64,730	-	-	-	-
Flag Telecom Japan Limited	-	-	-	-	1,03,663	-

Note No. 2.18

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = Rs. 92.470 (Previous year 1 GBP = Rs. 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = Rs. 98.620 and (Previous year 1 GBP = Rs. 95.968).

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Benelux BV

Janet Troxell

Jiro Mase

} Directors

Vanco South America Ltda

Balance Sheet as at March 31, 2015

	Note	Amount in ₹	
		As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	15,342,307	16,552,668
Reserves and Surplus	2.02	(146,814,943)	(59,031,376)
		(131,472,636)	(42,478,708)
Current Liabilities			
Trade Payable	2.03	-	45,545
Other Current Liabilities	2.04	213,417,354	126,241,995
Short term Provision	2.05	8,509,991	-
		221,927,345	126,287,540
TOTAL		90,454,709	83,808,832
ASSETS			
Non Current Assets			
Fixed Assets	2.06	57,122	88,715
		57,122	88,715
Current Assets			
Trade Receivables	2.07	16,357,264	10,968,989
Cash and Bank Balance	2.08	74,040,323	72,389,620
Short Term Loans and Advances	2.09	-	361,508
		90,397,587	83,720,117
TOTAL		90,454,709	83,808,832
Significant Accounting Policies			
	1		
Notes forming part of the Financial Statements			
	2		

For Vanco South America Ltda

Elias Da Silveira Cerqueira
Director

Place : Mumbai
Date : May 28, 2015

Vanco South America Ltda

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

			Amount in ₹
	Note	For the the year ended March 31,2015	For the the year ended March 31,2014
INCOME			
Service Revenue and Other Operating Income	2.10	111,644,783	62,394,888
TOTAL		111,644,783	62,394,888
EXPENDITURE			
Network Operation Expenses	2.11	88,053,119	42,094,856
Employee Benefits Expense	2.12	7,954,050	5,844,192
Depreciation	2.06	32,482	169,339
Sales and General Administration Expenses	2.13	60,364,173	22,110,466
TOTAL		156,403,824	70,218,853
Profit / (Loss) before Tax		(44,759,041)	(7,823,965)
Provision for :			
- Current Tax		16,515,437	10,529,462
Profit / (Loss) after Tax		(61,274,478)	(18,353,427)
Dividend		60,790,771	-
Profit / (Loss) after Tax and Dividend		(122,065,249)	(18,353,427)
Basic and Diluted Earnings per Share	2.15	(278.36)	(41.85)
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

For Vanco South America Ltda

Elias Da Silveira Cerqueira
Director

Place : Mumbai
Date : May 28, 2015

Vanco South America Ltda

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES:		
Profit/(Loss) Before Income Tax	(6,12,74,478)	(1,83,53,427)
Adjustments for:		
Depreciation and Amortisation	32,482	169,339
Operating Profit before Working Capital Changes	(6,12,41,996)	(1,81,84,088)
Adjustments for:		
Decrease / (Increase) in Trade and Other receivables	(53,88,275)	(24,69,827)
Decrease / (Increase) in Short Term Provision	85,09,992	(13,92,426)
Increase / (Decrease) in Trade and other payables	(45,546)	45,545
Increase / (Decrease) in unearned income	(1,55,720)	21,29,590
Increase / (Decrease) in other liabilities	8,73,31,079	7,80,17,599
Increase / (Decrease) in Short Term loans and Advances	3,61,508	2,11,35,960
Effect of Exchange difference on translation of assets and liabilities	<u>3,30,70,434</u>	<u>(68,92,733)</u>
	12,36,83,472	9,05,73,708
Net cash generated from operating activities before income tax	6,24,41,474	7,23,89,620
Income tax paid (net of refunds received)	-	-
Net Cash generated from Operating Activities (A)	62,441,474	72,389,620
B) CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES:		
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Distribution to Parent	(6,07,90,771)	-
Net Cash Used in Financing Activities (C)	(6,07,90,771)	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	16,50,703	7,23,89,620
Cash and Cash Equivalents at the Beginning of the Period	7,23,89,620	-
Cash and Cash Equivalents at the End of the Period	7,40,40,323	7,23,89,620

For Vanco South America Ltda

Place : Mumbai
Date : May 28, 2015

Elias Da Silveira Cerqueira
Director

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight -line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

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

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco South America Ltda

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

	Amount in ₹			
	As at March 31, 2015	As at March 31, 2014		
Note 2.01				
Share Capital				
Authorised				
8,00,000 (8,00,000) ordinary shares of BRL 1 each	2,79,89,313	3,01,97,401		
	2,79,89,313	3,01,97,401		
Issued, Subscribed and Paid up				
4,38,519 (4,38,519) ordinary shares of BRL 1 each	1,53,42,307	1,65,52,668		
	1,53,42,307	1,65,52,668		
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Reliance Vanco Group Limited	4,38,518	4,38,518		
Vanco ROW Limited	1	1		
	4,38,519	4,38,519		
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Vanco Group Limited	99.99	4,38,518	99.99	4,38,518
c) Terms/Rights attached to the shares				
The Company has Ordinary Shares (shares) having a par value of BRL 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Shares				
Balance as at the beginning of the year	4,38,519	1,53,42,307	4,38,519	1,65,52,668
Add: Movement for the year	-	-	-	-
At the end of the year	4,38,519	1,53,42,307	4,38,519	1,65,52,668

Vanco South America Ltda

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.02		
Reserves and Surplus		
Surplus / (Deficit) Statement of Profit and Loss	(5,83,05,231)	(3,99,51,804)
Profit / (Loss) for the Year	(12,20,65,249)	(1,83,53,427)
	(18,03,70,480)	(5,83,05,231)
Foreign Currency Translation Reserve	3,35,55,537	(7,26,145)
	(14,68,14,943)	(5,90,31,376)
Note 2.03		
Trade Payable		
Others	-	(45,545)
	-	(45,545)
Note 2.04		
Other Current Liabilities		
Unearned Income	19,73,872	21,29,591
Other Liabilities	21,14,43,482	12,41,12,404
	21,34,17,354	12,62,41,995
Note 2.05		
Short Term Provision		
Provision for Tax (Net of advance tax)	85,09,991	-
	85,09,991	-

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

Note 2.06

Fixed Assets

Amount in ₹

Particulars	Gross Block		Depreciation		Net Block					
	As at April 01, 2014	Additions during the year	As at March 31, 2015	As at April 01, 2014	For the year	As at March 31, 2015	As at March 31, 2014			
			Effect of exchange diff on translation of assets & liabilities		Effect of exchange diff on translation of assets & liabilities					
Tangible Assets										
Computer Equipments	51,92,776		(3,79,706)	48,13,070	51,04,061	32,482	(3,80,595)	47,55,948	57,122	88,715
Total Tangible Assets	51,92,776	-	(3,79,706)	48,13,070	51,04,061	32,482	(3,80,595)	47,55,948	57,122	88,715
Previous Year Figure	51,66,899	25,876	-	51,92,776	49,34,722	1,69,339	-	51,04,061	88,715	2,32,176

Note 2.06
Fixed Assets

Amount in ₹

Vanco South America Ltda

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.07		
Trade Receivables		
Due for More than Six months		
Considered Doubtful		
Less: Provision for doubtful debts	-	-
Others		
Considered Good	1,63,57,264	1,09,68,989
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
	<u>1,63,57,264</u>	<u>1,09,68,989</u>
Note 2.08		
Cash and Bank Balance		
Balance with Banks		
- Current Accounts	7,40,40,323	7,23,89,620
	<u>7,40,40,323</u>	<u>7,23,89,620</u>
Note 2.09		
Short Term Loans and Advances		
Advance Tax (Net)	-	3,61,508
	<u>-</u>	<u>3,61,508</u>
		Amount in ₹
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 2.10		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	11,16,44,783	6,23,94,888
	<u>11,16,44,783</u>	<u>6,23,94,888</u>
Note 2.11		
Network Operation Expenses		
Network Operating Expenses	8,80,53,119	4,20,94,856
	<u>8,80,53,119</u>	<u>4,20,94,856</u>
Note 2.12		
Employee benefits expense		
Salaries	79,54,050	58,44,192
	<u>79,54,050</u>	<u>58,44,192</u>
Note 2.13		
Sales and General Administration Expenses		
Rent	12,89,869	7,36,329
Rates & Taxes	1,67,88,390	69,482
Professional Fees	5,89,577	6,18,872
Provision/Reversal of Doubtful debts	8,53,730	-
Foreign Exchange Fluctuation Loss/(Gain)	3,91,65,274	1,48,39,633
Other General and Administrative Expenses	16,77,333	58,46,150
	<u>6,03,64,173</u>	<u>2,21,10,466</u>

Vanco South America Ltda

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

Note 2.14

BACKGROUND AND ORGANISATION

Vanco South America Ltda is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco South America Ltda is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.15

Earnings Per Share

		Amount in ₹
Earnings per Share	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	(122,065,249)	(18,353,427)
B Weighted average number of share of BRL 1 each used as denominator for calculating Basic and Diluted EPS	438,519	438,519
C Basic and Diluted Earnings / (Loss) per Share before Exceptional items (A/B)	(278.36)	(41.85)

Note 2.16

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.17

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the Company's related parties and transactions are disclosed below:

- a. Parties where control exist:
Reliance Vanco Group Limited
- b) Summarized below are the transactions entered into with related parties:

			Amount in ₹
Name of the Entity	Dividend	Other Current Liabilities	
	Current Year	Previous Year	Current Year
			Previous Year
Reliance Vanco Group Limited	60,790,771	-	210,550,644
			121,075,499

Note 2.18

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

Note No. 2.19

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.470 (Previous year 1 GBP = ₹ 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.620 (Previous year 1 GBP = ₹ 95.968).

For Vanco South America Ltda

Place : Mumbai
Date : May 28, 2015

Elias Da Silveira Cerqueira
Director

Net Direct SA (Proprietary) Limited (In Liquidation)

Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015		Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	527		569
Reserves and Surplus	2.02	<u>(2,68,99,587)</u>	(2,68,99,060)	<u>(2,97,57,082)</u> (2,97,56,513)
Current Liabilities				
Other Current Liabilities	2.03	<u>2,68,99,060</u>		<u>2,97,56,513</u>
			2,68,99,060	2,97,56,513
TOTAL		<u><u>-</u></u>		<u><u>-</u></u>
ASSETS				
Non Current Assets				
Fixed Assets	2.04	<u>-</u>		<u>-</u>
TOTAL		<u><u>-</u></u>		<u><u>-</u></u>
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

Liquidator

Place : Mumbai

Date : May 27, 2015

Net Direct SA (Proprietary) Limited (In Liquidation)

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

	Note	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Expenditure			
Depreciation, Impairment and Amortisation	2.04	-	63,92,406
Sales and General Administration Expenses	2.05	-	1,51,13,405
Profit Before Tax		-	(2,15,05,811)
Provision for:			
- Current Tax		-	-
- Deferred Tax		-	-
Profit / (Loss) for the year		-	(2,15,05,811)
Basic and Diluted Earnings / (Loss) per Share	2.07	-	(2,15,058)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

Liquidator

Place : Mumbai

Date : May 27, 2015

Net Direct SA (Proprietary) Limited (In Liquidation)

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	-	(2,15,05,811)
Adjusted for:		
Depreciation/ Impairment and Amortisation	-	63,92,406
Movement in Foreign Currency Translation Reserve	-	6,78,653
	-	70,71,059
Operating Profit before Working Capital Changes	-	(1,44,34,752)
Adjusted for:		
Receivables and other Advances		1,42,95,804
Trade Payables		1,32,288
	-	1,44,28,092
Cash Generated from Operations	-	(6,660)
Tax Refund	-	-
Tax Paid	-	-
	-	-
Net Cash from Operating Activities	-	(6,660)
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	-	-
Net Cash Used in Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing Activities	-	-
Net Increase/ (Decrease) in Cash and Bank Balance	-	(6,660)
Opening Balance of Cash and Bank Balance	-	6,660
Closing Balance of Cash and Bank Balance	-	-

Liquidator

Place : Mumbai

Date : May 27, 2015

Net Direct SA (Proprietary) Limited (In Liquidation)

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

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The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in

Net Direct SA (Proprietary) Limited (In Liquidation)

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

which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Net Direct SA (Proprietary) Limited (In Liquidation)

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014		
Note 2.01				
SHARE CAPITAL				
Authorised				
1,000 (1,000) Ordinary shares of ZAR 1 per share	5,273	5,689		
	5,273	5,689		
Issued, Subscribed and Paid up				
100 (100) Ordinary shares of ZAR 1 per share each fully paid up	527	569		
	527	569		
a) Ordinary Shares held by Holding company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Held by Reliance Vanco Group limited	100	100		
	100	100		
b) Details of ordinary shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Vanco Group limited	100	100	100	100
c) Rights, Preferences and Restriction attached to the shares			The Company has only Ordinary Shares (shares) having a par value of ZAR 1 each per share . Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.	
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Equity Shares				
Balance as at the beginning of the year	100	527	100	569
Add:Shares issued during the year	-	-	-	-
At the end of the year	100	527	100	569
Note 2.02				
RESERVES AND SURPLUS				
Exchange Fluctuation Reserve	28,57,495	28,57,495	9,63,732	9,63,732
Surplus in Statement of Profit and Loss				
As per last Balance Sheet	(2,97,57,082)		(92,15,003)	
Add: Profit for the year		(2,97,57,082)	(2,15,05,811)	(3,07,20,814)
		(2,68,99,587)		(2,97,57,082)
Note 2.03				
OTHER CURRENT LIABILITIES				
Other Liabilities (Refer Note 2.09)	2,68,99,060		2,97,56,513	
	2,68,99,060		2,97,56,513	

Net Direct SA (Proprietary) Limited (In Liquidation)

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

Particulars	Gross Block				Depreciation			Net Block	
	As at April 01, 2014	Additions during the year	Deductions/ adjustments	As at March 31, 2015	As at April 01, 2014	Adjustments on account of Foreign Exchange	For the year March 31, 2015	As at March 31, 2015	As at March 31, 2014
Leasehold Assets	770,725	-	- (56,357)	714,368	770,725	- (56,357)	-	714,368	-
Furniture & Fixtures	3,489,698	-	- (255,173)	3,234,525	3,489,698	- (255,173)	-	3,234,525	-
Computer Equipment	4,284,698	-	- (313,305)	3,971,393	4,284,698	- (313,305)	-	3,971,393	-
Network Assets	-	-	-	-	-	-	-	-	-
Sub Total	8,545,121	-	- (624,835)	7,920,286	8,545,121	- (624,835)	-	7,920,286	-
Previous year	8,545,121	-	- (624,835)	7,920,286	8,545,121	- (624,835)	-	7,920,286	-
Softwares and Licenses	1,876,814	-	- (137,236)	1,739,578	1,876,814	- (137,236)	-	1,739,578	-
Sub Total	1,876,814	-	- (137,236)	1,739,578	1,876,814	- (137,236)	-	1,739,578	-
Previous year	1,876,814	-	- (137,236)	1,739,578	1,876,814	- (137,236)	-	1,739,578	-
Total	10,421,935	-	- (762,071)	9,659,864	10,421,935	- (762,071)	-	9,659,864	-
Previous year	10,421,935	-	- (762,071)	9,659,864	10,421,935	- (762,071)	-	9,659,864	-

Note No : 2.04
Fixed Assets

Net Direct SA (Proprietary) Limited (In Liquidation)

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note 2.05		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Other General and Administrative Expenses	-	1,51,13,405
Payment to Auditors	-	-
	<u>-</u>	<u>1,51,13,405</u>

Note 2.06

BACKGROUND AND ORGANISATION

Net Direct SA (Proprietary) Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Net Direct SA (Proprietary) Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.07

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Earnings Per Share		
A Profit / (Loss) after Tax	-	(21,505,811)
B Weighted average number of share of ZAR 1 each used as denominator for calculating Basic and Diluted EPS	100	100
C Basic and Diluted Earnings / (Loss) per Share	-	(2,15,058)

Note 2.08

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.09

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Vanco Group Limited
- b) Summarized below are the transactions entered into with related parties:

Amount in ₹

Name of the Entity	Other Current Liabilities	
	Current Year	Previous Year
Reliance Vanco Group Limited	2,68,99,060	2,97,56,513

Note 2.10

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = INR 92.47 (Previous year 1 GBP = INR 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.62 and (Previous year 1 GBP = INR 95.97).

Liquidator

Place : Mumbai

Date : May 27, 2015

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Independent Auditor's Report

To

The Board of Directors of Reliance Telecom Infrastructure (Cyprus) Holdings Limited

We have audited the accompanying standalone financial statements of Reliance Telecom Infrastructure (Cyprus) Holdings Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended, and a summary of the 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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 judgment, 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the ultimate holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For M S Sethi & Associates

Chartered Accountant
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place: Mumbai
Dated: May 27, 2015

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Balance Sheet as at March 31, 2015

	Notes	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	1,40,375	1,34,569
Reserves and Surplus	2.02	26,86,41,688	26,38,54,217
Current Liabilities			
Other Current Liabilities	2.03	4,13,11,749	3,96,86,438
Total		31,00,93,812	30,36,75,224
ASSETS			
Non Current Assets			
Non Current Investments	2.04	29,63,43,688	28,94,16,352
Current Assets			
Cash and Bank balance	2.05	1,37,50,124	1,42,58,872
Total		31,00,93,812	30,36,75,224
Significant Accounting Policies	1		
Notes on Accounts	2		

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

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Eva Agathangelou

Xenia Thoma

} **Directors**

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

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

	Notes	For the year ended March 31, 2015	(Amount in ₹) For the year ended March 31, 2014
Income			
Other Income	2.06	-	2,44,393
		-	2,44,393
Expenditure			
Finance Costs	2.07	10,457	23,702
General Administration Expenses	2.08	64,36,892	4,35,52,335
		64,47,349	4,35,76,037
Profit /(Loss) Before Tax		(64,47,349)	(4,33,31,644)
Current Tax		6,849	3,325
Profit /(Loss) After Tax		(64,54,198)	(4,33,34,969)
Basic and Diluted Earning per Share of Euro 17.09 each	2.10	(64 542)	(4 33 350)

Significant Accounting Policies

1

Notes on Account

2

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

As per our Report of even date

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

For M S Sethi & Associates

Chartered Accountants

Firm Regn. No. 109407W

Eva Agathangelou

Xenia Thoma

Directors

Manoj Sethi

Proprietor

Membership No. 39784

Place : Mumbai

Date : May 27, 2015

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	(Amount in ₹) 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	(64,47,349)	(4,33,31,644)
Operating Profit before Working Capital Changes	(64,47,349)	(4,33,31,644)
Adjusted for:		
Receivables & Other Advances	-	3,67,28,015
Increase/(Decrease) in financial assets at fair value through profit or loss	55,59,375	66,94,603
Effect of Exchange difference on translation of Assets & Liabilities	4,73,013	10,48,096
Other Liabilities	(86,938)	(2,10,721)
	<u>59,45,450</u>	<u>4,42,59,993</u>
Cash Generated from Operations	(5,01,899)	9,28,349
Tax Paid	(6,849)	(3,325)
Net Cash used in Operating Activities	<u>(5,08,748)</u>	<u>9,25,024</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	-	(66,94,603)
Net Cash Used in Investing Activities	-	(66,94,603)
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing Activities	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	(5,08,748)	(57,69,579)
Opening Balance of Cash and Cash Equivalents	1,42,58,872	2,00,28,451
Closing Balance of Cash and Cash Equivalents	<u>1,37,50,124</u>	<u>1,42,58,872</u>

Note:

Cash and Cash Equivalents includes cash on hand, cheques on hand.

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Place : Mumbai
Date : May 27, 2015

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Eva Agathangelou

Xenia Thoma

} Directors

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

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

Note :1 Significant Accounting Policies to the Financial Statements

1.01 Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention, in accordance with the generally accepted accounting principles (GAAP) in India and Comply with Accounting Standard 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 and applicable as well as applicable guidance note and pronouncements of the Institute of Chartered Accountants of India (the 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 Companies Act, 2013. Based on the nature of the services and their realisation in cash & cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

1.02 Revenue Recognition

Interest Income is recognised on time proportion basis.

1.03 Foreign Currency Transactions :

Exchange difference arising either on settlement or on translation of monetary items is recognised in the Statement of Profit and Loss.

1.04 Use of Estimates

The 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 are recognised in the period in which the results are known / materialised.

1.05 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.

1.06 Earning per Share

In determining Earning per Share, the Company 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 Earning per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing Diluted Earning per Share comprises the weighted average number of shares considered for deriving Basic Earnings per Share, and also the weighted average number of shares that could have been issued on the conversion of all dilutive potential Equity Shares. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.

1.07 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. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

1.08 Investments

Non Current Investments are stated at cost or fair value as required.

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.01		
Share Capital		
Authorised		
500 (Previous year 500) Ordinary shares Euro 17.09 each	7,01,875	6,72,845
860000 (Previous year 860000) Redeemable Preference shares of Euro 17.09 each	1,20,72,25,000	1,15,72,93,400
	<u>1,20,79,26,875</u>	<u>1,15,99,66,245</u>
Issued, Subscribed and Paid up		
100 (Previous year 100) Ordinary shares Euro 17.09 each fully paid up	1,40,375	1,34,569
	<u>1,40,375</u>	<u>1,34,569</u>

1) Details of Shares held by holding Company:

Particulars	% of Holding	No of Shares	% of Holding	No of Shares
Ledra Trustee Services Limited as trustee of Reliance Communications Shareholders Trust	100	100	100	100

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

Particulars	% of Holding	No of Shares	% of Holding	No of Shares
Ledra Trustee Services Limited as trustee of Reliance Communications Shareholders Trust	100	100	100	100

- 3) The Company has only one class of ordinary shares having a par value of Euro 17.09 per share. Each holder of ordinary shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of ordinary share will be entitled to receive remaining assets of the Company.

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

	No of Shares	Amount in ₹	No of Shares	Amount in ₹
ordinary Shares				
At the beginning of the year	100	1,40,375	100	1,34,569
Add/Less: Changes for the year	-	-	-	-
At the end of the year	<u>100</u>	<u>1,40,375</u>	<u>100</u>	<u>1,34,569</u>
				(Amount in ₹)
	As at March 31, 2015		As at March 31, 2014	

Note: 2.02

Reserve and Surplus

Exchange Fluctuation Reserve	1,12,41,669	(24,15,445)
Statement of Profit & Loss	26,38,54,217	30,96,04,631
Add: Profit/ (Loss) the year	(64,54,198)	(4,33,34,969)
	<u>26,86,41,688</u>	<u>26,38,54,217</u>

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

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

	As at March 31, 2015	(Amount in ₹) As at March 31, 2014
Note: 2.03		
Other Current Liabilities		
Other Liabilities (Refer Note: 2.09)	4,13,11,749	3,96,86,438
	<u>4,13,11,749</u>	<u>3,96,86,438</u>
Note: 2.04		
Non Current Investments		
13 37 50 582(13 37 50 582) equity shares of Reliance Infratel Limited of ₹ 10 each, fully paid-up	29,49,19,625	28,27,21,749
86 879 (86 879) Equity Share of Bank of Cyprus of Euro1 each, fully paid-up	14,24,063	66,94,603
	<u>29,63,43,688</u>	<u>28,94,16,352</u>
Note: 2.05		
Cash & Bank Balance		
Balance With Bank in current account	82,50,250	89,86,472
Fixed Deposits with Banks with less than 3 months maturity	54,99,874	52,72,400
	<u>1,37,50,124</u>	<u>1,42,58,872</u>
		(Amount in ₹)
	For the year ended March 31, 2015	For the year ended March 31, 2015
Note: 2.06		
Other Income		
Discounts Received	-	2,44,393
	<u>-</u>	<u>2,44,393</u>
Note: 2.07		
Finance Costs	10,457	23,702
Bank Charges	<u>10,457</u>	<u>23,702</u>
Note: 2.08		
General Administrative Expenses		
Services Received	5,015	90,816
Auditors Remuneration	6,62,653	7,39,348
Other Professional Fees	2,46,568	3,08,243
Annual Levy	29,476	29,022
Other Expenses	54,93,180	-
Advance Write Off	-	4,23,84,906
	<u>64,36,892</u>	<u>4,35,52,335</u>

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

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

(Amount in ₹)

As at
March 31, 2015

As at
March 31, 2014

Note : 2.09

Figures for the previous year have been regrouped/ reclassified/ rearranged wherever necessary to make them comparable to those for the current year.

Note: 2.10

Earnings per share

	For the year ended March 31, 2015	For the year ended March 31, 2014
Net Profit (Numerator used for calculation)	(64 54 198)	(4 33 34 969)
Weighted Average number of Ordinary Shares used as denominator for calculating EPS	100	100
Basic and Diluted Earning Per Share of Euro 17.09 each	(64 542)	(4 33 350)

Note: 2.11

Segment Reporting

The Company has as single line activity. Hence Accounting Standard on Segment Reporting (AS -17), is not applicable.

Note: 2.12

As per Accounting Standard 18, Referred in Rule 7 of Companies Accounts Rule 2014, the disclosures of transactions with the related parties as defined in the Accounting Statdard are given below:

Name of the Related Party	Relationship
1 Lendra Trustee Services Limited	Holding Company

Transaction during the year with related party

Closing Balance during the year :-

Particulars	As at March 31, 2015	As at March 31, 2014
Other Current Liabilities	4,06,34,375	3,89,53,737

Note : 2.13

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.15 and (Previous year 1 USD = ₹ 60.46).

As per our Report of even date

For M S Sethi & Associates

Chartered Accountants
Firm Regn. No. 109407W

Manoj Sethi

Proprietor
Membership No. 39784

Reliance Telecom Infrastructure (Cyprus) Holdings Limited

Eva Agathangelou

Xenia Thoma

} Directors

Place : Mumbai
Date : May 27, 2015

Vanco Shanghai Co. Limited

Independent Auditor's Report

To

The Board of Directors of Vanco Shanghai Shanghai Co. Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Shanghai Shanghai Co. Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco Shanghai Co. Limited

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	1,12,82,511	1,21,72,594	
Reserves and Surplus	2.02	(65,35,615)	(48,29,367)	
			47,46,896	73,43,227
Current Liabilities				
Other Current Liabilities	2.03	22,00,230	-	
			22,00,230	-
TOTAL			69,47,126	73,43,227
ASSETS				
Non Current Assets				
Fixed Assets	2.04	40,543	43,742	
			40,543	43,742
Current Assets				
Cash and Bank Balance	2.05	16,38,372	25,45,272	
Short Term Loans and Advances	2.06	3,34,046	3,56,723	
Other Currents Assets	2.07	49,34,165	43,97,490	
			69,06,583	72,99,485
TOTAL			69,47,126	73,43,227
Significant Accounting Policies				
	1			
Notes forming part of the Financial Statements				
	2			

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Shanghai Co. Limited

Andrew Goldie

Janet Troxell

} **Directors**

Vanco Shanghai Co. Limited

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

	Note	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME			
Service Revenue and Other Operating Income	2.08	<u>14,60,370</u>	<u>22,58,738</u>
TOTAL		<u><u>14,60,370</u></u>	<u><u>22,58,738</u></u>
EXPENDITURE			
Sales and General Administration Expenses	2.09	<u>11,21,073</u>	<u>20,18,554</u>
TOTAL		<u><u>11,21,073</u></u>	<u><u>20,18,554</u></u>
Profit / (Loss) before Tax		<u><u>3,39,297</u></u>	<u><u>2,40,184</u></u>
Provision for :			
– Current Tax		<u>23,63,424</u>	<u>-</u>
Profit / (Loss) for the year		<u><u>(20,24,127)</u></u>	<u><u>2,40,184</u></u>
Basic and Diluted Earnings per Share	2.11	<u>(14.45)</u>	<u>1.71</u>
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Shanghai Co. Limited

Andrew Goldie

Janet Troxell

} **Directors**

Vanco Shanghai Co. Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES:		
Profit/(Loss) Before Income Tax	(2,024,127)	240,184
Adjustments for:		
Operating Profit before Working Capital Changes	(2,024,127)	240,184
Adjustments for:		
Decrease / (Increase) in Other Assets	(536,675)	(1,423,714)
Increase / (Decrease) in other liabilities	2,200,230	422,060
Increase / (Decrease) in Short Term loans and Advances	22,677	29,855
Effects of Exchange difference on traslation of Assets & Liabilities	(908,302)	1,248,729
	1,117,227	276,930
Net cash generated from operating activities before income tax	(906,900)	517,114
Net Cash generated from Operating Activities (A)	(906,900)	517,114
B) CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES:		
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	(906,900)	517,114
Cash and Cash Equivalents at the Beginning of the year	2,545,272	2,028,158
Cash and Cash Equivalents at the End of the year	1,638,372	2,545,272

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Shanghai Co. Limited

Andrew Goldie

Janet Troxell

} Directors

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as and when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Shanghai Co. Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014		
Note 2.01				
Share Capital				
Authorised				
140000 ordinary shares @CNY 1 per share	<u>1,12,82,511</u>	1,21,72,594		
	<u>1,12,82,511</u>	<u>1,21,72,594</u>		
Issued, Subscribed and Paid up				
140000 ordinary shares @CNY 1 per share	<u>1,12,82,511</u>	1,21,72,594		
	<u>1,12,82,511</u>	<u>1,21,72,594</u>		
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Reliance Vanco Group Limited	1,40,000	1,40,000		
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Vanco Group Limited	100.00	1,40,000	100.00	1,40,000
c) Terms/Rights attached to the shares				
The Company has Ordinary Shares (shares) having a par value of USD 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Shares				
Balance as at the beginning of the year	1,40,000	1,12,82,511	1,40,000	1,21,72,594
Add: Movement for the year	-	-	-	-
At the end of the year	<u>1,40,000</u>	<u>1,12,82,511</u>	<u>1,40,000</u>	<u>1,21,72,594</u>
			Amount in ₹	
	As at March 31, 2015	As at March 31, 2014		
Note 2.02				
Reserves and Surplus				
Surplus in Statement of Profit and Loss				
Profit / (Loss) for the Year	<u>(48,38,870)</u>	(50,79,054)		
	<u>(20,24,127)</u>	2,40,184		
	<u>(68,62,997)</u>	(48,38,870)		
Exchange Fluctuation Reserve	<u>3,27,382</u>	9,503		
	<u>(65,35,615)</u>	(48,29,367)		
Note 2.03				
Other Current Liabilities				
Other Liabilities	<u>22,00,230</u>	-		
	<u>22,00,230</u>	-		

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

Fixed Assets Schedule # 2.04

For the year ended March 31, 2015

Amount in ₹

Particulars	Gross Block			Acc Depreciation		Net Block	
	As at April 01, 2014	Additions during the year/ period	Effect of exchange diff on translation of assets & liabilities	As at March 31, 2015	As at April 01, 2014 For the year/ period	Effect of exchange diff on translation of assets & liabilities	As at March 31, 2015 As at March 31, 2014
Tangible Assets							
Computer Equipments	4,37,412		(31,986)	4,05,426	3,93,670	(28,787)	3,64,884 40,543 43,742
Total Tangible Assets	4,37,412	-	(31,986)	4,05,426	3,93,670	(28,787)	40,543 43,742
Previous Year Figure	4,37,412	-	-	4,37,412	3,93,670	-	3,93,670 43,742

Vanco Shanghai Co. Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.05		
Cash and Bank Balance		
Balance with Banks		
– Current Accounts	16,38,372	25,45,272
	16,38,372	25,45,272

Note 2.06		
Short Term Loans and Advances		
Advance for Supply of Goods and rendering of services	2,63,717	2,80,845
Deposits	70,329	75,878
	3,34,046	3,56,723

Note 2.07		
Other Current Assets		
Receivable from Related Parties	49,34,165	43,70,810
Other	-	26,680
	49,34,165	43,97,490

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note 2.08		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	14,60,370	22,58,738
	14,60,370	22,58,738

Note 2.09		
Sales and General Administration Expenses		
Rent	4,14,752	4,52,537
Rates & Taxes	-	17,473
Audit Fees	3,72,025	3,92,823
Professional Fees	7,06,180	5,16,295
Foreign Exchange Fluctuation Loss/(Gain)	(3,88,217)	6,35,387
Other General and Administrative Expenses	16,333	4,040
	11,21,073	20,18,554

Note 2.10

BACKGROUND AND ORGANISATION

Vanco (Shanghai) Co. Ltd is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco (Shanghai) Co. Ltd is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Vanco Shanghai Co. Limited

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

Note 2.11

Earnings Per Share

Amount in ₹ except number of shares

	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	(2,024,127)	240,184
B Weighted average number of share of CNY 1 each used as denominator for calculating Basic and Diluted EPS	140,000	140,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(14.45)	1.71

Note 2.12

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.13

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Vanco Group Limited
- b) Summarized below are the transactions entered into with related parties:

Amount in ₹

Name of the Entity	Year end balances Other Current Assets	
	2014-2015	2013-14
Reliance Vanco Group Ltd	4,934,165	4,370,810

Note 2.14

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = Rs. 92.470 (Previous year 1 GBP = Rs. 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = Rs. 98.620 and (Previous year 1 GBP = Rs. 95.968).

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Shanghai Co. Limited

Andrew Goldie

Janet Troxell

} Director

Independent Auditor's Report

To

The Board of Directors of Vanco Solutions Inc

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Solutions Inc ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco Solutions Inc

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	31,14,097	33,59,770	
Reserves and Surplus	2.02	(7,54,60,958)	(15,64,19,714)	(15,30,59,944)
		(7,23,46,861)		
Current Liabilities				
Other Current Liabilities	2.03	32,83,68,998	2780,74,102	
		32,83,68,998		27,80,74,102
		25,60,22,137		12,50,14,158
ASSETS				
Current Assets				
Trade Receivables	2.04	1,21,35,431	1,06,44,433	
Cash and Bank Balance	2.05	-	5,14,131	
Other Currents Assets	2.06	24,38,86,706	11,38,55,594	12,50,14,158
		25,60,22,137		12,50,14,158
Significant Accounting Policies				
Notes forming part of Financial Statements				
As per our Report Attached				
For Shridhar & Associates				
Chartered Accountants Regn. No. 134427W				
Shridhar Mirani				
Partner				
Membership No : 030006				
Place : Mumbai				
Date : May 28, 2015				
For Vanco Solutions Inc				
Janet Troxell				
Andrew Goldie				
} Directors				

Vanco Solutions Inc

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

	Note	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME			
Service Revenue and Other Operating Income	2.07	<u>47,57,08,371</u>	<u>48,41,61,568</u>
TOTAL		<u>47,57,08,371</u>	<u>48,41,61,568</u>
EXPENDITURE			
Network Operation Expenses	2.08	39,12,17,263	42,00,98,936
Sales and General Administration Expenses	2.09	<u>1,62,22,743</u>	<u>7,88,45,525</u>
TOTAL		<u>40,74,40,006</u>	<u>49,89,44,461</u>
Profit / (Loss) before Tax		<u>6,82,68,365</u>	<u>(1,47,82,893)</u>
Provision for Taxation			
- Current Tax		-	12,70,491.70
Profit / (Loss) for the year		<u>6,82,68,365</u>	<u>(1,60,53,384)</u>
Basic and Diluted Earning Per Share	2.11	6,82,684	(1,60,534)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our Report Attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Solutions Inc

Janet Troxell

Andrew Goldie

} Directors

Vanco Solutions Inc

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	68,268,365	(14,782,893)
Adjustments for:		
Effects of Exchange difference on translation of Assets and Liabilities	12,444,718	(182,983,220)
Operating Profit before Working Capital Changes	80,713,083	(197,766,113)
Adjustments for:		
Decrease / (Increase) in Trade and Other receivables	(1,490,998)	44,370,298
Decrease / (Increase) in Other Assets	(82,670,582)	(47,055,433)
Increase / (Decrease) in Trade and other payables	2,934,366	(2,934,366)
Increase / (Decrease) in unearned income	-	203,553,700
Increase / (Decrease) in other liabilities	-	(10,106,752)
Increase / (Decrease) in Short Term loans and Advances	-	9,448,991
	(81,227,214)	197,276,438
Net cash generated from operating activities before income tax	(514,131)	(489,675)
Income tax paid	-	(1,270,492)
Net Cash generated from Operating Activities (A)	(514,131)	(1,760,167)
B) CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES:		
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	(514,131)	(1,760,167)
Cash and Cash Equivalents at the Beginning of the Period	514,131	2,274,298
Cash and Cash Equivalents at the End of the Period	-	514,131

As per our Report Attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Solutions Inc

Janet Troxell

Andrew Goldie

} **Directors**

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Motor Vehicles.....	5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

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Computer software

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Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

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- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Solutions Inc

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

	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Note No. 2.01		
Share Capital		
Authorised		
1000 (1000) ordinary share of US \$ 0.10 each held by VNO Direct Limited	6,250	5,919
	6,250	5,919
Issued, Subscribed and Paid up		
100 (100) ordinary share of US \$ 0.10 each (including share premium)	31,14,097	33,59,770
	31,14,097	33,59,770
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company		
	No. of Shares	No of Shares
VNO Direct Limited	100	100
	100	100
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company		
Particulars	% of Holding	No. of Shares
VNO Direct Limited	100	100
c) Terms/ Rights attached to the shares		
The Company has only ordinary shares having a par value of US \$ 0.10 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.		
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year		
	No of Shares	Amount ₹
Ordinary Shares		
Balance as at the beginning of the year	100	31,14,097
Add: Movement for the year	-	-
At the end of the year	100	31,14,097
Note No. 2.02		
Reserves and Surplus		
Surplus/Deficit in Statement of Profit and Loss	(15,57,84,557)	(13,97,31,173)
Profit / (Loss) for the Year	6,82,68,365	(1,60,53,384)
	(8,75,16,192)	(15,57,84,557)
Exchange Fluctuation Reserve	1,20,55,234	(6,35,157)
	(7,54,60,958)	(15,64,19,714)
Note No. 2.03		
Other Current Liabilities		
Unearned Income	32,83,68,998	27,80,74,102
Other Liabilities	-	-
	32,83,68,998	27,80,74,102

Amount in ₹

Vanco Solutions Inc

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

	As at March 31, 2015	As at March 31, 2014
Note No. 2.04		
Trade receivables		
Due for More than Six months		
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
	-	-
Others		
Considered Good	1,64,80,414	1,59,94,779
Considered Doubtful	-	-
Less: Provision for doubtful debts	43,44,983	53,50,346
	<u>1,21,35,431</u>	<u>1,06,44,433</u>
Note No. 2.05		
Cash and Bank Balance		
Balance with Banks		
- Current Accounts	-	5,14,131
	-	<u>5,14,131</u>
Note No. 2.06		
Other Current Assets		
Receivables from Related Party	24,38,86,706	11,38,55,594
	<u>24,38,86,706</u>	<u>11,38,55,594</u>
	For the the year ended March 31, 2015	For the the year ended March 31, 2014
Note No. 2.07		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	47,57,08,371	48,41,61,568
	<u>47,57,08,371</u>	<u>48,41,61,568</u>
Note No. 2.08		
Network Operation Expenses		
Network Operating Expenses	39,12,17,263	42,00,98,936
	<u>39,12,17,263</u>	<u>42,00,98,936</u>
Note No. 2.09		
Sales and General Administration Expenses		
Rates & Taxes	37,02,893	-
Audit Fees	3,05,798	3,23,190
Legal Fees	2,30,256	22,391
Professional Fees	2,44,639	7,92,623
Other General and Administrative Expenses	1,17,39,157	7,77,07,321
	<u>1,62,22,743</u>	<u>7,88,45,525</u>
Note No. 2.10		

BACKGROUND AND ORGANISATION

Vanco Solutions Inc. is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Solutions Inc

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

Vanco Solutions Inc. is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note No. 2.11

Earnings Per Share

	For the Year ended March 31, 2015	For the Year ended March 31, 2014
A Profit / (Loss) after Tax	68,268,365	(16,053,384)
B Weighted average number of share of US \$ 0.1 each used as denominator for calculating Basic and Diluted EPS	100	100
C Basic and Diluted Earnings / (Loss) per Share (A/B)	682,684	(160,534)

Note No. 2.12

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note No. 2.13

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Vanco Group Limited
 - ii) VNO Direct Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco UK Limited
 - iii) Vanco Global Limited
 - iv) Vanco International Limited
 - v) Vanco SAS
 - vi) Euronet Spain SA
 - vii) Vanco Srl
 - viii) Vanco GmbH
 - ix) Vanco Deutschland GmbH
 - x) Vanco Switzerland A.G.
 - xi) Vanco B.V.
 - xii) Vanco Benelux BV
 - xiii) Vanco NV
 - xiv) Vanco US LLC
 - xv) Vanco Australasia Pty. Limited
 - xvi) Vanco (Asia Pacific) Pte. Limited
 - xvii) Vanco Japan KK
 - xviii) Vanco (Shanghai) Co. Ltd.
 - xix) Vanco Sp Zoo
 - xx) Vanco Sweden AB
 - xxi) Vanco South America Ltda
 - xxii) Net Direct SA (Proprietary) Limited
 - xxiii) Reliance Globalcom Services Inc.

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

c) Summarized below are the transactions entered into with related parties:

Entity Name	During the Year 2014-2015		Year End Balances as on 31.03.2015		During the Year 2013-2014		Year End Balances as on 31.03.2014	
	Service Income	Network Operating Expenses	Other Current Assets		Service Income	Network Operating Expenses	Other Current Assets	
Reliance Globalcom Services Inc	-	-	11,45,981	-	-	-	1,06,50,456	-
Vanco UK Limited	-	14,01,86,672	24,38,86,706	-	-	11,60,13,116	11,38,55,594	-
Vanco International Limited	-	4,15,077	-	-	-	17,07,211	-	-
Vanco Global Limited	-	47,73,026	-	-	-	67,91,382	-	-
Vanco ROW Limited	-	19,37,533	-	-	-	44,76,954	-	-
Vanco GmbH	-	45,01,915	-	-	-	72,37,714	-	-
SAS (France)	-	1,53,48,877	-	-	-	1,09,06,088	-	-
Vanco US LLC	-	2,54,66,079	-	-	-	4,61,30,378	-	-
Euronet Spain SA	-	98,34,554	-	-	-	26,12,284	-	-
Vanco NV (Belgium)	-	45,33,851	-	-	-	20,93,925	-	-
Vanco Australasia Pty. Limited	-	24,67,209	-	-	-	43,17,312	-	-
Vanco Srl	-	68,69,376	-	-	-	68,45,110	-	-
Vanco B.V. (Netherlands)	-	26,75,955	-	-	-	36,94,672	-	-
Vanco (Asia Pacific) Pte. Limited	-	82,84,086	-	-	-	1,31,14,372	-	-
Vanco Sweden AB	-	22,01,166	-	-	-	19,49,954	-	-

Note 2.15

The previous year's figures have been reworked, regrouped and reclassified wherever necessary.

Note No. 2.16

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.470 (Previous year 1 GBP = ₹ 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.620 and (Previous year 1 GBP = ₹ 95.968)

As per our Report Attached

For Vanco Solutions Inc

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Janet Troxell

Andrew Goldie

} Directors

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

Independent Auditor's Report

To

The Board of Directors of Vanco US LLC

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco US LLC ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco US LLC

Balance Sheet as at March 31, 2015

	Note	Amount in ₹	
		As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	13,07,92,079	14,11,10,325
Reserves and Surplus	2.02	(1,25,90,98,974)	(1,76,05,37,194)
		(1,12,83,06,895)	(1,61,94,26,869)
Current Liabilities			
Trade Payable	2.03	7,96,72,468	6,53,43,853
Other Current Liabilities	2.04	1,23,27,80,186	1,85,68,00,288
		1,31,24,52,654	1,92,21,44,141
TOTAL		18,41,45,759	30,27,17,272
ASSETS			
Non Current Assets			
Fixed Assets	2.05		
Tangible Assets		-	1,29,082
Current Assets			
Trade Receivables	2.06	14,67,19,530	26,87,26,823
Cash and Bank Balances	2.07	3,26,73,496	3,16,75,871
Short-Term Loans and Advances	2.08	47,52,733	21,85,496
		18,41,45,759	30,25,88,190
TOTAL		18,41,45,759	30,27,17,272
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		
As per our Report attached		For Vanco US LLC	
For Shridhar & Associates		Janet Troxell	} Directors
Chartered Accountants Regn. No. 134427W		Andrew Goldie	
Shridhar Mirani			
Partner			
Membership No : 030006			

Place : Mumbai
Date : May 28, 2015

Vanco US LLC

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

	Note	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME			
Service Revenue and Other Operating Income	2.09	1,82,46,85,580	2,33,16,65,071
Other Income		-	-
TOTAL		1,82,46,85,580	2,33,16,65,071
EXPENDITURE			
Network Operation Expenses	2.10	1,49,80,73,396	1,91,40,93,243
Employee Benefits Expense	2.11	19,89,23,857	27,73,74,240
Finance Charges	2.12	-	1,14,153
Depreciation	2.05	1,17,487	54,916
Sales and General Administration Expenses	2.13	(23,89,89,062)	20,90,75,213
TOTAL		1,45,81,25,678	2,40,07,11,765
Profit / (Loss) Before Tax		36,65,59,902	(6,90,46,694)
Provision for :			
- Current Tax		5,71,124	1,24,26,728
Profit / (Loss) for the year		36,59,88,778	(8,14,73,422)
Basic and Diluted Earnings per Share	2.17	1,74,280	(38,797)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		
As per our Report attached		For Vanco US LLC	
For Shridhar & Associates		Janet Troxell	} Directors
Chartered Accountants Regn. No. 134427W		Andrew Goldie	
Shridhar Mirani			
Partner			
Membership No : 030006			
Place : Mumbai			
Date : May 28, 2015			

Vanco US LLC

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax	36,65,59,902	(6,90,46,694)
Adjustments for:		
Depreciation and Amortisation	1,17,487	54,916
Finance cost	-	1,14,153
	<u>1,17,487</u>	<u>1,69,069</u>
Operating Profit before Working Capital Changes	36,66,77,389	(6,88,77,625)
Adjustments for:		
Decrease / (Increase) in Trade and Other receivables	12,20,07,292	(1,89,53,902)
Increase / (Decrease) in Trade and other payables	1,43,28,615	(12,72,34,220)
Increase / (Decrease) in unearned income	(85,13,012)	1,84,07,582
Increase / (Decrease) in other liabilities	(19,71,92,712)	6,30,53,652
Increase / (Decrease) in Short Term loans and Advances	(25,67,234)	36,49,925
Effects of Exchange difference on translation of Assets and Liabilities	12,51,31,194	(27,10,89,752)
	<u>5,31,94,143</u>	<u>(33,21,66,715)</u>
Net cash generated from Operating Activities before income tax	41,98,71,532	(40,10,44,340)
Income tax paid (net of refunds received)	<u>(5,71,124)</u>	<u>(1,24,26,728)</u>
Net Cash generated from Operating Activities (A)	41,93,00,408	(41,34,71,068)
B) CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES:		
Purchase of Fixed Assets	<u>11,597</u>	<u>(19,52,936)</u>
Net Cash Used in Investing Activities (B)	11,597	(19,52,936)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Financial assistance received from related parties	<u>(41,83,14,380)</u>	<u>28,32,39,379</u>
Interest Paid	-	(1,05,106)
Net Cash Used in Financing Activities (C)	(41,83,14,380)	28,31,34,273
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	9,97,625	(13,22,89,731)
Cash and Cash Equivalents at the Beginning of the Period	3,16,75,871	16,39,65,602
Cash and Cash Equivalents at the End of the Period	32,673,496	31,675,871

As per our Report attached

For Vanco US LLC

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

Janet Troxell
Andrew Goldie

} Directors

Shridhar Mirani
Partner
Membership No : 030006

Place : Mumbai
Date : May 28, 2015

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco US LLC

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

		Amount in ₹	
	As at March 31, 2015	As at March 31, 2014	
Note 2.01			
Share Capital			
Authorised			
2100 (2100) ordinary share of US \$ 1000 each	13,07,92,079	14,11,10,325	
	13,07,92,079	14,11,10,325	
Issued, Subscribed and Paid up			
2100 (2100) ordinary share of US \$ 1000 each, fully paid up	13,07,92,079	14,11,10,325	
	13,07,92,079	14,11,10,325	
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company			
	No. of Shares	No of Shares	
VNO Direct Limited	2,100	2,100	
	2,100	2,100	
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company			
Particulars	% of Holding	No. of Shares	% Holding
VNO Direct Limited	100	2,100	100
			2,100
c) Terms/ Rights attached to the shares			
The Company has only ordinary shares having a par value of US\$ 1000 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.			
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year			
	No of Shares	Amount ₹	No of Shares
Ordinary Shares			Amount ₹
Balance as at the beginning of the year	2,100	13,07,92,079	2,100
Add: Movement for the year	-	-	-
At the end of the year	2,100	13,07,92,079	2,100
Note 2.02			
Reserves and Surplus			
Surplus/ (Deficit) in Statement of Profit and Loss			
Opening Balance		(1,75,73,13,679)	(1,67,58,40,256)
Add: Profit / (Loss) for the Year		36,59,88,778	(8,14,73,423)
		(1,39,13,24,901)	(1,75,73,13,679)
Exchange Fluctuation Reserve		13,22,25,927	(32,23,515)
		(1,25,90,98,974)	(1,76,05,37,194)
Note 2.03			
Trade Payables			
Trade Payables		7,96,72,468	6,53,43,853
		7,96,72,468	6,53,43,853
Note 2.04			
Other Current Liabilities			
Unearned Income		13,66,79,926	14,51,92,937
Other Liabilities		5,97,02,935	25,68,95,646
Payables to Related Parties		1,03,63,97,325	1,45,47,11,705
		1,23,27,80,186	1,85,68,00,288

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

Note#2.05
Fixed Assets and Depreciation

Particulars	Gross Block				Depreciation			Net Block	
	As at April 01, 2014	Additions during the year	Deductions/ adjustments	Forex Difference	As at March 31, 2015	As at April 01, 2014	For the year	As at March 31, 2015	As at April 01, 2014
Tangible Assets									
Computer Equipments	10,960,868	-	-	(801,479)	10,159,389	10,831,786	117,487	10,159,389	129,082
Furniture & Fixtures	-	-	-	-	-	-	-	-	-
Total	10,960,868	-	-	(801,479)	10,159,389	10,831,786	117,487	10,159,389	129,082
Previous year	10,960,868	-	-	-	10,960,868	10,380,764	54,916	10,831,786	129,082

Vanco US LLC

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

	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Note 2.06		
Trade Receivables		
Due for More than Six months		
Considered Doubtful		
Less: Provision for doubtful debts	-	-
	-	-
Others		
Considered Good	27,50,39,016	39,97,71,278
Considered Doubtful	-	-
Less: Provision for doubtful debts	(12,83,19,486)	(13,10,44,455)
	<u>14,67,19,530</u>	<u>26,87,26,823</u>
Note 2.07		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	3,26,73,496	3,16,75,871
	<u>3,26,73,496</u>	<u>3,16,75,871</u>
Note 2.08		
Short-Term Loans and Advances		
Prepaid Expenses	46,34,396	20,57,826
Deposits	1,18,337	1,27,670
	<u>47,52,733</u>	<u>21,85,496</u>

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

	For the the year ended March 31,2015	Amount in ₹ For the the year ended March 31,2014
Note 2.09		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	<u>1,82,46,85,580</u>	2,33,16,65,071
	<u>1,82,46,85,580</u>	<u>2,33,16,65,071</u>
Note 2.10		
Network Operation Expenses		
Network Operating Expenses	<u>1,49,80,73,396</u>	1,91,40,93,243
	<u>1,49,80,73,396</u>	<u>1,91,40,93,243</u>
Note 2.11		
Employee benefits expense		
Salaries	9,62,09,203	23,70,13,094
Contribution to Provident, Gratuity and Superannuation Fund	10,52,160	20,47,468
Employee Welfare and Other Amenities	<u>10,16,62,494</u>	3,83,13,678
	<u>19,89,23,857</u>	<u>27,73,74,240</u>
Note 2.12		
Finance Charges		
Finance Cost	-	1,14,153
	-	<u>1,14,153</u>
Note 2.13		
Sales and General Administration Expenses		
Rent	1,77,67,295	1,76,39,051
Insurance	7,22,777	9,24,647
Rates & Taxes	2,56,09,500	4,63,070
Audit Fees	18,95,950	6,46,703
Legal Fees	18,80,670	(17,29,615)
Professional Fees	46,24,678	(49,681)
Travelling	57,24,219	29,74,793
Bank Charges	8,29,132	8,97,401
Communication	3,64,894	3,34,147
Provision/Reversal of Doubtful debts	67,33,682	(44,83,317)
Foreign Exchange Fluctuation Loss/(Gain)	(31,61,60,975)	15,17,33,127
Other General and Administrative Expenses	<u>1,10,19,116</u>	3,97,24,887
	<u>(23,89,89,062)</u>	<u>20,90,75,213</u>

Vanco US LLC

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

Note 2.14

BACKGROUND AND ORGANISATION

Vanco US LLC is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco US LLC is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.15

COMMITMENT, CONTINGENCIES AND LITIGATIONS

Litigations (as represented by the management)

Vanco US LLC vs Global Capacity Direct LLC (Vanco Direct US LLC) – US

Matter filed in US Bankruptcy Court in Delaware, alleging a constructive trust or resulting trust for amounts owed under a services agreement with Bell Canada. Amount in controversy is approximately 1 million dollars.

Note 2.16

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.17

Earnings Per Share

	Amount in ₹ except number of shares
	For the year ended March 31, 2015
	For the year ended March 31, 2014
A Profit / (Loss) after Tax	365,988,778
B 2100 ordinary share of US \$ 1000 each used as denominator for calculating Basic and Diluted EPS	2,100
C Basic and Diluted Earnings / (Loss) per Share (A/B)	1,74,280
	(81,473,422)
	2,100
	(38,797)

Note 2.18

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- | | |
|---|--|
| a. Parties where control exist: | xi) Vanco B.V. |
| i) Reliance Vanco Group Limited | xii) Vanco Benelux BV |
| ii) VNO Direct Limited | xiii) Vanco NV |
| b) Enterprises as affiliated companies are: | xiv) Vanco Solutions Inc. |
| i) Vanco ROW Limited | xv) Vanco Australasia Pty. Limited |
| ii) Vanco UK Limited | xvi) Vanco (Asia Pacific) Pte. Limited |
| iii) Vanco Global Limited | xvii) Vanco Japan KK |
| iv) Vanco International Limited | xviii) Vanco (Shanghai) Co. Ltd. |
| v) Vanco SAS | xix) Vanco Sp Zoo |
| vi) Euronet Spain SA | xx) Vanco Sweden AB |
| vii) Vanco Srl | xxi) Vanco South America Ltd |
| viii) Vanco GmbH | xxii) Reliance Globalcom Service Inc. |
| ix) Vanco Deutschland GmbH | xxiii) Vanco DE Deutschland |
| x) Vanco Switzerland A.G. | |

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

Name of the Entity	During the Year 2014-2015			Year End Balances as on 31.03.2015			Year End Balances as on 31.03.2014		Amount in ₹
	Service Income	Network Operating Expenses	During the Year 2013-2014	Trade Receivables	Trade Payable	Other Current Liabilities	Trade Receivables	Trade Payable	
Reliance Globalcom Services Inc.	-	3,59,79,184	-	5,75,60,655	19,31,25,000	1,08,45,438	4,20,58,259	15,81,75,600	39,89,320
Reliance Vanco Group Limited	-	-	-	-	-	-	-	-	-
Vanco UK Limited	36,46,59,761	12,13,16,083	33,39,79,292	15,31,76,880	-	-	-	-	1,60,65,24,313
Vanco (Asia Pacific) Pte. Limited	4,06,783	5,63,19,529	5,24,945	6,38,69,783	-	-	-	-	-
Vanco Sweden AB	-	28,76,429	-	24,81,950	-	-	-	-	-
Vanco GmbH	20,33,05,464	45,33,511	25,27,50,538	57,28,425	-	-	-	-	-
Vanco Deutschland GmbH	5,50,74,622	-	9,60,79,419	-	-	-	-	-	-
Vanco Srl	98,78,547	33,38,681	89,55,542	21,67,149	-	-	-	-	-
Vanco Benelux B.V.	2,75,81,002	41,30,699	2,86,74,471	42,15,682	-	-	-	-	-
Euronet Spain SA	1,96,70,893	15,32,977	1,75,79,610	5,71,499	-	-	-	-	-
Vanco SAS	7,47,08,865	2,80,46,532	11,25,73,727	2,68,52,868	-	-	-	-	-
Vanco Australasia Pty. Limited	1,21,31,146	2,26,05,420	1,24,86,492	3,40,73,150	-	-	-	-	-
Vanco NV	27,53,256	27,62,041	44,08,002	45,66,253	-	-	-	-	-
Vanco Japan KK	-	15,25,239	-	16,58,304	-	-	-	-	-
Vanco Solutions Inc	2,54,66,079	-	4,61,30,378	-	-	-	-	-	-
Vanco International Limited	4,888	6,28,762	54,27,950	6,06,710	-	-	-	-	-
Vanco Global Limited	5,63,79,894	-	7,73,92,626	-	-	-	-	-	-
Vanco ROW Limited	-	2,33,72,280	-	5,57,16,059	-	-	-	-	-

Note No. 2.19

The previous years figures have been reworked, regrouped, rearrange and Reclassified whenever necessary.

Note 2.20

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.470 (Previous year 1 GBP = ₹ 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.620 and (Previous year 1 GBP = ₹ 95.968)

As per our report attached

For Vanco US LLC

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Janet Troxell

Andrew Goldie

Directors

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

Vanco International Limited

Independent Auditor's Report

To

The Board of Directors of Vanco International Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco International Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco International Limited

Balance Sheet as at March 31, 2015

			As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	93,69,523		93,69,523
Reserves and Surplus	2.02	<u>1,57,02,241</u>	2,50,71,764	<u>24,40,548</u> 1,18,10,071
Current Liabilities				
Trade Payables	2.03	54,23,085		1,41,85,651
Other Current Liabilities	2.04	<u>6,18,59,610</u>		<u>4,81,71,632</u>
			6,72,82,695	6,23,57,283
TOTAL			<u>9,23,54,459</u>	<u>7,41,67,354</u>
ASSETS				
Current Assets				
Trade Receivables	2.05	5,55,61,438		6,58,73,860
Cash and Bank Balances	2.06	62,57,448		4,36,970
Short-Term Loans and Advances	2.07	1,25,09,693		78,56,524
Other Current Assets	2.08	<u>1,80,25,880</u>	9,23,54,459	<u>-</u> 7,41,67,354
TOTAL			<u>9,23,54,459</u>	<u>7,41,67,354</u>
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco International Limited

Andrew Goldie

Director

Vanco International Limited

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

Amount in ₹

	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
INCOME			
Services Revenue and Other Operating Income	2.09	35,71,12,319	40,52,15,750
Other Income	2.10	-	7,10,159
		<u>35,71,12,319</u>	<u>40,59,25,909</u>
EXPENDITURE			
Network Operation Expenses	2.11	33,39,98,083	41,02,03,702
Finance Charges	2.12	16,850	56,569
Sales and General Administration Expenses	2.13	<u>80,32,692</u>	<u>1,56,43,735</u>
		<u>34,20,47,625</u>	<u>42,59,04,006</u>
PROFIT/ (LOSS) BEFORE TAX		1,50,64,694	(1,99,78,097)
Provision for:			
- Current Tax		-	-
		-	-
PROFIT / (LOSS) FOR THE YEAR		<u>1,50,64,694</u>	<u>(1,99,78,097)</u>
Basic and Diluted Earning Per Share	2.16	0.0149	(0.197)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our Report attached

For Shridhar & Associates

Chartered Accountants

Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco International Limited

Andrew Goldie

Director

Vanco International Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax as per Profit and Loss Account	1,50,64,695	(1,99,78,097)
Adjusted for:		
Provision for Doubtful Debts	72,24,653	1,35,18,383
Effects of Exchange Difference on Translation of Assets and Liabilities	(18,03,006)	49,36,319
Interest Expenses	16,850	56,569
	54,38,497	1,85,11,271
Operating Profit before Working Capital Changes	2,05,03,192	(14,66,827)
Adjusted for:		
Receivables and other Advances	(1,23,66,623)	(1,22,97,630)
Trade Payables	(22,99,241)	6,46,222
	(1,46,65,864)	(1,16,51,408)
Cash Generated from Operations	58,37,328	(1,31,18,235)
Net Cash from Operating Activities	58,37,328	(1,31,18,235)
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions of Fixed Assets and Capital Work in Progress	-	-
Net Cash Used in Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	(16,850)	(56,569)
Net Cash from Financing Activities	(16,850)	(56,569)
Net Increase/ (Decrease) in Cash and Cash Equivalents	58,20,478	(1,31,74,804)
Opening Balance of Cash and Cash Equivalents	4,36,970	1,36,11,772
Closing Balance of Cash and Cash Equivalents	62,57,448	4,36,970

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco International Limited

Andrew Goldie

Director

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco International Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.01		
SHARE CAPITAL		
Authorised		
100,000,000 Ordinary shares @£0.001 per share and 25,000,000 deferred shares @£0.001 per share	1,15,58,750	1,24,70,625
	1,15,58,750	1,24,70,625
Issued, Subscribed and Paid up		
100,000,000 Ordinary shares @£0.001 per share and 1,325,000 deferred shares @£0.001 per share	93,69,523	93,69,523
	93,69,523	93,69,523

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company	No. of Shares	No of Shares
Vanco UK Limited	10,00,00,000	10,00,00,000
	10,00,00,000	10,00,00,000

b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Vanco UK Limited	100	10,00,00,000	100	10,00,00,000

c) Terms/ Rights attached to the shares	
The Company has only ordinary shares having a par value of £0.001 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.	

d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	10,00,00,000	93,69,523	10,00,00,000	93,69,523
Add: Movement for the year	-	-	-	-
At the end of the year	10,00,00,000	93,69,523	10,00,00,000	93,69,523

Note 2.02

RESERVES AND SURPLUS

Exchange Fluctuation Reserve	(15,18,926)	(51,298)
Securities Premium Account	41,87,319	45,17,658
Other Reserves	63,804	68,838

Surplus/(deficit) in Statement of Profit and Loss

As per last Balance Sheet	(20,94,650)	1,78,83,445	
Add: Profit/(Loss) during the year	<u>1,50,64,694</u>	<u>1,29,70,044</u>	<u>(1,99,78,095)</u>
	<u>1,57,02,241</u>		<u>24,40,548</u>

Vanco International Limited

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

	As at March 31, 2015	Amount in ₹ As at 31st March, 2014
Note 2.03		
TRADE PAYABLE		
Trade Payable	54,23,085	1,41,85,651
	<u>54,23,085</u>	<u>1,41,85,651</u>
Note 2.04		
OTHER CURRENT LIABILITIES		
Unearned Income-current	4,91,00,898	2,44,40,905
Other Liabilities/Accrued Expense	15,23,129	57,83,644
Statutory Dues Payable	1,12,35,583	2,09,465
Payable to Related Parties	-	1,77,37,618
	<u>6,18,59,610</u>	<u>4,81,71,632</u>
	<u>6,18,59,610</u>	<u>4,81,71,632</u>
Note 2.05		
TRADE RECEIVABLE		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	3,01,88,866	2,69,27,172
	<u>3,01,88,866</u>	<u>2,69,27,172</u>
Less: Provision for doubtful debts	<u>3,01,88,866</u>	<u>2,69,27,172</u>
	-	-
Others		
Considered Good	5,55,61,438	6,58,73,860
Considered Doubtful	(17,90,607)	(35,97,094)
	<u>5,37,70,832</u>	<u>6,22,76,766</u>
Less: Provision for doubtful debts	<u>(17,90,607)</u>	<u>(35,97,094)</u>
	<u>5,55,61,438</u>	<u>6,58,73,860</u>
Note 2.06		
CASH AND CASH EQUIVALENT		
Balance with Banks		
- Current Accounts	62,57,448	4,36,970
	<u>62,57,448</u>	<u>4,36,970</u>
	<u>6,18,18,886</u>	<u>6,63,10,829</u>
Note 2.07		
SHORT TERM LOANS AND ADVANCES		
Prepaid Expenses - Current	3,07,956	1,32,640
Other Receivables	1,22,01,737	77,23,884
	<u>1,25,09,693</u>	<u>78,56,524</u>
Note 2.08		
OTHER CURRENT ASSETS		
Receivables from Related Parties	1,80,25,880	-
	<u>1,80,25,880</u>	<u>-</u>

Vanco International Limited

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note 2.09		
SERVICE REVENUE AND OTHER OPERATING INCOME		
Enterprise Value Added Services	35,71,12,319	40,52,15,750
	<u>35,71,12,319</u>	<u>40,52,15,750</u>
Note 2.10		
OTHER INCOME		
Gain on Foreign Exchange Fluctuation (Net)	-	7,10,159
	<u>-</u>	<u>7,10,159</u>
Note 2.11		
NETWORK OPERATION EXPENSES		
Other Network Operating Expenses	33,39,98,083	41,02,03,702
	<u>33,39,98,083</u>	<u>41,02,03,702</u>
Note 2.12		
FINANCE CHARGES		
Other Financial Cost	16,850	56,569
	<u>16,850</u>	<u>56,569</u>
Note 2.13		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Professional Fees	3,452	14,93,455
Bank Charges	85,270	1,04,073
Provision for Doubtful Debts, Loans and Advances	72,24,653	1,35,18,383
Foreign Exchange Fluctuation Loss	<u>1,03,928</u>	<u>-</u>
	74,17,303	1,51,15,911
Payment to Auditors	6,15,389	5,27,824
	<u>80,32,692</u>	<u>1,56,43,735</u>

Note 2.14

BACKGROUND AND ORGANISATION

Vanco International Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco International Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.15

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Vanco International Limited

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

Note 2.16

Earnings Per Share

	Amount in ₹ except number of shares
For the year ended March 31, 2015	For the year ended March 31, 2014
15,064,694	(208,175)
101,325,000	101,325,000
0.149	(0.197)

- A Profit / (Loss) after Tax
- B Weighted average number of share of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS
- C Basic and Diluted Earnings / (Loss) per Share (A/B)

Note 2.17

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - Reliance Vanco Group Limited
 - Vanco UK Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco Global Limited
 - iii) VNO Direct Limited
 - iv) Vanco SAS
 - v) Euronet Spain SA
 - vi) Vanco Srl
 - vii) Vanco GmbH
 - viii) Vanco Deutschland GmbH
 - ix) Vanco Switzerland A.G.
 - x) Vanco B.V.
 - xi) Vanco Benelux BV
 - xii) Vanco NV
 - xiii) Vanco US LLC
 - xiv) Vanco Solutions Inc.
 - xv) Vanco Australasia Pty. Limited
 - xvi) Vanco (Asia Pacific) Pte. Limited
 - xvii) Vanco Japan KK

Vanco International Limited

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

c) Summarized below are the transactions entered into with related parties:

Name of the Entity	During the Year 2014-2015		During the Year 2013-2014		Year End Balances as on 31.03.2015		Amount in ₹ Year End Balances as on 31.03.2014		
	Service Income	Network Operating Expenses	Service Income	Network Operating Expenses	Other Current Assets	Other Current Liabilities	Other Current Assets	Other Current Liabilities	
Reliance Vanco Group Limited	-	-	-	-	-	-	-	-	1,77,37,618
Vanco UK Limited	8,04,53,962	11,82,83,675	7,05,90,716	22,05,85,030	1,80,25,880	-	-	-	-
Vanco (Asia Pacific) Pte. Limited	-	19,52,060	-	1,09,66,072	-	-	-	-	-
Vanco Sweden AB	-	69,901	-	55,36,306	-	-	-	-	-
Vanco GmbH	14,04,573	-	20,24,372	10,76,940	-	-	-	-	-
Vanco Deutschland GmbH	62,59,221	-	68,71,940	-	-	-	-	-	-
Vanco SRL	29,17,352	-	32,32,073	61,228	-	-	-	-	-
Vanco BV	22,67,874	1,36,68,140	18,36,995	61,13,162	-	-	-	-	-
Euronet Spain SA	-	32,90,387	(23,68,951)	(20,93,911)	-	-	-	-	-
Vanco SAS	18,18,658	86,768	54,96,585	-	-	-	-	-	-
Vanco Australasia Pty Limited	-	-	14,596	-	-	-	-	-	-
Vanco NV	328	76,272	13,806	86,659	-	-	-	-	-
Vanco Solutions Inc.	4,15,077	-	17,07,211	-	-	-	-	-	-
Vanco US LLC	6,28,762	4,888	6,06,710	54,27,950	-	-	-	-	-
Vanco Global Limited	48,79,018	-	87,61,795	-	-	-	-	-	-
Vanco ROW Limited	-	-	-	82,545	-	-	-	-	-

Note 2.18

The previous years figures have been reworked, regrouped, rearranged and reclassified whenever necessary.

Note 2.19

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = INR 92.47 (Previous year 1 GBP = INR 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.62 and (Previous year 1 GBP = INR 95.97).

As per our report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco International Limited

Andrew Goldie

Director

Vanco Switzerland A.G.

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	6,412,177		6,918,036
Reserves and Surplus	2.02	<u>69,611,321</u>	76,023,498	<u>75,395,465</u> 82,313,501
Current Liabilities				
Trade Payable	2.03	706,376		762,102
Other Current Liabilities	2.04	<u>2,300,900</u>	3,007,276	<u>7,923,455</u> 8,685,557
TOTAL			<u>79,030,774</u>	<u>90,999,058</u>
ASSETS				
Current Assets				
Cash and Bank Balances	2.05	499,752		864,503
Short-Term Loans and Advances	2.06	1,973,355		1,878,622
Other Current Assets	2.07	<u>76,557,667</u>	79,030,774	<u>88,255,933</u> 90,999,058
TOTAL			<u>79,030,774</u>	<u>90,999,058</u>
Significant Accounting Policies	1			
Notes forming part of Financial Statements	2			

For Vanco Switzerland A.G.

Andrew Goldie }
Andreas Casutt } Directors

Place : Mumbai
Date : May 28, 2015

Vanco Switzerland A.G.

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

	Note No	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME			
Services Revenue and Other Operating Income	2.08	18,00,668	7,92,24,907
Other Income	2.09	6,83,024	-
		<u>24,83,692</u>	<u>7,92,24,907</u>
EXPENDITURE			
Network Operation Expenses	2.10	25,28,684	69,87,063
Employee Benefits Expenses	2.11	(50,90,435)	(13,25,837)
Sales and General Administration Expenses	2.12	<u>50,56,117</u>	<u>44,06,539</u>
			1,00,67,765
Profit/(Loss) Before Tax		(10,674)	6,91,57,142
Provision for:			
- Current Tax		2,67,578	19,32,454
Profit/ (Loss) After Tax		(278,252)	<u>67,224,688</u>
Basic and Diluted Earning Per Share	2.14	(278)	67,225
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Vanco Switzerland A.G.

Andrew Goldie }
Andreas Casutt } Directors

Place : Mumbai
Date : May 28, 2015

Vanco Switzerland A.G.

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per Profit and Loss Account	(10,674)	6,91,57,142
Adjusted for:		
Effects of exchange difference on translation of assets & liabilities.	(65,47,026)	17,23,996
	(65,47,026)	<u>17,23,996</u>
Operating Profit before Working Capital Changes	(65,57,700)	7,08,81,138
Adjusted for:		
Receivables and other Advances	1,16,03,532	(7,62,16,788)
Trade Payables	<u>(56,78,281)</u>	<u>26,38,966</u>
	59,25,251	<u>(7,35,77,822)</u>
Cash Generated from Operations	(6,32,449)	<u>(26,96,684)</u>
Tax Refund		
Tax Paid	2,67,578	19,32,454
	2,67,578	19,32,454
Net Cash from Operating Activities	(3,64,871)	<u>(7,64,230)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash from Investing Activities	120	<u>-</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	-	-
Net Cash from Financing Activities	-	<u>-</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents	(3,64,751)	<u>(7,64,230)</u>
Opening Balance of Cash and Cash Equivalents	8,64,503	16,28,733
Closing Balance of Cash and Cash Equivalents	4,99,752	<u>8,64,503</u>

For Vanco Switzerland A.G.

Andrew Goldie }
Andreas Casutt } Directors

Place : Mumbai
Date : May 28, 2015

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

Note No. 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as and when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

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

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Switzerland A.G.

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014		
Note No. 2.01				
SHARE CAPITAL				
Authorised				
1000 (1000) Ordinary Shares of CHF 100 per share	64,12,177	69,18,036		
	64,12,177	69,18,036		
Issued, Subscribed and Paid up				
1000 (1000) Ordinary Shares of CHF 100 per share	64,12,177	69,18,036		
	64,12,177	69,18,036		
a) Ordinary Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Vanco Global Limited	1,000	1,000		
	1,000	1,000		
b) Details of Ordinary Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Vanco Global Limited	100	1,000	100	1,000
c) Terms/ Rights attached to the shares			The Company has only class A ordinary shares having a par value of CHF 100 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.	
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	1,000	64,12,177	1,000	69,18,036
Add: Movement for the year	-	-	-	-
At the end of the year	1,000	64,12,177	1,000	69,18,036

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note No. 2.02		
RESERVES AND SURPLUS		
Exchange Fluctuation Reserve	(16,648)	53,88,072
Other Reserves	12,82,435	13,83,607
Surplus / (Deficit) in Statement of Profit and Loss		
As per last Balance Sheet	6,86,23,786	13,99,098
Add: Profit/(Loss) during the year	(2,78,252)	6,72,24,688
	6,83,45,534	6,86,23,786
	6,96,11,321	7,53,95,465

Note No. 2.03		
TRADE PAYABLE		
Trade Payable	<u>7,06,376</u>	<u>7,62,102</u>

Vanco Switzerland A.G.

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note No. 2.04		
OTHER CURRENT LIABILITIES		
Other Liabilities	<u>23,00,900</u>	<u>79,23,455</u>
Note No. 2.05		
CASH AND BANK BALANCES		
Balance with Banks		
– Current Accounts	<u>4,99,752</u>	<u>8,64,503</u>
	<u>4,99,752</u>	<u>8,64,503</u>
Note No. 2.06		
SHORT TERM LOANS AND ADVANCES		
Advances Recoverable in Cash or Kind or for Value to be Received	17,73,872	16,63,402
Deposits	<u>1,99,483</u>	<u>2,15,220</u>
	<u>19,73,355</u>	<u>18,78,622</u>
Note No. 2.07		
OTHER CURRENT ASSETS		
Receivables from Related Parties	<u>7,65,57,667</u>	<u>8,82,55,933</u>
	<u>7,65,57,667</u>	<u>8,82,55,933</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
Note No. 2.08		
SERVICE REVENUE AND OTHER OPERATING INCOME		
Enterprise Value Added Services	<u>18,00,668</u>	<u>7,92,24,907</u>
	<u>18,00,668</u>	<u>7,92,24,907</u>
Note No. 2.09		
OTHER INCOME		
Interest Income	120	-
Gain on Foreign Exchange Fluctuation (Net)	<u>6,82,904</u>	<u>-</u>
	<u>6,83,024</u>	<u>-</u>
Note No. 2.10		
NETWORK OPERATION EXPENSES		
Other Network Operating Expenses	<u>25,28,684</u>	<u>69,87,063</u>
	<u>25,28,684</u>	<u>69,87,063</u>
Note No. 2.11		
EMPLOYEE BENEFITS EXPENSE		
(Including Managerial Remuneration)		
Salaries	(51,00,808)	-
Contribution to Provident, Gratuity and Superannuation Fund	-	(12,98,790)
Employee Welfare and Other Amenities	<u>10,373</u>	<u>(27,047)</u>
	<u>(50,90,435)</u>	<u>(13,25,837)</u>

Vanco Switzerland A.G.

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note No. 2.12		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Rent	24,82,234	22,33,869
Legal Fees	8,67,353	9,93,093
Professional Fees	15,01,632	6,95,215
Communication	1,00,725	92,695
Bank Charges	11,062	13,368
Foreign Exchange Fluctuation Loss	17,187	1,74,138
Miscellaneous	75,924	2,04,161
	50,56,117	44,06,539

Note No. 2.13

BACKGROUND AND ORGANISATION

Vanco Switzerland A.G is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Switzerland A.G is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note No. 2.14

Earnings Per Share

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A Profit / (Loss) after Tax	(278,252)	67,224,688
B Weighted average number of share of CHF 100 each used as denominator for calculating Basic and Diluted EPS	1,000	1,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(278)	67225

Note No. 2.15

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note No. 2.16

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Vanco Global Limited
 - ii) Reliance Vanco Group Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco SAS

Vanco Switzerland A.G.

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

c) Summarized below are the transactions entered into with related parties:

Name of the Entity	Service Income		Other Current Assets	
	Current Year	Previous Year	Current Year	Previous Year
	Amount in ₹			
Vanco UK Limited	-	-	7,65,57,667	8,82,55,933
Vanco SAS	18,00,668	6,44,15,564	-	-

Note No. 2.17

The previous years figures have been reworked, regrouped, rearranged and reclassified whenever necessary.

Note No. 2.18

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = ₹ 92.470 (Previous year 1 GBP = ₹ 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.62 and (Previous year 1 GBP = ₹ 95.968).

For Vanco Switzerland A.G.

Andrew Goldie }
Andreas Casutt } Directors

Place : Mumbai

Date : May 28, 2015

Vanco Benelux BV

Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	12,14,401	13,10,206
Reserves and Surplus	2.02	<u>2,48,86,537</u>	<u>3,40,71,139</u>
		2,61,00,938	3,53,81,345
Current Liabilities			
Trade Payable	2.03	62,97,672	18,20,708
Other Current Liabilities	2.04	<u>12,87,500</u>	-
		75,85,172	18,20,708
TOTAL		<u>3,36,86,110</u>	<u>3,72,02,053</u>
ASSETS			
Current Assets			
Trade Receivables	2.05	-	-
Cash and Bank Balance	2.06	20,67,979	30,91,052
Short Term Loans and Advances	2.07	16,71,066	3,15,990
Other Current Assets	2.08	<u>2,99,47,065</u>	<u>3,37,95,011</u>
		3,36,86,110	3,72,02,053
TOTAL		<u>3,36,86,110</u>	<u>3,72,02,053</u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Vanco Benelux BV

Andrew Goldie

Janet Troxell

} Directors

Place : Mumbai

Date : May 28, 2015

Vanco Benelux BV

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

	Note	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
INCOME		-	-
EXPENDITURE			
Network Operation Expenses	2.09	5,216	-
Finance Charges	2.10	512	-
Sales and General Administration Expenses	2.11	77,29,279	38,949
TOTAL		77,35,007	38,949
Profit / (Loss) Before Tax		(77,35,007)	(38,949)
Provision for:			
- Current Tax		-	-
Profit / (Loss) for the Year		(77,35,007)	(38,949)
Basic and Diluted Earnings per Share	2.13	(193.37)	(0.97)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Vanco Benelux BV

Andrew Goldie

Janet Troxell

} Directors

Place : Mumbai

Date : May 28, 2015

Vanco Benelux BV

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	(77,35,007)	(38,949)
Adjusted for:		
Provision for Doubtful Debts	-	27,150
Effects of exchange difference on translation of assets & liabilities	(15,45,400)	98,01,326
Interest Expenses	512	-
	(15,44,888)	98,28,476
Operating Profit/(Loss) before Working Capital Changes	(92,79,895)	97,89,527
Adjusted for:		
Receivables and other Advances	24,92,870	(50,93,739)
Trade Payables	57,64,464	(18,20,708)
	82,57,334	(69,14,447)
Cash Generated from Operations	(10,22,561)	28,75,080
Tax Refund	-	-
Tax Paid	-	-
Net Cash from Operating Activities	(10,22,561)	28,75,080
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Used in Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Financial Charges	(512)	-
Net Cash from Financing Activities	(512)	-
Net Increase/ (Decrease) in Cash and Cash Equivalents	(10,23,073)	28,75,080
Opening Balance of Cash and Cash Equivalents	30,91,052	2,15,972
Closing Balance of Cash and Cash Equivalents	20,67,979	30,91,052

For Vanco Benelux BV

Andrew Goldie

Janet Troxell

} Directors

Place : Mumbai

Date : May 28, 2015

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

Note: 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

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

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Benelux BV

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.01		
Share Capital		
Authorised		
200,000 Ordinary shares of Euro 0.45 per share	83,22,300	89,78,850
	83,22,300	89,78,850
Issued, Subscribed and Paid up		
40,000 Ordinary shares of Euro 0.45 per share	12,14,401	13,10,206
	12,14,401	13,10,206

a) Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	No of Shares
Vanco BV (Holland)	40,000	40,000

b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Vanco BV (Holland)	100.00	40,000	100.00	40,000

c) Terms/Rights attached to the shares

The Company has Ordinary Shares (shares) having a par value of EUR 0.45 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Shares				
Balance as at the beginning of the year	40,000	12,14,401	40,000	13,10,205
Add: Movement for the year	-	-	-	-
At the end of the year	40,000	12,14,401	40,000	13,10,205

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.02		
Reserves and Surplus		
Exchange Fluctuation Reserve	(14,51,130)	(1,535)
Surplus / (Deficit) in Statement of profit and loss	3,40,72,674	3,41,11,623
Add: Profit / (Loss) for the Year	<u>(77,35,007)</u>	<u>(38,949)</u>
	2,63,37,667	3,40,72,674
	2,48,86,537	3,40,71,139

Note 2.03

Trade Payables

Trade Payables	62,97,672	18,20,708
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Vanco Benelux BV

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.04		
Other Current Liabilities		
Other Liabilities	12,87,500	-
	<u>12,87,500</u>	<u>-</u>

Note 2.05

Trade Receivable

Due for More than Six months

Considered Good	-	-
Considered Doubtful	18,32,396	19,76,955
	<u>18,32,396</u>	<u>19,76,955</u>
Less: Provision for doubtful debts	18,32,396	19,76,955
	<u>18,32,396</u>	<u>19,76,955</u>

Others

Considered Good	-	-	
Considered Doubtful	-	-	
	<u>-</u>	<u>-</u>	
	-	-	
Less: Provision for doubtful debts	-	-	
	<u>-</u>	<u>-</u>	
	-	-	

Note 2.06

Cash and Bank Balance

Balance with Banks		
- Current Accounts	20,67,979	30,91,052
	20,67,979	30,91,052

Note 2.07

Short Term Loans and Advances

(Unsecured, Considered good – unless stated otherwise)

Others	<u>16,71,066</u>	<u>3,15,990</u>
	16,71,066	3,15,990

Note 2.08

Other Current Assets

Receivables from Related Party	2,23,90,189	3,37,95,011
Others	75,56,876	-
	<u>2,99,47,065</u>	<u>3,37,95,011</u>

	Amount in ₹
For the year ended March 31, 2015	For the year ended March 31, 2014

Note 2.09

Network Operation Expenses

Other Network Operating Expenses	<u>5,216</u>	<u>—</u>
	<u>5,216</u>	<u>—</u>

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note 2.10		
Finance Charges		
Interest and Financial Charges	512	-
	<u>512</u>	<u>-</u>

Note 2.11		
Sales and General Administration Expenses		
Bank Charges	65,962	11,799
Provision for Doubtful Debts, Loans and Advances	-	27,150
Other General and Administrative Expenses	76,63,317	-
	<u>77,29,279</u>	<u>38,949</u>
	<u>77,29,279</u>	<u>38,949</u>

Note 2.12

BACKGROUND AND ORGANISATION

Vanco Benelux BV is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Benelux BV is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.13

Earnings Per Share

Amount in ₹ except number of shares

	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	(7,735,007)	(38,949)
B Weighted average number of share of Euro 0.45 each used as denominator for calculating Basic and Diluted EPS	40,000	40,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(193.37)	(0.97)

Note 2.14

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Vanco Benelux BV

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

Note 2.15

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Vanco Group Limited
 - ii) Vanco B.V
- b. Summarized below are the transactions entered into with related parties:

Amount in ₹

Entity Name	Year End Balances as on 31.03.2015	Year End Balances as on 31.03.2014
Vanco UK Limited	Other Current Assets 22,390,189	Other Current Assets 33,795,011

Note 2.16

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = INR 92.47 (Previous year 1 GBP = INR 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.62 and (Previous year 1 GBP = INR 95.97).

For Vanco Benelux BV

Andrew Goldie	} Directors
Janet Troxell	

Place : Mumbai

Date : May 28, 2015

Independent Auditor's Report

To

The Board of Directors of Vanco Global Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco Global Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco Global Limited

Balance Sheet as at March 31, 2015

	Note	Amount in ₹	
		As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	2,49,78,551	2,69,49,120
Reserves and Surplus	2.02	(21,27,42,837)	(24,47,76,789)
		(18,77,64,286)	(21,78,27,669)
Current Liabilities			
Trade Payable	2.03	9,70,497	10,47,060
Other Current Liabilities	2.04	30,59,93,416	34,29,05,292
		30,69,63,913	34,39,52,352
TOTAL		11,91,99,627	12,61,24,683
ASSETS			
Non Current Assets			
Non Current Investments	2.05	44,03,293	47,50,670
Current Assets			
Trade Receivables	2.06	8,41,13,031	8,42,81,936
Cash and Bank Balances	2.07	65,11,872	8,05,750
Short-Term Loans and Advances	2.08	2,41,71,431	3,62,86,327
		11,47,96,334	12,13,74,013
TOTAL		11,91,99,627	12,61,24,683
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Global Ltd.

Andrew Goldie

Director

Vanco Global Limited

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

			Amount in ₹
	Note	For the the year ended March 31,2015	For the the year ended March 31,2014
INCOME			
Service Revenue and Other Operating Income	2.09	45,58,65,841	53,77,23,188
TOTAL		45,58,65,841	53,77,23,188
EXPENDITURE			
Network Operation Expenses	2.10	42,92,23,862	48,67,42,040
Sales and General Administration Expenses	2.11	1,15,66,447	2,77,26,885
TOTAL		44,07,90,309	51,44,68,925
Profit / (Loss) before Tax		1,50,75,532	2,32,54,263
Provision for :			
- Current Tax		-	-
Profit / (Loss) for the year		1,50,75,532	2,32,54,263
Basic and Diluted Earning Per Share	2.13	0.056	0.086
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our Report attached

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

Shridhar Mirani
Partner
Membership No : 030006

Place : Mumbai
Date : May 28, 2015

For Vanco Global Ltd.

Andrew Goldie **Director**

Vanco Global Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES:		
Profit/(Loss) Before Income Tax	15,075,532	23,254,263
Adjustments for:		
Operating Profit before Working Capital Changes	15,075,532	23,254,263
Adjustments for:		
Decrease / (Increase) in Trade and Other receivables	168,907	(39,104,064)
Increase / (Decrease) in Trade and other payables	(76,563)	185,836
Increase / (Decrease) in unearned income	20,436,404	6,841,890
Increase / (Decrease) in other liabilities	(5,144,239)	(5,430,173)
Increase / (Decrease) in Short Term loans and Advances	12,114,896	(17,555,560)
Effects of Exchange difference on translation of Assets and Liabilities	15,335,227	(38,361,163)
	42,834,632	(93,423,234)
Net cash generated from operating activities before income tax	57,910,164	(70,168,971)
Income tax paid (net of refunds received)	-	-
Net Cash generated from Operating Activities (A)	57,910,164	(70,168,971)
B) CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES:		
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Financial assistance received from related parties	(52,204,042)	61,477,552
Net Cash Used in Financing Activities (C)	(52,204,042)	61,477,552
Net (Decrease) in Cash and Cash Equivalents (A+B+C)	5,706,122	(8,691,418)
Cash and Cash Equivalents at the Beginning of the Period	805,750	9,497,169
Cash and Cash Equivalents at the End of the Period	6,511,872	805,750

As per our Report attached

For Shridhar & Associates

Chartered Accountants

Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco Global Ltd.

Andrew Goldie

Director

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

Note 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

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Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

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Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco Global Limited

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

		As at March 31,2015	Amount in ₹ As at March 31,2014	
Note 2.01				
Share Capital				
Authorised				
270,001,000 (270,001,000) ordinary shares of GBP 0.001 each and 125,000 (125,000) Deffered ordinary shares of GBP 0.001 each		2,49,78,551	2,69,49,120	
		2,49,78,551	2,69,49,120	
Issued, Subscribed and Paid up				
270,001,000 (270,001,000) ordinary shares of GBP 0.001 each and 125,000 (125,000) Deffered ordinary shares of GBP 0.001 each		2,49,78,551	2,69,49,120	
		2,49,78,551	2,69,49,120	
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares		No of Shares	
Ordinary Shares				
Vanco UK Limited	270,001,000		270,001,000	
Deferred Shares				
Vanco UK Limited	125,000		125,000	
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Ordinary Shares				
Vanco UK Limited	100	270,001,000	100	270,001,000
Deferred Shares				
Vanco UK Limited	100	125,000	100	125,000
c) Terms/ Rights attached to the shares				
The Company has only ordinary shares having a par value of GBP 0.001 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	270,001,000	2,49,78,551	270,001,000	2,69,49,120
Add: Movement for the year	-	-	-	-
At the end of the year	270,001,000	2,49,78,551	270,001,000	2,69,49,120
Note 2.02				
Reserves and Surplus				
Surplus/(Deficit) in Statement of Profit and Loss		24,56,96,858	26,89,51,121	
Profit / (Loss) for the Year		(1,50,75,532)	(2,32,54,263)	
		23,06,21,326	24,56,96,858	
Add: Exchange Fluctuation Reserve		(1,78,78,488)	(9,20,069)	
		21,27,42,838	24,47,76,789	
Note 2.03				
Trade Payables				
Trade Payable		9,70,497	10,47,060	
		9,70,497	10,47,060	

Vanco Global Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.04		
Other Current Liabilities		
Unearned Income	8,18,57,259	6,65,26,287
Other Liabilities	-	38,807
Payables to Related Parties	22,41,36,157	27,63,40,199
	<u>30,59,93,416</u>	<u>34,29,05,293</u>
Note 2.05		
Non Current Investments		
Trade Investment (Valued at cost)		
Investment in Subsidiary		
1000 Vanco Switzerland AG of CHF 100 Per Share (1000)	44,03,293	47,50,670
	<u>44,03,293</u>	<u>47,50,670</u>
Note 2.06		
Trade receivables		
Due for More than Six months		
Considered Doubtful	-	-
Less: Provision for doubtful debts	-	-
	<u>-</u>	<u>-</u>
Others		
Considered Good	27,46,57,481	28,36,50,514
Considered Doubtful	-	-
Less: Provision for doubtful debts	(19,05,44,450)	(19,93,68,578)
	<u>8,41,13,031</u>	<u>8,42,81,936</u>
Note 2.07		
Cash and Bank Balances		
Balance with Banks		
- Current Accounts	65,11,872	8,05,750
	<u>65,11,872</u>	<u>8,05,750</u>
Note 2.08		
Short-Term Loans and Advances		
Advance for Supply of Goods and rendering of services	27,25,692	74,82,375
Prepaid Expenses	2,14,45,739	2,88,03,952
	<u>2,41,71,431</u>	<u>3,62,86,327</u>

Vanco Global Limited

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

	For the the year ended March 31, 2015	Amount in ₹ For the the year ended March 31, 2014
Note 2.09		
Service Revenue and Other Operating Income		
Enterprise Value Added Services	45,58,65,841	53,77,23,188
	45,58,65,841	53,77,23,188
Note 2.10		
Network Operation Expenses		
Network Operating Expenses	42,92,23,862	48,67,42,040
	42,92,23,862	48,67,42,040
Note 2.11		
Sales and General Administration Expenses		
Audit Fees	6,15,389	5,27,832
Legal Fees	3,452	8,49,603
Bank Charges	7,976	22,696
Provision/Reversal of Doubtful debts	61,36,760	(85,67,728)
Foreign Exchange Fluctuation Loss/(Gain)	(1,62,32,293)	(23,53,481)
Other General and Administrative Expenses	2,10,35,164	3,72,47,963
	1,15,66,447	2,77,26,885

Note 2.12

BACKGROUND AND ORGANISATION

Vanco Global Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Global Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.13

Earnings Per Share	For theyear ended March 31, 2015	Amount in ₹ Except number of shares For the year ended March 31, 2014
A Profit / (Loss) after Tax	15,075,532	23,254,263
B Weighted average number of share of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	270,126,000	270,126,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	0.056	0.086

Note 2.14

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.15

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a. Parties where control exist:
 - i) Reliance Communications Limited
 - ii) Flag Telecom Group Services Limited
 - iii) Reliance Vanco Group Limited
 - iv) Vanco UK Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco ROW Limited
 - ii) Vanco International Limited
 - iii) VNO Direct Limited
 - iv) Vanco SAS
 - v) Euronet Spain SA
 - vi) Vanco Srl
 - vii) Vanco GmbH
 - viii) Vanco Deutschland GmbH
 - ix) Vanco Switzerland A.G.
 - x) Vanco B.V.
 - xi) Vanco Benelux BV
 - xii) Vanco NV
 - xiii) Vanco US LLC
 - xiv) Vanco Solutions Inc.
 - xv) Vanco Australasia Pty. Limited
 - xvi) Vanco (Asia Pacific) Pte. Limited
 - xvii) Vanco Japan KK
 - xviii) Vanco (Shanghai) Co. Ltd.
 - xix) Vanco Euronet Sro
 - xx) Vanco Sp Zoo
 - xxi) Vanco Sweden AB
 - xxii) Vanco South America Ltda
 - xxiii) Vanco EpE
 - xxiv) Net Direct SA (Proprietary) Limited

Vanco Global Limited

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

Entity Name	During the Year 2014-2015				During the Year 2013-2014				Year End Balances as on 31.03.2015		Year End Balances as on 31.03.2014	
	Service Income	Network Operating Expenses	Service Income	Network Operating Expenses	Service Income	Network Operating Expenses	Other Current Assets	Other Current Liabilities	Other Current Assets	Other Current Liabilities	Other Current Assets	Other Current Liabilities
Reliance Vanco Group Limited	-	-	-	-	-	-	-	-	-	-	-	-
Vanco UK Limited	1,21,73,013	14,22,19,310	83,06,656	15,67,97,220	-	-	-	-	-	-	-	-
Vanco International Limited	-	48,79,018	-	87,61,795	-	-	-	-	-	-	-	-
Vanco ROW Limited	-	2,77,59,862	-	83,19,879	-	-	-	-	-	-	-	-
Vanco DE Deutschland	-	-	-	-	-	-	-	-	-	-	-	-
Vanco GmbH	-	32,76,620	-	34,46,691	-	-	-	-	-	-	-	-
Vanco SAS	-	14,62,565	-	18,44,586	-	-	-	-	-	-	-	-
Vanco US LLC	-	5,63,79,894	-	7,73,92,626	-	-	-	-	-	-	-	-
Vanco Solutions Inc	47,73,026	-	67,91,382	-	-	-	-	-	-	-	-	-
Euronet Spain SA	-	6,65,832	-	(3,09,709)	-	-	-	-	-	-	-	-
Vanco NV	-	31,512	-	53,454	-	-	-	-	-	-	-	-
Vanco Australasia Pty. Limited	62,19,114	-	29,83,843	-	-	-	-	-	-	-	-	-
Vanco Srl	-	1,48,055	-	5,47,018	-	-	-	-	-	-	-	-
Vanco B.V. (Netherlands)	-	26,55,442	-	13,59,099	-	-	-	-	-	-	-	-
Vanco (Asia Pacific) Pte. Limited	-	7,30,69,421	-	12,28,94,596	-	-	-	-	-	-	-	-
Vanco Sweden AB	-	3,81,57,175	-	3,18,24,824	-	-	-	-	-	-	-	-
Vanco Japan KK	-	1,73,265	-	1,64,730	-	-	-	-	-	-	-	-
Reliance Vanco Group Limited	-	-	-	-	-	-	-	-	-	-	-	-

Note 2.16

The previous years figures have been reworked, regrouped, rearranged and Reclassified whenever necessary.

Note 2.17

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = ₹ 92.470 (Previous year 1 GBP = ₹ 99.765) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.620 and (Previous year 1 GBP = ₹ 95.968)

As per our Report attached

For Vanco Global Ltd.

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

Andrew Goldie Director

Shridhar Mirani
Partner
Membership No : 030006

Place : Mumbai
Date : May 28, 2015

Vanco ROW Limited

Independent Auditor's Report

To

The Board of Directors of Vanco ROW Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vanco ROW Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Vanco ROW Limited

Balance Sheet as at March 31, 2015

	Note		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2.01	185		200
Reserves and Surplus	2.02	10,85,72,180	10,85,72,365	9,10,70,086
				9,10,70,286
Current Liabilities				
Trade Payables	2.03	2,22,35,583		3,57,46,314
Other Current Liabilities	2.04	2,48,55,812		3,87,36,073
			4,70,91,395	7,44,82,387
TOTAL			15,56,63,760	16,55,52,673
ASSETS				
Current Assets				
Cash and Bank Balances	2.05	21,35,165		11,62,448
Short Term Loans and Advances	2.06	1,45,79,173		1,10,36,498
Other Current Assets	2.07	13,89,49,422	15,56,63,760	15,33,53,727
				16,55,52,673
TOTAL			15,56,63,760	16,55,52,673
Significant Accounting Policies	1			
Notes forming part of the Financial Statements	2			
As per our Report attached			For Vanco ROW	
For Shridhar & Associates			Andrew Goldie Director	
Chartered Accountants				
Regn. No. 134427W				
Shridhar Mirani				
Partner				
Membership No : 030006				
Place : Mumbai				
Date : May 28, 2015				

Vanco ROW Limited

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

Amount in ₹

	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
INCOME			
Services Revenue and Other Operating Income	2.08	27,36,23,623	40,75,47,367
		<u>27,36,23,623</u>	<u>40,75,47,367</u>
EXPENDITURE			
Network Operation Expenses	2.09	24,10,04,629	39,30,84,401
Finance Charges	2.10	1,66,033	70,760
Sales and General Administration Expenses	2.11	<u>1,37,86,806</u>	<u>1,47,92,188</u>
		<u>25,49,57,468</u>	<u>40,79,47,349</u>
PROFIT/ (LOSS) BEFORE TAX		<u>1,86,66,155</u>	<u>(3,99,982)</u>
Provision for:			
- Current Tax		-	-
PROFIT/ (LOSS) FOR THE YEAR		<u>1,86,66,155</u>	<u>(3,99,982)</u>
Basic and Diluted Earnings per Share	2.13	9,333,078	(199,991)
Significant Accounting Policies	1		
Notes forming part of the Financial Statements	2		

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco ROW

Andrew Goldie

Director

Vanco ROW Limited

Cash Flow Statement for the year ended March 31, 2015

	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before tax as per Profit and Loss Account	18,666,155	(399,982)
Adjusted for:		
Effects of Exchange Difference on Translation of Assets and Liabilities	(1,164,076)	16,069,094
Interest Expenses	166,033	70,760
	(998,043)	16,139,854
Operating Profit before Working Capital Changes	17,668,112	15,739,872
Adjusted for:		
Receivables and other Advances	10,861,630	(34,320,482)
Trade Payables	(27,390,992)	17,720,380
	(16,529,362)	(16,600,102)
Cash Generated from Operations	1,138,750	(860,230)
Tax Refund	-	-
Tax Paid	-	-
Net Cash from Operating Activities	1,138,750	(860,230)
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Used in Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds/ (Repayment) from Short term Borrowings	-	
Financial Charges	(166,033)	(70,760)
Net Cash from Financing Activities	(166,033)	(70,760)
Net Increase/ (Decrease) in Cash and Cash Equivalents	972,717	(930,990)
Opening Balance of Cash and Cash Equivalents	1,162,448	2,093,438
Closing Balance of Cash and Cash Equivalents	2,135,165	1,162,448

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco ROW

Andrew Goldie

Director

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

Note: 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as an when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be

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

measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements.....	Over the period of the lease
Computer equipment.....	3 to 5 years.
Fixtures, fittings and equipment.....	3 to 5 years.
Motor Vehicles.....	5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

Vanco ROW Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014		
Note 2.01				
SHARE CAPITAL				
Authorised				
100 (100) Ordinary shares @ ₹1.00	9,247	9,977		
	<u>9,247</u>	<u>9,977</u>		
Issued, Subscribed and Paid up				
2 (2) Ordinary shares @ ₹1.00	185	200		
	<u>185</u>	<u>200</u>		
a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares	No of Shares		
Vanco UK Limited	2	2		
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Vanco UK Limited	100.00	2	100.00	2
c) Terms/Rights attached to the shares			The Company has Ordinary Shares (shares) having a par value of ₹ .001 each per share Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.	
d) Reconciliation of shares outstanding at the beginning and at the end of the year				
	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Shares				
Balance as at the beginning of the year	2	185	2	200
Add: Movement for the year	-	-	-	-
At the end of the year	<u>2</u>	<u>185</u>	<u>2</u>	<u>200</u>
Note 2.02				
RESERVES AND SURPLUS				
Exchange Fluctuation Reserve	(11,39,089)			24,972
Surplus in Statement of Profit and Loss				
As per last Balance Sheet	9,10,45,114		9,14,45,096	
Add: Profit/(Loss) during the year	<u>1,86,66,155</u>	<u>10,97,11,269</u>	<u>(3,99,982)</u>	<u>9,10,45,114</u>
		<u>10,85,72,180</u>		<u>9,10,70,086</u>
Note 2.03				
TRADE PAYABLE				
Trade Payable	<u>2,22,35,583</u>		<u>3,57,46,314</u>	
	<u>2,22,35,583</u>		<u>3,57,46,314</u>	
Note 2.04				
OTHER CURRENT LIABILITIES				
Other Liabilities/Accrued Expense	2,00,30,174		3,85,47,342	
Statutory Dues Payable	<u>48,25,638</u>		<u>1,88,731</u>	
	<u>2,48,55,812</u>		<u>3,87,36,073</u>	
	<u>2,48,55,812</u>		<u>3,87,36,073</u>	

Vanco ROW Limited

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Note 2.05		
CASH AND Bank Balance		
Balance with Banks		
– Current Accounts	21,35,165	11,62,448
	<u>21,35,165</u>	<u>11,62,448</u>
Note 2.06		
SHORT TERM LOANS AND ADVANCES		
Deposits – Current	3,588	3,588
Prepaid Expenses – Current	1,45,75,585	1,10,32,910
	<u>1,45,79,173</u>	<u>1,10,36,498</u>
Note 2.07		
OTHER CURRENT ASSETS		
Receivables from Related Party	13,89,49,422	15,33,53,727
	<u>13,89,49,422</u>	<u>15,33,53,727</u>
	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Note 2.08		
SERVICE REVENUE AND OTHER OPERATING INCOME		
Enterprise Value Added Services	27,36,23,623	40,75,47,367
	<u>27,36,23,623</u>	<u>40,75,47,367</u>
Note 2.09		
NETWORK OPERATION EXPENSES		
Network Operating Expenses	24,10,04,629	39,30,84,401
	<u>24,10,04,629</u>	<u>39,30,84,401</u>
Note 2.10		
FINANCE CHARGES		
Financial Cost	1,66,033	70,760
	<u>1,66,033</u>	<u>70,760</u>
Note 2.11		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Legal Fees	17,357	-
Information Technology Support	3,369	813
Bank Charges	7,61,907	7,06,537
Contracted Services	29,26,552	96,15,680
Foreign Exchange Fluctuation Loss	52,44,554	40,10,123
Other General and Administrative Expenses	43,25,174	79,348
Payment to Auditors	5,07,893	3,79,687
	<u>1,37,86,806</u>	<u>1,47,92,188</u>

Vanco ROW Limited

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

Note 2.12

BACKGROUND AND ORGANISATION

Vanco Row Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

Vanco Row Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.13

Earnings Per Share

Amount in ₹ except number of shares		
	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	18,666,155	(3,99,982)
B Weighted average number of share of GBP 1 each used as denominator for calculating Basic and Diluted EPS	2	2
C Basic and Diluted Earnings / (Loss) per Share (A/B)	9,333,078	(199,991)

Note 2.14

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.15

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Vanco Group Limited
 - ii) Vanco UK Limited
- b) Enterprises as affiliated companies are:
 - i) Vanco International Limited
 - ii) Vanco Global Limited
 - iii) VNO Direct Limited
 - iv) Vanco SAS
 - v) Euronet Spain SA
 - vi) Vanco Srl
 - vii) Vanco GmbH
 - viii) Vanco Deutschland GmbH
 - ix) Vanco Switzerland A.G.
 - x) Vanco B.V.
 - xi) Vanco Benelux BV
 - xii) Vanco NV
 - xiii) Vanco US LLC
 - xiv) Vanco Solutions Inc.
 - xv) Vanco Australasia Pty. Limited
 - xvi) Vanco (Asia Pacific) Pte. Limited

Vanco ROW Limited

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

c) Summarized below are the transactions entered into with related parties:

Name of the Entity	During the Year 2014-2015		During the Year 2013-2014		Year End Balances as on 31.03.2015	Amount in ₹
	Service Income	Network Operating Expenses	Service Income	Network Operating Expenses	Other Current Assets	Year End Balances as on 31.03.2014 Other Current Assets
Vanco UK Limited	4,45,17,742	172331	9,38,76,082	-	13,89,49,422	15,33,53,727
Vanco (Asia Pacific) Pte. Limited	8,54,320	-	4,32,350	-	-	-
Vanco GmbH	8,98,90,020	-	11,47,33,916	-	-	-
Vanco Deutschland GmbH	1,26,33,342	-	1,85,14,031	-	-	-
Vanco SRL (Italy)	1,06,67,624	-	1,54,48,425	-	-	-
Vanco BV (Holland)	63,99,088	-	1,01,34,191	-	-	-
Euronet Spain SA	51,57,238	-	64,97,085	-	-	-
Vanco SAS (France)	3,12,47,391	-	5,78,66,173	-	-	-
Vanco Australasia Pty Limited	20,82,703	-	36,24,384	-	-	-
Vanco NV	41,153	-	12,61,646	-	-	-
Vanco Solutions Inc.	19,37,533	-	44,76,954	-	-	-
Vanco US LLC	2,33,72,280	-	5,57,16,059	-	-	-
Vanco International Limited	-	-	82,545	-	-	-
Vanco Global Limited	2,77,59,862	-	83,19,879	-	-	-

Note 2.16

The amounts relating to Balance Sheet items appearing in Amount in ₹ have been translated at Closing Rate of 1 GBP = INR 92.47 (Previous year 1 GBP = INR 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = INR 98.62 and (Previous year 1 GBP = INR 95.97).

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Vanco ROW

Andrew Goldie

Director

Independent Auditor's Report

To

The Board of Directors of VNO Direct Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of VNO Direct Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

VNO Direct Limited

Balance Sheet as at March 31, 2015

	Note	As at 31st Mar, 2015	Amount in ₹ As at 31st March, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	4,80,84,400	5,18,77,800
Reserves and Surplus	2.02	(35,77,76,910) (30,96,92,510)	(38,54,03,502) (33,35,25,702)
Current Liabilities			
Other Current Liabilities	2.03	30,96,92,510	
		30,96,92,510	33,35,25,702
TOTAL		-	-
ASSETS			
Non Current Assets			
Non Current Investment	2.04	-	-
TOTAL		-	-
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our Report attached

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

Shridhar Mirani
Partner
Membership No : 030006

Place : Mumbai
Date : May 28, 2015

For VNO Direct Limited

Andrew Goldie **Director**

VNO Direct Limited

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

	Note	For the year ended March 31, 2015		Amount in ₹ For the year ended March 31, 2014	
INCOME					
Other Income			-		-
			<u>-</u>		<u>-</u>
EXPENDITURE					
Sales and General Administration Expenses	2.05	<u>5,91,720</u>	<u>5,91,720</u>	<u>5,75,808</u>	5,75,808
PROFIT/ (LOSS) BEFORE TAX			<u>(5,91,720)</u>		<u>(5,75,808)</u>
Provision for:					
- Current Tax			-		-
PROFIT/ (LOSS) FOR THE YEAR			<u><u>(5,91,720)</u></u>		<u><u>(5,75,808)</u></u>
Basic and Diluted Earning Per Share	2.07		(0.001)		(0.001)
Significant Accounting Policies	1				
Notes forming part of Financial Statements	2				
As per our Report attached			For VNO Direct Limited		
For Shridhar & Associates			Andrew Goldie Director		
Chartered Accountants					
Regn. No. 134427W					
Shridhar Mirani					
Partner					
Membership No : 030006					
Place : Mumbai					
Date : May 28, 2015					

VNO Direct Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss) before tax as per Profit and Loss Account	(5,91,720)	(5,75,808)
Adjusted for:		
Effects of Exchange Difference on Translation of Assets and Liabilities	2,44,24,912	(2,43,67,024)
Operating Profit/(Loss) before Working Capital Changes	2,38,33,192	(2,49,42,832)
Adjusted for:		
Trade Payables	(2,38,33,192)	2,49,42,832
	(2,38,33,192)	2,49,42,832.00
Cash Generated from Operations	-	-
Net Cash from Operating Activities	-	-
B CASH FLOW FROM INVESTING ACTIVITIES		
Net Cash Used in Investing Activities	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Net Cash from Financing Activities	-	-
Net Increase/ (Decrease) in Cash and Bank Balances	-	-
Opening Balance of Cash and Bank Balances	-	-
Closing Balance of Cash and Bank Balances	-	-

As per our Report attached

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

Shridhar Mirani
Partner
Membership No : 030006

Place : Mumbai
Date : May 28, 2015

For VNO Direct Limited

Andrew Goldie **Director**

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition

A network contract typically covers the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Turnover relating to the initial part of the contract is recognized over the contract implementation period. The remainder of the contract value is recognized evenly over the period of the contract.

To the extent that the recognition differs from the contractual billing terms, either turnover is accrued or amounts billed in advance are treated as deferred income.

c) Employee Benefits

Pension Obligations

Group companies operate employees' personal pension schemes. The schemes are funded through payments to insurance companies as defined contribution plans.

The group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

Bonus Plans

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Commissions

Commissions payable to staff on securing new contracts which are directly attributable to the contract, are recognized as a period cost as and when incurred.

d) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

e) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

f) Fixed Assets

Accounting of Tangible Fixed Assets

All Tangible Fixed Assets is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit & Loss Account during the financial period in which they are incurred.

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

Depreciation on assets is calculated using the straight –line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements..... Over the period of the lease

Computer equipment..... 3 to 5 years.

Fixtures, fittings and equipment..... 3 to 5 years.

Motor Vehicles..... 5 years.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. Borrowing costs incurred for the construction of any qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Intangible Assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years).

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the costs of software development employees and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

g) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency current assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) Exchange differences arising on repayment / translation of foreign currency liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of respective fixed assets.
- iv) In respect of transactions related to the overseas subsidiaries, all revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions of all overseas subsidiaries which are integral to the Company are recognised in the Profit and Loss Account.

h) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent Assets are neither recognised nor disclosed in the financial statements.

VNO Direct Limited

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

	As at March 31, 2015	Amount in ₹ As at 31st March, 2014
Note 2.01		
SHARE CAPITAL		
Authorised		
520,000,000 (520,000,000) Ordinary shares @£0.001 per share	4,80,84,400	5,18,77,800
	4,80,84,400	5,18,77,800
Issued, Subscribed and Paid up		
520,000,000 (520,000,000) Ordinary shares @£0.001 per share fully paid up	4,80,84,400	5,18,77,800
	4,80,84,400	5,18,77,800

a) Shares held by Holding Company and subsidiary of Holding Company				
	No. of Shares			No of Shares
Ordinary Shares				
Reliance Vanco Group Limited	520,000,000			520,000,000
b) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Particulars	% of Holding	No. of Shares	% of Holding	No of Shares
Ordinary Shares				
Reliance Vanco Group Limited	100	520,000,000	100	520,000,000
c) Terms/ Rights attached to the shares				
The Company has ordinary shares having a par value of £ 0.001 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.				
d) Reconciliation of ordinary shares outstanding at the beginning and at the end of the year				
	No of Shares	Amount ₹	No of Shares	Amount ₹
Ordinary Shares				
Balance as at the beginning of the year	520,000,000	4,80,84,400	520,000,000	5,18,77,800
Add: Movement for the year	-	-	-	-
At the end of the year	520,000,000	4,80,84,400	520,000,000	5,18,77,800

Note 2.02

RESERVES AND SURPLUS

Exchange Fluctuation Reserve	2,81,95,530	(22,782)
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Surplus in Statement of Profit and Loss

As per last Balance Sheet	(38,53,80,720)	(38,48,04,912)
Add: Profit/(Loss) during the year	(5,91,720)	(5,75,808)
	(38,59,72,440)	(38,53,80,720)
	(35,77,76,910)	(38,54,03,502)

Note 2.03

OTHER CURRENT LIABILITIES

Payable to Related Parties	30,96,92,510	33,35,25,702
	30,96,92,510	33,35,25,702

Note 2.04

NON CURRENT INVESTMENT

Traded Investment (Valued at cost)		
Unquoted fully paid up		
1000 (1000) Ordinary shares of Vanco Solutions Inc.		
@ \$ 0.10 each	-	-

VNO Direct Limited

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

	For the year ended March 31, 2015	For the year ended March 31, 2014
Note 2.05		
SALES AND GENERAL ADMINISTRATION EXPENSES		
Audit Fees	5,91,720	5,75,808
	<u>5,91,720</u>	<u>5,75,808</u>

Note 2.06

BACKGROUND AND ORGANISATION

VNO Direct Limited is a virtual Network operator. The Company provides enterprise clients with managed network solutions including the design, integration, implementation, security and management of global corporate networks. The Company provides IT Outsourcers enabling the sub-contract of the above service package as part of a wider IT outsourcing solution.

VNO Direct Limited is asset-light, instead purchasing infrastructure from the hundreds of carriers globally, the company get the best prices for clients, design a solution using the most appropriate technology to meet customers' global requirements, and is 100% focused on delivering the highest quality customer service.

Note 2.07

Earnings Per Share

	Amount in ₹	Except number of shares
	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	(591,720)	(575,808)
B Weighted average number of share of GBP 0.001 each used as denominator for calculating Basic and Diluted EPS	520,000,000	520,000,000
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(0.001)	(0.001)

Note 2.08

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the Financial Statements as of and for the period ended March 31, 2015.

Note 2.09

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- Parties where control exist:
Reliance Vanco Group Limited
- Enterprises as affiliated companies are:
Vanco Global Limited

Name of the Entity	Year End Balances March 31, 2015	Year End Balances March 31, 2014
	Other Current Liabilities	Other Current Liabilities
Reliance Vanco Group Limited	308,028,050	333,525,702

VNO Direct Limited

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

Note 2.10

The previous years figures have been reworked, regrouped, rearranged and Reclassified whenever necessary.

Note 2.11

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 GBP = ₹ 92.47 (Previous year 1 GBP = ₹ 99.77) and items relating to profit and loss have been translated at average rate of 1 GBP = ₹ 98.62 and (Previous year 1 GBP = ₹ 95.97).

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For VNO Direct Limited

Andrew Goldie

Director

Yipes Holdings Inc.

Balance Sheet as at March 31, 2015

		As at	Amount in ₹
	Note	March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	19,74,66,60,938	18,92,99,39,041
Reserves and Surplus	2.02	(10,12,500)	(25,16,430)
		<u>19,74,56,48,438</u>	<u>18,92,74,22,611</u>
Current Liabilities			
Trade Payable	2.03	4,19,062	4,01,730
Other Current Liabilities	2.04	6,25,000	21,44,957
		<u>10,44,062</u>	<u>25,46,687</u>
Total		<u><u>19,74,66,92,500</u></u>	<u><u>18,92,99,69,298</u></u>
ASSETS			
Non Current Assets			
Non Current Investments	2.05	18,37,16,92,500	18,92,99,69,298
Long Term Loans and Advances	2.06	1,37,50,00,000	-
		<u>19,74,66,92,500</u>	<u>18,92,99,69,298</u>
Current Assets:			
Cash and Bank Balances		-	-
		<u>-</u>	<u>-</u>
Total		<u><u>19,74,66,92,500</u></u>	<u><u>18,92,99,69,298</u></u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Yipes Holdings Inc

Wilfred Kwan

Janet Traxell

} Directors

Place : Mumbai

Date : May 28, 2015

Yipes Holdings Inc.

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

			Amount in ₹
	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Other Income	2.07	<u>20,66,971</u>	-
		<u>20,66,971</u>	-
Expenditure			
Sales and General Administration Expenses	2.08	<u>4,89,224</u>	4,83,704
		<u>4,89,224</u>	4,83,704
Profit/(Loss) Before Tax		<u>15,77,747</u>	(4,83,704)
Provision for taxation			
- Current Tax		-	-
- Deferred Tax		-	-
Profit /(Loss) After Tax		<u>15,77,747</u>	(4,83,704)
Basic and Diluted Earning Per Share of US\$ 0.01 per share	2.09	14,608	(4,479)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For Yipes Holdings Inc

Wilfred Kwan

Janet Traxell

} Directors

Place : Mumbai

Date : May 28, 2015

Yipes Holdings Inc.

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax and Minority Interest	15,77,747	(4,83,704)
Adjustments for:		
Foreign Exchange Adjustment	(75,122)	(1,89,879)
	<u>15,02,625</u>	<u>(6,73,583)</u>
Operating Profit before Working Capital Changes		
Changes in Working Capital:		
(Increase) / Decrease in Trade Receivable	15,02,625	(6,73,583)
(Increase) / Decrease in Loans and Advances and Other Assets	-	-
	-	-
Taxes Paid	-	-
Net Cash Generated from Operating Activities (A)	<u>-</u>	<u>-</u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	-	-
Net Cash (Used in) Investing Activities (B)	<u>-</u>	<u>-</u>
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	-	-
Net Cash (Used in)/Generated from Financing Activities (C)	<u>-</u>	<u>-</u>
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	-	-
Add: Cash and Cash Equivalents at the beginning of the year	-	-
Cash and Cash Equivalents at the close of the year	<u>-</u>	<u>-</u>

Note:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 – Cash Flow Statement issued by the Institute of Chartered Accountants of India

For Yipes Holdings Inc

Wilfred Kwan

Janet Traxell

} Directors

Place : Mumbai

Date : May 28, 2015

Yipes Holdings Inc.

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

NOTE # 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards as issued by the Institute of Chartered Accountants of India.

b) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

c) Accounting for Investment

Interest on investments which are reinvested in cash funds are treated as short term investments and are classified as current investments. The carrying amount for the current investments is lower of cost or fair value.

d) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
--	-------------------------	--

NOTE # 2.01

Share Capital

Authorised

1000 Equity Shares of US \$ 0.01 each

625	599
625	599

Issued Subscribed and Paid up:

108 Equity Shares of US \$ 0.01 each fully paid up

Additional paid in capital

68	65
19,74,66,60,870	18,92,99,38,976
19,74,66,60,938	18,92,99,39,041

a) Ordinary Shares held by Holding Company

	No. of Shares	No of Shares
a) Flag Telecom Group Services Limited	108	100
b) Reliance Globalcom BV	-	8
	108	108

b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	% of Holding	No. of Shares	% Holding	No of Shares
Ordinary Shares				
Flag Telecom Group Services Limited	100	108	93	100
Reliance Globalcom BV	-	-	7	8
	100	108	100	108

c) Terms / Right attached to Equity Shares

The Company has only one class of equity shares having a per value of \$0.01 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 shareholders.

d) Reconciliation of number of Ordinary Shares

	No of Shares	Amount ₹	No of Shares	Amount ₹
Balance as at the beginning of the year	108	68	108	65
Add: Movement for the year	-	-	-	-
At the end of the year	108	68	108	65

Yipes Holdings Inc.

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.02		
Reserves and Surplus		
Foreign Exchange Translation Reserve	(69,433)	4,384
Surplus/(Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	(25,20,814)	(20,37,110)
Add: Profit/ (Loss) for the year	15,77,747	(4,83,704)
	<u>(9,43,067)</u>	<u>(25,20,814)</u>
	<u>(10,12,500)</u>	<u>(25,16,430)</u>
NOTE # 2.03		
Trade Payables		
Trade Payables	-	-
Other Contractual Obligations	4,19,062	4,01,730
	<u>4,19,062</u>	<u>4,01,730</u>
NOTE # 2.04		
Other Current Liabilities		
Other Payable	6,25,000	21,44,957
	<u>6,25,000</u>	<u>21,44,957</u>
NOTE # 2.05		
Non Current Investments		
Trade Investment (Valued at cost)		
Unquoted, fully paid up		
Investment in Subsidiaries:		
1 (1) Equity Share of Reliance Globalcom Servises Inc. of US\$ 0.001 each	18,37,16,92,500	17,61,18,39,298
Nil (100) Equity Share of Reliance Infocom Inc. without par value	-	1,31,81,30,000
	<u>18,37,16,92,500</u>	<u>18,92,99,69,298</u>
NOTE # 2.06		
Long Term Loans and Advances		
Receivables from Related Party (Refer Note 2.11)	1,37,50,00,000	-
	<u>1,37,50,00,000</u>	<u>-</u>
	For the year ended March 31, 2015	For the year ended March 31, 2014
NOTE # 2.07		
Other Income		
Provision no longer required	20,66,971	-
	<u>20,66,971</u>	<u>-</u>
NOTE # 2.08		
Sales and General Administration Expenses		
Payment to auditors	4,89,224	4,83,704
	<u>4,89,224</u>	<u>4,83,704</u>

Yipes Holdings Inc.

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

NOTE # 2.09

Earnings Per Share

(Indian Rupees except number of shares)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A Profit / (Loss) after Tax	15,77,747	(4,83,704)
B Weighted average number of share of US \$ 0.01 each used as denominator for calculating Basic and Diluted EPS	108	108
C Basic and Diluted Earnings / (Loss) per Share (A/B)	14,608	(4,479)

NOTE # 2.10

Previous period figures are regrouped/ rearranged wherever found necessary.

NOTE # 2.11

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
- i) FLAG Telecom Group Services Limited (FTGSL) (Parent Company)

Summarized below are the transactions entered into with the related parties:

Nature of Transactions	Amount in ₹ FTGSL
During the year April 1, 2014 to March 31,2015	
Long Term Loans and Advances	1,375,000,000
Previous Year	-

NOTE # 2.12

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = Rs. 62.50 (Previous year 1 USD = Rs. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 61.153 and (Previous year 1 USD = Rs. 60.463)

For Yipes Holdings Inc

Wilfred Kwan

Janet Traxell

} Directors

Place : Mumbai

Date : May 28, 2015

Independent Auditor's Report

To

The Board of Directors of Reliance Globalcom Services Inc.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Globalcom Services Inc. ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the 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 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 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 financial 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 whether the Company has in place an adequate Internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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 31st March, 2015 and its loss and its cash flows for the year ended on that date.

Other Reporting Requirements

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.

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.

Other Matters

This report is issued for the information and use of the Board of Directors of the Company and of Reliance Communications Limited, the holding company in India to comply with the financial reporting requirements in India and should not be used for any other purposes without our prior written consent.

For Shridhar & Associates
Chartered Accountants
Firm Registration No.: 134427W

Shridhar Mirani
Partner
Membership No. 030006

Place: Mumbai
Dated: May 28, 2015

Reliance Globalcom Services Inc.

Balance Sheet as at March 31, 2015

	Note	As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	18,37,16,60,987	17,61,18,09,088
Reserves and Surplus	2.02	(7,75,79,75,529)	(6,01,56,40,010)
		<u>10,61,36,85,458</u>	<u>11,59,61,69,078</u>
Non Current Liabilities			
Other Long Term Liabilities	2.03	1,26,42,80,280	2,72,65,68,214
		<u>1,26,42,80,280</u>	<u>2,72,65,68,214</u>
Current Liabilities			
Short Term Borrowings	2.04	1,92,96,09,696	54,18,23,254
Trade Payable	2.05	1,13,33,29,184	1,22,09,01,404
Other Current Liabilities	2.06	34,02,67,671	38,86,05,560
Short Term Provision	2.07	3,55,45,455	3,35,64,159
		<u>3,43,87,52,006</u>	<u>2,18,48,94,377</u>
TOTAL		<u><u>15,31,67,17,744</u></u>	<u><u>16,50,76,31,669</u></u>
ASSETS			
Non Current Assets			
Fixed Assets	2.08		
Tangible Assets		2,94,81,58,034	4,58,10,78,802
Intangible Assets		-	19,51,51,725
Capital Work-in-Progress		21,28,21,673	22,53,70,189
		<u>3,16,09,79,707</u>	<u>5,00,16,00,716</u>
Goodwill	2.09	11,57,72,79,302	11,09,84,43,030
Non Current Investment	2.10	63	60
Long Term Loans and Advances	2.11	12,00,80,142	10,39,41,159
Other Non-Current Assets	2.12	6,63,62,187	3,21,62,072
		<u>14,92,47,01,401</u>	<u>16,23,61,47,032</u>
Current Assets:			
Trade Receivables	2.13	16,51,49,678	16,44,45,677
Cash and Bank Balances	2.14	6,36,04,186	1,91,88,959
Short Term Loans and Advances	2.15	16,32,62,479	8,78,50,000
		<u>39,20,16,343</u>	<u>27,14,84,636</u>
TOTAL		<u><u>15,31,67,17,744</u></u>	<u><u>16,50,76,31,669</u></u>
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Reliance Globalcom Services Inc.

Wilfred Kwan

Janet Troxell

} Directors

Reliance Globalcom Services Inc.

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

		For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
Income			
Service Income	2.16	2,78,79,81,458	3,11,60,37,847
Other Income	2.17	7,19,29,962	2,79,84,761
		<u>2,85,99,11,420</u>	<u>3,14,40,22,608</u>
Expenditure			
Network Operation Expenses	2.18	2,34,34,86,583	2,45,65,36,024
Employee Benefits Expense	2.19	73,35,26,561	80,01,88,737
Finance Charges	2.20	16,95,39,733	16,52,04,282
Depreciation and Amortization Expense	2.21	67,86,23,037	78,22,84,501
Sales and General Administration Expenses	2.22	38,02,98,194	33,65,60,618
		<u>4,30,54,74,108</u>	<u>4,54,07,74,162</u>
Profit/(Loss) Before Tax		<u>(1,44,55,62,688)</u>	<u>(1,39,67,51,554)</u>
Provision for taxation			
– Current Tax		53,90,314	40,82,009
Profit /(Loss) After Tax		<u>(1,45,09,53,002)</u>	<u>(1,40,08,33,563)</u>
Basic and Diluted Earning Per Share of USD 0.0001 each	2.27	(1,45,09,53,002)	(1,40,08,33,563)
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Reliance Globalcom Services Inc.

Wilfred Kwan

Janet Troxell

} **Directors**

Reliance Globalcom Services Inc.

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax and Minority Interest	(1,450,953,002)	(1,400,833,563)
Adjustments for:		
Depreciation and Amortisation	678,623,037	782,284,501
Interest Income/Provision no longer required	(59,848,569)	27,984,761
Effects of Exchange Difference on Translation of Assets & Liabilities (FCTR)	(10,366,893)	537,377,981
Finance Charges	169,539,733	165,204,282
	777,947,307	1,512,851,526
Operating Profit before Working Capital Changes	(673,005,695)	112,017,962
Adjustments for:		
(Decrease) / Increase in Trade and Other Receivables	(126,455,578)	185,405,894
(Decrease) / Increase in Trade Payables	(182,236,646)	268,954,775
	(308,692,224)	454,360,670
	(981,697,918)	566,378,632
Income Taxes Paid	-	-
Net Cash (decrease)/Increase from Operating Activities (A)	(981,697,918)	566,378,632
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (Including Capital Work in Progress)	(251,982,133)	(867,886,491)
Investment	-	-
Interest Received	59,848,569	(27,984,761)
Net Cash Used in Investing Activities (B)	192,133,564	(895,871,251)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	(169,539,733)	(165,204,282)
Additional Paid in Capital	-	-
Short term Borrowing	1,387,786,443	487,655,835
Net Cash Used in Financing Activities (C)	1,218,246,709	322,451,553
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)	44,415,227	(7,041,067)
Cash and Cash Equivalents at the Beginning of the year	19,188,959	26,230,026
Cash and Cash Equivalents at the End of the year	63,604,186	19,188,959

As per our Report attached

For Shridhar & Associates

Chartered Accountants
Regn. No. 134427W

Shridhar Mirani

Partner

Membership No : 030006

Place : Mumbai

Date : May 28, 2015

For Reliance Globalcom Services Inc.

Wilfred Kwan

Janet Troxell

} **Directors**

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

NOTE # 1

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Revenue Recognition and Cost of Revenue

The Company recognizes service revenue in the month in which the service is provided. Fees related to activation of services are deferred and recognized over the expected term of the related service agreement. Expenses related to services provided are expensed as incurred, except in the case of nonrecurring charges, which are deferred and recognized over the expected term of the underlying agreement.

c) Network Costs

Network costs include costs associated with service delivery, network management and customer support. This includes the cost of personnel and related operating expenses, network facilities costs, fiber maintenance fees, leased circuit costs, and access fees paid to building owners.

d) Employee Benefits

Effective July 1, 2002, the Company adopted a defined contribution retirement plan, which covers substantially all employees. Eligible employees may contribute amounts to the plan, via payroll withholding, subject to certain limitations. The Company does not match contributions by plan participants.

e) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

f) Accounting for Taxes on Income

Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates after considering exemptions and deductions available under the Income Tax Laws of the respective countries of the subsidiaries. Tax expense comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income Tax payable in respect of the taxable income 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.

g) Fixed Assets

i) Accounting of Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition or construction (except revalued assets) including financing cost till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising from exchange rate variations, directly attributable to fixed assets. Intellectual is stated at cost of acquisition less accumulated amortization.

Costs incurred prior to the capital project's completion are reflected as construction in progress, which is reclassified to fixed assets on the date of completion of project and which is placed in service. Construction in progress is stated at cost. Capitalized costs include costs incurred under the construction contract, engineering and consulting fees, legal fees related to obtaining landing right licenses, interest costs related to program management, costs for the route surveys, indirect costs associated with cable systems and points of presence ("PoPs"), and other costs incurred in the development of the Company's global network.

ii) Depreciation / Amortization

Depreciation on fixed assets is provided on straight-line method on prorated basis based on the useful life of the fixed asset as follows:

- | | |
|--------------------------------|--|
| 1. Computer equipment..... | 3 to 5 years. |
| 2. Fixtures and fittings..... | 5 to 7 years. |
| 3. Leasehold improvements..... | Shorter of the remaining lease term, ranging from 1 to 5 years or useful life. |

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

- | | |
|--------------------------|---|
| 4. Vehicles..... | 3 to 5 years. |
| 5. Office Equipment..... | 3 to 5 years. |
| 6. Network Assets..... | 3 to 20 years or remaining useful life. |

Depreciation on any capitalization due to modifications, improvements of the assets is restricted to the useful life of the fixed asset.

iii) Intangible Assets

Intangible assets consist of intellectual property, trade names and trademarks, and building access rights. The carrying value of the Company's intangible assets as of March 31, 2009 is based on their estimated fair value, as determined through the purchase price allocation resulting from the acquisition of the Company by FLAG (Refer Note 1) less impairment charges, if any, less accumulated amortization. The period of amortization of the intangible assets are as follows:

- | | |
|---------------------------------|---------|
| Intellectual Property..... | 7 years |
| Trade names and trademarks..... | 5 years |
| Building Access Rights | 5 years |

iv) 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 Profit and Loss Account 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 amount. The recoverable amount is higher of net selling price and value in use.

h) Effects of Changes in Foreign Currency Rates

- i) All foreign currency transactions are recorded at the rates prevailing on the date of transaction.
- ii) All foreign currency monetary assets and liabilities are translated at the exchange rate prevailing at the year-end and the exchange difference has been ascertained and recognised in the books of accounts.
- iii) All revenue and expenses transactions during the period are reported at average rate. Monetary assets and liabilities are translated at the prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of transaction. Net gain / loss on foreign currency translation in respect of transactions are recognised in the Profit and Loss Account.

i) Accounting for Investment

Interest on investments which are reinvested in cash funds are treated as short term investments and are classified as current investments. The carrying amount for the current investments is lower of cost or fair value.

j) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Reliance Globalcom Services Inc.

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.01		
Share Capital		
Authorised	-	-
US\$ 0.0001 – divided into 1 ordinary shares of US\$0.0001 each	-	-
Issued Subscribed and Paid up:		
US\$ 0.0001 – divided into 1 ordinary shares of US\$0.0001 each	-	-
Additional paid in capital	18,37,16,60,987	17,61,18,09,088
	18,37,16,60,987	17,61,18,09,088

a) Ordinary Shares held by Holding Company

	No. of Shares	No of Shares
Yipes Holding Inc	1	1
	1	1

b) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	% of Holding	No. of Shares	% Holding	No of Shares
Ordinary Shares				
Yipes Holding Inc	100	1	100	1
	100	1	100	1

c) Terms / Right attached to Equity Shares

The Company has only one class of equity shares having a per value of \$ 0.0001 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 shareholders.

d) Reconciliation of number of Ordinary Shares

	No of Shares	Amount ₹	No of Shares	Amount ₹
Balance as at the beginning of the year	1	-	1	-
Add: Movement for the year	-	-	-	-
At the end of the year	1	-	1	-

NOTE # 2.02

Reserves and Surplus

Foreign Exchange Translation Reserve	(27,87,23,207)	1,26,59,310
--------------------------------------	----------------	-------------

Surplus/(Deficit) Statement in Profit and Loss

As per last Balance Sheet	(6,02,82,99,320)	(4,62,74,65,757)
Add: Profit/ (Loss) for the year	(1,45,09,53,002)	(1,40,08,33,563)
	(7,47,92,52,322)	(6,02,82,99,320)
	(7,75,79,75,529)	(6,01,56,40,010)

NOTE # 2.03

Other Long Term Liabilities

Customer Deposits	1,76,92,023	1,43,23,490
Finance Lease Obligation	1,24,29,07,728	2,70,83,23,822
Unearned Income	36,80,529	39,20,902
	1,26,42,80,280	2,72,65,68,214

Reliance Globalcom Services Inc.

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.04		
Short Term Borrowings		
Payable to Related Parties (Refer Note 2.27)	1,92,96,09,696	54,18,23,254
	<u>1,92,96,09,696</u>	<u>54,18,23,254</u>
NOTE # 2.05		
Trade Payables		
Trade Payables	1,10,41,00,146	1,10,74,31,317
Accruals for Network expenses	16,31,582	10,26,84,522
Other Liabilities/Accrued Expense	2,75,97,456	1,07,85,565
	<u>1,13,33,29,184</u>	<u>1,22,09,01,404</u>
NOTE # 2.06		
Other Current Liabilities		
Current portion of Finance Lease Obligation	11,02,23,371	20,11,83,375
Unearned Income-current	94,33,808	91,63,560
Advance from Customers	5,95,98,003	3,24,48,246
Employee benefits payable	5,55,05,452	6,85,32,923
Statutory due	10,25,92,176	7,35,36,228
Capital Creditor and Provision	29,14,861	37,41,228
	<u>34,02,67,671</u>	<u>38,86,05,560</u>
NOTE # 2.07		
Short Term Provisions		
Provision for leave encashment	3,41,67,558	3,35,64,159
Provision for Income Tax	13,77,897	-
Income Tax (Provison for Tax 105247 & advanced tax paid 72,321 P.Y. Provison for Tax 191,906 & advanced tax paid 191,906)	<u>3,55,45,455</u>	<u>3,35,64,159</u>

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

Particulars	Gross Block			Depreciation			Net Block	
	As at April 1, 2014	Additions during the year	Deductions/ adjustments including CTR	As at March 31, 2015	For the year	Deductions/ adjustments including CTR	As at March 31, 2015	As at March 31, 2014
Tangible Assets								
Leasehold Improvement	7,82,98,298		(33,78,137)	8,16,76,435	-	(33,78,137)	-	-
Office Equipment	88,01,651	4,60,667	(3,89,889)	96,52,207	5,20,799	(3,51,557)	8,97,378	9,19,177
Computers	35,31,50,018	56,74,177	(1,53,61,448)	37,41,85,644	49,05,003	(1,51,66,912)	50,79,988	41,16,276
Furniture and Fixtures	3,87,96,007		(16,73,833)	4,04,69,839	39,17,206	(15,18,908)	18,28,428	55,90,709
Vehicles-Owned	26,05,699		(1,12,421)	27,18,121	-	(1,12,421)	-	-
Network Assets	4,33,45,01,842	6,56,93,639	(18,84,56,718)	4,58,86,52,199	20,93,38,284	(12,73,83,010)	1,40,63,28,266	1,48,88,99,203
Asset Taken on Finance Lease								
Dark Fibre Lease	4,53,42,07,595		1,85,90,80,334	2,67,51,27,261	26,02,26,003	57,22,55,033	1,53,29,90,535	3,08,00,41,840
Vehicles	1,06,96,650		(4,61,501)	1,11,58,151	5,31,679	(4,07,995)	1,03,424	15,11,597
Sub Total	9,36,10,57,760	7,18,28,483	1,64,92,46,386	7,78,36,39,857	47,94,38,973	42,39,36,093	2,94,81,58,034	4,58,10,78,802
Previous year	8,59,17,98,419	15,44,16,369	(61,48,42,972)	9,36,10,57,760	50,58,82,164	(33,77,43,286)	4,77,99,78,958	
Intangible Assets								
Intangible-Building Access	41,94,05,000		(1,80,95,000)	43,75,00,000		(1,80,95,000)	-	-
Intangible-Intellectual Property Rights	1,91,72,80,000		(8,27,20,000)	2,00,00,00,000	19,91,84,063	(7,86,87,662)	-	19,51,51,725
Intangible-Trademark	17,97,45,000		(77,55,000)	18,75,00,000		(77,55,000)	-	-
Sub Total	2,51,64,30,000	-	(10,85,70,000)	2,62,50,00,000	19,91,84,063	(10,45,37,662)	-	19,51,51,725
Previous year	2,27,99,70,000	-	(23,64,60,000)	2,51,64,30,000	27,64,02,337	(18,98,79,949)	2,32,12,78,275	
Total	1,87,74,87,760	7,18,28,483	1,54,06,76,386	10,40,86,39,857	67,86,23,037	31,93,98,431	2,94,81,58,034	4,77,62,30,527
Previous year	10,87,17,68,419	15,44,16,369	(85,13,02,972)	11,87,74,87,760	78,22,84,501	(52,76,23,234)	4,77,62,30,527	
Capital Work in Progress							21,28,21,672	22,53,70,189

NOTE # 2.08
Fixed Assets

Reliance Globalcom Services Inc.

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.09		
Goodwill		
Goodwill	11,57,72,79,302	11,09,84,43,030
	<u>11,57,72,79,302</u>	<u>11,09,84,43,030</u>
NOTE # 2.10		
Non Current Investment		
Trade Investment (valued at cost)		
1 (1) share of YTV Inc.	63	60
	<u>63</u>	<u>60</u>
NOTE # 2.11		
Long-Term Loans and Advances		
Advances recoverable in cash and kind		
Deposits	6,39,83,939	5,45,56,494
Prepaid Expenses – Long Term	2,51,58,703	1,94,88,038
Deposit Others	3,09,37,500	2,96,57,925
Advance Tax	-	2,38,702
	<u>12,00,80,142</u>	<u>10,39,41,159</u>
NOTE # 2.12		
Other Non-Current Assets		
Deposits with banks	6,63,62,187	3,21,62,072
	<u>6,63,62,187</u>	<u>3,21,62,072</u>
NOTE # 2.13		
Trade Receivable (Unsecured)		
Due for More than Six months		
Considered Good	-	-
Considered Doubtful	43,86,49,181	40,13,63,395
	<u>43,86,49,181</u>	<u>40,13,63,395</u>
Others:		
Considered Good	16,51,49,678	16,44,45,677
Considered Doubtful	1,77,74,188	1,64,37,453
	<u>62,15,73,046</u>	<u>58,22,46,525</u>
Less: Provision for Doubtful Debts	45,64,23,368	41,78,00,848
	<u>16,51,49,678</u>	<u>16,44,45,677</u>
	<u>16,51,49,678</u>	<u>16,44,45,677</u>
NOTE # 2.14		
Cash and Bank Balances		
Cash on hand	-	-
Balance with Banks		
– Current Accounts	6,36,04,186	1,91,88,959
	<u>6,36,04,186</u>	<u>1,91,88,959</u>

Reliance Globalcom Services Inc.

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

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
NOTE # 2.15		
Short-Term Loans and Advances		
Advance for supplier of goods and rendering of services	2,40,533	-
Prepaid Expenses	9,29,18,383	7,96,09,770
Receivable from Related Parties (Refer Note 2.27)	7,01,03,564	82,40,230
	<u>16,32,62,479</u>	<u>8,78,50,000</u>

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE #2.16		
Service Income		
Internet Protocol	2,78,79,81,458	3,11,60,37,847
	<u>2,78,79,81,458</u>	<u>3,11,60,37,847</u>

NOTE #2.17		
Other Income		
Interest Income	15,058	3,539
Provisions no longer required	-	74,63,372
Gain On Foreign Exchange	67,09,757	12,91,648
Miscellaneous Income	30,69,579	1,20,89,894
Profit / (Loss) Sale on Assets	6,21,35,568	71,36,308
	<u>7,19,29,962</u>	<u>2,79,84,761</u>

NOTE #2.18		
Network Operation Expenses		
Equipment Maintenance and Support	21,40,89,167	17,64,21,840
Landing Stations and Point of Presence costs	42,07,73,430	44,88,38,783
Terrestrial Cable, Inland Amplifier and Regenerator Sites	1,64,81,83,148	1,79,26,33,388
Internet Protocol Expense	6,04,40,838	3,86,42,013
	<u>2,34,34,86,583</u>	<u>2,45,65,36,024</u>

NOTE #2.19		
Employee Benefits Expense		
Salaries, Wages and Bonus	65,07,92,182	70,19,25,413
Contribution to Provident and Other Funds	70,64,370	58,12,430
Staff Welfare	4,28,60,813	4,74,11,824
Deputation Cost	3,28,09,196	4,50,39,070
	<u>73,35,26,561</u>	<u>80,01,88,737</u>

NOTE #2.20		
Finance Charges		
Interest and Financial Charges	16,95,39,733	16,52,04,282
	<u>16,95,39,733</u>	<u>16,52,04,282</u>

Reliance Globalcom Services Inc.

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

	For the year ended March 31, 2015	Amount in ₹ For the year ended March 31, 2014
NOTE #2.21		
Depreciation and Amortization Expense		
Depreciation on Tangible assets	47,94,38,974	50,58,82,164
Amortisation of Intangible assets	19,91,84,063	27,64,02,337
	67,86,23,037	78,22,84,501
NOTE #2.22		
Sales and General Administration Expenses		
Rent	6,35,85,018	5,99,96,077
Insurance	42,96,907	61,50,649
Rates and Taxes	8,57,41,409	4,40,14,407
Legal Fees	2,17,36,537	68,92,782
Professional Charges	2,06,49,783	3,50,59,367
Licensing and Regulatory Fees	6,29,31,327	6,73,17,493
Travel and Entertainment	3,40,17,065	3,97,46,276
Communication	1,33,81,926	1,43,81,208
Information Technology Support	1,17,91,172	1,19,86,108
General Office Expenses	1,88,40,905	2,02,08,537
Bank charges	1,04,68,894	92,62,516
Provision for Doubtful Debts	1,20,81,393	-
Miscellaneous	1,08,83,020	1,03,02,284
Sales and Marketing Expenses	43,09,082	76,15,134
	37,47,14,436	33,29,32,838
Payment to auditors	55,83,758	36,27,780
	38,02,98,194	33,65,60,618

NOTE #2.23

BACKGROUND AND ORGANISATION

Nature of Business

The Company operates primarily in a single operating segment, providing a global fiberoptic network that offers instantly scalable Ethernet services to a broad range of business and government customers. These services include metro, national, and international area networking; delivery of financial market applications and content and high speed Internet access.

Liquidity

The accompanying financial statements have been prepared on the basis of continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business. The Company has incurred losses since its inception, and management believes that it will continue to do so for the foreseeable future. The Company does not expect to generate net positive cash flow from operations sufficient to fund both operations and capital expenditures until fiscal year 2013. However, since the acquisition the Parent company has funded working capital requirements to date, and is expected to fund the operations of the Company through its standard centralized cash management process for the next fifteen months.

NOTE #2.24

COMMITMENT, CONTINGENCIES AND LITIGATIONS

i) Contingencies

The Articles of Incorporation and bylaws of RGSi require the Company to indemnify each of its directors against expenses (including attorneys' fees), judgment, fines and settlements paid by such individual in connection with any action, suit or proceeding arising out of such individual's status or services as the Company's director other than such liabilities arising from willful misconduct or conduct that is knowingly fraudulent or deliberate dishonest, and to advance expenses incurred by such individual in connection with any proceeding against such individual with respect to which such individual may be entitled to indemnification by the Company.

The Company includes standard indemnification clauses within its various customer and supplier contracts. The terms of its indemnification obligations are generally perpetual from the effective date of the agreement. In certain cases, there are limits

Reliance Globalcom Services Inc.

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

on and exceptions to its potential liability for indemnification. To date, there have been no known events or circumstances that have resulted in an indemnification related liability to the Company pursuant to these customer and supplier contracts.

ii) Litigations

In the normal course of business, the Company is a party to occasional legal actions and believes that the nature and frequency of these actions is typical for an information technology and services company of its size and scope. While management believes, after consultation with counsel, that the ultimate outcome of these actions, individually and in the aggregate, will not have a material effect on the Company's financial position or overall trends in results of operations, litigation is subject to inherent uncertainties. If an unanticipated ruling occurred, there exists the possibility of a material impact on the results of operations for the period in which the ruling occurs.

NOTE #2.25

Segment Reporting

In accordance with Accounting Standard 17 "Segmental Reporting" issued by the Council of the Institute of Chartered Accountants of India, the Company has determined its business segment as telecommunication network through fiber-optic cable systems and interfaces are owned by, leased to, or otherwise available to the company. Since 100% of the Company's business is from telecommunication activities, there are no other primary reportable segments. Thus, the segment revenue, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge of depreciation and amortization during the period are all as is reflected in the financial statements as of and for the year ended March 31, 2015.

NOTE #2.26

LEASE

Operating Lease

i) As lessee:

Lease Details	For the year ended March 31, 2015	For the year ended March 31, 2014
Minimum lease payments under operating leases recognised as expense during the year	74312,208	60,652,310

ii) The lease rentals charged during the period for cancellable / non-cancellable lease relating to the rent of building and office premises are as per agreement and the maximum obligation on long term non-cancellable operating lease are as under:

	Amount in ₹	
Not later than one year	82,339,457	47,487,156
Later than one year but not later than five years	49,684,122	62,654,844
Later than five years	-	21,162

Finance Lease

i) As lessee:

Particulars	Minimum Lease Payments	Present Value of Minimum Lease Payments	Minimum Lease Payments	Present Value of Minimum Lease Payments
	Mar 31, 2015	Mar 31, 2015	March 31, 2014	March 31, 2014
Not Later than one year	205,439,345	6,595,219,010	376,555,885	203,004,825
Later than one year and not later than five year	801,539,159	31,273,564,049	1,497,814,407	962,493,930
Later than five years	867,205,128	43,102,048,322	2,109,336,585	1,770,661,857
Total	1,874,183,632		3,983,706,877	
Less: Finance charges	550,182,167	-	1,047,566,701	-
Present Value of Minimum Lease Payments	80,966,661,627	-	177,527,843,442	-

Disclosed under

Other Long term liabilities	1,216,153,686	2,733,094,962
Other Current Liabilities	107,847,840	203,023,447
Total	1,324,001,527	2,936,118,409

Reliance Globalcom Services Inc.

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

NOTE #2.27

Earnings Per Share

Amount in ₹ except number of shares

	Year ended March 31, 2015	Year ended March 31, 2014
A Profit / (Loss) after Tax	(1,450,953,002)	(1,400,833,563)
B Weighted average number of share (class A Common shares) of US \$ 0.0001 each used as denominator for calculating Basic and Diluted EPS	1	1
C Basic and Diluted Earnings / (Loss) per Share (A/B)	(1,450,953,002)	(1,400,833,563)

NOTE #2.28

Related Party Transactions

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

- a) Parties where control exist:
 - i) Reliance Communications Limited (Ultimate Holding Company) (RCOM)
 - ii) Yipes Holdings Inc. (Holding Company)
 - iii) FLAG Telecom Group Services Limited (Parent Company)
- b) Enterprises as affiliated companies are:
 - i) Reliance Globalcom Limited, Bermuda (RGL)
 - ii) FLAG Telecom Network USA Limited (FTN USA)
 - iii) Reliance Flag Telecom Ireland Ltd. (RFTIL)
 - iv) Vanco US LLC (V.S. LLC)
 - v) Vanco Solutions Inc. (V.S.Inc)
 - vi) Reliance Communication Infrastructure Limited (RCIL)
 - vii) Reliance Communication Inc., (RCI)
 - viii) Reliance Communication Ltd. (RCom)

Reliance Globalcom Services Inc.

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

c) Summarized below are the transactions entered into with the related parties:

Nature of Transactions	RGL	FTGSL	FTN USA	RFTIL	Vanco US LLC	Vanco Solution Inc.	RCIL	RCI Yipes Holding Inc	RCom	Amount in ₹ Total
During the year April 1, 2014 to March 31, 2015										
Service Income	-	-	311,49,871	-	35,979,184	-	-	-	-	67,129,055
	(-)	(-)	(32,644,941)	(-)	(57,560,655)	(-)	(-)	(-)	(-)	(90,205,596)
Network Operation Expenses	2,42,37,971	-	22,30,00,061	247,238,032	-	3,158,247	12,475,090	-	1,804,625	264,675,994
	(28,87,94,022)	(-)	(18,01,132)	(29,0595,154)	(-)	(2,139,181)	(-)	(-)	(2,305,938)	(295,040,273)
As on March 31, 2015										
Trade Receivable	-	-	19,387,813	-	10,845,438	-	-	-	-	30,233,313
	(-)	(-)	(9,330,803)	(-)	(3,989,320)	(-)	(-)	(-)	(-)	(13,320,123)
Trade Payable	269,923,000	-	397,991,063	667,914,063	-	774,563	4,828,875	-	13,334,938	686,852,500
	(109,121,152)	(-)	(334,888,901)	(444,010,053)	(-)	(7,668,880)	-	(-)	(11,015,372)	(462,694,306)
Loans and Advances	18,167,375	6,983,250	-	-	42,058,250	-	-	2,894,625	-	70,103,563
	(-)	(6,694,423)	(-)	(-)	(-)	(-)	(-)	(1,545,807)	(-)	(8,240,230)
Short Term Borrowings	1,736,484,696	-	-	-	193,125,000	-	-	-	-	1,929,609,688
	(233,668,500)	(-)	(-)	(-)	(158,175,600)	(-)	(-)	(-)	(-)	(541,823,254)

NOTE #2.29

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = Rs. 62.50 (Previous year 1 USD = Rs. 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = Rs. 61.15 and (Previous year 1 USD = Rs. 60.46)

NOTE #2.30

Previous period figures are regrouped/ rearranged wherever found necessary.

As per our Report attached

For Reliance Globalcom Services Inc.

For Shridhar & Associates
Chartered Accountants
Regn. No. 134427W

Wilfred Kwan
Janet Troxell
} Directors

Shridhar Mirani
Partner
Membership No : 030006

Place : Mumbai
Date : May 28, 2015

YTV Inc.

Balance Sheet as at March 31 2015

		As at March 31, 2015	Amount in ₹ As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	62.50	59.92
TOTAL		<u>62.50</u>	<u>59.92</u>
ASSETS			
Current Assets:			
Cash and Bank Balances		62.50	59.92
		<u>62.50</u>	<u>59.92</u>
TOTAL		<u>62.50</u>	<u>59.92</u>
Significant Accounting Policies	1		
Notes on Accounts	2		

For YTV Inc.

B. K. Sinha

Director

Place : Mumbai

Date : May 28, 2015

YTV Inc.

Statement of Profit and loss For the year ended March 31,2015

			Amount in ₹
	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Service Income		-	-
		<u>-</u>	<u>-</u>
Expenditure			
Service Expenses		-	-
		<u>-</u>	<u>-</u>
Profit Before exceptional item, extra ordinary item and Tax		-	-
Exceptional Item			
Profit/(Loss) Before Tax		<u>-</u>	<u>-</u>
Provision for taxation			
- Current Tax		-	-
		<u>-</u>	<u>-</u>
Profit /(Loss) After Tax		<u>-</u>	<u>-</u>
Basic and Diluted Earning Per Share	2.02	-	-
Significant Accounting Policies	1		
Notes on Accounts	2		

For YTV Inc.

B. K. Sinha

Director

Place : Mumbai

Date : May 28, 2015

Cash Flow Statement for the year ended March 31, 2015

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) Before Tax and Minority Interest	-	-
Adjustments for:		
Finance Charges	-	-
Operating Profit before Working Capital Changes	-	-
Adjustments for:		
Decrease in Trade and Other Receivables		
Decrease in Trade Payables	-	-
Income Taxes Paid	-	-
Net Cash (decrease)/Increase from Operating Activities (A)	-	-
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-	-
Net Cash Used in Investing Activities (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	-	-
Additional Paid in Capital	-	-
Net Cash Used in Financing Activities (C)	-	-
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)	-	-
Cash and Cash Equivalents at the Beginning of the Period	62.50	59.92
Cash and Cash Equivalents at the End of the Period	62.50	59.92

For YTV Inc.
B. K. Sinha
Director

Place : Mumbai

Date : May 28, 2015

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

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the applicable Accounting Standards as issued by the Institute of Chartered Accountants of India.

b) Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and 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 are recognised in the period in which the results are known / materialised.

c) Accounting for Investment

Interest on investments which are reinvested in cash funds are treated as short term investments and are classified as current investments. The carrying amount for the current investments is lower of cost or fair value.

d) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has legal and constructive obligation as a result of past events which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of obligation.

Contingent Liabilities are disclosed when the company has possible or present obligation and it is probable that a cash flow will not be required to settle the obligation.

Note 2.01

	As at March 31, 2015	Amount in ₹ As at March 31, 2014
Share Capital		
Authorised		
US\$ 1000 divided into, 1,000 (1000) ordinary share of US\$ 1 each	62,500.00	59,915.00
	62,500.00	59,915.00
Issued, Subscribed and Paid-up		
1 (1) ordinary share of US\$ 1 each, full paid up	62.50	59.92
TOTAL	62.50	59.92

a) Ordinary Shares held by Holding Company and subsidiary of Holding Company

	No. of Shares	Amount	No of Shares	Amount
Reliance Globalcom Services Inc.	1	62.50	1	59.92
	1	62.50	1	59.92

b) Details of Class A Common Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	% of Holding	No. of Shares	% Holding	No of Shares
Reliance Globalcom Services Inc.	100	1	100	1

c) Rights, Preferences and Restriction attached to the shares

The Company has only ordinary shares (shares) having a par value of USD 1 each per share. Each holder of shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of shares held by the shareholder.

d) Reconciliation of shares outstanding at the beginning and at the end of the year

	No of Shares	Amt (₹)	No of Shares	Amt (₹)
Ordinary Shares				
Balance as at the beginning of the year	1	62.50	1	59.92
Add: Movement for the year	-	-	-	-
At the end of the year	1	62.50	1	59.92

Notes on Accounts to the Balance Sheet and Statement of Profit and Loss**Note 2.02****Earnings Per Share**

(Amount in ₹ except number of shares)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
A Profit / (Loss) after Tax	-	-
B Weighted average number of ordinary share of US \$ 1 each used as denominator for calculating Basic and Diluted EPS	1	1
C Basic and Diluted Earnings per share (A/B)	-	-

Note 2.03

Previous period figures are regrouped/ rearranged wherever found necessary.

Note 2.04**Related Party Transactions**

In accordance with Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the company's related parties and transactions are disclosed below:

Parties where control exist:

- i) Reliance Communications Limited (Ultimate Holding Company)
- ii) Reliance Globalcom Services Inc. (Holding Company)

There is no transaction

Note 2.05

The amounts relating to Balance Sheet items appearing in Indian Rupees have been translated at Closing Rate of 1 USD = ₹ 62.50 (Previous year 1 USD = ₹ 59.915) and items relating to profit and loss have been translated at average rate of 1 USD = ₹ 61.153 and (Previous year 1 USD = ₹ 60.463)

For YTV Inc.**B. K. Sinha****Director**

Place : Mumbai

Date : May 28, 2015