

RELIANCE

Communications

Annual Report
2015-16
(Abridged)



Padma Vibhushan
Shri Dhirubhai H. Ambani
(28th December, 1932 - 6th July, 2002)
Reliance Group - Founder and Visionary

Profile

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

Reliance Communications is India's foremost and truly integrated telecommunications service provider. The Company has a customer base of over 111 million including over 2.6 million individual overseas retail customers. Reliance Communications corporate clientele includes over 39,000 Indian and multinational corporations including small and medium enterprises and over 290 global, regional and domestic carriers.

Reliance Communications has established a pan-India, next generation, integrated (wireless and wireline), convergent (voice, data and video) digital network that is capable of supporting best-of-class services spanning the entire communications value chain, covering over 21,000 cities and towns and over 400,000 villages. Reliance Communications owns and operates the world's largest next generation IP enabled connectivity infrastructure, comprising over 280,000 kilometers of fibre optic cable systems in India, USA, Europe, Middle East and the Asia Pacific region.

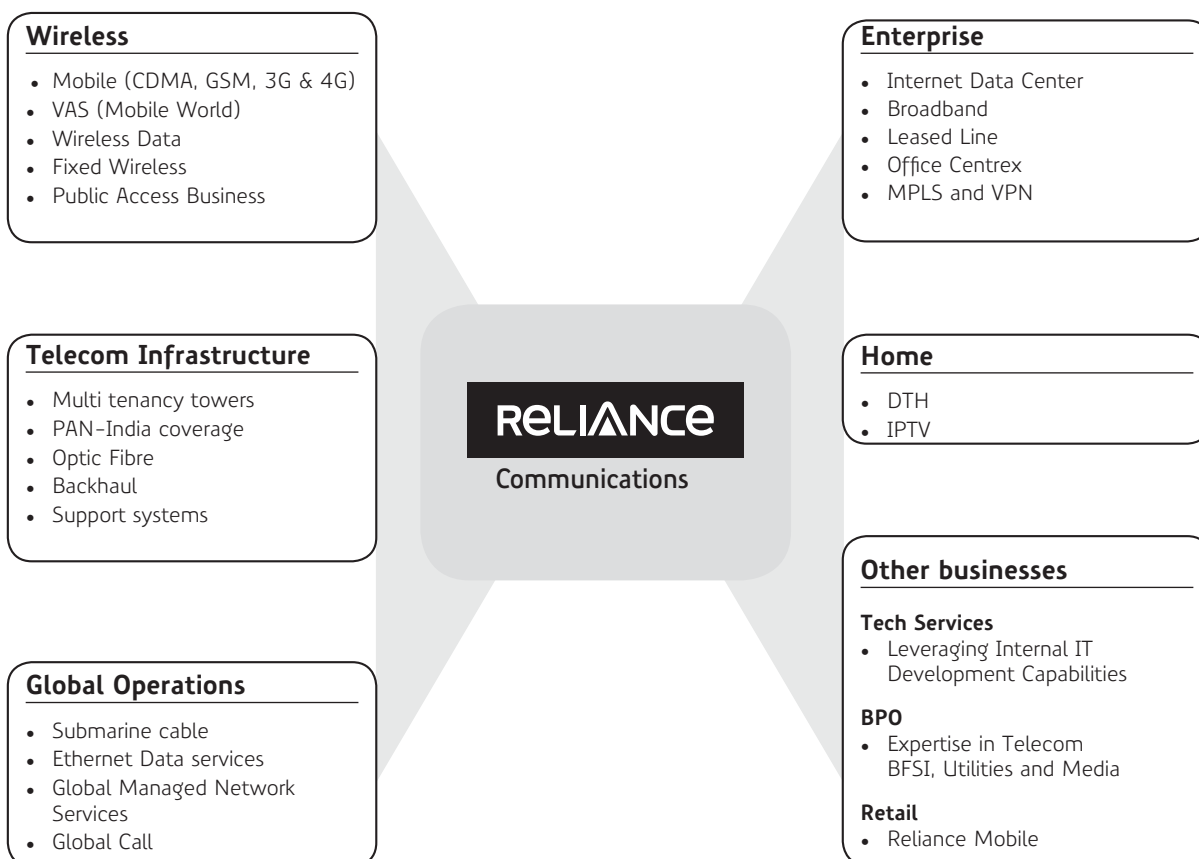
Mission: Excellence in Communication Arena

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

This Report is printed on environment friendly paper.

Reliance Communications Limited

Business Mix



Reliance Communications Limited

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Company Secretary and Manager		
Shri Prakash Shenoy		
Auditors		
M/s. Chaturvedi & Shah		
M/s. B S R & Co. LLP		
Registered Office		
H Block, 1 st Floor		
Dhirubhai Ambani Knowledge City		
Navi Mumbai 400 710		
CIN: L45309MH2004PLC147531		
Tel.: +91 22 3038 6286		
Fax: +91 22 3037 6622		
E-mail: Rcom.Investors@relianceada.com		
Website: www.rcom.co.in		
Registrar and Transfer Agent		
Karvy Computershare Private Limited		
Karvy Selenium Tower – B, Plot No. 31 & 32		
Survey No. 116/22, 115/24, 115/25		
Financial District, Nanakramguda		
Hyderabad 500 032		
Website: www.karvy.com		
Investor Helpdesk		
Toll free no (India) : 1800 4250 999		
Tel. : +91 40 6716 1500		
Fax : +91 40 6716 1791		
E-mail : rcom@karvy.com		

12th Annual General Meeting on Tuesday, September 27, 2016 at 12.00 noon or soon after conclusion of the Annual General Meeting of Reliance Capital Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020

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

Reliance Communications Limited

Letter to Shareowners



My dear fellow Shareowners,

It is a matter of great pride that the Indian economy has achieved the distinction of becoming the fastest growing economy of this scale in the world, with a GDP growth rate of 7.6 per cent in the year 2015-16. This remarkable achievement has been possible owing to the implementation of development oriented policies by the Government of India under the stellar leadership of our Hon'ble Prime Minister, Shri Narendra Modi. The continuing growth momentum will generate higher disposable incomes for hundreds of millions of Indian consumers, raising their living standards.

The upbeat economic environment in the country, together with the Hon'ble Prime Minister's emphasis on Digital India is expected to lead to a very positive outlook for the telecommunications sector. Currently, India is the second-largest telecommunications market in terms of subscriber base, and the sector is expected to witness further growth owing to increasing rural penetration and accelerating penetration of high-speed data services through multiple 'smart' devices.

Over all tele-density in India is at 81 per cent, but there is a remarkable gap between urban and rural tele-density (148 per cent and 50 per cent respectively). We expect to see both – overall tele-density to reach much higher levels over the next few years, and the urban-rural imbalance to also be increasingly corrected.

On the global telecom front, there is a clear strategic shift towards 4G or LTE networks and data business by telecom operators. As on March 2016, over 1.1 billion subscribers across 162 countries, had access to high speed 4G data services and this is expected to grow exponentially as the 4G ecosystem matures. Around 500 operators have launched 4G services in various TDD/FDD bands so far and more launches are in the offing with coverage getting extended to about 200 countries.

The device ecosystem too continues to grow substantially with over 5,000 4G devices now being made available across various price points with interoperability across various 4G bands. Post 4G launch, Key Performance Indicators such as data usage and ARPU have improved significantly for all operators.

Your Company is implementing a well-planned 4G strategy that will provide world class services to our valued customers on the sub 1-GHz (850 MHz) frequency band – the optimal spectrum for delivery of such services. Our strategy includes inter alia the rollout of our services leveraging the path breaking spectrum trading and sharing arrangements that we are implementing with Reliance Jio. We expect to see significant growth in our data business with the proliferation of our 4G/LTE services, and this will be the primary driver of our wireless business in the future.

Operating Segments

RCOM is India's foremost integrated communications service provider in the private sector with over 100 million individual, enterprise, and carrier customers. We operate across the entire gamut of wireless, wireline, long distance, voice, data, video and internet communication services on a pan-India basis. We also have an extensive international presence through the provision of long distance voice, data, internet services and submarine cable network infrastructure globally. Our business is organized into two strategic segments – the India Operations and the Global Operations.

– India Operations

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

Apart from nationwide 2G services, we operate 3G services in all the 13 circles where we own 3G spectrum and in another 5 circles through ICR arrangements, thus increasing our 3G coverage to 18 circles. Our enterprise clientele includes over 39,000 Indian and multinational corporations including SMEs and over 900 prominent enterprises in India. We also offer Direct-To-Home (DTH) digital TV services branded as Reliance Big TV.

– Global Operations

During the year we launched our new India Network, based upon a 100G-enabled backbone seamlessly integrated with GCX's Global Subsea Network that directly interconnects 29 data centers in the 7 major cities. We also completed extension of our Cloud X Fusion ecosystem enabling direct connectivity between Reliance's global MPLS network and the world's leading cloud platforms.

– Performance review

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

- Total revenue of ₹ 22,113 crore (US\$ 3,338 million)
- Total EBITDA of ₹ 7,419 crore (US\$ 1,120 million)
- Net profit after tax ₹ 703 crore (US\$106 million)
- Total assets of ₹ 1,02,066 crore (US\$15,405 million)

Letter to Shareowners

Shareholders equity was ₹ 36,866 crore (US\$5,564 million), while net debt (excluding cash and cash equivalents) was ₹ 41,802 crore (US\$ 6,309 million), giving a net debt to equity ratio of 1.13 times. The net debt figure has been adversely impacted by the significant depreciation of the Indian rupee to the US Dollar over the past few years.

Strategic Initiatives

Your Company is actively pursuing an asset light strategy with focused execution of various consolidation and asset monetization initiatives.

RCOM is the first operator to announce a consolidation transaction in the Indian telecom sector, by merging the wireless business of Sistema Shyam Teleservices Limited into RCOM. This acquisition gives RCOM access to valuable spectrum in 800 / 850 MHz band which can be utilized to offer 4G services in 8 key circles. We expect to complete the regulatory process for this transaction very soon, post which the integration process would be initiated.

RCOM is also engaged in exclusive discussions with Maxis Communications Berhad and Sindya Securities and Investments Private Limited, the shareholders of Aircel Limited, for a potential combination of wireless businesses of both the companies, to reap the benefits of cost and revenue synergies, leading to enhanced revenue market share.

We have also entered into strategic spectrum trading and sharing agreements with Reliance Jio to enable RCOM to launch world class 4G services nationwide, with optimal capex and opex relative to all other telecom operators in India.

On the telecom infrastructure front, we are progressing our plans for monetization of our telecom towers and related assets.

Corporate Governance

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

Social Commitments

The Company has embedded Corporate Social Responsibility into the DNA of its organization and has been taking up several initiatives like SPARSH, PRAYAG and VIDYA to name a few in the field of education, employability, economic empowerment to support inclusive growth and equitable development towards the larger goal of nation building.

Our Commitment

We are excited about the growth outlook of the Indian telecom sector and the opportunities for your Company, despite the high levels of competitive intensity presently being observed in the industry. Our founder, the legendary Shri Dhirubhai H. Ambani, gave us a simple mantra - "to aspire to the highest global standards of quality, efficiency, operational performance and customer care". We remain committed to upholding that vision and creating ever greater value for all our stakeholders as we embark on our next stage of growth.



Anil Dhirubhai Ambani
Chairman

Reliance Communications Limited

Notice

Notice is hereby given that the 12th Annual General Meeting of the Members of **Reliance Communications Limited** will be held on Tuesday, September 27, 2016 at 12.00 noon or soon after conclusion of the Annual General Meeting of Reliance Capital Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020 to transact the following business:

Ordinary Business:

1. To consider and adopt:
 - a) the audited financial statement of the Company for the financial year ended March 31, 2016 and the reports of the Board of Directors and Auditors thereon, and
 - b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2016 and the report of the Auditors thereon.
2. To appoint a Director in place of Smt. Manjari Kacker (DIN 06945359), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers herself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass the following resolutions as **Ordinary Resolutions**:
 - (a) "RESOLVED THAT M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."
 - (b) "RESOLVED THAT M/s. Pathak H.D. & Associates, Chartered Accountants (Firm Registration No. 107783W), be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 17th Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

Special Business:

4. Private Placement of Non-Convertible Debentures and/or other Debt Securities.

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

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the provisions of the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (SEBI) (Issue and Listing of Debt Securities) Regulations, 2008, as amended, and other applicable SEBI regulations and guidelines, and subject to such other applicable laws, rules and regulations and guidelines, approval of the Members of the Company be and is hereby accorded to the

Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) for making offer(s) or invitation(s) to subscribe Secured / Unsecured / Redeemable Non-Convertible Debentures (NCDs) including but not limited to subordinated debentures, bond, and/or other debt securities, etc., on a private placement basis, in one or more tranches, within the overall borrowing limits of the Company, as may be approved by the Members from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to determine the terms of issue including the class of investors to whom NCDs are to be issued, time of issue, securities to be offered, the number of NCDs, tranches, issue price, tenor, interest rate, premium / discount, listing and to do all such acts and things and deal with all such matters and take all such steps as may be necessary and to sign execute and amend any deeds / documents / undertakings / agreements / papers / writings, as may be required in this regard."

5. Payment of remuneration to Cost Auditors for the financial year ending March 31, 2017.

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) ("the Act"), M/s. V. J. Talati & Co., Cost Accountants (Firm Registration Number 00213), appointed as the Cost Auditors of the Company for auditing the cost accounting records of the Company for the financial year ending March 31, 2017, be paid remuneration of ₹ 2.50 lac (Rupees two lac fifty thousand only) excluding service tax and out of pocket expenses, if any.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. Re-appointment of a Manager.

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198, 203 and all other applicable provisions, if any, read with Schedule V to the Companies Act, 2013, (including any statutory modifications or re-enactment(s) thereof, for the time being in force) (the Act), and subject to all such sanctions, as may be necessary, the approval of the Company be and is hereby accorded to the re-appointment of Shri Prakash Shenoy as the Manager of the Company for a period of 5 (five) years with effect from June 1, 2016 on the terms and conditions including remuneration set out in the Agreement to be entered into between the Company and Shri Prakash Shenoy, a draft whereof was placed before the meeting which Agreement is hereby specifically sanctioned with liberty to the Board

Notice

of Directors (hereinafter referred to as "Board" which term shall be deemed to include the "Nomination and Remuneration Committee" of the Board) to alter and vary the terms and conditions including remuneration and/or Agreement at any time as may be agreed to between the Board and Shri Prakash Shenoy, so as not to exceed the limits specified in Schedule V to the Act.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of Shri Prakash Shenoy, as Manager, the remuneration and perquisites set out as in the agreement be paid or granted to him as minimum remuneration and perquisites, provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the applicable ceiling limit in terms of Schedule V to the Act.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

Prakash Shenoy
Company Secretary

Registered Office:
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
CIN:L45309MH2004PLC147531
Website: www.rcom.co.in

May 30, 2016

Notes:

1. Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special business to be transacted at the Annual General Meeting (the "Meeting") is annexed hereto.
2. **A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of herself / himself and the proxy need not be a member of the Company. The instrument appointing the Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before commencement of the Meeting. A Proxy form is sent herewith.**
3. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of their board resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
5. Members / Proxies are requested to bring their duly filled attendance slip sent herewith along with their copy of the annual report to the Meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members who hold share(s) in electronic form are requested to write their DP ID and Client ID numbers and those who hold share(s) in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
8. Clause 49 of the Listing Agreement with the Stock Exchanges for the period April 1, 2015 to November 30, 2015 and relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period December 1, 2015 to March 31, 2016 are referred to as "Listing Regulations" in this Annual Report.
9. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the Meeting. The certificate from the Auditors of the Company confirming the compliance of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 with respect to the Company's ESOS Plans will be available for inspection at the Meeting.
10. The Company's Register of Members and Share Transfer Books will remain closed from Saturday, September 17, 2016 to Tuesday, September 27, 2016 (both days inclusive) for the purpose of Annual General Meeting.
11. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
12. Members holding shares in physical form are requested to advise any change of address or bank mandates immediately to the Company / Registrar and Transfer Agent, Karvy Computershare Private Limited.
13. The corresponding provisions of the Companies Act, 2013 with reference to Section 205A(5) and Section 205C of the Companies Act, 1956 is not yet notified. The Company has transferred, the unpaid or unclaimed dividend for the financial years 2006-07 and 2007-08 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts of dividend lying

Reliance Communications Limited

Notice

with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 30, 2015 (date of last Annual General Meeting) on the website of the Company (www.rcom.co.in), as also on the Ministry of Corporate Affairs' website.

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

- a. the change in the residential status on return to India for permanent settlement; and
- b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.

15. Re-appointment of a Director:

At the ensuing Meeting, Smt. Manjari Kacker, Director of the Company retires by rotation under the provision of the Companies Act, 2013 and being eligible, offers herself for re-appointment. The details pertaining to Smt. Manjari Kacker pursuant to the requirements of Regulation 36(3) of the Listing Regulations are furnished in the Corporate Governance Report forming part of this Annual Report.

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

17. Members are requested to fill in and submit online Feedback Form provided in the 'Investor Relations' section on the Company's website www.rcom.co.in to aid the Company in its constant endeavour to enhance the standards of service to investors.

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

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

20. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form SH 13 duly

filled in to Karvy Computershare Private Limited, Karvy Selenium Tower – B, Plot No. 31 & 32, Survey No. 116/22, 115/24, 115/25, Financial District, Nanakramguda, Hyderabad 500 032, or call on Tel: +91 40 6716 1500; Fax No. +91 40 6716 1791 Toll Free No. 1800 4250 999, E-mail: rcom@karvy.com. The prescribed form in this regard may also be obtained from Karvy Computershare Private Limited at the address mentioned above. Members holding shares in electronic form are requested to contact their Depository Participant directly for recording their nomination.

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

22. Members who have not registered their E-mail addresses so far are requested to register their E-mail address so that they can receive the Annual Report and other communications from the Company electronically.

23. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rules made thereunder and Regulation 44 of the Listing Regulations, the Company is offering e-voting facility to all Members of the Company through Notice dated May 30, 2016 (remote e-voting). A person, whose name is recorded in the register of members or in the register of beneficial owner (in case of electronic shareholding) maintained by the depositories as on the cut-off date i.e. September 20, 2016 only shall be entitled to avail the facility of remote e-voting/voting. Karvy Computershare Private Limited, our Registrar and Transfer Agent will be facilitating remote e-voting to enable the Members to cast their votes electronically. The Members can cast their votes online from 10.00 A.M. on September 24, 2016 to 5.00 P.M. on September 26, 2016. The Members shall refer to detailed procedure on remote e-voting given in the e-voting instruction slip.

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

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

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated May 30, 2016.

Item No. 4 Private Placement of Non-Convertible Debentures and/or other Debt Securities.

As per the provisions of Section 42 of the Companies Act, 2013 (the "Act") and its Rules thereunder, a Company offering or making an invitation to subscribe to redeemable secured / unsecured non-convertible debentures (NCDs) on a private placement basis is required to obtain the prior approval of the Members by way of a Special Resolution. Such approval by a Special Resolution can be obtained once a year for all the offers and invitations for such NCDs to be made during the year.

NCDs including subordinated debentures, bonds, and/or other debt securities, etc. issued on a private placement basis constitute a significant source of borrowings for the Company.

It is proposed to offer or invite subscriptions for NCDs including subordinated debentures, bonds, and/or other debt securities, etc. on private placement basis, in one or more tranches, within the overall borrowing limits of the Company as approved by the Members with authority to the Board to determine the terms and conditions, including the issue price of the NCDs, interest, repayment, security or otherwise, as it may deem expedient and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of the Resolution. Accordingly, the approval of the members is being sought by way of a Special Resolution under Section 42 and other applicable provisions, if any, of the Act and its rules made thereunder as set out in Item No. 4 appended to this notice.

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

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

Item No. 5 Payment of remuneration to Cost Auditors for the financial year ending March 31, 2017.

The Board of Directors on the recommendation of the Audit Committee has approved the appointment and remuneration of M/s. V. J. Talati & Co., Cost Accountants (Firm Registration No.00213), as the Cost Auditor for audit of the cost accounting records of the Company for the financial year ending March 31, 2017, at a remuneration of ₹ 2.50 lac (Rupees two lac and fifty thousand only) excluding service tax and out of pocket expenses, if any. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor needs to be ratified by the Members of the Company.

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

The Board accordingly recommends the Ordinary Resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members.

Item No. 6 Re-appointment of a Manager.

The Nomination and Remuneration Committee and the Board of Directors of the Company at their meetings held on May 30, 2016, have, subject to approval of the Members in general meeting and the Central Government, if required, re-appointed Shri Prakash Shenoy as the Manager of the Company for a period of 5 (five) years with effect from June 1, 2016 on the remuneration determined by the Nomination and Remuneration Committee/ Board of Directors. Shri Prakash Shenoy aged 43 years is a commerce and law graduate and a member of the Institute of Company Secretaries of India. He has over 19 years experience in corporate secretarial, legal, and managerial functions. He is also appointed as a Company Secretary and Compliance Officer of the Company w.e.f. June 1, 2011 and Key Managerial Personnel under the provision of the Companies Act, 2013 (the Act).

The remuneration payable to and the terms of appointment of Shri Prakash Shenoy as a Manager of the Company during the tenure of his appointment will comprise of salary, allowances and the other perquisites, the initially aggregate monetary value of such salary, allowances and perquisites being limited to ₹ 75 lakh (Rupees Seventy Five lakh only) per annum and he is entitled for discretionary Bonus not exceeding in any year the annual remuneration for that year with an equivalent increment as may be decided by the Nomination and Remuneration Committee/ Board from time to time.

The perquisites and allowances payable to Shri Prakash Shenoy will include Company owned/Leased Accommodation (furnished or otherwise) or House Rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses and/or allowances for utilization of gas, electricity, water, furnishing and repairs, medical reimbursements, leave travel concession for self and his family including dependants; medical insurance and such other perquisites and/or allowances within the amount specified above. Expenses incurred for traveling, boarding and lodging including for spouse and attendant(s) during business trips, any medical assistance provided including his family member; and provision of cars for use on the Company's business and telephone expenses at residence shall be reimbursed at actuals and not considered as perquisites. The perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any Rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force). However Company's contribution to Provident Fund, Superannuation or Annuity Fund to the extent these singly or together are not taxable under the Income Tax Act, 1961 and Gratuity payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in computation of limits for the remuneration.

The terms and conditions set out for appointment and payment of remuneration herein and/or in the agreement may be altered and varied from time to time by the Board/ Nomination and Remuneration Committee as it may, at its absolute discretion, deem fit within the overall ceiling fixed herein.

The Board/ Nomination and Remuneration Committee shall be entitled to revise the salary, allowances and perquisites payable to the Manager of the Company at any time, such

Reliance Communications Limited

Statement pursuant to Section 102(1) of the Companies Act, 2013 to the accompanying Notice dated May 30, 2016.

that the overall remuneration payable shall not exceed the limits specified in Schedule V to the Act. In the event of loss or inadequacy of profits in any financial year during the currency of tenure of Shri Prakash Shenoy, as Manager, the remuneration and perquisites set out as aforesaid be paid or granted to him as minimum remuneration and perquisites provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the applicable ceiling limit in terms of Schedule V to the said Act as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force.

Shri Prakash Shenoy fulfills the conditions for eligibility contained in Part I of Schedule V to the Act. The terms and conditions of appointment and payment of remuneration are set out in the Agreement to be entered into between the Company and Shri Prakash Shenoy. Either party may terminate the aforesaid Agreement by giving one month prior notice of termination in writing to the other party.

The draft Agreement to be entered into between the Company and Shri Prakash Shenoy is available for inspection at the Registered Office of the Company on all working days except Saturday between 11.00 A.M. and 1.00 P.M. upto the date of the meeting.

Shri Prakash Shenoy is not related to any Director and any other Key Managerial Personnel of the Company.

Except Shri Prakash Shenoy, Manager and his relatives, none of the Directors and other Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise in this resolution.

The Board of Directors accordingly recommends the resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members.

By Order of the Board of Directors

Prakash Shenoy
Company Secretary

Registered Office:
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
CIN:L45309MH2004PLC147531
Website: www.rcom.co.in

May 30, 2016

Reliance Communications Limited

Directors' Report

Dear Shareowners,

Your Directors present the 12th Annual Report and the audited financial statement for the financial year ended March 31, 2016.

Financial Results

The financial performance of the Company for the year ended March 31, 2016 is summarised below:

Particulars	Financial Year ended March 31, 2016		*Financial Year ended March 31, 2015	
	₹ in crore	US\$ in million**	₹ in crore	US\$ in million**
Total income	10,295	1554	11,136	1782
Gross profit before depreciation, amortisation and exceptional items	395	60	311	50
Less:				
Depreciation and amortisation	2,019	305	1,940	310
Profit/ (Loss) before Exceptional items, Tax and Adjustments	(1,624)	(245)	(1,629)	(260)
Exceptional Items				
Lease Rent Equalisation written back	-	-	4,328	692
Yield on Redeemable Preference Share receivables reversed	-	-	(1,359)	(217)
Profit/ (Loss) before Tax	(1,624)	(245)	1,340	215
Less: Provision for:				
Current tax / Excess provision for Tax of earlier years	-	-	1,494	239
Profit / (Loss) after tax	(1,624)	(245)	(154)	(24)
Add : Balance brought forward from previous year	727	110	881	141
Profit available for appropriation	-	-	727	117
Balance carried to Balance Sheet	(897)	(135)	727	117

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

** Exchange Rate ₹ 66.255 = US\$ 1 as on March 31, 2016 (₹ 62.500 = US\$1 as on March 31, 2015).

Financial Performance

During the year under review, your Company has earned income of ₹ 10,295 crore against ₹ 11,136 crore in the previous year. The Company has incurred a loss of ₹ 1,624 crore for the year as compared to loss of ₹ 154 crore in the previous year.

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

Dividend

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

Business Operations

The Company together with its subsidiary companies operates on a pan India basis offers full value chain of wireless (CDMA and GSM including 3G/4G services), wireline, national and international long distance, voice, data, video, Direct-To-Home (DTH) and internet based communications services under various business units organised into strategic geographical business units: India Operations and Global Operations.

These strategic business units are supported by passive infrastructure connected to nationwide backbone of Optic Fibre Network as well as fully integrated network operation system and by the largest retail distribution and customer services facilities.

The Company also owns through its subsidiary company, a global submarine cable network infrastructure and offers managed services, managed Ethernet and application delivery services.

Scheme of Arrangement with Sistema Shyam Teleservices Limited

A Scheme of Arrangement for transfer and vesting of Transferred Undertaking of Sistema Shyam Teleservices Limited into the Company ('Scheme') pursuant to Section 391 to 394 of the Companies Act, 1956 was approved by the Board at its meeting held on November 2, 2015. The Appointed date is the Effective date. The shareholders of the Company have also approved the Scheme at the Court Convened Meeting held on March 8, 2016 with requisite majority and presently the Scheme is pending before the Hon'ble High Courts for approval.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34(2)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) is presented in a separate section forming part of this Annual Report.

Fund Raising Programme

During the year under review, the Company issued and allotted foreign currency Senior Secured Notes (the Notes) on May 6, 2015 amounting to US\$ 300 mn (₹ 1,909 crore). The Notes

Reliance Communications Limited

Directors' Report

have a tenor of 5 $\frac{1}{2}$ years due in November, 2020 and carry a coupon rate of 6.5 per cent per annum, payable semi annually. The Notes are listed on the Singapore Stock Exchange.

Non Convertible Debentures

During the year under review, the Company has not issued any Non-Convertible Debentures, however the Company has redeemed debentures of ₹ 375 crore as per the terms.

Deposits

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

Particulars of Investments

Pursuant to the provisions of Section 186 of the Act, the details of the Investments made by the Company are provided in the unabridged standalone financial statement under Notes No. 2.11 and 2.14.

Subsidiary and Associate companies

During the year under review, Internet Exchangenext.com Limited, Worldtel Tamilnadu Private Limited and Realsoft Cyber Systems Private Limited became the subsidiaries of the Company.

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

Consolidated Financial Statement

The Audited Consolidated Financial Statement for the financial year ended March 31, 2016, based on the financial statement received from subsidiary companies and associate companies, as approved by their respective Board of Directors have been prepared in accordance with Accounting Standard (AS) - 21 on 'Consolidated Financial Statement' read with AS-23 on 'Accounting for Investments in Associates', notified under the Act, read with the Accounting Standards Rules as applicable.

Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Act and Listing Regulations.

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

In terms of the provisions of the Act, Smt. Manjari Kacker, Director of the Company, retires by rotation and being eligible, offers herself for re-appointment at the ensuing Annual General Meeting (AGM). A brief resume of Smt. Manjari Kacker, Director's nature of expertise in specific functional areas and names

of the listed companies in which she holds directorship and membership / chairmanship of Committees of the respective Boards, shareholding and relationship between directors inter se as stipulated under Regulation 36(3) of Listing Regulations, is given in the section on Corporate Governance Report forming part of this Annual Report.

Key Managerial Personnel

During the year, there was no change in the Key Managerial Personnel of the Company.

Shri Prakash Shenoy, Company Secretary was appointed as a Manager w.e.f. June 1, 2011 for five years i.e. upto May 31, 2016. Pursuant to the provisions of Sections 196, read with Schedule V to the Act, on recommendation of the Nomination and Remuneration Committee, the Board has, subject to approval of the Shareholders at the ensuing AGM, approved the re-appointment and remuneration of Shri Prakash Shenoy as the Manager of the Company for 5 (five) years w.e.f. June 1, 2016.

Evaluation of Directors, Board and Committees

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

Pursuant to the provisions of the Act and Regulation 17(10) of Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Committees of the Board. The Board performance was evaluated based on inputs received from all the Directors after considering criteria such as Board composition and structure, effectiveness of processes and information provided to the Board etc. A separate meeting of the Independent Directors was also held during the year for the evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairman.

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

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

The Nomination and Remuneration Committee of the Board has devised a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Employees and their Remuneration. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director, which has been put up on the Company's website. The policy on the above is attached as Annexure - A.

Directors' Responsibility Statement

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

- i. In preparation of the annual financial statement for the financial year ended March 31, 2016, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;

Directors' Report

- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the loss of the Company for the year ended on that date;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual financial statement for the financial year ended March 31, 2016 on a 'going concern' basis;
- v. The Directors had laid down internal financial controls to be followed by the Company and such financial controls are adequate and are operating effectively, and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Contracts and Arrangements with Related Parties

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

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

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

There were no material changes and commitments affecting the financial position of the Company.

Meetings of the Board

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

Audit Committee

The Audit Committee of the Board consists of Independent Directors namely Shri R. N. Bhardwaj, Chairman, Shri A. K. Purwar, Prof. J. Ramachandran, Shri Deepak Shourie

and Non Independent Director Smt. Manjari Kacker as members. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co. LLP, Chartered Accountants, the Auditors of the Company hold office until the conclusion of the ensuing AGM and are eligible for re-appointment. The existing Statutory Auditors' would be completing tenure of 10 years at the ensuing AGM.

Pursuant to the provisions of Section 139 of the Act read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, the Company may be required to retire one of the Statutory Auditors at the ensuing AGM.

M/s Chaturvedi & Shah, Chartered Accountants retires and M/s. Pathak H.D. & Associates, Chartered Accountants is proposed to be appointed as the Joint Auditors with M/s. B S R & Co. LLP, Chartered Accountants.

The Company has received letters from M/s. Pathak H.D. & Associates, Chartered Accountants and M/s. B S R & Co. LLP, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 141(3) of the Act and that they are not disqualified from appointment as Statutory Auditors of the Company.

Your Directors have therefore proposed to appoint M/s. Pathak H.D. & Associates, Chartered Accountants and M/s. B S R & Co. LLP, Chartered Accountants, as Joint Statutory Auditors of the Company, subject to the approval of the members at the ensuing AGM.

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

Cost Auditors

Pursuant to the provisions of the Act and the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors have appointed M/s. V. J. Talati & Co., Cost Accountants, as the Cost Auditors to conduct cost audit for the telecommunications businesses of the Company for the financial year ending March 31, 2017, subject to the remuneration being ratified by the shareholders at the ensuing AGM of the Company.

Secretarial Audit

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

Extract of Annual Return

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

Reliance Communications Limited

Directors' Report

Employees Stock Option Scheme

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

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

The applicable disclosures as stipulated under the Companies (Share Capital and Debentures) Rules, 2014 as on March 31, 2016 are given below:

Particulars	ESOS Plan 2008	ESOS Plan 2009
a) Total Options granted	: 1,49,91,185 Options	1,32,17,975 Options
b) No of Options surrendered	: 1,32,17,975 Options	-
c) Options vested	: Nil	Nil
d) Options exercised	: Nil	Nil
e) Total number of equity shares arising as a result of exercise of Options	: Nil	Nil
f) Options lapsed / forfeited during the year	: 9,476 Options	6,25,716 Options
g) Exercise Price	: Market Price or such other price as Board / Committee may determine. Different Exercise price may apply to different Plan(s).	Average of the weekly high and low of the closing price of the equity share of the Company at National Stock Exchange of India Limited during two weeks preceding the date of Grant i.e. January 16, 2009.
h) Variation of terms of Options	: None	None
i) Money realised by exercise of Options during the year	: Nil	Nil
j) Total number of Options in force at the end of the year	: 52,798 Options	6,49,642 Options
k) Employee wise details of Options granted to:		
i. Key managerial personnel Shri Manikantan V. – Chief Financial Officer	: Nil	29400
ii. Employee who receives grant in any one year of Option amounting to 5 per cent or more of Option granted during the year	: Nil	Nil
iii. Identified employees who were granted options, during any one year equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	: Nil	Nil

The Company has received a certificate from the auditors of the Company that the ESOS Plan 2008 and 2009 have been implemented in accordance with the SEBI Regulations and as per the resolution passed by the members of the Company authorising issuance of the said Options. The other details as required under SEBI Regulations are disclosed on Company's website at www.rcom.co.in/investorrelations/corporategovernance.

Particulars of Employees and related disclosures

In terms of the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annexure to the Directors' Report. However, having regard to the provisions of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent

to all the shareholders of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M. up to the date of the AGM and any member interested in obtaining the same may write to the Company Secretary. Upon such request the information shall be furnished.

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

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

As the Company does not carry on any manufacturing activity, being a telecommunications service provider, most of the

Directors' Report

information of the Company as required under Section 134(3) (m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable. However, the information as applicable has been given in the Annexure – E forming part of this Report.

Corporate Governance

The Company has adopted the "Reliance Group–Corporate Governance Policies and Code of Conduct" which sets out the systems, process and policies conforming to the international standards. The report on Corporate Governance as stipulated under Regulation 34(3) read with Para C of Schedule V of the Listing Regulations is presented in separate section forming part of this Annual Report.

A Certificate from the auditors of the Company M/s. Chaturvedi & Shah, Chartered Accountants and M/s. BSR & Co. LLP, Chartered Accountants conforming compliance to the conditions of Corporate Governance as stipulated under Para E of Schedule V of the Listing Regulations, is enclosed to this Report.

Vigil Mechanism

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

Risk Management

The Company has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel; however the mandatory provisions of Listing Regulations are not applicable to the Company. The details of the Committee and its terms of reference etc. are set out in the Corporate Governance Report forming part of this Report.

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

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

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

Corporate Social Responsibility

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

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

The annual report on CSR activities is annexed as Annexure – F.

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

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

Internal Financial Controls and their adequacy

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

Business Responsibility Statement

Business Responsibility Report has been uploaded on a voluntary basis on the website of the Company at www.rcom.co.in.

Acknowledgement

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

For and on behalf of the Board of Directors

Mumbai
May 30, 2016

Anil Dhirubhai Ambani
Chairman

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

1. Introduction

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

2. Objectives

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

3. Scope

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

4. Definitions

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

5. Policy

5.1 Appointment of Directors/ Key Managerial / Senior Management personnel

The Nomination and Remuneration Committee, inter alia, considers qualifications, positive attributes, areas of expertise and number of Directorships and Memberships held in various committees of other companies by such persons for selection. The Board considers the recommendation of the Committee and takes appropriate decisions. The Company also considers the requirement of skills and effectiveness of persons contributing to the Company's business and policy decisions.

5.2 Remuneration to Directors/ Key Managerial Personnel

- 5.2.1 The remuneration of the Directors/ Managing Director/ Whole time Directors and Managers etc. will be governed as per provisions contained in the Companies Act, 2013 and rules made therein from time to time.
- 5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof as approved by the Board of Directors from time to time. The Non-Executive Directors shall also be entitled to profit related Commission, if approved by the Board, in addition to the sitting fees.
- 5.2.3 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Directors/ Key Managerial Personnel/ Senior Management Personnel of the Company within the overall limits, if any, approved by the shareholders.
- 5.2.4 The remuneration structure shall include the following components:
 - (i) Basic Pay
 - (ii) Perquisites and Allowances
 - (iii) Stock Options, if any.
 - (iv) Commission (Applicable in case of Executive Directors/ Directors)
 - (v) Retiral Benefits
 - (vi) Performance Linked Incentives
- 5.2.5 The Annual Plan, Objectives, financial results of the Company shall be reviewed by the Nomination and Remuneration Committee and performance incentives, increment, revision in remuneration etc. will be proposed based on the achievements.

5.3 Remuneration to other employees

Employees shall be assigned grades/bands according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade/bands and shall be based on various factors such as job profile, skill sets, seniority, experience, performance and prevailing remuneration levels for equivalent jobs.

6. Retention Features as part of Compensation Package

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

7. Modification and Amendment

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

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

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

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

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

Based on the verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has followed proper Board processes and have required compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Reliance Communications Limited** for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during audit period);
 - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period);
 - (h) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during audit period); and
 - (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited, National Stock Exchange of India Limited, Luxembourg Stock Exchange and Singapore Stock Exchange.

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

Reliance Communications Limited

Directors' Report

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

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

We further report that, the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors during the period under review.

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

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

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

We further report that, during the audit period the Hon'ble High Court of Judicature at Bombay ordered to convene a meeting of the equity shareholders on March 8, 2016 in the matter of Sections 391 to 394 of the Companies Act, 1956 for Scheme of Arrangement between Sistema Shyam TeleServices Limited ("Transferor Company") and Reliance Communications Limited ("Transferee Company") and their respective shareholders and creditors. Consequently the shareholders have approved the Scheme of Arrangement with requisite majority in pursuance of the above referred laws, rules, regulations and guidelines as applicable.

We further report that, during the audit period following Special Resolution was passed:

- (a) Issue of Non-Convertible Debentures on Private Placement pursuant to the provisions of Section 42 and 71 of the Companies Act, 2013 within the overall borrowing limits of the Company under Section 180(1)(c) of the Companies Act, 2013.

For Ashita Kaul & Associates
Company Secretaries

Date : 20.05.2016
Place : Mumbai

Proprietor
FCS 6988/ CP 6529

Reliance Communications Limited

Directors' Report

ANNEXURE - C

FORM NO. MGT - 9 EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2016
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

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

II. Principal Business Activities of the Company

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

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

III. Particulars of Holding, Subsidiary and Associate Companies

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

Reliance Communications Limited

Directors' Report

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
13.	Reliance BPO Private Limited Manek Mahal Flat No.19-20, 6 th Floor, 90-Veer Nariman Road, Churchgate, Mumbai 400 020	U72200MH2000PTC124290	Subsidiary	100%	2(87)
14.	Reliance Mobile Commerce Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U64201MH2010PLC210643	Subsidiary	100%	2(87)
15.	Reliance Globalcom Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U51900MH2000PLC125366	Subsidiary	100%	2(87)
16.	Reliance Communications Tamil Nadu Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U64201MH2001PLC131627	Subsidiary	100%	2(87)
17.	Reliance Infra Projects Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U70109MH2014PLC259052	Subsidiary	100%	2(87)
18.	Reliance Infra Realty Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710	U70109MH2014PLC259224	Subsidiary	100%	2(87)
19.	Internet ExchangeNext.Com Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City , Navi Mumbai 400 710	U51399MH2000PLC217929	Subsidiary	100%	2(87)
20.	Worldtel Tamilnadu Private Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City , Navi Mumbai 400 710	U64201MH1999PTC220563	Subsidiary	100%	2(87)
21.	Realsoft Cyber Systems Private Limited H Block, 1 st Floor, Dhirubhai Ambani Knowledge City , Navi Mumbai 400 710	U72200MH2000PTC219534	Subsidiary	100%	2(87)
22.	Reliance Globalcom B.V. Claude Debussylaan 18, 1082, MD Amsterdam, The Netherlands	NA	Subsidiary	100%	2(87)
23.	Reliance Communications (UK) Ltd Unit 5 & 6, Great West Plaza, Riverbank Way, Brentford, TW8 9RE, United Kingdom	NA	Subsidiary	100%	2(87)
24.	Reliance Communications (Hong Kong) Limited 29 th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong	NA	Subsidiary	100%	2(87)
25.	Reliance Communications (Singapore) Pte. Limited 10 Anson Road # 18-13, International Plaza Singapore 079903	NA	Subsidiary	100%	2(87)
26.	Reliance Communications (New Zealand) Pte Limited C/o - Ross Melville PKF, Level 5, 50 Anzac Avenue, Auckland, New Zealand	NA	Subsidiary	100%	2(87)
27.	Reliance Communications (Australia) Pty Limited 9 Peach Gardens, Glenwood NSW 2768	NA	Subsidiary	100%	2(87)
28.	Anupam Global Soft (U) Limited Plot - 43, Chwa - 11 Rd, Mbuya, P O Box 70881, Kampala Uganda	NA	Subsidiary	90%	2(87)
29.	Gateway Net Trading Pte Limited 10 Anson Road # 18-13, International Plaza, Singapore 079903	NA	Subsidiary	100%	2(87)
30.	Reliance Globalcom Limited, Bermuda Cumberland House, 9 th Floor, 1 Victoria Street, Hamilton HM11, Bermuda	NA	Subsidiary	100%	2(87)
31.	FLAG Telecom Singapore Pte. Limited 10 Anson Road # 18-13, International Plaza, Singapore 079903	NA	Subsidiary	100%	2(87)
32.	FLAG Atlantic UK Limited Units 5 & 6, Riverbank Way, BRENTFORD, Middlesex, TW8 9RE, England	NA	Subsidiary	100%	2(87)
33.	Reliance FLAG Atlantic France SAS 114 rue Ambroise Croizat 93200 Saint Denis France	NA	Subsidiary	100%	2(87)
34.	FLAG Telecom Taiwan Limited Room No. 102, 4F, No 200, Sec 1, Keelung Road, Taipei, Taiwan	NA	Subsidiary	60%	2(87)
35.	Reliance FLAG Pacific Holdings Limited Cumberland House, 9 th Floor, 1 Victoria Street, Hamilton HM11, Bermuda	NA	Subsidiary	100%	2(87)
36.	FLAG Telecom Group Services Limited Cumberland House, 9 th Floor, 1 Victoria Street, Hamilton HM11, Bermuda	NA	Subsidiary	100%	2(87)
37.	FLAG Telecom Deutschland GmbH Mainzer Landstrasse, 176, 60327 Frankfurt, Germany	NA	Subsidiary	100%	2(87)
38.	FLAG Telecom Hellas AE 75 Patission Street, 10434 Athens, Greece	NA	Subsidiary	100%	2(87)
39.	FLAG Telecom Asia Limited Suite 3901 -2, 39F, Lippo Centre, Tower two, 89 Queensway, Hong Kong	NA	Subsidiary	100%	2(87)
40.	FLAG Telecom Nederland B.V. Units 5 & 6, Riverbank Way, BRENTFORD, Middlesex, TW8 9RE, England	NA	Subsidiary	100%	2(87)
41.	Reliance Globalcom (UK) Limited Units 5 & 6, Riverbank Way, BRENTFORD, Middlesex, TW8 9RE, England	NA	Subsidiary	100%	2(87)
42.	Yipes Holdings Inc. 2711 Centerville Road Suite 400 Wilmington DE 19808, New Castle County	NA	Subsidiary	100%	2(87)
43.	Reliance Globalcom Services Inc. 2711 Centerville Road Suite 400 Wilmington DE 19808, New Castle County	NA	Subsidiary	100%	2(87)
44.	YTV Inc. 11 South 12 th Street P.O. Box 1463 Richmond VA 23218 Richmond City, Virginia	NA	Subsidiary	100%	2(87)

Reliance Communications Limited

Directors' Report

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

Reliance Communications Limited

Directors' Report

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
75.	Vanco BV Kruisweg 829, 2132, NG, Hoofddorp Netherlands	NA	Subsidiary	100%	2(87)
76.	Vanco Benelux BV Kruisweg 829, 2132, NG, Hoofddorp Netherlands	NA	Subsidiary	100%	2(87)
77.	Vanco UK Ltd Units 5 & 6 Great West Plaza Riverbank Way Brentford Middlesex TW8 9RE, United Kingdom	NA	Subsidiary	100%	2(87)
78.	Vanco International Ltd Units 5 & 6 Great West Plaza Riverbank Way Brentford Middlesex TW8 9RE, United Kingdom	NA	Subsidiary	100%	2(87)
79.	Vanco Row Limited Units 5 & 6 Great West Plaza Riverbank Way, Brentford Middlesex TW8 9RE United Kingdom	NA	Subsidiary	100%	2(87)
80.	Vanco Global Limited Units 5 & 6 Great West Plaza Riverbank Way, Brentford Middlesex TW8 9RE United Kingdom	NA	Subsidiary	100%	2(87)
81.	VNO Direct Limited Units 5 & 6 Great West Plaza Riverbank Way Brentford Middlesex TW8 9RE U. K.	NA	Subsidiary	100%	2(87)
82.	Vanco US LLC Suite 1600, 200 South Wacker Drive 12 th Floor Chicago IL 60606	NA	Subsidiary	100%	2(87)
83.	Vanco Solutions Inc Suite 1600, 200 South Wacker Drive 12 th Floor Chicago IL 60606	NA	Subsidiary	100%	2(87)
84.	Net Direct SA (Proprietary) Ltd. (Under liquidation) Accord House, 2 Golf Course Drive, Mount Edgecombe, 4320, South Africa	NA	Subsidiary	100%	2(87)
85.	Reliance Telecom Infrastructure (Cyprus) Holdings Limited Arch Makariou III 229 Meliza Court 4 th Floor P.C. 3105, Limassol, Cyprus	NA	Subsidiary	0%	2(87)
86.	Lagerwood Investments Limited Arch Makariou III 229 Meliza Court 4 th Floor P.C. 3105, Limassol, Cyprus	NA	Subsidiary	0%	2(87)
87.	Global Cloud Xchange Limited Cumberland House, 9 th Floor, 1 Victoria Street, Hamilton HM 11, Bermuda	NA	Subsidiary	100%	2(87)
88.	GCX Limited Cumberland House, 9 th Floor, 1 Victoria Street, Hamilton HM 11, Bermuda	NA	Subsidiary	100%	2(87)
89.	Warf Telecom International Private Limited 2 nd Floor, HDL Building, Hulhumale' Republic of Maldives	NA	Associate	20%	2(6)
90.	Mumbai Metro Transport Private Limited 502, Plot No. 91/94, Prabhat Colony, Santacruz (E), Mumbai - 400 055	U60222MH2009PTC196739	Associate	26%	2(6)

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

i) Category wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	9845709	-	9845709	0.40	9845709	-	9845709	0.40	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	1454851135	-	1454851135	58.45	1454851135	-	1454851135	58.45	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	21279000	-	21279000	0.85	-	-	-	-	-0.85
Sub-Total (A)(1):	1485975844	-	1485975844	59.70	1464696844	-	1464696844	58.85	-0.85
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters	1485975844	-	1485975844	59.70	1464696844	-	1464696844	58.85	-0.85
(A) = (A)(1)+(A)(2)									

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Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	25827941	396811	26224752	1.05	39892499	377761	40270260	1.62	0.56
b) Banks / FI	5081729	111296	5193025	0.21	5521859	111292	5633151	0.23	0.02
c) Central Govt.	373748	840575	1214323	0.05	415528	805045	1220573	0.05	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	176382753	5729	176388482	7.09	176262693	5729	176268422	7.08	-
g) FIIs	526846766	117311	526964077	21.17	262349818	117121	262466939	10.55	-10.63
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) (FPI)	-	-	-	-	230303559	-	230303559	9.25	9.25
Sub-Total (B)(1):	734512937	1471722	735984659	29.57	714745956	1416948	716162904	28.78	-0.80
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	39766136	472492	40238628	1.62	43680262	468618	44148880	1.77	0.16
ii) Overseas	98326	31665	129991	0.01	98236	31665	129901	0.01	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lac.	159265498	33614173	192879671	7.75	171906861	32759981	204666842	8.22	0.47
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lac	17282335	98394	17380729	0.70	16455484	-	16455484	0.66	-0.04
c) Others (specify)									
i) NRI	8243707	2510338	10754045	0.43	8228916	2419121	10648037	0.43	-
Sub-Total (B)(2):	224656002	36727062	261383064	10.50	240369759	35679385	276049144	11.09	0.59
Total Public Shareholding (B)=(B)(1)+(B)(2)	959168939	38198784	997367723	40.07	955115715	37096333	992212048	39.86	-0.21
C. Non Promoter Non Public									
1) Shares held by Custodian for GDRs	5636178	-	5636178	0.23	10791853	-	10791853	0.43	0.21
2) ESOS Trust*	-	-	-	-	21279000	-	21279000	0.85	0.85
Grand Total (A+B+C)	2450780961	38198784	2488979745	100.00	2451883412	37096333	2488979745	100.00	-

* Shares held by ESOS Trust have been shown as Non-Promoter Non-Public as per the Listing Regulations w.e.f. December 1, 2015

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2015)			Shareholding at the end of the year (March 31, 2016)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
1.	Reliance Telecom Infrainvest Private Limited (Formerly Telecom Infrastructure Finance Private Limited)	86666667	3.48	-	86666667	3.48	-	-
2.	Reliance Communications Enterprises Private Limited	723110172	29.05	10.04	723110172	29.05	16.97	-
3.	Reliance Wind Turbine Installators Industries Private Limited	300000000	12.05	-	300000000	12.05	-	-
4.	Reliance Ornatus Enterprises and Ventures Private Limited	300000000	12.05	-	300000000	12.05	-	-
5.	Shri Jai Anmol A. Ambani	1669759	0.07	-	1669759	0.07	-	-
6.	Shri Jai Anshul A. Ambani	100	-	-	100	-	-	-
7.	Reliance ADA Group Trustees Private Limited - Trustees of RCOM ESOS Trust *	21279000	0.85	-	-	-	-	-0.85

Reliance Communications Limited

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Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2015)			Shareholding at the end of the year (March 31, 2016)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
8.	Reliance Capital Limited	29695295	1.19	-	29695295	1.19	-	-
9.	Shreeji Comtrade LLP	1500000	0.06	-	1500000	0.06	-	-
10.	Shrikrishna Tradecom LLP	1500000	0.06	-	1500000	0.06	-	-
11.	Reliance Innoventures Private Limited	12379001	0.50	-	12379001	0.50	0.50	-
12.	Shri Anil D. Ambani	1859171	0.07	-	1859171	0.07	-	-
13.	Smt. Kokila D. Ambani	4665847	0.19	-	4665847	0.19	-	-
14.	Smt. Tina A. Ambani	1650832	0.07	-	1650832	0.07	-	-
Total		1485975844	59.70	10.04	1464696844	58.85	17.47	-0.85

* Shares held by ESOS Trust have been shown as Non-Promoter Non-Public as per the Listing Regulations w.e.f. December 1, 2015

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Reliance ADA Group Trustees Private Limited - Trustees of RCOM ESOS Trust*				
1.	At the beginning of the year	21279000	0.85	-	-
2.	Datewise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	*21279000	0.85	-	-
3.	At the end of the year	-	-	-	-

* Shares held by ESOS Trust have been shown as Non-Promoter Non-Public as per the Listing Regulations w.e.f. December 1, 2015

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Increase / Decrease	Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company
1.	Life Insurance Corporation of India	164690275	6.62	(2076)	164688199	6.62
2.	Europacific Growth Fund	91597000	3.68	(35398549)	56198451	2.26
3.	CLSA Global Markets Pte. Ltd. (Formerly CLSA (Mauritius) Limited)	42285000	1.70	-	42285000	1.70
4.	New World Fund Inc	64516096	2.59	(30696846)	33819250	1.36
5.	Smallcap World Fund, Inc	28138000	1.13	3807000	31945000	1.28
6.	Ontario Teachers' Pension Plan Board-Np3a - All	25000000	1.00	-	25000000	1.00
7.	Reliance Capital Trustee Company Limited A/C	20096182	0.81	3295417	23391599	0.94
8.	Reliance ADA Group Trustees Private Limited*	-	-	21279000	21279000	0.85
9.	Abu Dhabi Investment Authority	23152576	0.93	(5476562)	17676014	0.71
10.	Dimensional Fund	-	-	17610550	17610550	0.71
11.	Vanguard Fund	28725169	1.15	(12632657)	16092512	0.65
12.	American Funds Insurance Series New World Fund	23578631	0.95	(13361966)	10216665	0.41

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

* Shares held by ESOS Trust have been shown as Non-Promoter Non-Public as per the Listing Regulations w.e.f. December 1, 2015

Directors' Report

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

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

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	(₹ in crore)			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	30,449	1,302	-	31,751
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	123	2	-	125
Total (i+ii+iii)	30,572	1,304	-	31,876
Change in Indebtedness during the financial year				
• Additions	8,614	5,333	-	13,947
• Reduction	(6,149)	(4,747)	-	(10,896)
Net Change	2,465	586	-	3,051
Indebtedness at the end of the financial year				
i. Principal Amount	32,914	1,888	-	34,802
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	202	8	-	210
Total (i+ii+iii)	33,116	1,896	-	35,012

VI. Remuneration of Directors and Key Managerial Personnel

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

		(₹ in Lacs)
Sl. No.	Particulars of Remuneration	Shri Prakash Shenoy, Company Secretary and Manager
1.	Gross Salary	
a)	Salary as per provisions contained u/s section 17(1) of the Income-tax Act, 1961	22.12
b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.12
c)	Profits in lieu of salary u/s 17(3) of the Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
5.	Others, please specify	-
	Total (A)	22.24
	Ceiling as per the Act	280.04

Reliance Communications Limited

Directors' Report

(B) Remuneration to other Directors:

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of Director				Total Amount
1.	Independent Directors	Prof J. Ramachandran	Shri Deepak Shourie	Shri A.K. Purwar	Shri R.N. Bhardwaj	
	• Fee for attending board/ committee meetings	8.00	6.80	8.40	8.40	31.60
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	8.00	6.80	8.40	8.40	31.60
2.	Other Non Executive Directors	Shri Anil D. Ambani	Smt. Manjari Kacker			
	• Fee for attending board/ committee meetings	5.60	7.20			12.80
	• Commission	-	-			-
	• Others, please specify	-	-			-
	Total (2)	5.60	7.20			12.80
	Total (B) = (1 + 2)					44.40
	Total Managerial Remuneration (A+B)					66.64
	Overall Ceiling as per the Act					391.04

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

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Shri Manikantan V., Chief Financial Officer	Shri Vinod Sawhny, Chief Executive Officer	Shri Prakash Shenoy, Company Secretary and Manager	
1.	Gross Salary				
a.	Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961	90.48	208.85	22.12	321.45
b.	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.01	0.25	0.12	0.38
c.	Profits in lieu of salary u/s 17(3) of the Income- tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	90.49	209.10	22.24	321.83

VII. Penalties / Punishment / Compounding Of Offences:

There were no penalties, punishment or compounding of offences to the Company, directors and other officers of the Company during the year ended March 31, 2016.

Directors' Report

Annexure – D

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

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

Sr. No.	Requirement	Disclosure												
(i)	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year.	Not Applicable. All the Directors of the Company are Non Executive Directors and received only sitting fees for attending meetings of the Board and its Committees during the Financial Year 2015-16.												
(ii)	The percentage increase in remuneration of each Director, CEO, CFO, Company Secretary or Manager if any, in the financial year.	All the Directors are non executive directors. There was no increase in salary of Key Managerial Personnel in financial year 2015-16.												
(iii)	The percentage increase in the median remuneration of employees in the financial year.	The percentage increase in the median remuneration of employees in the financial year 2015-16 was 6.46 per cent.												
(iv)	Number of permanent employees on the rolls of the Company.	7,257												
(v)	The explanation on the relationship between average increase in remuneration and Company's performance.	The average 6.42 per cent increase has been made in the salaries of employees. In order to ensure that remuneration reflects Company performance, the performance incentive is linked to organization performance, apart from individual performance.												
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.	The Key Managerial Personnel contributing their best and their remuneration is as per the industry norms.												
(vii)	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current and previous financial year.	<table> <tr> <th>Date</th><th>Market Capitalisation (₹ in crore)</th><th>P/E Ratio in ₹</th></tr> <tr> <td>31.3.2016</td><td>12,445</td><td>*</td></tr> <tr> <td>31.3.2015</td><td>14,760</td><td>*</td></tr> <tr> <td>Change</td><td>- 2,315</td><td>*</td></tr> </table> <p>* Not Applicable since the Company has incurred loss during the financial year 2014-15 and 2015-16.</p>	Date	Market Capitalisation (₹ in crore)	P/E Ratio in ₹	31.3.2016	12,445	*	31.3.2015	14,760	*	Change	- 2,315	*
Date	Market Capitalisation (₹ in crore)	P/E Ratio in ₹												
31.3.2016	12,445	*												
31.3.2015	14,760	*												
Change	- 2,315	*												
	Percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	Not Applicable since Company has not made any public offer.												
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average 6.42 per cent increase has been made in the salaries of employees other than the managerial personnel in financial year 2015-16. There was no increase in the remuneration of Key Managerial Personnel.												
(ix)	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.	Please see answer at serial no. (vi) above.												
(x)	Key parameters for any variable component of remuneration availed by the Directors.	Not Applicable. All the directors of the Company are Non Executive Directors and received only sitting fees during the Financial Year 2015-16.												
(xi)	The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.	Not Applicable. Please see answer at Sr No. (x) above.												
(xii)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes.												

Reliance Communications Limited

Directors' Report

ANNEXURE – E

I. Conservation of Energy:

The steps taken or impact on conservation of energy

The steps taken by the Company for utilizing alternate sources of energy

The capital investment on energy conservation equipments

The Company requires energy for its operations and the Company is making all efforts to conserve energy by monitoring energy costs and periodically reviews of the consumption of energy. It also takes appropriate steps to reduce the consumption through efficiency in usage and timely maintenance / installation / upgradation of energy saving devices.

II. Technology Absorption, Adoption and Innovation:

i. The efforts made towards technology absorption

ii. The benefits derived like product improvement, cost reduction, product development or import substitution

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

a. The details of technology imported

b. The year of import

c. Whether technology been fully absorbed ?

d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.

The Company uses latest technology and equipments in its business. Further the Company is not engaged in any manufacturing activities.

iv. The expenditure incurred on Research and development

The Company has not spent any amount towards research and developmental activities and has been active in harnessing and tapping the latest and the best technology in the industry.

III. Total foreign exchange earnings and outgo:

a. Total Foreign Exchange earnings : ₹ 1,494 crore

b. Total Foreign Exchange outgo : ₹ 2,343 crore

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2015-16.

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

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

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

2. The Composition of the CSR Committee:

Smt. Manjari Kacker, Chairperson (Non-Executive and Non-Independent Director)
 Shri Anil D. Ambani (Non-Executive and Non-Independent Director)
 Prof. J. Ramachandran (Independent Director)
 Shri Deepak Shourie (Independent Director)
 Shri A. K. Purwar (Independent Director)
 Shri R. N. Bhardwaj (Independent Director)

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

Average net loss of ₹ 1,517 crore.

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

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

5. Details of CSR spent during the financial year:

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

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

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

Not applicable.

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

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

May 30, 2016

Vinod Sawhny
 Chief Executive Officer

Manjari Kacker
 Chairperson, CSR Committee

Reliance Communications Limited

Management Discussion and Analysis

Forward looking statements

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

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

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 2013 (the Act) and comply with the Accounting Standards notified under Section 133 of the Act. The management of Reliance Communications Limited has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect, in a true and fair manner, the state of affairs for the year.

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

Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "Reliance", "RCOM", "RCOM Group" or "Reliance Communications" are to Reliance Communications Limited and its subsidiary companies, joint ventures and associate companies.

Indian Economic Environment

As per the Central Statistics Organisation (CSO), India has emerged as the fastest growing major economy in the world in 2015-16. The improvement in India's economic fundamentals accelerated in 2015 with the combined impact of strong government reforms like 'Make in India', 'Digital India', 'Smart Cities', 'Skill India' and 'Startup India', as well as, RBI's inflation focus, which was supported by benign global commodity prices. The government's fiscal deficit also improved to 3.9 per cent of the Gross Domestic Product (GDP) in 2015-16 from 4.1 per cent in 2014-15. Fiscal deficit came in at ₹ 5.32 lakh crore for the fiscal year, marginally lower than the revised estimate of ₹ 5.35 lakh crore or 3.9 per cent of the GDP. The revenue deficit was at 2.5 per cent of GDP better than 2.9 per cent in 2014-15 and 3.2 per cent in 2013-14. The Nikkei / Markit Manufacturing Purchasing Managers' Index (PMI) for March 2016 was reported at 52.4, indicating expansion in Indian manufacturing activity for a third month in a row, as both domestic and foreign demand increased due to lower prices. India was ranked the highest globally in terms of consumer confidence during October-December quarter of 2015, continuing its earlier trend of being ranked at the top during first three quarters of 2015, as per the global consumer confidence index created by Nielsen.

GDP Growth

India's GDP grew at a five year high of 7.6 per cent in 2015-16, powered by a rebound in farm output, and an improvement in electricity generation and mining production in the fourth quarter of the fiscal. Economic growth was estimated at 7.2 per cent in 2014-15. The growth numbers for the last fiscal, which reinforces India's position as the world's fastest-growing large economy, came on the back of a strong 7.9 per cent growth in the last quarter of the fiscal. The fourth quarter growth comes at a time when China has reported a 6.7 per cent in the March quarter - its slowest growth in about seven years. The farm sector grew by 2.3 per cent from a year ago compared with a 1.0 per cent contraction in the December quarter. Mining grew 8.6 per cent in the March quarter, up from 7.1 per cent in the previous quarter. Electricity, water and gas production growth surged to 9.3 per cent from 5.6 per cent in the December quarter. Going forward, better rainfall and seventh pay commission payouts are likely to remain supportive of consumption.

Industrial Production

During 2015-16, the Index of Industrial Production (IIP) grew by 2.4 per cent compared with a growth of 2.8 per cent in 2014-15. In this financial year, manufacturing expanded by 2 per cent, mining by 2.2 per cent and electricity by 5.7 per cent. Although, the government has been pushing for 'Make in India', private sector is yet to commence fresh investment. Despite that, 'Make in India' has resulted in higher Foreign Direct Investment (FDI) inflows and raises hope of faster factory expansion in coming quarters. During 2015-16, the infrastructure sector grew just 2.7 per cent as compared with 4.5 per cent in 2014-15, 4.2 per cent in 2013-14 and 6.5 per cent in 2012-13. Infrastructure is perceived as one of the engine of growth along with the manufacturing. While the government has been attracting domestic and foreign firms to step up investment under the 'Make in India' initiative, infrastructure development has remained sluggish.

Inflation and Interest Rate

The Consumer Price Index (CPI) inflation averaged to 4.9 per cent in 2015-16 from 5.8 per cent in 2014-15. Soft global commodity prices, especially crude oil, helped ease inflationary pressures in the last fiscal. The Wholesale Price Index (WPI) inflation remained in the deflationary territory, averaging -2.6 per cent compared with -2.3 per cent in 2014-15. While food prices remained elevated during the later part of the year, rural inflation topped that in the urban regions throughout the year. The rural part of the country remained deprived of the subdued commodity and fuel prices on supply side issues and use of traditional fuels sources like firewood etc. While the government has stepped up public capex in the year, the Reserve Bank of India slashed policy lending rate by 150 basis points since January 2015. It has indicated that it would want to wait to see how the monsoon pans out before further rate cuts.

Current Account Deficit (CAD)

India's Current Account Deficit (CAD) fell to \$7.1 billion (1.3 per cent of GDP) in October-December 2015-16 compared with \$7.7 billion (1.5 per cent of GDP) a year ago on substantial decline in merchandise trade deficit even as services trade surplus shrank. Healthy foreign direct investments into the financial account were adequate to cover CAD which helped in the accrual of foreign exchange reserves. The major contributor

Management Discussion and Analysis

to the decline in the trade deficit was crude oil whose deficit reduced to \$12.9 billion from \$19.2 billion in the previous year. Services trade surplus also shrank as exports fell by 4.4 per cent while imports continued to grow.

India's merchandise exports have suffered on account of weak demand from major markets like China, Eurozone and Organisation of Petroleum Exporting Countries. While oil imports of crude oil is expected to be muted due to lower prices, some uptick in core imports – non-oil, non-gold is anticipated on improved domestic consumption and investment demand.

4G / LTE – Growth Technology for the Telecom Sector

4G or LTE offers a superior user experience with state-of-the-art technology. Mobile broadband is a reality today and is growing exponentially, as members of the internet generation have grown accustomed to having broadband access wherever they go, not only at homes or in the offices. These users will start demanding faster and more reliable broadband services paving the way for faster adoption of 4G.

• Benefits of 4G to consumers

Faster speeds – If 3G was incrementally faster than 2G, then 4G is exponentially faster than 3G. 4G networks can be around 10x faster than the 3G networks, so speed is one of the real benefits of 4G. In addition to speed, 4G offers low latency and lower idle-to-active times (improved network responsiveness).

More applications to be used on mobile devices – 4G connections will allow customers to use near real time sharing of large files and streaming media with multiple real-time applications, drastically improving the digital life standards.

Better communications beyond voice – With an IP based network, true unified communications and collaboration is possible. Collaboration tools on mobile devices and things like presence, chat, and web meetings will become common features and will also enable video meetings and conferences.

• Benefits of 4G to operators

Better spectrum utilization – 4G uses existing bandwidth more efficiently than older technologies, and can transmit and receive signals via multiple inputs and outputs. Use of multiple transmission paths leads to increase in the speeds and resultant higher spectrum efficiency enables higher network capacity and improved cost efficiencies.

Backward compatible – Older, slower devices can operate on the same network as newer, faster ones. Older units simply operate at slower speeds due to use of fewer paths, while the latest devices download data via many more channels/paths and achieve higher speeds.

Cost advantages – All IP network means easier integration and improved cost efficiencies. Additionally, there are enhancements to Security and Quality of Service differentiation which allow for better monetisation of services. The cost of delivering 1MB of data on a 4G network are significantly lower than a 3G/2G network, thereby improving profitability for the operators.

Global Telecom Trends

There are a few significant trends in the global telecom industry which provide a good perspective for the emerging direction for the Indian telecom industry.

Growth in data services and adoption for 4G services

On a global basis, the telecom industry is witnessing a fundamental shift from being voice dominant services to innovative data services through smartphones.

As per the Cisco VNI Mobile Forecast 2015-2020 report, globally mobile data traffic was 3.7 Exabytes per month in 2015, equivalent of 921 million DVDs each month, a growth of 74 per cent Y-o-Y and nearly 15x the volume of global mobile traffic five years earlier.

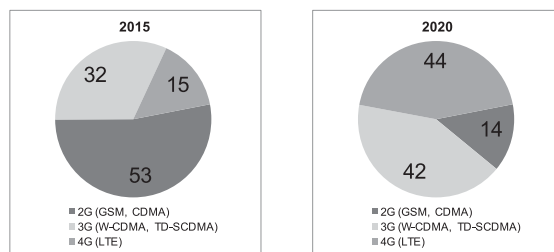
All of this mobile traffic is driven by –

1. Rollout and availability of high speed 4G networks;
2. The proliferation of affordable smartphones; and
3. Consumers' adoption of cloud based services

4G is now the dominant wireless technology – China and USA

The number of 4G connections worldwide almost doubled last year, from 519 million to 1 billion. This implies that nearly 15 per cent of the connections are now on 4G networks vs. 7 per cent a year ago. One of the main drivers for LTE adoption is the improving coverage and faster rollout of networks. Operators have been operating 4G on a number of spectrum bands and despite the fact that 4G networks span 14 different spectrum bands; there is a clear trend towards more 4G networks. Going forward, with better regional spectrum harmonization, the barriers to 4G adoption will further reduce. Better economies of scale in handsets and network equipment production will lead to improvements in handset availability and lower data product prices.

4G / LTE will be the fastest growing mobile system technology (per cent of connections)



Source: GSMA mobile subscribers 2016

• Penetration of smartphones

Smartphones have now become ubiquitous. Globally, 28 per cent of total mobile connections were on smart devices and this is expected to jump to 67 per cent by 2020. The number of smart devices will continue to grow with declining costs and advanced features.

The worldwide smartphone market saw a total of ~1.5 billion units shipped, marking 2015 as the highest year of shipments on record, up 10.1 per cent from the 1.3 billion units shipped in 2014. This was driven by multiple product offerings at numerous price points in both mature and emerging markets.

Reliance Communications Limited

Management Discussion and Analysis

Upgrades to network infrastructures, increased coverage of 3G / 4G network, and marketing by local operators have spurred growth of smartphone sales. For example, in South East Asia sale of 4G-capable handsets more than doubled Y-o-Y in 2015 as new 4G networks were rolled out.

Going forward, there is a clear shift in consumer preferences, from a device mostly used for voice calling to the one with advanced multimedia capabilities. With the proliferation of music and video streaming content, consumers will continue to consume entertainment content anytime and anywhere on any device.

Indian Telecom Industry Statistics and Trends

Industry statistics (Source – TRAI)

- The total number of telephone subscribers (Wireless and Wireline) in India increased to 1,059 million at the end of March, 2016 as against 996 million as at March, 2015.
- Wireless subscribers accounted for 98 per cent of the overall telecom subscriber base and crossed the billion subscriber mark in the year. There were 1,033 million wireless subscribers in March 2016, as compared to 970 million in March, 2015.
- The wireless tele-density improved to 81 per cent in March 2016 against 77 per cent as at March 2015. However, wireless tele-density in rural areas continues to remain low at 51 per cent.
- Private sector players continue to maintain the bulk of the market share and accounted for 91 per cent of the wireless connections as of March 2016.
- The internet subscriber base has shown very strong growth and at the end of December 2015 the total internet subscriber base was at 332 million against 267 million in March, 2015. Wireless internet continues to remain the preferred medium of access and accounts for nearly 94 per cent of the subscriber base.

Industry Trends

• Initial signs of consolidation in the industry

The Indian telecom sector has begun to see the first signs of consolidation following the changes in regulations around spectrum trading and sharing that were announced during the year. RCOM announced the first consolidation in the Indian telecom sector and is in the process of acquiring the Indian wireless business carried on by Sistema Shyam Teleservices Ltd. (SSTL). RCOM followed this by entering into strategic partnership with Reliance Jio for spectrum sharing and trading to enable the launch of 4G / LTE services in the highly effective 850 MHz band.

In addition, RCOM has also entered into exclusive discussions for a potential combination of its wireless business with Aircel. The potential combination of the Indian wireless business of RCOM and Aircel is expected to substantially benefit both operators by way of opex and capex synergies and revenue enhancement. Other larger pan India operators have also recently announced various deals to acquire spectrum from smaller regional operators.

On account of such consolidation in the sector, the price competition amongst operators continues to subside and this is reflected in better revenue per user. The average revenue per user (ARPU) is currently at ₹ 122 and ₹ 106 (GSM and CDMA) vs. ₹ 98 and ₹ 80 respectively in 2012. In addition to better ARPU, the industry continues to see stable usage patterns on the voice side and very strong growth in the data consumption. The minutes of use per subscriber were at 374 minutes and 256 minutes respectively (GSM and CDMA).

• Growth in smartphone penetration and data consumption

India has the second largest number of mobile cellular subscribers in the world according to statistics published by the International Telecommunications Union but remains highly under penetrated as far as data services are concerned. In India less than 15 per cent of telecom subscribers consume broadband data services at speeds above 512 Kbps. However, this statistic is now expected to improve exponentially with introduction of better quality 3G/4G networks and easier availability of smartphones. Industry data shows that on an average a smart device consumes more than 8.6 times traffic than a non-smart device.

Smartphone penetration in India is still below 25 per cent vs. 60+ per cent in the mature markets such as the USA, UK and China, however, as per latest IDC estimates, India is one of the fastest growing smartphone markets in the world. Calendar year 2015 saw over 100 million smartphones shipped in India and this is expected to continue to grow aggressively. It would most likely result in the share of smartphones overtaking feature phones in the current year.

In addition to improving smartphone penetration, rollout of 4G services should help drive data consumption. Operators will seek to launch bundled 4G OEM handsets at affordable price points as the global 4G handset ecosystem matures. In fact the maturing 4G ecosystem (hardware + services) should prompt consumers to upgrade their devices, leading to increased replacement demand for 4G enabled handsets. It is most likely to result in the 4G handsets overtaking 3G handsets and at least one in two smartphones shipped in India expected to be a 4G enabled device.

These developments are very positive for the telecom industry and should drive data consumption. According to the Cisco's Annual Global Visual Networking Index ("Cisco VNI"), Mobile Forecast Highlights, 2015-2020, India's wireless data traffic will grow 12 fold from 2015 to 2020 a CAGR of 63 per cent. Cisco VNI predicts the average user will consume nearly 1.3GB of data a month against the current average of less than 0.2GB a month.

• 4G / LTE network rollouts

Globally telecom operators have been rolling out 4G for the last few years and have witnessed very good uptake. As per GSMA, over 500 operators globally have launched 4G/LTE services in over 150 countries and the pace of these rollouts continues to increase. 4G connections account for around 15 per cent of the global connections and is expected to reach around 44 per cent of connections by 2020. In India, we have been witnessing similar trends with many operators getting ready for launch of large scale 4G networks.

Management Discussion and Analysis

Financial year 2016-17 is expected to be a major year for 4G rollouts in India. Given improving smartphone availability and adoption of 4G/LTE amongst customers, telecom operators will be focused on delivering superior experiences for their customers by leveraging their network coverage and capacity.

Faster 4G/LTE networks will also result in consumption patterns getting more data-centric. Video, audio and social networking will become key traffic growth drivers and will account for more than 80 per cent of data traffic. Entertainment content including movies, TV and music videos will become the main driver (about 90 per cent) of video traffic. With stronger networks and more content coming in the digital format, customers will begin to consume longer duration streaming videos. Globally, post launch of 4G/LTE networks, operators have witnessed average data usage of a 4G user go up to 4x of average data usage of a 3G user.

4G adoptions will be over 5x faster than 3G given that entry costs for devices are much lower now. An average 3G handset was sold for \$225 at the time of launch vs. \$60 for a 4G device now. In terms of coverage areas 4G has significantly more coverage right at the start, with nearly 80 per cent of the population having network coverage vs. only 10 per cent of the population getting coverage at the time of 3G launch. Finally competitive tariffs and affordability of 4G products will make it more attractive for the consumers and would lead to higher consumption of data services.

From an operator's perspective 4G networks lead to lower operating costs. 4G has superior spectral efficiency as compared to some of the legacy technologies and this, combined with better and newer electronics equipment, leads to significant savings on operating costs. The antennae and radios for 4G are also equipped to handle multiple bands and frequencies thereby bringing down fuel and power costs of running such equipment.

- **Digital India and other government led initiative**

Telecommunication, as a key infrastructure service, is pivotal to the socio-economic development of the country and has been identified by the current government to be one of the key agents for change. Governments expect to offer a wide range of digital services to provide easier access to government services.

In addition to the rollout of high speed networks by the telecom services providers, the government has also been actively promoting the creation of public access networks. Under the umbrella of Digital India there have been a number of positive developments around execution plans for smart cities and wifi enabled public locations. The ambitious BharatNet project of bringing connectivity and digital services to over 250,000 Gram Panchayats will allow the delivery of a multitude of services to all citizens. In addition to such networks, we will also witness the creation of smart cities where connectivity to everything will be the backbone of such smart cities. The Government has recently announced 100 smart city projects and execution is expected in the near future. Smart City services such as public safety, transport management and healthcare will all need support of a strong communication infrastructure which telecom operators can plan to leverage on.

Outlook

There is a global shift towards 4G and India is also poised for high growth in 4G adoption

Global manufacturers are now offering multi-mode and multi-band phones which will allow the customers to seamlessly connect to any technology offered by service providers using multiple spectrum bands. This is making the entire ecosystem simpler, enabling accelerated launches of 4G/LTE roll-outs. India is going to witness the launch of 4G services across the country in the year 2016-17 and RCOM is geared for offering 4G services to its customers.

Improving device ecosystem and affordable smartphones will increase data usage significantly

The 4G/LTE device ecosystem is continuing to develop well across all 4G/LTE bands in India. The average price of a 4G device is now around ₹ 4,000 vs. over ₹ 10,000 at the time of 3G launch, making 4G truly a service for the masses right at the launch timing. India is a huge market and remains underpenetrated in terms of smartphone penetration at low double digit levels. The wide range of availability of 4G devices coupled with more affordability offers a great opportunity for telecom operators launching 4G/LTE services.

Consumption of data will also increase exponentially once 4G picks up across India. Currently, the average data usage per subscriber per month on 3G is approximately 750MB, which is comparable to the global average. Globally after the launch of LTE networks, operators have witnessed average data usage of a LTE user to be up to 4x of average data usage of a 3G user.

Regulatory Developments

1. TRAI Recommendations on Valuation and Reserve Price of Spectrum in 700/800/900/1800/2100/2300/2500 MHz bands

- A. TRAI issued recommendation on Valuation and Reserve Price of spectrum in various bands on January 27, 2016 wherein it recommended Reserve Price for various bands as follows:

(Amounts ₹ in crore)

700 MHz	800 MHz (19 LSAs)	900 MHz (6 LSAs)	1800 MHz	2100 MHz	2300 MHz	2500 MHz
11,485	5,819	3,341	2,873	3,746	817	817

- B. Summary of its important recommendations are as below:
- Harmonization of 800/1800 MHz bands should be completed and entire spectrum available should be put to auction.
 - Existing caps of 25 per cent of total assigned spectrum and 50 per cent within a given band to be continued.
 - Guidelines for liberalization of 900 MHz spectrum should be similar to those of 800 MHz and 1800 MHz bands.
 - Audit of all allocated spectrum to commercial users and PSUs/Government.

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- e. Flat SUC of 3 per cent for spectrum acquired through Auction or Trading or for which market price is paid to the Government.
- f. SUC for BWA should also be 3 per cent if this service is provided under UASL/UL(AS)/UL.

2. Spectrum Cap

- A. On July 2, 2015, TRAI submitted its response to a reference received from DoT on the issue relating to Spectrum Cap and Minimum Spectrum Holding by a Telecom Services Provider (TSP). It was a follow up of a direction from Hon'ble Supreme Court.
- B. On February 16, 2016 TRAI issued further clarification on its response. Vide these responses, TRAI recommended that:
 - a. There is no need to modify existing spectrum caps of 25 per cent and 50 per cent, at present.
 - b. All commercially available spectrum should be considered while calculating cap irrespective of whether it is unsold in an auction or surrendered by a TSP or taken back by DoT.
 - c. TSP should not be asked to surrender spectrum if cap is reduced subsequently, due to any reason.
 - d. Review of policy decisions such as spectrum cap is a continuous process which may take place if situation arises.
 - e. DoT should not take spectrum back from a TSP even if it is less than 5 MHz.

3. Spectrum Sharing

- A. After considering TRAI recommendations dated July 21, 2014 and subsequent clarifications on May 22, 2015, DoT/ WPC issued Guidelines for sharing of Access Spectrum by Access Service Providers on September 24, 2015 as under:
 - a. All access spectrums will be shareable provided that both the licensees are having spectrum in the same band in that licensed service area. Leasing of spectrum is not allowed.
 - b. Sharing of spectrum by two TSPs having administratively allocated spectrums shall be allowed if OTSC is paid.
 - c. If any one of the two licensees, has administratively assigned spectrum, sharing will not be permitted for applying the prescribed market cap i.e. (25 per cent of the total spectrum assigned and 50 per cent in the band), 50 per cent of the spectrum held by the other licensee shall be counted as additional.
 - d. The SUC rate for each of the licensees post sharing shall increase by 0.5 per cent of AGR.

- B. Respective License amendments have also been issued by DoT on December 3, 2015 making these Guidelines a part of the License Agreement.
- C. RCOM has already intimated DoT regarding its sharing of spectrum with Reliance Jio Infocomm Limited as part of the sharing and trading agreement entered in January, 2016.

4. Spectrum Trading:

- A. After considering TRAI recommendations dated January 28, 2014 and subsequent clarifications issued on May 22, 2015, DoT/ WPC issued Guidelines for Trading of Access Spectrum by Access Service Providers on October 12, 2015 as under:
 - a. Only outright transfer of spectrum is permitted. Leasing of spectrum is not permitted.
 - b. Spectrum trading will be permitted only on LSA (Licensed Service Area) basis and it will not alter the original validity period of spectrum assignment.
 - c. The Spectrum either assigned through an auction in 2010 or afterwards, or on which the licensee has already paid the prescribed market value to the Government, shall be tradable.
 - d. A TSP will not be permitted to trade any spectrum in the spectrum band in which it has acquired any spectrum through trading (or auction), for a period of 2 years from the effective date of transfer of such spectrum (or effective date of assignment).
 - e. Trading fee: 1 per cent of the transactional amount or 1 per cent of the prescribed market price, whichever is higher
 - f. For trading a part of spectrum acquired in auction through deferred payment plan, seller and buyer both will be responsible for balance payments pro-rated for quantum of spectrum.
 - g. The amount received from trading will be a part of AGR for the purpose of LF and SUC.
- B. Respective License amendments have also been issued by DoT on December 3, 2015 making these Guidelines as part of License Agreement.
- C. RCOM has intimated DoT regarding trading of its spectrum in 800 MHz band as part of the sharing and trading agreement entered in January, 2016.

5. Spectrum Liberalization

- A. On November 5, 2015, DoT issued Guidelines for Liberalization of Administratively allotted Spectrum in 800 MHz and 1800 MHz frequency bands, as under:
 - a. Liberalization of as part of spectrum is not allowed. Entire administratively allotted spectrum to be liberalized for the balance validity of right to use the same.

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- b. Liberalization will be allowed only on payment of latest auction determined price pro-rated for balance validity period. Pro-rated Entry fee already paid will be deducted from the amount to be paid for Liberalization.
 - c. Payment of OTSC or submission of Bank Guarantee, as the case may be, is also a pre-condition for Liberalization.
 - d. SUC will be applicable on liberalized spectrum as per applicable Guidelines.
 - e. These Guidelines not applicable for Service areas where auction determined price is not applicable.
- B. Respective License amendments have also been issued by DoT on November 5, 2015 making these Guidelines a part of License Agreement.
- C. For 900 MHz band, TRAI in its recommendation on January 27, 2016 recommended that Guidelines for Liberalization of 900 MHz band can be in line with the Guidelines for 800 MHz and 1800 MHz bands.
- D. For the service areas where auction determined price is not available, Cabinet has on April 6, 2016, basis TRAI recommendation; approved modification to existing policy of liberalization that most recent recommended reserve price will be taken as the provisional price for liberalization of administratively allocated spectrum where auction determined price is not available. Subsequent to the completion of the ensuing auction and with the availability of auction determined price, the provisional price already charged will be adjusted with the auction determined price with effect from the date of liberalization on a prorata basis.
- E. On the basis of this policy, RCOM has got approval from DoT for Liberalization of its administratively allocated 800 MHz spectrum in 16 circles where auction determined price was available. These circles include, Andhra Pradesh, Bihar, Delhi, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Kolkata, Madhya Pradesh, Maharashtra, Mumbai, Odisha, Punjab, Uttar Pradesh-East, Uttar Pradesh-West and West Bengal.
- F. For the remaining 4 circles viz. Karnataka, Kerala, Tamilnadu and Rajasthan, aforesaid Cabinet's Decision is an enabler for liberalizing RCOM's 800 MHz spectrum holdings, subject to payment of applicable amount and submission of Bank Guarantee and these approvals were subsequently received in May, 2016.

6. Ceiling on Roaming Tariff

On April 9, 2015, TRAI issued its 60th Amendment to TTO regarding Tariff for Voice calls and SMS while Roaming. Vide this amendment, TRAI prescribed that:

- a. Every Service Provider shall offer a Special Roaming Tariff Plan for its Prepaid and Postpaid subscriber in which, on payment of fixed charge, if any, the incoming voice call while on national roaming is free.

- b. Tariff while on Roaming as under:

ITEM	TARIFF while Roaming
Fixed Charge for National Roaming	Nil provided that STV and CV shall be permitted and in case of SRTP, the fixed charge shall be under forbearance.
O/g local voice call on national roaming	Ceiling of ₹ 0.80 per minute
O/g STD voice call on national roaming	Ceiling of ₹ 1.15 per minute
I/c voice call on national roaming	Ceiling of ₹ 0.45 per minute
O/g local SMS on national roaming	Ceiling of ₹ 0.25 per SMS
O/g STD SMS on national roaming	Ceiling of ₹ 0.38 per SMS
I/c SMS	Nil
Surcharge while on national roaming	Nil
International roaming	Forbearance
Any other item related to roaming	Forbearance

7. Sharing of Active Infrastructure

- A. On February 11, 2016, DoT issued amendment to License Agreement, permitting Sharing of Active Infrastructure upon mutual agreements entered amongst service providers.
- B. Amendment further states that Active Infrastructure sharing will be limited to antenna, feeder cable, Node B, Radio Access Network (RAN) and transmission system only.

8. Over-The-Top (OTT) Services

- A. TRAI, suo-moto, issued a consultation paper in March 2015 on the issue of "Regulatory Framework for OTT Services" seeking comments from all stakeholders. Apart from seeking inputs on OTT services, this paper also sought inputs on Net Neutrality.
- B. The objective of this Consultation Paper (CP) was to analyse the implications of the growth of OTTs and consider whether or not changes are required in the current regulatory framework.
- C. The consultation paper deliberated on various issues including:
 - a. Focuses on OTT applications, their characteristics and the impact on the telecom industry
 - b. Challenges posed by the OTTs to TSPs and the responses of regulators in different geographical jurisdictions viz. adjustments, if any, to the regulatory framework
 - c. Net Neutrality
 - d. Options available to the TSPs and OTT players

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- D. RCOM submitted its response to the TRAI on the consultation paper in April 2015. TRAI recommendations on the issue are still awaited.

9. Prohibition of Discriminatory Tariff for Data Services Regulation 2016

- A. TRAI issued a Regulation on Prohibition of Discriminatory Tariff for Data Services on February 8, 2016 which disallowed service providers to offer or charge discriminatory tariffs for data services on the basis of content being accessed by a consumer.
- B. Prior to issuing this Regulation, TRAI had issued a consultation paper which deliberated on the issue on whether the service providers should be allowed to charge differential tariffs based on the websites/applications/platforms being accessed on the internet.
- C. As per the Regulation:
- No service provider shall offer or charge discriminatory tariff for data services on the basis of the content.
 - No service provider shall enter into any arrangement, agreement or contract, by whatever name called, with any person, natural or legal, that has the effect of discriminatory tariffs for data services being offered or charged by the service provider for the purpose of evading the prohibition in this regulation.
 - Reduced tariff for accessing or providing emergency services at times of public emergency has been permitted.
 - Financial disincentives for contravention of the regulation have also been specified.
 - TRAI may undertake a review after two years or at an earlier date as it may deem fit.

10. M2M Roadmap

- A. On May 12, 2015, DoT released the roadmap for implementation of M2M services in India.
- B. DoT has formed a consultative committee, for working out the modality for on ground provisioning of M2M services by the operators. The industry is being represented through Associations, in this committee.
- C. The committee is dwelling on the issues of the process and classification of Registration / licensing of M2M service providers and fulfilling the LEA requirements once M2M services are provisioned in India.
- D. Industry is of the view that M2M service provider should be registered as Other Service Providers (OSP).

11. Call Drop Compensation

- A. On October 16, 2015, TRAI issued an amendment to its Telecom Consumer Protection Regulation, mandating the service providers to provide the compensation to the consumers for call drop w.e.f January 1, 2016.
- B. Definition of Call Drop: "call drop" means a voice call which, after being successfully established, is

interrupted prior to its normal completion; the cause of early termination is within the network of the service provider.

- C. The regulation mandates that originating service provider for each call drop within its network:

- Credit the account of the calling consumers by one rupee. However, such credit in the account of the calling consumer shall be limited to three dropped calls in a day (00:00:00 hrs to 23:59:59 hrs).
- Send a message through SMS/USSD to the calling consumers within four hours of the occurrence of call drop and details of amount credited in his account. In case of postpaid consumers provide the details of the credit in the next bill.

- D. After rejection of all requests by TRAI from industry seeking review of this regulation, industry challenged the Regulation in Delhi High Court which later upheld the Regulation.

Industry Challenged Delhi High Court's decision and The Supreme Court has subsequently ruled in favour of the telecom companies striking down the order against compensation for call drops.

Company Related Key Regulatory Developments

- a. Liberalization of Spectrum: RCOM got approval from DoT on April 7, 2016, for Liberalization of its administratively allocated 800 MHz spectrum in 16 LSAs (applied for 20 LSAs) applied in July, 2015, where auction determined price was available. These circles include; Andhra Pradesh, Bihar, Delhi, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Kolkata, Madhya Pradesh, Maharashtra, Mumbai, Odisha, Punjab, Uttar Pradesh-East, Uttar Pradesh-West and West Bengal.

For the remaining 4 circles viz. Karnataka, Kerala, Tamilnadu and Rajasthan, approvals have been received in May, 2016.

- b. Spectrum Sharing: RCOM has intimated DoT on October 1, 2015 regarding its Sharing of spectrum with Reliance Jio in 7 circles viz. Bihar, Haryana, Madhya Pradesh, Himachal Pradesh, Uttar Pradesh-East, Mumbai and Odisha in 800 MHz band.

RTL has also intimated DoT on January 20, 2016, regarding Sharing of 800 MHz spectrum in North East and Assam circles which were acquired through Auction in March, 2015.

- c. Spectrum Trading: RCOM had intimated DoT regarding Trading part of its spectrum in 800 MHz band in 9 LSAs on January 20, 2016, which after liberalization, has taken place for this administratively allocated spectrum in service areas viz. Delhi, Uttar Pradesh-East, Uttar Pradesh-West, Punjab, Maharashtra, Gujarat, Kolkata, West Bengal and Andhra Pradesh.

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- d. Unified License signed by RTL : RTL on expiry of its UAS Licenses on December 11, 2015, obtained Unified License (UL) with Authorization to provide services in seven (7) service areas viz. Assam, Bihar, Himachal Pradesh, Madhya Pradesh, North East, Odisha and West Bengal which is effective from December 12, 2015. This is as per the Guidelines for Grant of UL which mandates migration to Unified License on expiry of current license, to ensure continuity of services.

On obtaining UL covering these 7 service areas of RTL, we are able to continue our services to our customers using existing 2100 MHz band and 900 MHz/1800 MHz bands acquired in March, 2015 Auction.

- e. Call Drop: RCOM and RTL are parties to the industry petitions in Supreme Court challenging Delhi High Court order which upheld TRAI's Regulation regarding Compensation to Customers for Call Drop. The Supreme Court has subsequently ruled in favour of the telecom companies striking down the order against compensation for call drops.
- f. Spectrum Allocation: RCOM and RTL have been allocated spectrum won in the Auction held in March, 2015. Details of such allocations in various bands are as under:

Band	Spectrum (Paired)
800 MHzzMH	26.25 MHz
900 MHz	10 MHz
1800 MHz	11.8 MHz

- g. Acquisition of Telecommunication Business of Sistema Shyam Teleservices Limited (SSTL): Necessary clearances have been obtained from BSE Limited, National Stock Exchange of India Limited and Competition Commission of India for the same. Application has been made to DoT on January 15, 2016 regarding acquisition of Telecommunication business of SSTL by RCOM by way of scheme of Arrangement. Scheme petition has also been filed with Bombay High Court for requisite approval.

Company

A. Overview of business areas

Reliance Communications Limited is India's foremost integrated communications service provider in the private sector with over 111 million individual, enterprise, and carrier customers.

We operate across the entire gamut of wireless, wireline, long distance, voice, data, video and internet communication services on a pan India basis. We also have an extensive international presence through the provision of long distance voice, data, internet services and submarine cable network infrastructure globally.

We conduct a substantial portion of our business through subsidiary companies, including, GCX, RTL, RCIL, Reliance Infratel and Reliance Big TV.

India Operations

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

Mobility / Wireless services

During the year, the voice and non-voice business includes CDMA and GSM based wireless services to consumers on a nationwide basis. Subsequently, during early financial year 2016-17, RCOM decided to upgrade all its CDMA customers to 4G services.

The spectrum auction of March, 2015 has strengthened RCOM's spectrum portfolio in the 800/850MHz band. RCOM's holding has increased to 5MHz or more in 21 circles from 12 circles earlier. This places RCOM in an advantageous position in the Indian telecommunication space, as this band is recognized as one of the most powerful spectrum bands in the sub-1 GHz spectrum category. Globally many operators have launched 4G services on this band. We believe this gives us the unique capability to launch 4G services in an efficient manner. We clearly see the future of the telecom industry not in 2G/3G but in 4G / LTE.

We operate 3G services in all the 13 circles where we own 3G spectrum. We have 3G services in five circles, Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Uttar Pradesh (East), through ICR arrangements, thus increasing our 3G coverage to 18 circles. We provide wireless broadband services in many cities and towns across India.

We not only provide telecom connectivity to the mass market consumer segment but also, as an Integrated Telecom Service Provider, we offer total telecom solutions to our Corporate, SME and SoHo customers. Our portfolio of products includes mobile handsets, fixed wireless phones/terminals, tablets, high-speed internet data cards and Blackberry services. Our primary brands are Reliance Mobile for the mobile portfolio of services, Reliance Hello for the fixed wireless portfolio of services, Reliance 3G for 3G Services and Reliance 4G for 4G services. We offer a unique wireless multimedia experience under the brand Reliance Mobile World.

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

We are among the top providers of wireless communication services in the country, with a wireless subscriber base of over 102 million as of March 31, 2016.

Enterprise services

The Company through the 'collaborative innovation' route partners with leading global technology providers

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to continually expand its diverse service portfolio for the Enterprise and SME segments. Broadly, this portfolio consists of national and international private leased circuits, network connectivity, managed network services, comprehensive voice solutions, Enterprise mobility solutions, collaboration solutions, data centre co-location, managed services and cloud offerings. Our enterprise clientele includes over 39,000 Indian and multinational corporations including SMEs and over 900 prominent enterprises in India.

Our National Long Distance business offers NLD carriage and termination on an inter segment basis, to other business units of Reliance Communications. We also offer bandwidth and infrastructure services to other operators. We are leveraging our existing metro fibre optic networks to establish direct building connectivity on-net. Currently we are operating in 44 cities in India with around one million buildings connected directly to our network.

Internet Data Center

We are one of the leading IDC service providers in India with ten data centres in Navi Mumbai, Bengaluru, Chennai and Hyderabad. Our IDCs have a total capacity of 1.1 million square feet (including IDC V, a new data centre in Navi Mumbai which is currently under construction). We offer a wide range of services through our data centres including co-location, managed hosting, IT infrastructure, managed security, system integration, storage and back-up solutions. We have introduced a pay-per-use model for co-location services. We also offer cloud-based services such as storage for archival purposes and data protection and business application services such as CRM, ERP and HRMS to customers on a pay-per-use model.

Reliance Big TV (Direct-To-Home business)

Our Direct-To-Home (DTH) digital TV Business, branded as Reliance Big TV, offers a full combo of Standard Definition, High Definition and High Definition-DVR STBs, along with largest channel bouquet. We also introduced a new technology advancement which made us the 1st operator to offer all 278 channels in HD like quality. Reliance offers nationwide Direct-To-Home satellite TV services, employing state-of-the-art MPEG4 technology.

Reliance Digital TV is available at nearly 37,350 outlets across nearly 5,650 cities in the country. The retail and distribution reach, as well as other elements of infrastructure established for our wireless network, have been leveraged to expand our DTH presence. Reliance Digital TV currently has about 5 million subscribers, with 6 per cent share of the DTH market in India. We launched India's first High definition cum Advanced Digital Video recorder (HD DVR), offering 200 hrs of recording, trick play functions and universal remote for operating three devices.

Reliance Infratel Limited (Telecom Infrastructure Business)

RITL, subsidiary of the Company, is in the business to build, own and operate telecommunication towers, optic fiber cable assets and related assets at designated sites and to provide these passive telecommunication infrastructure assets on a shared basis to wireless service providers and other communications service providers under long term contracts. These customers use the space on our telecommunication towers to install their active

communication related equipment to operate their wireless communications networks. The customers can also use our optic fiber network to connect the sites to the core network and the connectivity between circles.

Global Operations

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

In our Carrier Voice, we offer ILD carriage and termination, on an inter-segment basis, to our other business units and other operators. We are one of the largest carriers of international voice minutes.

As part of our Consumer voice offering we offer virtual international calling services to retail customers for calls to 230 international destinations including India under the brand Reliance Global Call. Our retail services are available to customers in 14 countries in Australia, Austria, Belgium, Canada, France, Hong Kong, India, Ireland, Netherlands, New Zealand, Singapore, Spain, United Kingdom and United States. We have over 2.6 million customers for our Reliance Global Call service. We have more than 400 enterprise customers of Reliance Global Call across 11 countries including the United States, United Kingdom, Canada, Australia, New Zealand, Singapore, Spain, Belgium, France, the Netherlands and India. We also offer SIP Trunk calling along with Blackberry and Windows App.

Our International Data business is underpinned by our ownership of one of the largest private submarine cable system in the world, spanning 68,698 kilometres and connecting North America, Europe, the Middle East and Asia through 46 landing points in 27 countries. The network seamlessly interconnects with our 190,000 kilometres fibre optic cables within India. We have over 900 enterprise customers spread over developed markets such as the United States, the United Kingdom, the Netherlands and Singapore.

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

We have a very strong and rapidly growing enterprise business segment outside India. We are one of the leading Managed Ethernet services providers and have an established position in the global enterprise data market.

B. Business Strategy

a. Competitively leverage our Spectrum-based "Go To Market" strategy

We have the necessary spectrum portfolio to ensure long term value creation. During the year we held 269 MHz of spectrum across 850/900/1800/2100 bands. By entering into strategic sharing and trading deals we have successfully lowered our future regulatory cash flow

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obligations while enhancing our ability to serve the most advanced data services to our customers.

b. Focus on Data based Services

We will continue to increase our data subscriber base, including mobile and wireline subscribers, and revenues by continually improving our data service offerings with integrated content at more affordable price plans.

Further, we believe that our offering of LTE data services on the 850 MHz band will result in better quality of services for our customers given that this frequency offers better coverage within buildings. We recognize that the industry is moving away from pure voice services to more value added data services and we intend to leverage our entire offering across the value chain to provide services to our consumers at the most competitive rates.

c. Continue to Focus on Offering New Products and Services

We aim to continue growth in our revenue streams through the expansion of our portfolio of service offerings and specific sales and marketing initiatives aimed at increasing our customer base. Such efforts include offering a wider range of wireless and wireline services, like video on demand, online gaming and video chat and conferencing. We will also evaluate further expansion of our distribution network of retail stores and developing them into one-stop shops for retail customers.

d. Focus on Reduction of Operating Costs

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

e. Manage our Assets Effectively

We aim to continue optimal utilization of our portfolio of assets, including the passive infrastructure that we build and use, and also make available on a shared basis to other wireless and communications service providers. Our aim is to pursue expansion at a reduced cost to achieve increased shareholder returns, improved cash flows, higher operational efficiency and increased network coverage with better quality. We are also exploring monetisation of our assets to reduce our debt levels and increase profitability, thereby achieving greater returns and value for our shareholders.

C. New Initiatives and corporate partnerships

Products and services related

a. Launch of virtual cross-sell/up-sell portal - MyStore *129#

RCOM had launched the MyStore *129# portal, a one stop mall for subscribers to choose single/multiple pack from the list and enjoy calls at best rates, get higher talktime, higher data benefits along with personalised offerings for each subscriber under special offers.

b. Launch of Data Loan service

Similar to the successful "TalkLoan" facility that was launched in FY15; a unique "DataLoan" facility for prepaid customers was introduced. This can be utilized when prepaid customers' data quota falls below 10 MB. A DataLoan of 60 MB can be availed at a time, at a nominal price of ₹ 10 and validity of 2 days. Data is instantly credited to customers' account. Customer is charged ₹ 10 + ₹ 2 convenience fee which is recovered post their next talk-time recharge. The 60 MB data is radio-agnostic and works on both 3G/2G.

c. Launch of Freepaid: Unlimited Local, STD and Roaming

RCOM launched a unique proposition giving unlimited calls free to any local and STD Reliance number from home circle and also during national roaming. Calls made to any landline (Local and STD) are also free from both home and roaming location. Unlimited on-net and landline is coupled with free daily entitlement of 30 min for all off-net calls. Incoming calls during roaming are also free.

The multi dimensional benefits packed into single recharge giving free on-net and landline calls with free incoming roaming and free off-net minutes make it a very compelling proposition for a power user and make prepaid into Freepaid. The pack is available in monthly, weekly and daily variants.

d. Launch of Smart Fixed Wireless Phone

Smart FWP is a Fixed Wireless Phone which can provide high data speed of 3.1Mbps, it can provide high quality voice service and SMS service, and also can be used as a modem when it connects to PC or other device by USB cable, it can also provide Wi-Fi connection and connect upto 8 Wi-Fi enabled devices.

e. Launch of Reliance NetBuddies - unique referral program for the customers

Reliance NetBuddies is a referral program where GSM customers can refer their friends from other networks and stand to earn data for themselves and their referred buddies. Data is used as a means for participation and conversion, as it has been seen that data usage leads to twice the ARPU versus a voice only customer. Retailers can also participate by driving this program through existing Reliance customers.

f. Introduction of 4G-EVDO smartphones

RCOM had introduced smartphones with 4G, 3G and EVDO compatibilities. These smartphones are available across different brands such as TCL, Gionee and HTC at very attractive price points. Existing CDMA subscribers were encouraged to upgrade to these smartphones and experience the best-in-class data speeds on EVDO immediately and be the first to try our 4G services on its launch.

g. Introduction of offers and packages specific to festivals as well as cricketing matches

On the auspicious festivals of Ganeshotsav, Onam and Janmashtami, RCOM had offered devotional and relevant

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and popular bollywood songs, aarti, shlokas, caller tunes, wallpapers, live streaming and more through its voice portal 543219, WAP and SMS short code. Customers could also participate in a contest and win exciting prizes. Exclusive promotions to drive data usage during the IPL and world cup resulted in accelerated recharges on specific high ARPU packs.

h. Launched a Cloud-based Secure Web Gateway in partnership with Zscaler

Integration of the Cloud-based Secure Web Gateway will enable our enterprise customers in securing its mobile employees across devices, locations and time zones; enforce unified global security policies in real time; control the spiralling cost of backhauling Internet traffic; and gain insights through real-time analytics and know threat visibility across the network.

i. Deployed Ciena's Packet Networking solutions to enable high capacity Ethernet services on our transatlantic route

Extending from GCX's Cloud X location, a high-performance enterprise-class node that serves as a strategic point of presence (PoP) in London, the route upgrade ensures seamless global connectivity for international carriers, large multinational enterprises and new media customers. Leveraging Ciena's packet networking capabilities, GCX is facilitating flexible, high-bandwidth connectivity for global content and application distribution and internet connectivity, supporting critical business transactions, data intensive applications and high bandwidth cloud computing services.

j. Launched our new India Network, based upon a 100G-enabled backbone seamlessly integrated with GCX's Global Subsea Network

It will directly interconnect 29 data centres in 7 major cities with intra-city rings providing the connectivity to data centres through the last miles. Initial cities include Delhi, Mumbai, Chennai, Bengaluru and Hyderabad.

k. Announced the expansion of our Data Center footprint and Cloud Ecosystem across India

Installation of Cloud X nodes in Delhi, Mumbai, Chennai, Bengaluru and Hyderabad is part of our initiative to achieve full deployment of our next generation content and Cloud Delivery Network across India. Our unique strength in Cloud orchestration stems from unrivalled national and global network reach which enable customers to have seamless access to the rapidly growing public Cloud ecosystem in India and around the globe. Our Cloud X Fusion available across key markets in India bridges the gap between public Cloud services and Enterprise networks, enabling direct connectivity between Reliance's global MPLS network and the world's leading Cloud platforms.

l. Completed extension of our Cloud X Fusion ecosystem with a direct access to Amazon Web Services (AWS) in Singapore, London, Frankfurt and Tokyo

This will offer enterprise customers a robust cloud solution that drives new business opportunities. Through GCX's extensive global network and its comprehensive product portfolio, Cloud X Fusion provides seamless, low latency connectivity across developed and emerging markets in the US, Europe, Middle East and Asia, which gives enterprises

the security, the reliability and predictability as they connect to the AWS cloud services while tapping into bandwidth dynamically on a usage-based consumption.

m. Expanded Singapore-India connectivity (ICX) through capacity on TIC subsea cable

Capacity on TIC subsea cable system, based on 100G technology, provides interconnection to RCOM's data centres, terrestrial fiber network and GCX's subsea cable network and extended to key cities across India with Cloud X nodes as terminal points.

Following significant upgrades of our Global Network across Australia and New Zealand with four new Points of Presence (PoPs) in Sydney, Melbourne, Perth and Auckland, we also launched our Cloud X platform in Sydney which will enable Enterprise customers across Australia to have on-net access to leading public cloud platforms including AWS, Microsoft Azure, Softlayer, Google, Rackspace, VMWare and more than 20 others worldwide, as well as software services like Microsoft Office 365 and Google Apps for Work.

Customer service related

a. MyStore *129# : Customer and Retailer

This portal was enhanced and extended to retailers wherein it provides varied additional commission to retailers who can view the segmented offer for a customer and recharge after viewing. This would drive retailer engagement on the portal and drive the segmented offers for the customers designed for ARPU upgrade.

b. Launch of e-shop seller module for all channel partners

RCOM launched the seller module for all smartphone outlets which is a surrogate for keeping physical inventory of multiple SKUs at the counter. Rather than building up smartphone inventory the retailer can use the portal to sell any smartphone of customers' choice which gets delivered by the seller module partner. The advantages of this portal are:

1. Availability of multiple smartphone options for the customers;
2. No physical inventories;
3. Smartphone margins and commissions for channel partners for every sale;
4. Option to buy smartphones on EMI through the multiple EMI options.

c. Reliance Digital TV Android App Upgraded

We have upgraded the Reliance Digital TV Android App to provide a complete self care application to subscribers including Recharge, Subscribe, Rent Movies and Applications, online troubleshooting, Program Guide and Reminders.

d. Launched a new IP Transit Trading Desk with real-time analysis and reporting

This initiative has enabled us to enhance delivery of analysis on upstream utilization, pricing performance, market demand and trading desk activities tracking. It has also significantly enhanced efficiencies across our key functional units to support key sales and retention opportunities.

Management Discussion and Analysis

Strategic corporate partnerships

a. RCOM's planned acquisition of SSTL - the first consolidation in the Indian telecom sector

RCOM signed the definitive documents for demerger of Sistema's Indian wireless business, carried on by Sistema Shyam Teleservices Ltd. (SSTL) into RCOM. RCOM will acquire approx. 9 million customers and approx. ₹ 1,500 crore of annual revenues by virtue of this transaction. In addition, RCOM will acquire SSTL's 800 / 850 MHz band spectrum, ideally suited for 4G services, to complement its own unique nationwide footprint of 800 / 850 MHz spectrum. This will extend RCOM's spectrum validity in 8 important circles to 2033.

b. Reliance Jio and RCOM - a strategic partnership for spectrum sharing and trading

Reliance Jio Infocomm Limited (Reliance Jio) and RCOM have signed agreements for a comprehensive nationwide spectrum sharing and trading arrangement in the 800MHz band. Access to enhanced spectrum footprint in the 800 MHz band will complement Reliance Jio's best-in-class LTE services rollout, providing increased network coverage and superior service quality. RCOM's customers will benefit from access to Reliance Jio's world class nationwide 4G network under the reciprocal sharing and ICR agreements.

c. RCOM entered into exclusive discussions for potential combination of its wireless business with Aircel

RCOM has been in exclusive discussions with Maxis Communications Berhad and Sindya Securities and Investments Private Limited, the shareholders of Aircel Limited, to consider the potential combination of the Indian wireless business of RCOM and Aircel to mutually derive the expected substantial benefits of in-country consolidation, including opex and capex synergies and revenue enhancement.

d. RCOM and Jasper to deliver IoT services across India and make Smart Cities a reality

RCOM and Jasper announced partnership to enable enterprises throughout India to launch, manage and monetise Next-Generation IoT businesses. This collaboration uses Reliance's Cloud X and Jasper Control Center platforms to empower enterprises to deliver IoT services. Reliance is Jasper's sole telecom partner in India. This partnership pairs the capabilities of Reliance's data center facilities and its Global Cloud Xchange (Cloud X®) platform with Jasper's global IoT services platform to enable enterprises to capitalize on IoT services. This marks yet another step forward in delivering the infrastructure and IoT platform required to facilitate the diverse array of projects under the Government of India's 'Digital India' initiative.

e. Partnership with Broadcast Media Communications (BMC UK)

Broadcast Media Communications (BMC) has successfully deployed BMC Global Media Network across GCX Cloud X nodes in Palo Alto (California), Hong Kong and London, offering media companies global access and full workflow orchestration through the Broadcast as a Service (BaaS™) Suite of software solutions by BMC.

f. Expanded our global footprint into Australia in partnership with NEXTDC

Our presence at NEXTDC's M1 Melbourne and S1 Sydney data centres enables customers across Australia and New Zealand (ANZ) to utilize GCX's scalable global IP and MPLS network with direct interconnections to third party networks and our managed network services platform that connects approximately 27,000 sites in 158 countries.

g. Expanded our reach across Europe with TI Sparkle through a multiservice PoP at SICILY HUB in Palermo

This location is closer than any other European peering point to North Africa, the Mediterranean and the Middle East. This further increases our ability to interconnect with major service providers across the region.

D. Awards and Recognitions

a. GCX awarded Best Managed Services Provider by Telecom Asia. The Telecom Asia awards are region's longest running and one of most prestigious industry awards.

b. Judges Award at the Global Carrier Awards. The award recognizes GCX for the Company's strong presence and reputation in the Emerging Markets and for delivering one of the most advanced IP backbones in the market.

c. MEF CE 2.0 certification for Carrier Ethernet. This is the highest standard for Carrier Ethernet in the market today. This certification applies to our Global Ethernet (point-to-point) and Global Ethernet VPLS (any-to-any) services, offering a seamless experience for customers on consistency, functionality and predictable performance.

d. AC Nielsen's Corporate Image Monitor (CIM). RCOM was among the top 10 most reputed companies in India according to the Nielsen CIM 2014-15 survey. Some of the parameters for the study included transparency, trust, demonstration of vision and leadership, perceptions of company product and services, financial performance, and workplace environment.

e. Economic Times India's Most Exciting Brands. RCOM ranked 14th among the top 20 most exciting brands 2015 according to Nielsen's survey conducted exclusively for Brand Equity.

f. Telecom Leadership Award 2015: RCOM was awarded Telecom Leadership Award 2015 - CIO of the Year award from CyberMedia (Voice and Data) Group. The award was given in acknowledgement for being a Catalyst of Change, and for Innovative Strategies in managing Telco's IT.

g. Dataquest Business Technology Award 2015. RCOM was awarded by Dataquest for innovative implementation in BigData Predictive Analysis and Campaign Management.

h. Global Business CIOs 2015. RCOM CIO was awarded by iCMG Forum for the new way of thinking and effective decision making in business scenario.

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- i. CIO Power List 2015. RCOM CIO was placed in "CIO POWER LIST 2015" by Centre for Recognition and Excellence for being one of the most powerful and influential CIOs of 2015.

E. Strengths, Challenges, Opportunity, Risks Analysis (SCOR Analysis)

	Strengths & Opportunities	Challenges & Risks
Industry wide	Telecom sector has good growth potential <ul style="list-style-type: none"> Low rural penetration Reduced competitive intensity as number of operators decreasing Rapid growth in data services <ul style="list-style-type: none"> Consumer demand for internet services such as online videos and social media Proliferation of smart phones New business models driven by startups which depend on good connectivity and cloud services Improving regulatory profile <ul style="list-style-type: none"> Stability and clarity in telecom policies allow for long term planning and efficient capital deployment Digital India initiatives <ul style="list-style-type: none"> Government initiatives to improve broadband connectivity across the country Incentives to manufacture smart phones and telecom equipment in India under the "Make in India" initiative 	Pressure on tariffs <ul style="list-style-type: none"> Voice and data tariffs declining but being compensated by improving volumes Increase in input costs - spectrum <ul style="list-style-type: none"> Cost of Spectrum in India is one of the highest globally due to the scarcity of supply in auctions High churn in customer base <ul style="list-style-type: none"> Indian customers have been accustomed to high level of promotional tariffs and actively switch operators Increased commoditization of services <ul style="list-style-type: none"> Offering across operators need to be differentiated Conversion of "dumb data" to "smarter data" through enhanced content offering Rapid technology changes <ul style="list-style-type: none"> 5G expected to become mainstream by 2020, will require additional investments in spectrum and capex
	Comprehensive domestic and international digital network <ul style="list-style-type: none"> Pan India coverage Subsea and terrestrial connectivity to major telecommunications hubs Ample, long validity spectrum portfolio <ul style="list-style-type: none"> Sub 1 GHz spectrum portfolio allows for better 4G services Limited spectrum portfolio coming up for renewal in the short term - lower regulatory future cash outflow Extensive Distribution and Service Network <ul style="list-style-type: none"> Online and offline channels across the country effectively covering rural and urban India Efficient billing and distribution channels in place Strong industry partnerships in place <ul style="list-style-type: none"> Helps to consolidate dominant data position across businesses - Rjio for infrastructure, Jasper for IoT and IBM/Hitachi/Panasonic for cloud 	Financial leverage <ul style="list-style-type: none"> Increased financial leverage constrains capital spending for growth - focused plans for Deleveraging and Asset monetisation in place Migration of customers to newer technology <ul style="list-style-type: none"> Upgradation of CDMA services may lead to some customer churn Dependence on partners and other telecom operators <ul style="list-style-type: none"> By entering into sharing and trading agreements with Rjio, parts of RCOM's services will be dependent on Rjio's network. Strong SLA in place to mitigate risks. Non completion of proposed strategic M&A transactions <ul style="list-style-type: none"> If any of the proposed strategic transactions do not get completed then it might negatively affect Company's business plans.

F. Financial Performance – Overview

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

Revenues and operating expenses

On a consolidated basis, the Company earned total revenues of ₹ 22,113 crore (US\$3,338 million). The net profit after tax recorded by the Company was ₹ 703 crore (US\$ 106 million). Our total operating expenditure stood at ₹14,694 crore (US\$2,218 million).

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

The Company earned EBITDA of ₹ 7,419 crore (US\$1,120 million). The EBITDA margin for the year was 33.54 per cent.

Depreciation and amortisation

The Depreciation and amortisation charges were ₹ 4,046 crore (US\$611 million).

Profit before / after tax

The profit before tax was ₹ 504 crore (US\$ 76 million). The provision for taxes was to the tune of ₹ (199) crore (US\$(30) million) and the Company has reversed Deferred Tax Liabilities (net) of ₹ 161 crore (US\$ 24 million). The net profit after tax was ₹ 703 crore (US\$ 106 million).

Balance Sheet

As at March 31, 2016, the Company had total assets of ₹ 1,02,066 crore (US\$15,405 million). Stakeholders equity was ₹ 36,866 crore (US\$5,564 million), while net debt (excluding cash and cash equivalents) was ₹ 41,802 crore (US\$6,309 million), giving a net debt to equity ratio of 1.13 times.

Segment wise Review

1. India Operations

Overview

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

Revenues and Profit

The revenues for the financial year ended March 31, 2016 were ₹ 19,370 crore (US\$ 2,924 million). The EBITDA during the same period was ₹ 6,679 crore (US\$1,008 million), while the EBIT (Earnings before Interest and Tax) was ₹ 3,026 crore (US\$457 million).

2. Global Operations

Overview

The Global Business Unit offers the most comprehensive portfolio of Enterprise, IT infrastructure and International long distance voice, video and data network services on an

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integrated and highly scalable platform across the globe. Our business segments comprise Carrier, Enterprise and Consumer Business units. We provide carrier's carrier voice, carrier's carrier bandwidth, enterprise data and consumer voice services.

Revenues and Profit

The Revenues for the financial year ended March 31, 2016 in this segment were ₹ 4,527 crore (US\$683 million). While the EBITDA was ₹ 740 crore (US\$112 million), the EBIT was ₹ 347 crore (US\$52 million).

Strategic Business Units

1. Reliance Communications Infrastructure Limited (RCIL)

RCIL, a wholly owned subsidiary of the Company, offers Passive Infrastructure and Other services.

Revenues and Operating Expenses

RCIL earned total revenues of ₹ 2,962 crore (US\$447 million) during the year as compared to ₹ 2,333 crore (US\$373 million) for the previous year. RCIL incurred total operating expenses of ₹ 1,132 crore (US\$171 million) as compared to ₹ 1,306 crore (US\$209 million) in the previous year.

Net Profit

The net Profit after tax recorded by RCIL was ₹ 448 crore (US\$ 68 million) as compared to ₹ 120 crore (US\$ 19 million) in the previous year.

Balance Sheet

As on March 31, 2016, RCIL had total assets (net) of ₹ 3,301 crore (US\$ 498 million) and shareholders' fund amounting to ₹ 1,643 crore (US\$ 248 million).

2. Reliance Telecom Limited (RTL)

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

Charge Sheet filed by CBI in 2G matter

As reported in previous Annual Report, consequent to the investigations by an investigative agency (CBI) in relation to the entire telecom sector in India, certain preliminary charges have been framed by a Trial Court in October, 2011 against the Company and three of the executives of the Group. The charges so framed are preliminary in nature based on investigations only, and the executives named are presumed to be innocent, till their alleged guilt is established after a fair trial. These preliminary charges have no impact on the business, operations, and / or licenses of RTL and RCOM and are not connected in any manner to any other listed group companies.

Revenues and Operating Expenses

RTL earned total revenues of ₹ 2,752 crore (US\$415 million) during the year as compared to ₹ 3,486 crore (US\$558 million) in the previous year. RTL incurred total operating expenses of ₹ 2,337 crore (US\$353 million) compared to ₹ 2,864 crore (US\$458 million) in the previous year.

Net Profit / (Loss)

The net loss after tax recorded by RTL was ₹ 196 crore (US\$30 million) as compared to net loss of ₹ 143 crore (US\$23 million) in the previous year.

Balance Sheet

As on March 31, 2016, RTL had total assets of ₹ 8,728 crore (US\$1,317 million) and shareholders' fund amounting to ₹ 525 crore (US\$79 million).

3. Reliance Infratel Limited (RITL)

RITL, subsidiary of the Company, is in the business of telecom Infrastructure.

Revenues and Operating Expenses

RITL earned total revenues of ₹ 4,750 crore (US\$717 million) during the year as compared to ₹ 5,916 crore (US\$947 million) in the previous year. The Company incurred total operating expenses of ₹ 2,827 crore (US\$427 million) as compared to ₹ 3,518 crore (US\$563 million) in the previous year.

Net Profit

The net profit after tax recorded by RITL was ₹ 247 crore (US\$37 million) as compared to loss of ₹ 964 crore (US\$154 million) in the previous year.

Balance Sheet

As at March 31, 2016, RITL had total assets of ₹ 17,474 crore (US\$2,637 million). Shareholders' fund was ₹ 6,712 crore (US\$1,013 million).

4. Global Cloud Xchange (GCX)

Revenues and Operating Expenses

GCX earned total revenues of ₹ 2,967 crore (US\$448 million) during the year. The Company incurred total operating expenses of ₹ 2,263 crore (US\$342 million).

Net Profit

The net profit after tax recorded by GCX was ₹ 195 crore (US\$29 million).

Balance Sheet

As at March 31, 2016, GCX had total assets of ₹ 7,463 crore (US\$1,126 million). Shareholders' fund was ₹ 2,898 crore (US\$437 million).

Adequacy of Internal Control and Systems

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

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Risk Management Framework

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

Corporate Governance

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

G. Human Resource and Employees Relations

The key focus areas for the Company are:

- Driving employee engagement
- Creating performance driven organization
- Attracting and retaining talent
- Building leadership bandwidth

We received encouraging results in our most recently concluded Employee Engagement Survey wherein we witnessed an increase in scores in many such areas of employee communication and engagement initiatives. This confirms the effectiveness of the programs organized through involvement of the employees and their families to create an 'Engaged People Organization'.

Various structured training programs were organized during the year to develop managers' capabilities, which has helped in driving the culture of performance review and feedback and instilling a performance oriented culture.

It has also been the Company's endeavor to ensure that the policies, processes and procedures are more transparent, employee friendly and relevant in line with the best of industry practices.

During the year, the Company has successfully met the manpower skill requirements emerging from our expanding businesses. The manpower as on March 31, 2016 was at 9,115 across all our businesses.

H. Corporate Social Responsibility

True to its tradition, RCOM has embedded Corporate Social Responsibility into the DNA of its organisation. In line with the CSR policy, RCOM has been driving CSR initiatives in the field of education, employability, economic empowerment, environment, and technology based initiatives to support the community across India. RCOM has undertaken several initiatives to support inclusive growth and equitable development for socio economic betterment of the community through CSR programs and active employee volunteering.

Below are key endeavors undertaken by RCOM during the year 2015-2016.

a. 'SPARSH'- Learning Through the Sense of Touch

Project SPARSH, is an educational program for creating environmental awareness and knowledge base amongst the visually challenged individuals. Initiated by RCOM in the year 2015-16 in partnership with TERI (The Energy and Resources Institute), the project focuses on energy, natural resources and environment. The project aims at harnessing the employee volunteering potential for developing and disseminating interactive resource material for visually challenged and deaf and blind individuals. The project will reach 350 blind schools spread all across India.

b. Volunteering Initiative for Developing Young Aptitude (VIDYA)

Project VIDYA, is an educational program initiated by RCOM with a mission to create a platform to support effective learning and improve the literacy levels in the community. It is focused on establishing a learning environment for developing reading skills and literacy skills in primary and secondary school children. Project VIDYA is being promoted at six VIDYA Centers across India, in the state of Maharashtra, Jharkhand, Odisha, Andhra Pradesh and Rajasthan.

c. Support for Promoting Technology Education

Inspired by the vision of our founder, RCOM continues to extend Reliance Communication Scholarship for the deserving students at the graduate as well as post-graduate level at the renowned educational institution-DA-IICT based at Gandhinagar, Gujarat. Further, RCOM has instituted a Chair for promoting research and development in the field of Computational Sciences in India at DA-IICT. Apart from setting a high performance computer lab for pursuing hi-tech research, the team since the inception of the Chair has bagged various accolades including the 'Best of 2015' from MIT Technology Review for discovery of 'negative (contrasting) food pairing phenomenon in Indian cuisine' a research undertaken by a member Professor.

d. Providing Grassroots Advancement to Youth Aspiring Growth (PRAYAG)

PRAYAG is an endeavour extending employment based employability skills to unemployed or underemployed youth from semi-urban and urban slums in India. This is a platform designed to empower school and college dropout youths in the areas adjoining the Company's operations. PRAYAG has, since its inception, reached out to 6018 beneficiaries from Bihar, Jharkhand, West Bengal, Uttar Pradesh and Karnataka.

e. Project Reliance ASHA

Reliance ASHA is an economic empowerment initiative undertaken by RCOM, to create comprehensive rehabilitation opportunities for individuals with disabilities, with an agenda to facilitate their integration into the mainstream of the society. Based out of Northern India, the project has been enabling

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employability skills and promoting livelihood platforms for differently abled youth in partnership with ASHA and Army Wives Welfare Association (AWWA), a social arm of the Army.

f. Women Empowerment

Women Empowerment is one of the key focus areas for our CSR initiatives and RCOM has institutionalised an annual program wherein woman achievers are felicitated. In addition, a "Run of Women Empowerment" celebrating and promoting the spirit of women is also organised. These programs are held to commemorate the celebration of International Women's Day which is celebrated on March 8. In March 2016 a series of events were organized in Ranchi, Jharkhand;

- RCOM hosted its second symposium to felicitate Woman achievers. RCOM felicitated eleven woman achievers from the State of Jharkhand in the field of sports, athletics and academics. More than 100 women participated in the symposium.
- Run for Women Empowerment (RfWE) was hosted on International Women's Day at Ranchi, Jharkhand. In its third year the RfWE saw more than 1000 women participated to champion the cause.

g. Blood Donation Campaign

As a tribute to our Founder Chairman, Shri Dhirubhai H. Ambani and recognising the paucity of blood supply to patients, Reliance as a group has been organizing

blood donation campaigns across the country by encouraging employees for voluntary blood donation and by creating a voluntary donor base to support the community. The camps are organized on a bi-annual basis in partnership with the government hospitals to reach out to the people from underserved communities. Campaigns in financial year 2015-16 were organised across 25 locations across RCOM.

h. Social Awareness Campaign

As part of our larger mandate, we have been initiating awareness drives on social issues across our customer base in India. The focus has been on Health, Girl Child, Women Empowerment and Environment in partnerships with Ministry of Health and Family Welfare and other government bodies.

Reliance Group partnered with the UN promoted Sustainable Development Goals through a world-wide Global Goals campaign focused on creating awareness by sending messages to its customers.

i. Employee Volunteering Day

Every year February 11, is celebrated as "Employee Volunteering Day" all across RCOM to acknowledge and honour the contributions by the employees towards the CSR initiative undertaken by the organization. For the financial year 2015-16, around 300 volunteers participated in the CSR activities contributing 1788 man hours.

We, at RCOM, are committed to touching lives and transforming lives.

Reliance Communications Limited

Corporate Governance Report

Corporate governance philosophy

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

Governance practices beyond regulatory requirements

The Company has formulated number of policies and introduced several governance practices as follow to comply with the applicable statutory and regulatory requirements, with most of them introduced long before they were made mandatory.

A. Values and commitments

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

B. Code of ethics

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

C. Business policies

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

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

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

E. Prohibition of insider trading policy

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

F. Policy on prevention of sexual harassment

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

G. Whistle blower policy

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

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

H. Environment policy

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

I. Risk management

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

J. Boardroom practices

a. Chairman

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

b. Board charter

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

c. Board committees

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) the Board constituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, ESOS Compensation Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board rotates the Chairman of these Committees periodically.

d. Selection of Independent Directors

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

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

e. Tenure of Independent Directors

Tenure of Independent Directors on the Board of the Company shall not exceed the time period as per provisions of the Companies Act, 2013 and Listing Regulations amended from time to time.

f. Independent Director's interaction with stakeholders

Member(s) of Stakeholders Relationship Committee interact with the stakeholders on their suggestions and

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queries, if any, which are forwarded to the Company Secretary.

g. Lead Independent Director

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

h. Familiarisation of Board Members

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

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

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

i. Meeting of Independent Directors with operating team

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

j. Commitment of directors

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

K. Role of the Company Secretary in Governance Process

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the

meetings. The Company Secretary is primarily responsible to assist and advice the Board in the conduct of affairs of the Company and to ensure compliance with applicable statutory requirements and Secretarial Standards to provide guidance to directors and to facilitate to convening of meetings and is the interface between the management and regulatory authorities for governance matters. All the directors of the Company have access to the advice and services of the Company Secretary.

L. Independent Statutory Auditors

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

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

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

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

N. Compliance with Listing Regulations

The Company is fully compliant with the Corporate Governance requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub Regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Listing Regulations).

We present our report on compliance of governance conditions specified in Listing Regulations:

I. Board of Directors

1. Board composition – Board strength and representation

As on March 31, 2016, the Board consisted of six members. The composition and category of directors on the Board of the Company were as under:

Category	Name of directors	DIN
Promoter, Non-Executive and Non-Independent Director	Shri Anil D. Ambani, Chairman	00004878
Independent Directors	Prof. J. Ramachandran	00004593
	Shri Deepak Shourie	00101610
	Shri A. K. Purwar	00026383
	Shri R. N. Bhardwaj	01571764
Non-Executive Non-Independent Director	Smt. Manjari Kacker	06945359

Notes:

- a. None of the directors are related to any other director.
- b. None of the directors has any business relationship with the Company.
- c. None of the directors has received any loans and advances from the Company during the year.

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All the independent directors of the Company has furnished a declaration at the time of their appointment and also confirm annually that they qualify the conditions of their being independent as provided under the law. All such declarations are placed before the Board.

The Board of Directors have, subject to approval of members at ensuing Annual General Meeting, reappointed Shri Prakash Shenoy, Company Secretary (ACS-14026) as the Manager of the Company in terms of provisions of Sections 197 and 203 and all other applicable provisions, if any, read with Schedule V to the Act for a period of five years with effect from June 1, 2016.

2. Conduct of Board proceedings

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

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

- Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.
- Monitoring the effectiveness of the Company's governance practices and making changes as needed.
- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- Aligning key executive and board remuneration with the longer term interests of the Company and its shareholders.

5. Attendance of directors

Attendance of directors at the Board meetings held during financial year 2015-16 and the last Annual General Meeting held on September 30, 2015 and the details of directorships (calculated as per provisions of Section 165 of the Companies Act, 2013), Committee Chairmanships and the Committee memberships held by the directors as on March 31, 2016 were as under:

Name of the Director	Number of Board meetings attended out of Seven meetings held	Attendance at the last AGM held on September 30, 2015	Number of directorship (including RCOM)	Committee(s) membership (including RCOM)	
				Membership	Chairmanship
Shri Anil D. Ambani	7	Present	12	1	-
Prof. J. Ramachandran	6	Absent	8	3	4
Shri Deepak Shourie	5	Present	1	2	-
Shri A. K. Purwar	6	Present	13	3	3
Shri R. N. Bhardwaj	6	Present	14	7	2
Smt. Manjari Kacker	6	Present	4	2	-

- Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- Overseeing the process of disclosure and communications.
- Monitoring and reviewing Board Evaluation framework.

3. Board meetings

The Board held seven meetings during financial year 2015-16 on May 29, 2015, August 14, 2015, November 2, 2015, November 6, 2015, December 4, 2015, December 22, 2015 and January 22, 2016. The maximum time gap between any two meetings was 79 days and the minimum gap was 3 days. The meetings are normally held at Mumbai.

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

4. Secretarial Standards issued by ICSI

Pursuant to the provisions of Section 118 (10) of the Companies Act, 2013, compliance with secretarial standards relating to General and Board Meeting specified by the Institute of Company Secretaries of India (ICSI) as approved by the Central Government is mandatory effective from July 1, 2015. The Company is adhering to the standards issued by the ICSI.

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Notes:

- None of the directors hold directorships in more than 20 companies of which directorship in public companies does not exceed 10 in line with the provisions of Section 165 of the Act.
- None of the directors hold membership of more than 10 committees of board, nor, is a chairman of more than 5 committees of board.
- None of the Independent Director holds the position of the Independent Director in more than seven listed companies as required under Listing Regulations.
- The information provided above pertains to the following committees in accordance with the provisions of Listing Regulations: (i) Audit Committee, and (ii) Stakeholders Relationship Committee.
- The Committee membership and chairmanship above excludes membership and chairmanship in private companies, Foreign Companies and Section 8 companies.
- Membership of Committees include chairmanship, if any.

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

6. Details of directors

The abbreviated resumes of all Directors are furnished hereunder:

Shri Anil D. Ambani, 57 years, is the Chairman of our Company, Reliance Capital Limited, Reliance Infrastructure Limited, Reliance Power Limited and Reliance Defence and Engineering Limited. He is also a director of Reliance Defence Limited. He is the President of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat. He is a member of Stakeholders Relationship Committee, Nomination and Remuneration Committee, Employee Stock Option Scheme Compensation Committee ("ESOS Compensation Committee") and Corporate Social Responsibility ("CSR") Committee of our Company.

With a master's degree from the Wharton School of the University of Pennsylvania, Shri Ambani is credited with having spearheaded the Reliance Group's first forays into the overseas capital markets with international public offerings of global depository receipts, convertibles and bonds. Shri Ambani has been associated with a number of prestigious academic institutions in India and abroad:

- Member of Wharton Board of Overseers, the Wharton School, U.S.A.
- Member of the Presidents Global Counsel, New York University, U.S.A.

- Member of Advisory Board of Warwick Business School, UK.
- One of the Founders of Indian School of Business (ISB), Hyderabad. ISB has established formal partnership with International Business Schools-Wharton and Kellogg.

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

As on March 31, 2016, Shri Anil D. Ambani held 18,59,171 equity shares in the Company.

Prof. J. Ramachandran, 59 years, is a Professor of Corporate Strategy and Policy at the Indian Institute of Management, Bengaluru. He is a Chartered Accountant and Cost Accountant and is a fellow of the Indian Institute of Management, Ahmedabad. He is also a Director of Reliance Infratel Limited, Sasken Communication Technologies Limited, Redington (India) Limited, All Cargo Logistics Limited and Polaris Consulting and Services Limited.

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

He does not hold any shares in the Company as on March 31, 2016.

Shri Deepak Shourie, 67 years, holds a bachelor's degree in Economics and has more than four decades of experience in general management with an emphasis on media, consumer goods and corporate affairs. He was a Executive Vice President and Managing Director of Discovery Communications of India and director in South Asia for BBC Worldwide Media Private Limited.

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

He does not hold any shares in the Company as on March 31, 2016.

Shri A. K. Purwar, 70 years, was the former Chairman of the State Bank of India ("SBI") and also the former Managing Director of the State Bank of Patiala. He holds a master's degree in Commerce and a diploma in Business Administration. He is also a Director of Jindal Steel and Power Limited, Jindal Power Limited, Apollo Tyres Limited, IIFL Holdings Limited, ONGC Tripura

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Power Company Limited, IL&FS Renewable Energy Limited, Saurya Urja Company of Rajasthan Limited, Balaji Telefilms Limited and Alkem Laboratories Limited.

Shri Purwar has served on the Board of Governors of the Indian Institute of Management, Lucknow, XLRI Jamshedpur and as a member of the Advisory Board for the Institute of Indian Economic Studies, Waseda University, Tokyo, Japan. He is the Chairman of Stakeholders Relationship Committee and Risk Management Committee and member of the Audit Committee, Nomination and Remuneration Committee CSR Committee and ESOS Compensation Committee of our Company. He is also a member of the Audit Committee of Jindal Steel and Power Limited and Jindal Power Limited and Chairman of the Audit Committees of ONGC Tripura Company Limited and Saurya Urja Company of Rajasthan Limited.

He does not hold any shares in the Company as on March 31, 2016.

Shri R. N. Bhardwaj, 71 years, holds a master's degree in Economics from the Delhi School of Economics and a diploma in Industrial Relations and Personnel Management from the Punjabi University, Patiala. He has over 39 years of experience in various sectors such as economics, finance, investment and portfolio management. He was the Managing Director and Chairman of Life Insurance Corporation of India. Shri R. N. Bhardwaj has also served as a member of the Securities Appellate Tribunal.

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

He does not hold any shares in the Company as on March 31, 2016.

Smt. Manjari Kacker, 63 years, holds a master's degree in Chemistry and a diploma in Business Administration. She has more than 38 years of experience in taxation, finance, administration and vigilance. She was in the Indian Revenue Service batch of 1974. She held various assignments during her tenure in the tax department and was also a member of the Central Board of Direct Taxes. She has also served as the Functional Director (Vigilance and Security) in Air India and has also represented India in international conferences.

Presently, she is also a Director of Indiabulls Housing Finance Limited, Shubhalakshmi Polyesters Limited and Hindustan Gum & Chemicals Limited. She is a Chairperson of Corporate Social Responsibility Committee and member of the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, ESOS Compensation Committee and Risk Management Committee of our Company.

She does not hold any shares in the Company as on March 31, 2016.

7. Insurance coverage

The Company has obtained Directors and Officers liability insurance coverage in respect of any legal action that might be initiated against directors/officers of the Company and its subsidiary companies.

II. Audit Committee

In terms of Listing Regulations and Section 177 of the Companies Act, 2013, the Board has an Audit Committee comprising of Shri R. N. Bhardwaj, Chairman, Prof. J. Ramachandran, Shri A. K. Purwar, Shri Deepak Shourie, all Independent Directors and Smt. Manjari Kacker, Director as members. All members of the Committee are financially literate. Section 177 of the Act has enlarged the scope of Audit Committee. Now, the terms of reference of the Audit Committee has been specified in the Act.

The Audit Committee, inter alia advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and the risk management can be improved. The minutes of the meetings of the Audit Committee are placed before the Board.

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statement and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.

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- d. Significant adjustments made in the financial statement arising out of audit findings.
- e. Compliance with listing and other legal requirements relating to financial statement.
- f. Disclosure of any related party transactions.
- g. Modified opinion in the draft audit report.
5. Reviewing, with the management, the quarterly financial statement before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is also authorised to:

- a. To investigate any activity within its terms of reference;
- b. To seek any information from any employee;
- c. To obtain outside legal and professional advice;
- d. To secure attendance of outsiders with relevant expertise, if it considers necessary.
- e. Call for comments from the auditors about internal controls systems and the scope of audit, including the observations of the auditors.
- f. Review financial statements before submission to the Board; and
- g. Discuss any related issues with the internal and statutory auditors and the management of the Company.

Attendance at the meetings of the Audit Committee held during 2015-16.

The Audit Committee held its meetings on May 28, 2015, July 25, 2015, August 14, 2015, November 2, 2015, November 6, 2015, January 22, 2016 and March 26, 2016. The maximum time gap between any two meetings was 79 days and the minimum gap was 3 days.

Members	Number of Meetings	
	held during the tenure	attended
Prof. J. Ramachandran	7	6
Shri A. K. Purwar	7	6
Shri Deepak Shourie	7	5
Shri R. N. Bhardwaj	7	5
Smt. Manjari Kacker	7	6

The Chairman of the Audit Committee could not present at the last Annual General Meeting of the Company, however other members of the Audit Committee were present at the Annual General Meeting.

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

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

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

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

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

III. Nomination and Remuneration Committee

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

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

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

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

The Members at the 6th Annual General Meeting held on September 28, 2010, had approved payment of commission upto 3 per cent of the net profits of the Company for a period of 5 (five) years from the financial year commencing April 1, 2011 to non executive directors, who were not in the whole time employment, upto the limits laid down under the provisions of Section 309(4) of the Companies Act, 1956 corresponding of Section 197 of Companies Act, 2013, computed in the manner specified in the Act.

One meeting of the Nomination and Remuneration Committee was held on May 28, 2015 during the financial year 2015-16.

Members	Number of Meeting	
	held during the tenure	attended
Shri R. N. Bhardwaj	1	1
Shri Anil D. Ambani	1	1
Prof. J. Ramachandran	1	1
Shri Deepak Shourie	1	1
Shri A. K. Purwar	1	1
Smt. Manjari Kacker	1	0

Criteria for making payments to non executive directors

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

Details of Sitting fees paid to the Directors during the Financial Year ended March 31, 2016.

Name of Directors	Designation	Sitting Fee (₹ in Lac)
Shri Anil D. Ambani	Chairman	5.60
Prof. J. Ramachandran	Director	8.00
Shri Deepak Shourie	Director	6.80
Shri A. K. Purwar	Director	8.40
Shri R. N. Bhardwaj	Director	8.40
Smt. Manjari Kacker	Director	7.20

Notes:

- There were no other pecuniary relationships or transactions of non executive directors vis-à-vis the Company.
- Pursuant to the limits approved by the Board, all directors being non executive, were paid sitting fees of ₹ 40,000 (excluding service tax) for attending each meeting of the Board and its committees.
- No remuneration by way of Commission to the non executive directors are proposed for the financial year 2015-16.

IV. Stakeholders Relationship Committee

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

Attendance at the meetings of Stakeholders Relationship Committee held during 2015-16.

During the year, the Stakeholder's Relationship Committee held its meetings on May 28, 2015, August 14, 2015, September 30, 2015, November 6, 2015 and January 22,

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2016. The maximum time gap between any two meetings was 77 days and the minimum gap was 36 days.

Members	Number of Meetings	
	held during the tenure	attended
Shri A. K. Purwar	5	5
Shri Deepak Shourie	5	4
Shri Anil D. Ambani	5	4
Prof. J. Ramachandran	5	4
Shri R. N. Bhardwaj	5	5
Smt. Manjari Kacker	5	4

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

V. Compliance Officer

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

VI. Employees Stock Option Scheme (ESOS) Compensation Committee

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

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

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

VII. Employees Stock Option Scheme

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

The Plans were prepared in due compliance of the Scheme, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws, which are in compliance with the requirements of SEBI (Share Based Employee Benefits) Regulations, 2014.

VIII. Corporate Social Responsibility (CSR) Committee

The CSR Committee comprises of Smt. Manjari Kacker as Chairperson, Shri Anil D. Ambani, Prof. J. Ramachandran, Shri Deepak Shourie, Shri A. K. Purwar and Shri R. N. Bhardwaj as members. Shri Prakash Shenoy, Company Secretary and Manager acts as the Secretary to CSR Committee.

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating

and monitoring implementation of the framework of 'Corporate Social Responsibility Policy'.

The CSR Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013. During the year, no meeting of the CSR Committee was held.

IX. Risk Management Committee

The Risk Management Committee comprises of Shri A. K. Purwar as Chairman, Prof. J. Ramachandran, Shri Deepak Shourie, Smt. Manjari Kacker and Shri R. N. Bhardwaj, Directors and Shri Vinod Sawhny, CEO, Shri Gurdeep Singh, CEO Wireless, Shri Bill Barney, CEO GCX and Shri Manikantan V., CFO. are as members. Shri Prakash Shenoy, Company Secretary and Manager acts as Secretary of the Committee. The Committee is authorized to discharge its responsibilities under the provisions of the Companies Act, 2013 and Listing Regulations as follows:

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

During the year, the Risk Management Committee held its meetings on May 28, 2015, June 27, 2015 and March 26, 2016. The maximum time gap between any two meetings was 272 days and the minimum gap was 29 days.

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

X. General Body Meetings

The Company held its General Meetings in last three years as under:

Reliance Communications Limited

Corporate Governance Report

Financial Year and type of meeting	Date and Time	Whether Special Resolution passed or not
2015-16 CCM	March 8, 2016 11.00 a.m.	Yes 1. Approval to Scheme of Arrangement of Sistema Shyam TeleServices Limited with Reliance Communications Limited
2014-15 AGM	September 30, 2015 12.00 noon	Yes 1. Private Placement of Non-Convertible Debentures
2013-14 AGM	September 30, 2014 12.00 noon	Yes 1. Qualified Institutional Placement (QIP)
2013-14 EGM	July 24, 2014 11.00 a.m.	Yes 1. Preferential Issue of Equity Shares/Warrants
2012-13 AGM	August 27, 2013 12.00 noon	Yes 1. Qualified Institutional Placement (QIP)

The Annual General Meetings (AGM) were held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020, Extra Ordinary General Meeting (EGM) was held at Bhaidas Hall, Near Mithibai College, Vile Parle (West), Mumbai 400 056 and Court Convened Meeting (CCM) was held at Reliance Energy Management Institute, Jogeshwari-Vikhroli Link Road, Opp. SEEPZE North Gate No.3, Aarey Colony, Aarey Colony Road, Mumbai 400 065.

XI. Postal Ballot

The Company had not conducted any business through Postal Ballot during the financial year 2015-16.

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

XII. Means of Communication

- Quarterly Results:** Quarterly Results are published in Financial Express, English newspaper circulating in substantially the whole of India and in Navshakti, Marathi vernacular newspaper and are also posted on the Company's website www.rcom.co.in.
- Media Releases and Presentations:** Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on Company's website.
- Website:** The Company's website contains a separate dedicated section 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and Annual Report of the Company, information on dividend declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services

rendered / facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company as called for in terms of Listing Regulations is provided on Company's website and the same is updated regularly.

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

The Companies Act, 2013 read with the Rules made thereunder and the Listing Regulations facilitate the service of documents to members through electronic means. The Company e-mails the soft copies of the Annual Report to all those members whose e-mail IDs are available with its Registrar and Transfer Agent.

- NSE Electronic Application Processing System (NEAPS):** The NEAPS is web based system designed by NSE for corporates. The Shareholding Pattern, Corporate Governance Report, Corporate announcement, Media Release, Results etc. are also filed electronically on NEAPS.
- BSE Corporate Compliance and Listing Centre ("Listing Centre"):** The Listing Centre is web based application designed by BSE for corporates. The Shareholding Pattern, Corporate Governance Report, Corporate Announcement, Media Release, Results etc. are filed electronically on the Listing Centre.
- Unique Investor helpdesk:** Exclusively for investor servicing, the Company has set up a unique investor helpdesk with multiple access modes as under:
Toll free no. (India) : 1800 4250 999
Telephone no. : +91 40 6716 1500
Fax no. : +91 40 6716 1791
E-mail : rcom@karvy.com
- Designated E-mail-id:** The Company has also designated the E-mail-id Rcom.Investors@relianceada.com exclusively for investor servicing.
- SEBI Complaints Redress System (SCORES):** The investors' complaints are also being processed through the centralized web base complaints redress system. The salient features of SCORES are availability of centralised data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the actions taken and current status of the complaints.

XIII. Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of this Annual Report and includes discussions on various matters specified under Regulation 34(2)(e) of the Listing Regulations.

XIV. Subsidiaries

Reliance Infratel Limited (RITL) is a material non listed Indian subsidiary company in terms of Regulation 24 of

Corporate Governance Report

the Listing Regulation. Accordingly, Shri R. N. Bhardwaj and Prof. J. Ramachandran, Independent Directors of the Company have been appointed on the Board of RITL.

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

- Financial statement, in particular the investments made by unlisted subsidiary companies are reviewed quarterly by the Audit Committee of the Company.
- Minutes of the meetings of the Board of Directors of all subsidiary companies are placed before the Company's Board regularly.
- A statement containing all the significant transactions and arrangements entered into by the unlisted subsidiary companies are placed before the Company's Board / Audit Committee.
- Quarterly review of Risk Management process by Risk Management Committee / Audit Committee / Board.

XV. Disclosures

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

b. Related party transactions

During the financial year 2015-16, no transactions of material nature had been entered into by the Company that may have a potential conflict with interest of the Company. The details of related party transactions are disclosed in Notes to Accounts.

c. Accounting treatment

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

d. Code of conduct

The Company has adopted the code of conduct and ethics for directors and senior management. The code has been circulated to all the members of the Board and senior management and the same has been posted on Company's website www.rcom.co.in. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Manager and Chief Executive Officer of the Company appointed in terms of the Companies Act, 2013 is given below:

"It is hereby declared that the Company has obtained from all the members of the Board and senior management personnel of the Company affirmation that they have complied with the Code of Conduct for directors and senior management for the year 2015-16".

Prakash Shenoy
Manager and Chief Executive Officer

e. CEO/CFO certification

Shri Prakash Shenoy, Company Secretary, Manager and Chief Executive Officer and Shri Manikantan V., CFO of the Company have given certification on financial reporting and internal controls to the Board as required under Regulation 17(8) of the Listing Regulations.

f. Review of Directors' Responsibility Statement

The Board in its report have confirmed that the annual accounts for the year ended March 31, 2016 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

XVI. Policy on insider trading

The Company has formulated a Reliance Communications Limited – Code of Conduct for Prevention of Insider Trading and Code for Fair Disclosures of Unpublished Price Sensitive Information (Code) in accordance with the guidelines specified under SEBI (Prohibition of Insider Trading) Regulations 2015. The Board has appointed Shri Prakash Shenoy, Company Secretary and Manager as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Company's Code, inter alia, prohibits purchase and / or sale of securities of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods. The Company's Code is available on the Company's website.

XVII. Compliance of Regulation 34(3) and Para F of Schedule V of Listing Regulations

As per Regulation 34(3) and Para F of Schedule V of Listing Regulations, the details in respect of equity shares lying in "Unclaimed Suspense Account-Reliance Communications Limited" were as follows:

Particulars	No. of Shareholders	No. of Shares
a. Aggregate number of shareholders and the outstanding shares lying in suspense account as on April 1, 2015	108540	4021227
b. Add: Number of undelivered folios and shares were transferred to Unclaimed suspense account during the year 2015-16	0	0
c. Number of shareholders who approached issuer for transfer of shares from suspense account during the year	234	33536

Reliance Communications Limited

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Particulars	No. of Shareholders	No. of Shares
d. Less: Number of shareholders to whom shares were transferred from suspense account during the year.	234	33536
e. Aggregate number of shareholders and the outstanding shares lying in suspense account as on March 31, 2016	108306	3987691

The voting rights on the shares outstanding in the suspense account as on March 31, 2016 shall remain frozen till the rightful owner of such shares claims the shares.

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

XVIII. Compliance with discretionary requirements

1. The Board

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

2. Modified Opinion(s) in Audit Report

There were no modified opinion on the financial statement of the Company for the financial year 2015-16.

3. Separate posts of Chairman and CEO

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

4. Reporting of Internal Auditor

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

XIX. General shareholder information

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

Auditor's certificate on corporate governance

The Auditors' certificate on compliance of Regulation 34(3) read with Para E of Schedule V of Listing Regulations relating to corporate governance is published elsewhere in this report.

Review of governance practices

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

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

Auditors' Certificate on Corporate Governance

To,

The Members of

Reliance Communications Limited

We have examined the compliance of conditions of Corporate Governance by Reliance Communications Limited ('the Company') for the year ended on 31 March, 2016, as stipulated in Clause 49 of the Listing Agreement ("Listing Agreement") of the Company with the Stock Exchanges for the period 1 April, 2015 to 30 November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as referred to in Regulation 15 (2) of the Listing Regulations for the period 1 December, 2015 to 31 March, 2016.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement / Regulation 15(2) of the Listing Regulations mentioned above.

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

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

Lalit R. Mhalsekar
Partner
Membership No: 103418

Mumbai
May 30, 2016

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

Vijay Bhatt
Partner
Membership No: 036647

Reliance Communications Limited

Investor Information

IMPORTANT POINTS

Hold Securities in Dematerialised Form

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

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

Hold Securities in Consolidated form

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

Register for SMS alert Facility

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

Submit Nomination Form and avoid transmission hassle

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

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

Deal only with SEBI Registered Intermediaries

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

Corporate Benefits in Electronic Form

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

Register e-mail address

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

Facility for a Basic Services Demat Account (BSDA)

SEBI has stated that all the depository participants shall make available a BSDA for the shareholders who have only one demat account with (a) No Annual Maintenance charges if the value of holding is upto ₹ 50,000 and (b) Annual Maintenance charges not exceeding ₹ 100 for value of holding from ₹ 50,001 to ₹ 2,00,000. (Refer Circular CIR/MRD/DP/22/2012 dated August 27, 2012).

Book closure dates for the purpose of AGM

Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 17, 2016 to Tuesday, September 27, 2016 (both days inclusive) for the purpose of Annual General Meeting.

Annual General Meeting

The 12th Annual General Meeting (AGM) will be held on Tuesday, September 27, 2016 at 12.00 noon or soon after conclusion of the annual general meeting of Reliance Capital Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

E-voting

The Members can cast their vote online from 10.00 A.M. on September 24, 2016 to 5.00 P.M. on September 26, 2016.

Financial year of the Company

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

Website

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

Dedicated e-mail id for investors

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

Registrar and Transfer Agent (RTA)

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

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Investor Information

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

Unclaimed dividend

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

Financial Year ended	Dividend per share (₹)	Date of declaration	Due for transfer on
31.03.2009	0.80	31.07.2009	30.08.2016
31.03.2010	0.85	28.09.2010	28.10.2017
31.03.2011	0.50	27.09.2011	27.10.2018
31.03.2012	0.25	04.09.2012	04.10.2019
31.03.2013	0.25	27.08.2013	27.09.2020

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

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

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

Share transfer system

Shareholders / investors are requested to send share certificate(s) along with share transfer deed in the prescribed Form SH-4 duly filled in, executed and affixed with share transfer stamps, to the Company's RTA. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by Company's RTA.

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

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

Shareholding Pattern

Category of Shareholders	As on 31.03.2016		As on 31.03.2015	
	Number of Shares	%	Number of Shares	%
(A) Shareholding of Promoter and Promoter Group				
(i) Indian	1464696844	58.85	1485975844	59.70
(ii) Foreign	-	-	-	-
Total shareholding of Promoter and Promoter Group	1464696844	58.85	1485975844	59.70
(B) Public Shareholding				
(i) Institutions	716162904	28.78	735984659	29.57
(ii) Non-Institutions	276049144	11.09	261383064	10.50
Total Public Shareholding	992212048	39.87	997367723	40.07
(C) Shares held by Custodians and against which Depository Receipts have been issued	10791853	0.43	5636178	0.23
(D) ESOS Trust*	21279000	0.85	-	-
GRAND TOTAL (A)+(B)+(C)+(D)	2488979745	100.00	2488979745	100.00

* Shares held by ESOS Trust have been shown as Non-Promoter Non-Public as per the Listing Regulations w.e.f. December 1, 2015

Distribution of shareholding

Number of Shares	Number of Shareholders as on 31.03.2016		Total equity Shares as on 31.03.2016		Number of Shareholders as on 31.03.2015		Total equity Shares as on 31.03.2015	
	Number	%	Number	%	Number	%	Number	%
Up to 500	1556896	95.72	113425216	4.56	1591404	96.00	114796740	4.61
501 to 5000	65962	4.06	78916314	3.17	63055	3.80	73971220	2.97
5001 to 100000	3 327	0.20	50801563	2.04	2893	0.18	43865307	1.76
Above 100000	370	0.02	2245836652	90.23	350	0.02	2256346478	90.66
Total	1626555	100.00	2488979745	100.00	1657702	100.00	2488979745	100.00

Dematerialisation of Shares and Liquidity

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

Reliance Communications Limited

Investor Information

Status of dematerialisation of shares

As on March 31, 2016, 98.51 per cent of the Company's equity shares are held in dematerialised form.

Investors' Grievances Attended

Received from	Received during		Redressed during		Pending as on	
	2015-16	2014-15	2015-16	2014-2015	31.3.2016	31.3.2015
SEBI	19	29	19	29	Nil	Nil
Stock Exchanges	7	7	7	7	Nil	Nil
NSDL / CDSL	0	0	0	0	Nil	Nil
Direct from investors	1	0	1	0	Nil	Nil
Total	27	36	27	36	Nil	Nil

Analysis of Grievances

Nature of Grievances	2015-16		2014-15	
	Numbers	%	Numbers	%
Non-receipt of Annual Report	14	51.85	14	38.89
Non-receipt of dividend	13	48.15	19	52.78
Non-receipt of share certificate	0	0.00	3	8.33
Total	27	100.00	36	100.00

Investors' queries / grievances are normally attended within a period of three working days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned. There was no complaint pending as on March 31, 2016.

Shareholder Base

The shareholder base was 16,26,555 as of March 31, 2016 and 16,57,702 as of March 31, 2015.

Legal proceedings

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

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not have any material exposure to the commodity price risks. The Company actively manages its foreign currency risk due to its foreign currency loans through appropriate cost-effective hedging strategy through currency swaps / forward contracts / unhedged exposure, depending on the prevalent market conditions. The Company also has revenues in foreign currency which acts as a 'natural hedge' to a certain extent.

Equity History

Sr. No.	Date	Particulars	Issue Price per equity share ₹	No. of Shares	Cumulative Total
1	16.07.2004	Allotted upon Incorporation	10	10000	10000
2	25.07.2005	Additional issue of equity shares	10	40000	50000
3	11.08.2005	Sub division of equity shares of ₹ 10 into ₹ 5 per share	N.A.	100000	100000
4	27.01.2006	Allotment pursuant to Scheme of Arrangement	N.A.	1223130422	1223230422
5	27.01.2006	Cancelled pursuant to Scheme	N.A.	(100000)	1223130422
6	14.09.2006	Allotment pursuant to Scheme of Arrangement	N.A.	821484568	2044614990
7	18.10.2007 to 31.01.2008	Conversion of FCCBs	480.68/ 661.23	19411891*	2064026881
8	02.07.2014	Allotment to Qualified Institutional Buyers	142.14	338286197	2402313078
9	20.01.2015	Preferential allotment	150	86666667	2488979745

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

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Stock price and volume

2015-16	BSE Limited			National Stock Exchange of India Limited		
	High ₹	Low ₹	Volume Nos.	High ₹	Low ₹	Volume Nos.
April, 2015	75.45	59.00	34001009	75.45	58.85	165438844
May, 2015	69.90	60.05	34594827	69.90	60.00	166288427
June, 2015	68.55	54.50	85093551	68.75	54.60	204671909
July, 2015	72.45	62.00	43640777	72.50	61.85	204812708
August, 2015	74.75	45.65	35273740	74.85	45.50	194401941
September, 2015	68.70	51.85	37737235	68.65	51.35	205119905
October, 2015	83.50	68.50	37561715	83.00	68.40	185820202
November, 2015	83.60	63.75	36952243	83.60	63.20	207380870
December, 2015	88.90	74.80	57110196	88.95	74.80	385908373
January, 2016	91.80	60.55	49305917	91.75	60.45	291191455
February, 2016	62.65	47.10	47445159	62.70	47.00	312925080
March, 2016	56.50	49.10	32592665	56.60	49.10	214455377

Stock Exchange listings

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

Listing on stock exchanges

Equity Shares

BSE Limited

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

National Stock Exchange of India Limited

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

Stock Codes

	Code	ISIN
BSE (Equity shares)	532712	INE330H01018
NSE (Equity shares)	RCOM	INE330H01018
Non convertible	946049	INE330H07015
Debentures (BSE)	947796	INE330H07056
	947795	INE330H07064
Non convertible	RCOM19	INE330H07015
Debentures (NSE)	RCOM17	INE330H07056
	RCOM19	INE330H07064

An Index Scrip:

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

Global Depository Receipts (GDRs)

Luxembourg Stock Exchange

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

Depository bank for GDR holders

Deutsche Bank Trust Company Americas
60 Wall Street, New York 10005

Security codes of RCOM GDRs

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

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

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

Outstanding GDRs as on March 31, 2016 represent 1,07,91,853 equity shares constituting 0.43 per cent of the paid-up equity share capital of the Company. Each GDR represent one underlying equity share in the Company.

Debt Securities

- The following Debt Securities of the Company are listed on the Wholesale Debt Market (WDM) Segment of BSE and NSE.
 - 11.20 per cent Secured Redeemable Non-Convertible Debentures (ISIN INE330H07015)
 - 11.25 per cent Secured Redeemable Non-Convertible Debentures, Series - 1 (ISIN INE330H07064)
 - 11.60 per cent Secured Redeemable Non-Convertible Debentures, Series - 2 (ISIN INE330H07056)

Debenture Trustee

Axis Trustee Services Limited
2nd Floor - E, Axis House
Bombay Dyeing Mills Compound
Pandurang Budhkar Marg
Worli, Mumbai 400 025
Website: www.axistrustee.com

Reliance Communications Limited

Investor Information

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

ISIN XS1216623022
Common Code 121662302
Singapore Exchange Securities Trading Limited (SGX-ST)
2 Shenton Way #19-00 SGX Centre 1 Singapore 068804
Website: www.sgx.com

Senior Secured Notes Trustee

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

Payment of Listing Fees

An annual listing fee for the year 2015-16 has been paid by the Company to the stock exchanges.

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

	RCOM	Sensex BSE	Nifty NSE
FY 2015-16	-15.61 per cent	-9.36 per cent	-8.86 per cent
2 years	-61.21 per cent	13.20 per cent	15.43 per cent
3 years	-9.42 per cent	34.54 per cent	36.18 per cent

Key financial reporting dates for the financial year 2016-17

Unaudited results for the first quarter ended June 30, 2016	: On or before August 14, 2016
Unaudited results for the second quarter and half year ended September 30, 2016	: On or before November 14, 2016
Unaudited results for the third quarter ended December 31, 2016	: On or before February 14, 2017
Audited results for the financial year 2016-17	: On or before May 30, 2017

Depository services

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

Communication to members

The quarterly financial results of the Company were announced within 45 days of the end of the respective quarter except last quarter during the year under review. The last quarter financial results of the Company were announced within 60 days of the end of the year. The Company's media releases and details of significant developments are made available on Company's website: www.rcom.co.in. These are also published in leading newspapers.

Reconciliation of Share Capital audit

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

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

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

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

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

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

Plant Locations

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

Independent Auditor's Report on the Abridged Standalone Financial Statement

To The Members of Reliance Communications Limited

The accompanying abridged standalone financial statements, which comprise the abridged standalone Balance Sheet as at 31 March 2016, the abridged standalone Statement of Profit & Loss, abridged standalone Cash Flow statement for the year then ended, and summary of significant accounting policies and related notes, are derived from the audited standalone financial statements of Reliance Communications Limited ('the Company') for the year ended 31 March 2016. Our opinion dated 30 May 2016 on those standalone financial statements contains a matter of emphasis.

The abridged standalone financial statements do not contain all the disclosures required by the Accounting Standards referred to in Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India, applied in the preparation of the audited standalone financial statements of the Company. Reading the abridged standalone financial statements, therefore, is not a substitute for reading the audited standalone financial statements of the Company.

Management's Responsibility for the Abridged Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of a summary of the audited standalone financial statements in accordance with Section 136(1) read with Rule 10 of Companies (Accounts) Rules, 2014 and are based on the audited standalone financial statements for the year ended 31 March 2016, prepared in accordance with Accounting Standards referred to in Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India.

Auditor's Responsibility

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

Opinion

In our opinion, the abridged standalone financial statements, prepared in accordance with Rule 10 of the Companies (Accounts) Rules, 2014 are derived from the audited standalone financial statements of the Company for the year ended 31 March, 2016 and are a fair summary of those standalone financial statements.

Emphasis of Matter

- a. We draw attention to Note 2.05(vi) of the abridged standalone financial statements regarding the Scheme of Arrangement ('the Scheme') sanctioned on 03 July 2009 by the Hon'ble High Court of Judicature at Mumbai, the Company is permitted to adjust additional depreciation/amortisation, expenses and/or losses, which have been or are required to be debited to the Statement of Profit and Loss by a corresponding withdrawal or credit from/to General Reserve, as determined by the Board of Directors. During the year, the Company has withdrawn ₹ 1,190 crore (previous year ₹ 1,177 crore) to offset additional depreciation/amortisation on account of fair valuation of certain assets which may be considered to override the relevant provisions of Schedule II of the Act and Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. Our opinion is not qualified in respect of this matter.
- b. We draw your attention to Note 2.14 (b) of the abridged standalone financial statements regarding the Scheme of Arrangement ('the Scheme') sanctioned by the Hon'ble High Court of Judicature at Mumbai. The Scheme permits the Company to adjust expenses and/or losses identified by the Board of Directors, which are required to be debited to the standalone Statement of profit and loss by a corresponding withdrawal from General Reserve, which is considered to be an override to the relevant provisions of AS 5. The Company has identified net foreign exchange variations of ₹ 3 crore (previous year ₹ 31 crore), amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 274 crore (previous year ₹ 199 crore) and depreciation on exchange losses capitalised of ₹ 467 crore (previous year ₹ 387 crore), as in the opinion of the Board, such exchange loss and depreciation are considered to be of an exceptional nature and accordingly, these expenses have been met by corresponding withdrawal from General Reserve. Our opinion is not qualified in this matter.

Had effect of paragraphs (a) and (b) above, not been met from General Reserve, the Company would have reflected a loss after tax for the year of ₹ 3,558 crore (previous year ₹ 1,948 crore).

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

Mumbai
May 30, 2016

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
May 30, 2016

Reliance Communications Limited

Independent Auditor's Report on Standalone Financial Statement

To The Members of Reliance Communications Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Reliance Communications Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 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 ('the Rules'). 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.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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.

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 standalone 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 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

- a. We draw attention to Note 2.28 (vi) of the standalone financial statements regarding the Scheme of Arrangement ('the Scheme') sanctioned on 03 July 2009 by the Hon'ble High Court of Judicature at Mumbai, the Company is permitted to adjust additional depreciation/amortisation, expenses and/or losses, which have been or are required to be debited to the Statement of Profit and Loss by a corresponding withdrawal or credit from/to General Reserve, as determined by the Board of Directors. During the year, the Company has withdrawn ₹ 1,190 crore (previous year ₹ 1,177 crore) to offset additional depreciation/amortisation on account of fair valuation of certain assets which may be considered to override the relevant provisions of Schedule II of the Act and Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. Our opinion is not qualified in respect of this matter.
 - b. We further draw your attention to Note 2.37 (b) of the standalone financial statements regarding the Scheme of Arrangement ('the Scheme') sanctioned by the Hon'ble High Court of Judicature at Mumbai. The Scheme permits the Company to adjust expenses and/or losses identified by the Board of Directors, which are required to be debited to the Statement of profit and loss by a corresponding withdrawal from General Reserve, which is considered to be an override to the relevant provisions of AS 5. The Company has identified net foreign exchange variations of ₹ 3 crore (previous year ₹ 31 crore), amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 274 crore (previous year ₹ 199 crore) and depreciation on exchange losses capitalised of ₹ 467 crore (previous year ₹ 387 crore), as in the opinion of the Board, such exchange losses and depreciation are considered to be of an exceptional nature and accordingly, these expenses have been met by corresponding withdrawal from General Reserve. Our opinion is not qualified in respect of this matter.
- Had the effect of paragraphs (a) and (b) above, not been met from General Reserve, the Company would have reflected a loss after tax for the year of ₹ 3,558 crore (previous year ₹ 1,948 crore).

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Independent Auditor's Report on Standalone Financial Statement

2. As required by sub-section 3 of Section 143 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; read with Emphasis of Matter paragraph above, regarding exercise of option available as per the Court Order which overrides the requirement of AS 5;
 - (e) on the basis of written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and
 - (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 litigations on its financial position in its standalone financial statements – Refer Note 2.31 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Lalit R. Mhalsekar
Partner
Membership No: 103418

Mumbai
May 30, 2016

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
May 30, 2016

Reliance Communications Limited

Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditors' Report to the Members of Reliance Communications Limited ('the Company') on the standalone financial statements for the year ended 31 March 2016, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We are informed that the Company physically verifies its assets over a three year period, except for base trans-receiver stations. We are informed that these assets are under continuous operational surveillance at National Network Operating Centre and are therefore not separately physically verified. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this policy, the Company has physically verified certain fixed assets during the year and no material discrepancies were identified on such physical verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 2.10 to the standalone financial statements, are held in the name of the Company, except for the following where the Company is in the process of transferring the title deeds in its name as these were acquired through various schemes of arrangement entered in the earlier years:

Particulars	Freehold land	Leasehold land	Building
No of cases	418	8	435
Gross block as at 31 March 2016 (₹ in crore)	189	3	347
Net block as at 31 March 2016 (₹ in crore)	189	2	240

- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph (iii) of the Order is not applicable to the Company.

- (iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the applicable provisions of Section 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with relevant provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph (v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of Section 148 of the Act, in respect of telecommunication activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Wealth Tax, Income Tax, Service Tax, Customs Duty, Sales Tax, Value Added Tax (VAT), Entry Tax, Employees' State Insurance, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities though there has been slight delay in few cases. As explained to us, the Company did not have any dues on account of Excise Duty.
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Wealth Tax, Income Tax, Service Tax, Customs Duty, Sales Tax, VAT, Entry Tax, Employees' State Insurance, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Wealth Tax or cess which have not been deposited on account of any dispute. The dues of Excise Duty, Income Tax, Customs Duty, Service Tax, Sales Tax, VAT and Entry Tax as disclosed below have not been deposited by the Company on account of disputes.

Name of the Statute	Nature of dues	Amount (₹ in Cr)	Period	Forum where the dispute is pending
Central Sales Tax, Uttar Pradesh	Central Sales Tax	0.07	2006-07	High Court
		0.08	2010-11	Additional Commissioner (Appeals)
Central Sales Tax, Bihar	Central Sales Tax	0.04	2005-06	Appellate Tribunal
		0.09	2013-14	Dy. Commissioner of Commercial Taxes
Central Sales Tax, Haryana	Central Sales Tax	0.06	2012-13	Jt. Commissioner
Central Sales Tax, Madhya Pradesh	Central Sales Tax	0.03	2011-12 to 2013-14	Dy. Commissioner (Appeals)

Reliance Communications Limited

Annexure A to the Independent Auditor's Report

Name of the Statute	Nature of dues	Amount (₹ in Cr)	Period	Forum where the dispute is pending
Central Sales Tax, Uttarakhand	Central Sales Tax	0.12	2009-10 to 2010-11	Dy. Commissioner of Commercial Taxes
Central Sales Tax, Orissa	Central Sales Tax	0.02	Oct-06 to March-09	Sales Tax Appellate Tribunal
Central Sales Tax, West Bengal	Central Sales Tax	0.01	2009-10	Addl. Commissioner (Appeals)
Entry Tax, Madhya Pradesh	Entry Tax	0.34	2007-08	Tax revision Board
		0.48	2002-03 to 2003-04	Asst. Commissioner of Commercial Taxes
		1.58	2005-06 to 2008-09 and 2010-11	MP Taxation Board
Entry Tax, Rajasthan	Entry Tax	0.21	2011-12	Dy. Commissioner (Appeals)
		14.73	2005-06, 2007-08 to 2012-13	Supreme Court
		3.40	2013-14 to 2014-15	Appellate Authority
Entry Tax, Orissa	Entry Tax	0.05	Oct 06 - Mar 09	Sales Tax Appellate Tribunal
		0.08	2009-10	Addl. Commissioner (Appeals)
Entry Tax, Uttar Pradesh	Entry Tax	0.13	2003-04	Commercial Tax Tribunal
Entry Tax, Chattisgarh	Entry Tax	0.50	2006-07 to 2007-08	Commercial Tax Tribunal
		0.17	2010-11	Dy. Commissioner (Appeals)
Entry Tax, Himachal Pradesh	Entry Tax	0.95	2010-11 to 2013-14	High Court
Entry Tax, Bihar	Entry Tax	0.38	2007-08 to 2008-09	Commercial Tax Tribunal
Central Excise Act, 1944	Excise duty	4.16	2002-04	CESTAT, Mumbai
Sales Tax, Maharashtra	Sales Tax	4.79	2004-05	Jt. Commissioner (Appeals)
VAT, Bihar	VAT	0.24	2005-06	Commercial Tax Tribunal
VAT/Sales Tax, Uttar Pradesh	VAT/Sales Tax	0.24	2003-04	UP Trade Tax Tribunal
		0.93	2004-05	High Court
		0.52	2005-06, Jan '08 to March '08	Dy. Commissioner of Commercial Taxes
		0.20	2010-11	Addl. Commissioner (Appeals)
VAT, Uttarakhand	VAT	0.03	2007-08	Jt. Commissioner (Appeals)
		0.78	2009-10 to 2010-11	Dy. Commissioner of Commercial Taxes
VAT, West Bengal	VAT	4.17	2005-06, 2007-08 to 2008-09	Tax Revision Board
VAT, Kerala	VAT	0.01	2006-07	Deputy Commissioner (Appeals)
VAT, Punjab	VAT	0.05	2010-11	Deputy Commissioner (Appeals)
VAT Haryana	VAT	1.15	2011-12	Commercial Tax Tribunal
Finance Act, 1994	CENVAT Credit	1.32	2014-15	CESTAT
The Customs Act, 1962	Customs duty	0.23	2006-07	CESTAT
Income Tax Act, 1961	Income Tax	0.57	2012-13	Commissioner Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	89.97	2002-06	Bombay High Court

Reliance Communications Limited

Annexure A to the Independent Auditors' Report

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks and Government and in payment of dues to debenture holders as at balance sheet date.
- (ix) During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). The term loans have been utilized for the purpose for which these were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid /provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph (xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause (xvi) of the Order are not applicable to the Company.

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

Lalit R. Mhalsekar
Partner
Membership No: 103418
Mumbai
May 30, 2016

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

Vijay Bhatt
Partner
Membership No: 036647
Mumbai
May 30, 2016

Annexure B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls over financial reporting of Reliance Communications Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Lalit R. Mhalsekar
Partner
Membership No: 103418

Mumbai
May 30, 2016

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

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
May 30, 2016

Reliance Communications Limited

Abridged Balance Sheet as at March 31, 2016

(Statement containing the salient features of Balance Sheet as per first proviso to sub-section 1 of Section 136 of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014)

		As at March 31, 2016	(₹ in crore) As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Paid-up Share Capital			
(i) Equity (Refer Note 2.02, Notes on Accounts)		1,244	1,244
(b) Reserves and Surplus			
(i) Capital Reserve ₹ 5,00,000 (Previous year ₹ 5,00,000)	-	-	-
(ii) Debenture Redemption Reserve	590	590	590
(iii) Securities Premium Account (Refer Note 2.02 and 2.05 (i), Notes on Accounts)	13,894	13,894	13,894
(iv) General Reserve I (Refer Note 2.05 (ii), Notes on Accounts)	5,538	5,538	5,538
(v) General Reserve II (Refer Note 2.05 (iii), Notes on Accounts)	2,785	2,785	2,785
(vi) General Reserve III (Refer Note 2.05 (iv) and (vi), Notes on Accounts)	8,647	10,581	10,581
(vii) Reserve for Business Restructuring (Refer Note 2.05 (v), Notes on Accounts)	1,287	1,287	1,287
(viii) Foreign Currency Monetary Items Translation Difference Account (Refer Note 2.04, Notes on Accounts)	(790)	(775)	(775)
(ix) Surplus/ (Deficit) in Statement of Profit and Loss	(897)	31,054	727
			34,627
Non Current Liabilities			
(a) Long Term Borrowings	24,482	25,977	
Deferred Payment Liabilities (Refer Note 2.22, Notes on Accounts)	1,374	-	
(b) Other Long Term Liabilities	3,040	43	
(c) Long Term Provisions	23	43	26,063
Current Liabilities			
(a) Short Term Borrowings	3,669	1,189	
(b) Trade Payables			
(i) Due to Micro and Small Enterprises	19	30	
(ii) Due to Others	3,858	4,355	
(c) Other Current Liabilities	8,954	6,596	
(d) Short Term Provisions	1,234	1,248	13,418
TOTAL		78,951	75,352
ASSETS			
Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets (Original cost less depreciation)	17,649	16,776	
(ii) Intangible Assets (Original cost less depreciation/ amortisation)	13,847	15,556	
(iii) Capital Work in Progress	756	631	
(iv) Intangible Assets under Development	7,261	-	
	39,513	32,963	
(b) Non Current Investments - Unquoted	21,802	21,784	
(c) Long Term Loans and Advances	8,332	3,442	
(d) Other Non Current Assets	188	198	58,387
Current Assets			
(a) Current Investments - Quoted ₹ 29,76,427 (Previous year ₹ 30,30,971)	-	-	
- Unquoted	-	638	
(b) Inventories	119	201	
(c) Trade Receivables	1,573	1,334	
(d) Cash and Bank Balances (Refer Note 2.03, Notes on Accounts)	820	572	
(e) Short Term Loans and Advances	4,140	10,803	
(f) Other Current Assets	2,464	3,417	16,965
TOTAL		78,951	75,352

Refer Significant Accounting Policies

Refer Notes on Accounts

Compiled from the Audited Accounts of the Company referred to in our Report dated May 30, 2016

As per our report of even date

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

Lalit R. Mhalsekar
Partner
Membership No: 103418

Mumbai
May 30, 2016

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

Vijay Bhatt
Partner
Membership No: 036647

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board
Chairman

Directors

Company Secretary and Manager **Prakash Shenoy**

Anil D. Ambani

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

Reliance Communications Limited

Abridged Statement of Profit and Loss for the year ended March 31, 2016

(Statement containing the salient features of Statement of Profit and Loss as per Section 136(1) of the Companies Act, 2013)

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
INCOME		
Sale of Services	9,974	10,801
Other Income	321	335
Total Income	<u>10,295</u>	<u>11,136</u>
EXPENDITURE		
Access Charges	3,041	3,038
License Fees and Network Expenses (Refer Note 2.15, Notes on Accounts)	3,920	5,256
Employee Benefits Expenses (Refer Note 2.15, Notes on Accounts)	191	269
Finance Costs (Refer Note 2.15, Notes on Accounts)	2,033	1,680
Depreciation and Amortisation Expenses	3,209	3,117
Depreciation/ Amortisation adjusted by withdrawal from General Reserve III (Refer Note 2.05 (vi), Notes on Accounts)	(1,190)	(1,177)
Sales and General Administration Expenses (Refer Note 2.15, Notes on Accounts)	715	582
Total Expenditure	<u>11,919</u>	<u>12,765</u>
Profit/ (Loss) before Exceptional items, Tax and Adjustments	<u>(1,624)</u>	<u>(1,629)</u>
Exceptional Items (Refer Note 2.14, Notes on Accounts)		
Lease Rent Equalisation written back	-	4,328
Yield on Redeemable Preference Share receivables reversed	-	(1,359)
Depreciation on account of change in exchange rate	467	387
Equivalent amount withdrawn from General Reserve III	(467)	(387)
Foreign Currency Exchange Fluctuation Loss (net)	277	230
Equivalent amount withdrawn from General Reserve III	(277)	(230)
Profit/ (Loss) before Tax	<u>(1,624)</u>	<u>1,340</u>
Provision for:		
- Short provision of earlier years	-	6
- Deferred Tax Charge (Refer Note 2.11, Notes on Accounts)	-	1,488
Profit/ (Loss) after Tax	<u>(1,624)</u>	<u>(154)</u>
Earnings per Share of face value of ₹ 5 each fully paid up (before exceptional items) (Refer Note 2.13, Notes on Accounts)		
- Basic (₹)	(6.52)	(13.38)
- Diluted (₹)	(6.52)	(13.38)
Earnings per Share of face value of ₹ 5 each fully paid up (after exceptional items) (Refer Note 2.13, Notes on Accounts)		
- Basic (₹)	(6.52)	(0.66)
- Diluted (₹)	(6.52)	(0.66)

Refer Significant Accounting Policies

Refer Notes on Accounts

Compiled from the Audited Accounts of the Company referred to in our Report dated May 30, 2016

As per our report of even date	For and on behalf of the Board	
For Chaturvedi & Shah	Chairman	Anil D. Ambani
Chartered Accountants		
Firm Reg. No.: 101720W		
Lalit R. Mhalsekar	Directors	J. Ramachandran
Partner		Deepak Shourie
Membership No: 103418		A. K. Purwar
		R. N. Bhardwaj
Mumbai	Chief Financial Officer Manikantan V.	Company Secretary and Manager Prakash Shenoy
May 30, 2016		

Reliance Communications Limited

Cash Flow Statement for the year ended March 31, 2016

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
A Cash flow from Operating Activities	5,081	3,332
B Cash flow used in Investing Activities	(5,299)	(4,391)
C Cash flow from/ (used in) Financing Activities	(171)	1,466
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(389)	407
Cash and Cash Equivalents at beginning of year	527	120
Effect of Exchange Gain on Cash and Cash Equivalents ₹ 38,743 (Previous year ₹ 1,25,434)	-	-
Cash and Cash Equivalents at end of year	138	527

Notes:

(1) Figures in brackets indicate cash outgo.

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

Note : Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule III to the Companies Act, 2013 are available at the Company's website www.rcom.co.in.

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

Lalit R. Mhalsekar
Partner
Membership No: 103418

Mumbai
May 30, 2016

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

Vijay Bhatt
Partner
Membership No: 036647

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board
Chairman

Anil D. Ambani

Directors

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

Company Secretary and Manager **Prakash Shenoy**

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

Note: 1

1.01 Basis of Preparation of Financial Statements

The Financial Statements are prepared under historical cost convention/ fair valuation under a Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and comply with Accounting Standards 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 notes and pronouncements of the Institute of Chartered Accountants of India (ICAI).

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

1.02 Use of Estimates

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

1.03 Fixed Assets

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

1.04 Lease

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

1.05 Depreciation / Amortisation

- (i) Depreciation on Fixed Assets is provided on Straight Line Method (SLM) based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in case of the following assets, where useful life is different than those prescribed in Schedule II are used as per technical evaluations.
 - (a) Telecom Electronic Equipments - 20 years
 - (b) Optic Fibre Cables - 35 years
 - (c) Batteries - 9 years
 - (d) Customer Premises Equipments - 3 years
 - (e) Vehicles - 5 years
- (ii) Leasehold Land is depreciated over the period of the lease term.
- (iii) Intangible assets, namely Telecom Licenses and Brand License are amortised over the period of Licenses. IRC and Software are amortised from the date of acquisition or commencement of commercial services, whichever is later. The period over which intangible assets are amortised are as follows:
 - (a) Telecom Licenses - 12.50 to 20 years
 - (b) Brand License - 10 years
 - (c) Indefeasible Right of Connectivity - 15, 20 years
 - (d) Software - 5 years
- (iv) Depreciation on foreign exchange differences, capitalised pursuant to para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates' vide notifications dated December 29, 2011 and August 9, 2012 issued by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standards) (Second Amendment) Rules, 2011, is provided over the balance useful life of depreciable capital assets.
- (v) Depreciation on additions is calculated pro rata from the month following the month of addition.

Reliance Communications Limited

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

1.06 Impairment of Assets

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

1.07 Investments

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

1.08 Inventories of Stores and Spares

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

1.09 Employee Benefits

Short term employee benefits

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

Long term employee benefits

(i) Defined contribution plan

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

(ii) Defined benefit plans

Provident Fund

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

Gratuity Plan

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

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

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

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

(iii) Other Long term employment benefits

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

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

1.10 Borrowing Cost

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

1.11 Issue Expenses

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

1.12 Foreign Currency Transactions

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

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

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

- (iii) Non Monetary foreign currency items are carried at cost.
 - (iv) Exchange difference arising either on settlement or on translation of monetary items other than those mentioned above is recognised in the Statement of Profit and Loss.
 - (v) Any loss arising out of marking of a class of derivative contracts to market price is recognised in the Statement of Profit and Loss. Income, if any, arising out of marking a class of derivative contracts to market price is not recognised in the Statement of Profit and Loss.
 - (vi) All long term foreign currency monetary items consisting of liabilities which relate to acquisition of depreciable capital assets at the end of the period/ year have been restated at the rate prevailing at the Balance Sheet date. The exchange difference, arising as a result has been added or deducted from the cost of the assets as per the notifications issued by the Ministry of Corporate Affairs (MCA) dated December 29, 2011 and August 9, 2012. Exchange difference on other long term foreign currency monetary items is accumulated in "Foreign Currency Monetary Items Translation Difference Account (FCMITDA)" which will be amortized over the balance period of monetary assets or liabilities."
- 1.13 Revenue Recognition**
- (i) Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods of one year or more are recognised over the estimated useful life of subscribers and specified fixed validity period, as appropriate. The estimated useful life is consistent with estimated churn of the subscribers.
 - (ii) The Company sells rights of use (ROU) that provide customers with network capacity, typically over 5 to 20 years without transferring the legal title or giving an option to purchase network capacity. Capacity services revenues are accounted as operating lease and recognised in the Company's income statement over the life of the contract. Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue. Revenue on non cancellable ROUs are recognised as service revenue on delivery.
 - (iii) Interest income on investment is recognised on time proportion basis. Dividend is considered when right to receive is established.
- 1.14 Provision for Doubtful Debts and Loans and Advances**
- Provision is made in the accounts for doubtful debts, loans and advances in cases where the management considers the debts, loans and advances to be doubtful of recovery.
- 1.15 Taxes on Income and Deferred Tax**
- Provision for Income Tax is made on the basis of taxable income for the year at current rates. Tax expense comprises of Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred Tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of assets.
- 1.16 Government Grants**
- Subsidies granted by the Government for providing telecom services in rural areas are recognised as Other Operating Income in accordance with the relevant terms and conditions of the scheme and agreement.
- 1.17 Provisions, Contingent Liabilities and Contingent Assets**
- Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the Financial Statements.
- 1.18 Earning per Share**
- In determining Earning per Share, the Company considers the net profit after tax and includes the post tax effect of any extraordinary/ exceptional item. The number of shares used in computing Basic Earning per Share is the weighted average number of shares, including owned by the Trust, outstanding during the period. Dilutive earning per Share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except where the result will be anti-dilutive. Dilutive potential Equity Shares are deemed converted as of the beginning of the period, unless issued at a later date.
- 1.19 Employee Stock Option Scheme**
- In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period. Employees compensation cost recognised earlier on grant of options is reversed in the period when the options are surrendered by any employee or lapsed as per the terms of the Scheme.

Reliance Communications Limited

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

Note 2.01 (Note 2.26 of Annual Accounts)

Previous year

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

Note 2.02 (Note 2.01.5 of Annual Accounts)

Share Issue

During the previous year, the Company undertook Qualified Institutional Placement (QIP), as authorised by the Board of Directors, for issuance of 33,82,86,197 Equity Shares of face value of ₹ 5/- each to Qualified Institutional Buyers at a price of ₹ 142.14 per Equity Share, including share premium of ₹ 137.14 per Equity Share, aggregating to ₹ 4,808 crore in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations) and Section 42 of the Companies Act, 2013 and the Rules made thereunder. The QIP issue was closed on June 27, 2014 and consequently, the said Equity Shares were allotted on July 2, 2014. Further, during the previous year, the Company allotted 8,66,66,667 Warrants entitling for subscription of equivalent number of Equity Shares of ₹ 5/- each at a price of ₹ 150/- per Warrant (including share premium of ₹ 145/- per Equity Share) (up to ₹ 1,300 crore) under preferential allotment, to the Promoter Group entity. The said warrants were converted into equity shares of ₹ 5 each and 8,66,66,667 equity shares were allotted to Promoter Group entity on January 20, 2015.

Note 2.03 (Note 2.17 of Annual Accounts)

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
Cash and Bank Balances		
Cheques on Hand	17	11
Balances with Banks	89	38
Earmarked Balance- Unpaid Dividend	7	8
Bank Deposits with less than 3 months' maturity	25	470
Bank Deposits with less than 12 months' maturity	682	45
	<u>820</u>	<u>572</u>

Note 2.04 (Note 2.27 of Annual Accounts)

Foreign Currency Monetary Items

In view of the option allowed pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs (MCA), Government of India, for the year ended on March 31, 2016, the Company has added ₹ 818 crore (Previous year ₹ 583 crore) of exchange differences on long term borrowing relating to the acquisition of depreciable capital assets to the cost of fixed assets. Further, the Company has accumulated foreign currency variations of ₹ 289 crore (Previous year ₹ 206 crore) arising on other long-term foreign currency monetary items in FCMITDA and ₹ 274 crore (Previous year ₹ 199 crore) has been amortised during the year, leaving balance which will be amortized over the balance period of loans.

Note 2.05 (Note 2.28 of Annual Accounts)

Schemes of Amalgamation and Arrangement

1. Pertaining to earlier years

The Company, in the earlier years, underwent various restructuring Schemes through Court including restructuring of ownership of telecom business so as to align the interest of the shareholders. Accordingly, pursuant to the Schemes of Amalgamation and Arrangement ("the Schemes") under Sections 391 to 394 of the Companies Act, 1956 approved by the Hon'ble High Court of respective Judicature, the Company, during the respective years, recorded all necessary accounting effects, along with requisite disclosure in the notes to the accounts, in accordance with the provisions of the said Schemes. The cumulative effects of the Schemes in case of Equity Share Capital of the Company have been disclosed below the respective Notes to the Accounts. Reserves, pursuant to the said Schemes, include:

- (i) ₹ 8,047 crore being Securities Premium Account, which was part of the Securities Premium of erstwhile Reliance Infocomm Limited (RIC), the transferor company.
- (ii) General Reserve I of ₹ 5,538 crore representing unadjusted balance being the excess of assets over liabilities relating to Telecommunications Undertaking transferred and vested into the Company.
- (iii) General Reserve II of ₹ 2,785 crore representing unadjusted balance of the excess of assets over liabilities received by the Company relating to Telecommunications Undertaking transferred and vested into the Company.
- (iv) General Reserve III of ₹ 8,647 crore comprises of ₹ 4,159 crore transferred to General Reserve from Statement of Profit and Loss and ₹ 4,487 crore arising pursuant to Scheme of Amalgamation of erstwhile Reliance Gateway Net Limited and ₹ 1 crore of erstwhile Global Innovative Solutions Private Limited.

Reliance Communications Limited

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

- (v) Reserve for Business Restructuring of ₹ 1,287 crore representing the unadjusted balance of revaluation of investment in Reliance Communications Infrastructure Limited, the Holding company of Reliance Infratel Limited after withdrawing an amount equivalent to writing off Passive Infrastructure assets, transferred to RITL, to the Statement of Profit and Loss. Balance in Reserve for Business Restructuring shall be available to meet the increased depreciation, costs, expenses and losses including on account of impairment of or write down of assets etc.
- (vi) Additional depreciation of ₹ 1,190 crore (Previous year ₹ 1,177 crore) arising on fair value of the assets has been adjusted, consistent with the practice followed in earlier years from General Reserve III as permitted pursuant to the Scheme of Arrangement (the Scheme) sanctioned vide an order dated July 3, 2009 by the Hon'ble High Court and as determined by the Board of Directors.
- (vii) Also refer note 2.14 "Exceptional Items" below.
2. During the year, the Board of Directors of the Company at their meeting held on November 2, 2015, subject to regulatory and other approvals as applicable, approved the scheme of arrangement ("Scheme"), for demerger of wireless telecom business undertaking ("the Undertaking") of Sistema Shyam Teleservices Limited ("SSTL") into the Company. Pursuant to the Scheme, the Company will, towards consideration of the said Undertaking, issue and allot to SSTL, 27,65,53,305 fully paid up equity shares of ₹ 5 each aggregating to 10% of the fully diluted paid up share capital of the Company and perform its obligations under transaction documents.

Note 2.06 (Note 2.29 of Annual Accounts)

Project Development Expenditure

Details of Project Development Expenditure (Included under Capital Work in Progress and Intangible assets under development) :

	For the year ended March 31, 2016	(₹ in crore)	For the year ended March 31, 2015
Opening Balance	-		-
Add: Expenditure incurred during the year			
Interest Costs	318	-	-
Foreign Exchange variance	28	-	-
Employee Benefit Expenses	-	13	
Rent, Rates and Taxes	3	3	
General and Administration Expenses	1	350	17
Sub Total		350	17
Less: Capitalised/Used during the year		22	17
Closing Balance		328	-

Note 2.07 (Note 2.30 of Annual Accounts)

Provisions

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

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

Note 2.08 (Note 2.31 of Annual Accounts)

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

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
(i) Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for	685	781
(ii) Disputed Liabilities in Appeal		
- Sales Tax and VAT	16	20
- Excise and Service Tax	10	23
- Entry Tax and Octroi	44	37
- Income Tax	385	451
- Other Litigations	1,863	1,689
(iii) Guarantees given by the Company on behalf of its Subsidiaries	5,723	5,237
(iv) Guarantees given by the Company on behalf of other companies for business purpose	-	10

Reliance Communications Limited

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

(v) Spectrum Charges

Department of Telecommunications (DoT) has, during the earlier years, issued demand on the Company for ₹ 1,758 crore towards levy of one time Spectrum Charges, being the prospective charges for holding CDMA Spectrum beyond 2.5 MHz for the period from January 1, 2013 till the expiry of the initial terms of the respective Licenses. Based on a petition filed by the Company, the Hon'ble High Court of Kolkata, vide its order dated April 19, 2013 has stayed the operation of such impugned demand till further order. The Company is of the opinion that the said demand, inter alia, is an alteration of financial terms of the licenses issued. The Company has been legally advised, accordingly, no provision in this regard is required.

(vi) License Fees and Special Audit

Pursuant to the Telecom License Agreement, Department of Telecommunications (DoT) directed audit of various Telecom companies including of the Company. The Special Auditors appointed by DoT were required to verify records of the Company for the years ended March 31, 2007 and March 31, 2008 relating to license fees and revenue share. The Company has received show cause notice dated January 31, 2012 and subsequently, received demand note dated November 8, 2012 based on report of the Special Audit directed by DoT relating to alleged shortfall of license fees of ₹ 300 crore and interest thereon as applicable. The Company challenged the said notices, inter alia demanding license fee on non telecom revenue based on Special Audit Report before the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) and also before the Hon'ble High Court of Kerala. The impugned demand has been stayed by Hon'ble High Court of Kerala during the pendency of the Petition. Meanwhile, Hon'ble TDSAT vide its judgment dated April 23, 2015 has set aside all License fee related demands and directed DoT to rework the licence fees payable by the operators for the past periods, in light of the findings, observations and directions made in the said judgment and to issue fresh demands, which the operators will pay within the time prescribed under the law. DoT has challenged TDSAT judgment in Hon'ble Supreme Court. The matter is pending before Hon'ble Supreme Court without staying the judgment of Hon'ble TDSAT. As per the judgment of Hon'ble TDSAT and other judicial pronouncements directly applicable to the issues of License fee dues raised by Special Auditors, there shall not be any liability of License fee and hence, no provision is required in the accounts of the Company.

	(₹ in crore)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Note 2.09 (Note 2.32 of Annual Accounts)		
(i) Value of Imports on CIF basis		
Capital Goods	446	179
Stores and Spares	-	2
(ii) Expenditure in Foreign Currency		
Professional and Technical Fees	27	9
Long Distance Operations	993	991
Interest on Foreign Currency Term Loans	805	710
Others	72	296
(iii) Consumption of Stores and Spares	(₹ in crore)	(₹ in crore)
Imported (Value)	-	-
Indigenous (Value)	32	19
(iv) Earnings in Foreign Currency		
Long Distance Operations	1,494	1,563
Interest and other income	-	-
[₹ 1,61,000 (Previous year ₹ Nil)]		

Note 2.10 (Note 2.33 of Annual Accounts)

Operating Lease

The Company's significant leasing arrangements are in respect of operating leases for premises and network sites. These lease agreements provide for cancellation by either parties thereto as per the terms and conditions of the agreements. The Company is a lessee in respect of Optic Fibre cables and in respect of this lease, during the previous year ended March 31, 2015, had revised terms of lease to ₹ 350 crore per annum and the same has been charged off in the Statement of Profit and Loss of current year and previous year.

Reliance Communications Limited

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

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
Estimated future minimum payments under non cancellable operating leases		
(i) Not later than one year	350	350
(ii) Later than one year and not later than five years	350	700
(iii) Later than five years	-	-

Note 2.11 (Note 2.34 of Annual Accounts)

Deferred Tax Assets (net)

(i) Deferred Tax Assets				
Related to carried forward Loss	2,382		1,708	
Disallowance, if any, under the Income Tax Act, 1961	1,023	3,405	986	2,694
(ii) Deferred Tax Liabilities				
Related to timing difference on depreciation on fixed assets		2,657		1,764
Deferred Tax Assets (net) (i-ii)		748		930

In absence of virtual certainty of realisability of deferred tax assets, the Company on conservative basis has restricted deferred tax asset to Nil. During the previous year, the Company had revised the terms of lease of optic fibre cable availed from Reliance Infratel Limited (RITL), a subsidiary, as required in line with arm's length with effect from April 1, 2014 and accordingly, reversed entire amount of deferred tax assets of ₹ 1,488 crore.

Note 2.12 (Note 2.35 of Annual Accounts)

Segment Performance

Disclosure as per Accounting Standard ("AS") 17 "Segment Reporting" is reported in Consolidated Accounts of the Company. Therefore, the same has not been separately disclosed in line with the provision of AS.

Note 2.13 (Note 2.36 of Annual Accounts)

Earnings per Share (EPS)

	For the year ended March 31, 2016	For the year ended March 31, 2015
(i) Basic and Diluted EPS (before Exceptional items and Adjustments)		
(a) Profit/ (Loss) attributable to Equity Shareholders before Exceptional items and Adjustments (₹ in crore) (used as numerator for calculating Basic EPS)	(1,624)	(3,123)
(b) Profit/ (Loss) attributable to Equity Shareholders before Exceptional items and Adjustments (₹ in crore) (used as numerator for calculating Diluted EPS)	(1,624)	(3,123)
(c) Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	248 89 79 745	233 39 04 868
(d) Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	248 89 79 745	233 39 04 868
(e) Basic EPS of ₹ 5 each (₹)	(6.52)	(13.38)
(f) Diluted EPS of ₹ 5 each (₹)	(6.52)	(13.38)

Reliance Communications Limited

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
(ii) Basic and Diluted EPS (after Exceptional items and Adjustments)		
(a) Profit/ (Loss) attributable to Equity Shareholders after Exceptional items and Adjustments (₹ in crore) (used as numerator for calculating Basic EPS)	(1,624)	(154)
(b) Profit/ (Loss) attributable to Equity Shareholders after Exceptional items and Adjustments (₹ in crore) (used as numerator for calculating Diluted EPS)	(1,624)	(154)
(c) Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	248 89 79 745	233 39 04 868
(d) Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	248 89 79 745	233 39 04 868
(e) Basic EPS of ₹ 5 each (₹)	(6.52)	(0.66)
(f) Diluted EPS of ₹ 5 each (₹)	(6.52)	(0.66)

Note 2.14 (Note 2.37 of Annual Accounts)

Exceptional Items

- (a) During the previous year ended March 31, 2015, the Company revised terms of lease of optic fibre cable availed from its subsidiary, as required in line with arm's length pricing, with effect from April 1, 2014. Accordingly, lease rent equalisation liabilities of ₹ 4,328 crore was reversed / written back as an exceptional item in the previous year. Also, terms of Redeemable Preference Shares (RPS) issued by a subsidiary were revised. Yield on RPS was revised to 0.1% from 8.85% per annum, and accordingly an amount earlier recognised of ₹ 1,359 crore was charged off 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 scheme of arrangement approved by the Hon'ble High Court vide order dated July 3, 2009 binding on the Company, expenses and/ or losses, identified by the Board of the Company as being exceptional or otherwise subject to the Accounting treatment prescribed in the Schemes of Arrangement sanctioned by the Hon'ble High Court and comprising of ₹ 467 crore (Previous year ₹ 387 crore) of depreciation consequent to addition of exchange differences on long term borrowing relating to capital assets to the cost of capitalised assets, as also ₹ 3 crore (Previous year ₹ 31 crore) of exchange variation (net) on items other than long term monetary items, ₹ 274 crore (Previous year ₹ 199 crore) being amortization of FCMITDA excluding the portion added to the cost of fixed assets or carried forward as FCMITDA in accordance with Para 46 A inserted into Accounting Standard (AS) 11 "The Effects of changes in Foreign Exchange Rates" in the context of unprecedented volatility in exchange rate during the year have been met by withdrawal from corresponding General Reserves, leaving no impact on loss for the year ended March 31, 2016. Such withdrawals have been included/ reflected in the Statement of Profit and Loss. The Company has been legally advised that such inclusion in the Statement of Profit and loss is in accordance with Schedule III of the Companies Act, 2013. Had such write off of expenses, losses and depreciation/ amortisation (refer note 2.05(vi)) not met from General Reserve, the Company would have reflected a Loss after tax for the year of ₹ 3,558 crore (Previous year ₹ 1,948 crore).

Note 2.15 (Note 2.38 of Annual Accounts)

Recovery of the Expenses

Expenses are net of recoveries for common cost from: Reliance Communications Infrastructure Limited, a Wholly Owned Subsidiary of the Company includes ₹ 12 crore (Previous year ₹ 149 crore) for Network Expenses, ₹ 28,06,098 (Previous year ₹ 37 crore) for Salaries, ₹ 227 crore (Previous year ₹ 472 crore) for Finance Cost and ₹ Nil (Previous year ₹ 6 crore) for Sales and General and Administration Expenses. Reliance IDC Limited, a Wholly Owned Subsidiary of Reliance Webstore Limited, includes ₹ 149 crore (Previous year ₹ 110 crore) for Network Expenses, ₹ Nil (Previous year ₹ 18 crore) for Salaries, ₹ Nil (Previous year ₹ 2 crore) for Hire charges, ₹ 4 crore (Previous year ₹ 9 crore) for Finance Cost and ₹ Nil (Previous year ₹ 33,97,180) for Other General Administration Expenses. Reliance Infratel Limited, a subsidiary of Reliance Communications Infrastructure Limited includes ₹ Nil (Previous year ₹ 40 crore) for Salaries, ₹ Nil (Previous year ₹ 20 crore) for Sales and General and Administration Expenses comprising of, ₹ Nil (Previous year ₹ 4 crore) for Hire Charges and ₹ Nil (Previous year ₹ 16 crore) for Other General and Administration Expenses and ₹ 150 crore (Previous Year ₹ 115 crore) for Finance Cost. Reliance Big TV Limited, a Wholly Owned Subsidiary of the Company includes ₹ 34,58,486 (Previous year ₹ 14 crore) for Salaries, ₹ 106 crore (Previous year ₹ 99 crore) for Finance Cost and ₹ Nil (Previous year ₹ 2 crore) for Other General and Administration Expenses including Hire charges. Reliance Telecom Limited, a Subsidiary of the Company includes ₹ Nil (Previous year ₹ 16 crore) for Network Expenses, ₹ 43,26,895 (Previous year ₹ 101 crore) for Salaries, ₹ 199 crore (Previous year ₹ 175 crore) for Finance Cost and ₹ 55 crore (Previous year ₹ 81 crore) for Sales and General and Administration Expenses. Reliance Tech Services Limited, a Wholly Owned Subsidiary of the Company includes ₹ Nil (Previous year ₹ 11 crore) for Salaries, ₹ 134 crore (Previous year ₹ 9 crore) for Finance Cost and ₹ Nil (Previous year ₹ 11 crore) for Other General and Administration Expenses including Hire Charges. Reliance Webstore Limited, a Wholly Owned Subsidiary of the Company

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

includes ₹ Nil (Previous year ₹ 47 crore) for Salaries, ₹ 120 crore (Previous year ₹ 53 crore) for Finance Cost and ₹ Nil (Previous year ₹ 5 crore) for Sales and General and Administration Expenses comprising of ₹ Nil (Previous year ₹ 5 crore) for Hire Charges and ₹ Nil (Previous year ₹ 1 crore) for Other General and Administration Expenses. Reliance Infocomm Infrastructure Limited, a Wholly Owned Subsidiary of the Company includes ₹ 110 crore (Previous year ₹ 29 crore) for Finance Cost and ₹ 14,57,013 (Previous year ₹ Nil) for Salaries. Expenses under the heads Selling, Marketing and Distribution are net of recoveries of cost of ₹ 87 crore (Previous year ₹ 699 crore) incurred for and on behalf of Reliance Webstore Limited (RWSL), a wholly owned subsidiary of the Company. These costs pertain to the activities related to customer life cycle management undertaken by RWSL with effect from April 1, 2014. Finance cost is net of recovery of interest cost from respective subsidiaries as mentioned above for the funds used by them for their business.

Note 2.16 (Note 2.39 of Annual Accounts)

Transfer of Business Undertaking

During the year ended March 31, 2015, the Company had entered into a Business Transfer Agreement (BTA) with Reliance Communications Infrastructure Limited (RCIL), a Wholly Owned Subsidiary Company and accordingly all moveable assets comprising of fixed assets of ₹ 121 crore, current assets of ₹ 208 crore alongwith liabilities of ₹ 124 crore related to Internet Service Provider (ISP) Business Division, on "as is where basis", as a going concern, was transferred with effect from June 01, 2014.

Note 2.17 (Note 2.40 of Annual Accounts)

Employee Benefits

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

Other Employee Benefits includes Leave Encashment.

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

Particulars	Gratuity *		Leave Encashment	
	As at	As at	As at	As at
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation				
Obligation at the beginning of the year	31	31	31	36
Service Cost	2	4	2	2
Interest Cost	1	3	3	3
Liability transferred in from other Company (Gratuity ₹ 6,18,847 (Previous year ₹ 33,11,746))	-	-	-	-
Liability transferred to other Company	(18)	-	(19)	-
Actuarial (gain) / loss (Leave Encashment ₹ 8,98,275)	1	2	-	2
Benefits Paid	(3)	(9)	(4)	(14)
Liabilities extinguished on settlement	-	-	-	-
Obligation at the end of the year	14	31	13	31
* Defined benefit obligation liability is wholly funded by the Company				
(ii) Change in plan assets				
Plan assets at the beginning of the year, at fair value	3	10	-	-
Expected return on plan assets (Gratuity ₹ 25,26,577)	-	1	-	-
Actuarial gain/ (loss) (Gratuity ₹ 15,07,828 (Previous year ₹ 42,96,411))	-	-	-	-
Contributions	1	2	-	-
Assets transferred in from other Company (Gratuity ₹ 6,18,847 (Previous year ₹ 33,11,746))	-	-	-	-
Assets transferred to other Company	-	-	-	-
Benefits paid from the fund	(3)	(10)	-	-
Assets distributed on settlement	-	-	-	-
Plan assets at the end of the year, at fair value	1	3	-	-

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

		(₹ in crore)			
Particulars	Gratuity *		Leave Encashment		
	As at	As at	As at	As at	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	
(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	1	3	-	-	
Present value of the defined benefit obligation at the end of the year	14	31	13	31	
Liability recognised in the Balance Sheet	13	28	13	31	
(iv) Cost for the year					
Service Cost	2	4	2	2	
Interest Cost	1	3	3	3	
Expected return on plan assets (Gratuity ₹ 25,26,577)	-	(1)	NA	NA	
Actuarial (gain)/ loss (Leave Encashment ₹ 8,98,275)	1	2	-	2	
Net Cost	4	8	5	7	
(v) Investment details of plan assets					
100% of the plan assets are invested in balanced Fund Instruments					
(vi) Actual return on plan assets (Gratuity ₹ 10,18,749 (Previous year ₹ 49,61,714))	-	-	-	-	
(vii) Assumptions					
Interest rate	7.79%	7.98%	7.79%	7.98%	
Estimated return on plan assets	7.79%	7.98%	-	-	
Salary growth rate	8%	8%	8%	8%	

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

(viii) Particulars of the amounts for the year and Previous years					
		Gratuity			
		As at March 31			
	2016	2015	2014	2013	2012
Present Value of benefit obligation	14	31	31	32	30
Fair value of plan assets	1	3	10	22	25
Excess of obligation over plan assets (plan assets over obligation)	13	28	21	10	5
(ix) Experience Adjustment	2016	2015	2014	2013	2012
On Plan Liabilities (₹ 48,91,944)	-	2	4	(2)	-
On Plan Assets (₹ 15,07,828 (Previous year ₹ 42,96,411))	-	-	(1)	-	(1)

Provident Fund : The guidance on Implementing ("AS") 15 "Employee Benefits" (revised 2005) issued by the ICAI states that the benefits involving employer established Provident Fund, which require interest shortfalls recompensed are to be considered as in defined benefit plans. The employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's salary. Contributions are made to the trust established by the Company. During the year ended March 31, 2012, the Actuarial Society of India issued the final guidance for measurement of provident fund liabilities. As at March 31, 2016, based on the actuarial valuation for the Company and its subsidiaries Fair value of plan assets is ₹ 253 crore (Previous year ₹ 259 crore), the present value of defined benefit obligation is ₹ 237 crore (Previous year ₹ 259 crore). For the year ended March 31, 2016, the Company has contributed ₹ 4 crore (Previous year ₹ 15 crore) towards Provident Fund.

The assumptions made for the above are Discount rate of 7.79%, average remaining tenure of Investment Portfolio is 5 years and guaranteed rate of return is 8.80%.

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Note 2.18 (Note 2.41 of Annual Accounts)

Disclosure under Micro, Small and Medium 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 Micro and Small Enterprises.

	As at March 31, 2016	As at March 31, 2015
	(₹ in crore)	
(i) Principal amount due to any supplier as at the year end	22	32
(ii) Interest due on the principal amount unpaid at the year end to any supplier	5	4
(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	55	81
(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	6	11
(vi) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	11	15
(vii) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED.	7	10

Note 2.19 (Note 2.42 of Annual Accounts)

Disclosures required by Clause 34 (3) and 53 (f) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

Loans and Advances in the nature of Loans to Subsidiary Companies

Sr. No.	Name of the Company	As At March 31, 2016	As At March 31, 2015	Maximum Balance during the current year	Maximum Balance during the Previous year
					(₹ in crore)
(i)	Reliance Webstore Limited	-	-	1,682	949
(ii)	Reliance Telecom Limited	239	1,245	2,591	1,711
(iii)	Campion Properties Limited	153	153	153	153
(iv)	Reliance Communications Infrastructure Limited	350	2,454	2,495	5,035
(v)	Reliance Infocomm Infrastructure Limited	33	980	1,122	980
(vi)	Reliance Big TV Limited	43	774	1,048	945
(vii)	Reliance Infratel Limited	2,719	2,719	2,719	2,719
(viii)	Reliance Communications Tamilnadu Limited	-	-	-	600
(ix)	Reliance Globalcom B.V.	383	230	383	268
(x)	Reliance IDC Limited	-	-	-	147
(xi)	Reliance Tech Services Limited	-	1,138	1,484	1,140
		<u>3,920</u>	<u>9,693</u>		

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

Reliance Communications Limited

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

Note 2.20 (Note 2.43 of Annual Accounts)

Employee Stock Option Schemes

The Company operates two Employee Stock Option Plans; ESOS Plan 2008 and ESOS Plan 2009, which cover eligible employees of the Company and its Subsidiaries. ESOS Plans are administered through an ESOS Trust. The Vesting of the Options is on the expiry of one year from the date of Grant as per Plan under the respective ESOS(s). In respect of Options granted, the accounting value of Options (based on market price of the share on the date of the grant of the Option) is accounted as deferred employee compensation, which is amortised on a straight line basis over the Vesting Period. Each Option entitles the holder thereof to apply for and be allotted/ transferred one Equity Share of the Company of ₹ 5 each upon payment of the Exercise Price during the Exercise Period. The maximum Exercise Period is 10 years from the date of Grant of Options.

The Company has established a Trust for the implementation and management of ESOS for the benefit of its present and future employees. Advance of ₹ 387 crore (Previous year ₹ 387 crore) has been granted to the Trust and the said amount has been utilized by the Trust for purchasing 2.13 crore (Previous year 2.13 crore) Equity Shares during the period upto March 31, 2016. The fall in the value of these underlying shares on account of market volatility and loss, if any, can be determined only at the end of the exercise period under ESOS Scheme.

Amortization of compensation includes write back of ₹ 13,09,300/- (Previous year ₹ 2 crore) based on intrinsic value of Options which has been vested under ESOS Plan 2008 and reflected in Statement of Profit and Loss under Employees Benefit Expenses. No amount is chargeable in respect of Options granted under ESOS Plan 2009.

Particulars	Employees Stock Option Plans			
	ESOS Plan 2008		ESOS Plan 2009	
	Number of Options	Weighted average exercise price (₹)	Number of Options	Weighted average exercise price (₹)
No. of Options Outstanding at the beginning of the year	62 274	419	12 75 358	206
Number of Options granted	Nil	-	Nil	-
Total number of Options surrendered	Nil	-	Nil	-
Number of Options vested	Nil	-	Nil	-
Total number of Options exercised	Nil	-	Nil	-
Total number of Options forfeited/ lapsed	9 476	403	6 25 716	206
Number of Options outstanding at the end of the year	52 798	422	6 49 642	206

If the entity would have estimated fair value computed on the basis of Black Scholes pricing model, the compensation cost for the year ended March 31, 2016 for ESOS Plan 2008 and ESOS Plan 2009 would have been ₹ 0.40 crore and ₹ 1.92 crore respectively. The key assumptions used to estimate the fair value of options are given below.

Particulars	ESOS Plan 2008	ESOS Plan 2009
Risk-free interest rate	7.35%	7.51%
Expected life	2 years	3 years
Expected volatility	52.17%	52.17%
Expected dividend yield	0.02%	0.07%
Price of the underlying share in market at the time of option grant	₹ 541	₹ 174

Note 2.21 (Note 2.44 of Annual Accounts)

Particulars of Derivative Instruments

No derivative instruments are acquired for speculation purpose or otherwise.

Foreign Currency exposures that are not hedged by derivative instruments or otherwise for Loans and Liabilities and assets are \$ 264 crore (Previous year \$ 284 crore), equivalent to ₹ 17,484 crore (Previous year ₹ 17,726 crore).

Above exposure status does not include the effects of accruals.

The unamortized premium of Buyers' Credit to be recognized is ₹ 6,691 (Previous year ₹ 4 crore) for one or more subsequent accounting periods.

Note 2.22 (Note 2.10.7 of Annual Accounts)

Spectrum Auction

During earlier years, the Company, successfully bid under auction conducted for spectrum by Department of Telecommunications (DoT) and won spectrum in 11 service areas at a total cost of ₹ 1,869 crore. The Company has made upfront payment of ₹ 495 crore under deferred payment option. Balance ₹ 1,374 crore being long term liabilities in nature, has been disclosed separately as Deferred Payment Liability. The balance payment of ₹ 2,706 crore including interest @ 10% per annum amounting to ₹ 1,332 crore is payable in 10 annual installments starting from FY 2017-18. Spectrum won in 10 service areas are yet to be put to use and reflected as Intangible assets under development.

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

Note 2.23 (Note 2.45 of Annual Accounts)

Related Parties

As per Accounting Standard (AS) 18, 'Related Party Disclosures, prescribed under the Accounting Standard Rules, the disclosures of transactions with the related parties are given below.

A List of Related Parties : where control exists

Sr. No.	Name of the Subsidiary Companies (direct and step down subsidiaries)	Sr. No.	Name of the Subsidiary Companies (direct and step down subsidiaries)
1	Reliance WiMax Limited	44	Reliance Communications Canada Inc.
2	Reliance Bhutan Limited (formerly known as Reliance Digital Home Services Limited)	45	Bonn Investment Inc.
3	Reliance Webstore Limited	46	FLAG Telecom Development Limited
4	Reliance Infocomm Infrastructure Limited	47	FLAG Telecom Development Services Company LLC
5	Campion Properties Limited	48	FLAG Telecom Network Services Limited
6	Reliance Big TV Limited	49	Reliance FLAG Telecom Ireland Limited
7	Reliance Tech Services Limited	50	FLAG Telecom Japan Limited
8	Reliance Telecom Limited	51	FLAG Telecom Ireland Network Limited
9	Reliance Communications Infrastructure Limited	52	FLAG Telecom Network USA Limited
10	Reliance IDC Limited	53	FLAG Telecom Espana Network SAU
11	Reliance Infratel Limited	54	Reliance Vanco Group Ltd
12	Reliance Mobile Commerce Limited	55	Euronet Spain SA
13	Reliance BPO Private Limited	56	Vanco (Shanghai) Co Ltd.
14	Reliance Globalcom Limited, India	57	Vanco (Asia Pacific) Pte. Ltd.
15	Reliance Communications Tamilnadu Limited	58	Vanco Australasia Pty. Ltd.
16	Reliance Infra Realty Limited	59	Vanco Sp Zoo
17	Reliance Infra Projects Limited	60	Vanco Gmbh
18	Reliance Globalcom B.V.	61	Vanco Japan KK
19	Reliance Communications (UK) Limited	62	Vanco NV
20	Reliance Communications (Hong Kong) Limited	63	Vanco SAS
21	Reliance Communications (Singapore) Pte. Limited	64	Vanco South America Ltda
22	Reliance Communications (New Zealand) Pte Limited	65	Vanco Srl
23	Reliance Communications (Australia) Pty Limited	66	Vanco Sweden AB
24	Anupam Global Soft (U) Limited	67	Vanco Switzerland AG
25	Gateway Net Trading Pte Limited	68	Vanco Deutschland GmbH
26	Reliance Globalcom Limited, Bermuda	69	Vanco BV
27	FLAG Telecom Singapore Pte. Limited	70	Vanco Benelux BV
28	FLAG Atlantic UK Limited	71	Vanco UK Ltd
29	Reliance FLAG Atlantic France SAS	72	Vanco International Ltd
30	FLAG Telecom Taiwan Limited	73	Vanco Row Limited
31	Reliance FLAG Pacific Holdings Limited	74	Vanco Global Ltd
32	FLAG Telecom Group Services Limited	75	VNO Direct Ltd
33	FLAG Telecom Deutschland GmbH	76	Vanco US LLC
34	FLAG Telecom Hellas AE	77	Vanco Solutions Inc
35	FLAG Telecom Asia Limited	78	Net Direct SA (Proprietary) Ltd. (Under liquidation)
36	FLAG Telecom Nederland B.V.	79	Global Cloud Xchange Limited
37	Reliance Globalcom (UK) Limited	80	GCX Limited
38	Yipes Holdings Inc.	81	Seoul Telenet Inc.
39	Reliance Globalcom Services Inc.	82	FLAG Holdings (Taiwan) Limited
40	YTV Inc.	83	Reliance Telecom Infrastructure (Cyprus) Holdings Limited
41	Reliance Infocom Inc.	84	Lagerwood Investments Limited
42	Reliance Communications Inc.	85	Realsoft Cyber Systems Private Limited (w.e.f 10.11.2015)
43	Reliance Communications International Inc.	86	Worldtel Tamilnadu Private Limited (w.e.f 10.11.2015)
		87	Internet ExchangeNext.com Limited (w.e.f 10.11.2015)

Reliance Communications Limited

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

Associates

- 88 Warf Telecom International Private Limited
89 Mumbai Metro Transport Private Limited

Holding Company

- 90 Reliance Innoventures Private Limited

Individuals Promoters

- 91 Shri Anil D. Ambani, the person having control during the year

Key Managerial Person

- 92 Shri Prakash Shenoy, Company Secretary and Manager

B List of Other Related Parties : where there have been transactions

(i) Fellow Subsidiary Company

- 1 Reliance Big Entertainment Private Limited
2 Reliance Big Broadcasting Private Limited
3 Big Animation (India) Private Limited
4 Big Flicks Private Limited
5 Zapak Digital Entertainment Limited
6 Zapak Mobile Games Private Limited (Formerly Jump Games Private Limited)

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

- 7 Ralston Trading Private Limited
8 Reliance Transport & Travels Private Limited
9 Reliance Infrastructure Management Private Limited (Formerly AAA Infrastructure Finance Management Private Limited)

(ii) Enterprises over which individual described in Sr. No. 91 above having control w.e.f. March 28, 2015. (Fellow Subsidiary upto March 27, 2015)

- 10 Reliance Capital Limited
11 Reliance Capital Asset Management Limited
12 Reliance General Insurance Company Limited
13 Reliance Commodities Limited
14 Reliance Money Precious Metals Private Limited
15 Reliance Money Express Limited
16 Reliance Home Finance Limited
17 Reliance Securities Limited
18 Reliance Financial Limited
19 Reliance Money Solutions Private Limited
20 Reliance Wealth Management Limited
21 Reliance Spot Exchange Infrastructure Limited

Disclosure in respect of transactions, which are more than 10% of the total transactions of the same type with a related party during the year ended March 31, 2016.

- Investments include acquired and sold during the year ₹ 2,607 crore and ₹ 3,247 crore respectively from Reliance Capital Asset Management Limited. (Previous year - Investments include acquired and sold during the year ₹ 38,341 crore and ₹ 37,733 crore respectively from Reliance Capital Asset Management Limited).
- Fixed assets acquired during the year include ₹ 89 crore from Reliance Tech Services Limited and ₹ Nil from Reliance Flag Atlantic France SAS. (Previous year - Fixed assets acquired during the year include ₹ 89 crore from Reliance Tech Services Limited and ₹ 22 crore from Reliance Flag Atlantic France SAS).
- Trade Receivables include ₹ 404 crore from Reliance Communications Inc., ₹ 80 crore from Reliance Telecom Limited, ₹ 2 crore from Reliance Communications Infrastructure Limited, ₹ 20 crore from Reliance Communications International Inc., ₹ 4 crore from Reliance Webstore Limited and ₹ Nil from Reliance Flag Atlantic France SAS. (Previous year - Trade Receivables include ₹ 94 crore from Reliance Communications Inc., ₹ 76 crore from Reliance Telecom Limited, ₹ 6 crore from Reliance Communications Infrastructure Limited, ₹ 19 crore from Reliance Communications International Inc., ₹ 4 crore from Reliance Webstore Limited and ₹ 82 crore from Reliance Flag Atlantic France SAS).
- Loans and Advances include loans granted/ adjusted during the year of ₹ 3,827 crore to Reliance Communications Infrastructure Limited, ₹ 11,499 crore to Reliance Telecom Limited, ₹ 4,766 crore to Reliance Webstore Limited and repaid /adjusted during the year ₹ 5,931 crore by Reliance Communications Infrastructure Limited, ₹ 12,505 crore by Reliance Telecom Limited, ₹ 4,766 crore by Reliance Webstore Limited. (Previous year - Loans and Advances include loans granted/adjusted during the year of ₹ 10,633 crore to Reliance Communications Infrastructure Limited, ₹ 2,441 crore to Reliance Telecom Limited, ₹ 8,329 crore to Reliance Webstore Limited and repaid /adjusted during the year ₹ 9,396 crore by Reliance Communications Infrastructure Limited, ₹ 2,777 crore by Reliance Telecom Limited, ₹ 8,329 crore by Reliance Webstore Limited).
- Loans include ₹ 383 crore to Reliance Globalcom BV, ₹ 2,719 crore to Reliance Infratel Limited, ₹ 239 crore to Reliance Telecom Limited, ₹ 43 crore to Reliance Big TV Limited, ₹ 350 crore to Reliance Communications Infrastructure Limited, ₹ 33 crore to Reliance Infocomm Infrastructure Limited and ₹ Nil to Reliance Tech Services Limited and Advances include ₹ 312 crore to Reliance Infratel Limited, ₹ Nil to Reliance Webstore Limited and ₹ Nil to Reliance Telecom Limited. (Previous year - Loans include ₹ 230 crore to Reliance Globalcom BV, ₹ 2,719 crore to Reliance Infratel Limited, ₹ 1,245 crore to Reliance Telecom Limited, ₹ 774 crore to Reliance Big TV Limited, ₹ 2,454 crore to Reliance Communications Infrastructure Limited, ₹ 980 crore to Reliance Infocomm Infrastructure Limited and ₹ 1,138 crore to Reliance Tech Services Limited and Advances include ₹ Nil to Reliance Infratel Limited, ₹ 1,156 crore to Reliance Webstore Limited and ₹ 2 crore to Reliance Telecom Limited).

Reliance Communications Limited

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

- 6 Interest Accrued on Investment includes ₹ 23 crore of Dividend Yield on Preference Shares from Reliance Infratel Limited. (Previous year - Interest Accrued on Investment includes ₹ 4 crore of Dividend Yield on Preference Shares from Reliance Infratel Limited).
- 7 Other Current Assets include Unbilled revenue: ₹ 98 crore of Reliance Communications Inc. and Interest Receivable includes ₹ 139 crore from Reliance Infratel Limited, ₹ 6 crore from Reliance Telecom Limited and ₹ 195 crore from Reliance Communications Infrastructure Limited. (Previous year - Other Current Assets include Unbilled revenue: ₹ 52 crore of Reliance Communications Inc. and Interest Receivable includes ₹ 649 crore from Reliance Infratel Limited, ₹ 175 crore from Reliance Telecom Limited and ₹ 475 crore from Reliance Communications Infrastructure Limited).
- 8 Prepaid expenses include ₹ 802 crore from Reliance Infratel Limited and ₹ 38 crore from Reliance FLAG Atlantic France SAS. (Previous year- Prepaid expenses include ₹ Nil from Reliance Infratel Limited and ₹ 35 crore from Reliance FLAG Atlantic France SAS).
- 9 Long Term Borrowing includes loan taken ₹ 2,104 crore and repaid ₹ 1,998 crore during the year from Reliance Capital Limited. (Previous year- Long Term Borrowing includes ₹ Nil from Reliance Capital Limited).
- 10 Trade Payables include ₹ 305 crore to Reliance Flag Atlantic France SAS, ₹ 82 crore to Reliance Communications Infrastructure Limited, ₹ 174 crore to Reliance Communications (UK) Limited, ₹ Nil to Reliance Infratel Limited, ₹ 23 crore to Reliance Webstore Limited and ₹ 42 crore to Reliance Tech Services Limited. (Previous year - Trade Payables include ₹ 281 crore to Reliance Flag Atlantic France SAS, ₹ 443 crore to Reliance Communications Infrastructure Limited, ₹ 161 crore to Reliance Communications (UK) Limited, ₹ 494 crore to Reliance Infratel Limited, ₹ Nil to Reliance Webstore Limited and ₹ 115 crore to Reliance Tech Services Limited).
- 11 Unearned Income includes ₹ 2 crore from Flag Telecom Ireland Network Limited. (Previous year- Unearned Income includes ₹ 11 crore from Flag Telecom Ireland Network Limited).
- 12 Other Current Liability includes Advance from customer of ₹ 74 crore from Flag Telecom Ireland Network Limited, ₹ 1 crore of Reliance Telecom Limited and ₹ Nil of Reliance Communications Canada Inc. and ₹ Nil to Reliance Infratel Limited for availing passive infrastructure services for 3G operations. (Previous year - Other Current Liability includes Advance from customer of ₹ Nil from Flag Telecom Ireland Network Limited, ₹ Nil of Reliance Telecom Limited and ₹ 1 crore of Reliance Communications Canada Inc. and ₹ 217 crore to Reliance Infratel Limited for availing passive infrastructure services for 3G operations).
- 13 Revenue from Operations includes ₹ 888 crore from Reliance Communications Inc., ₹ 475 crore from Reliance Telecom Limited and ₹ 4 crore from Reliance Communications Infrastructure Limited. (Previous year - Revenue from Operations includes ₹ 747 crore from Reliance Communications Inc., ₹ 700 crore from Reliance Telecom Limited and ₹ 23 crore from Reliance Communications Infrastructure Limited).
- 14 Interest Income include ₹ 260 crore received from Reliance Infratel Limited (Previous year - Interest Income include ₹ 245 crore received from Reliance Infratel Limited).
- 15 Expenditure includes Access Charges: ₹ 402 crore to Reliance Communications Inc. and ₹ 214 crore to Reliance Telecom Limited, Network Operation Expenses: ₹ 1,576 crore to Reliance Infratel Limited and ₹ 344 crore to Reliance Flag Atlantic France SAS, Selling and Marketing expenses: ₹ 120 crore to Reliance Webstore Limited and ₹ 16 crore to Reliance Communications Infrastructure Limited, General and Administration Expenses: ₹ 100 crore to Reliance IDC Limited, ₹ 14 crore to Reliance Infocomm Infrastructure Limited and ₹ 13 crore to Reliance Tech Services Limited and Finance Cost: ₹ 23 crore to Reliance Capital Limited. (Previous year - Expenditure includes Access Charges: ₹ 370 crore to Reliance Communications Inc. and ₹ 258 crore to Reliance Telecom Limited, Network Operation Expenses: ₹ 2,965 crore to Reliance Infratel Limited and ₹ 249 crore to Reliance Flag Atlantic France SAS, Selling and Marketing expenses: ₹ 120 crore to Reliance Webstore Limited and ₹ Nil to Reliance Communications Infrastructure Limited, General and Administration Expenses: ₹ 99 crore to Reliance IDC Limited, ₹ 18 crore to Reliance Infocomm Infrastructure Limited and ₹ 29 crore to Reliance Tech Services Limited and Finance Cost: ₹ Nil to Reliance Capital Limited).
- 16 Corporate Guarantee issued includes ₹ 3,094 crore to Reliance Infratel Limited and ₹ 2,009 crore to Reliance Telecom Limited. Assurance / Letter of comfort which are not in nature of guarantee for financial support to subsidiary. (Previous year - Corporate Guarantee issued includes ₹ 2,337 crore to Reliance Infratel Limited and ₹ 2,050 crore to Reliance Telecom Limited).
- 17 Refer Note 2.15 for Recovery of Expenses and Interest cost from subsidiaries.

Reliance Communications Limited

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

Transactions during the year with Related Parties

(Figures in bracket represent Previous year)

						(₹ in crore)
Sr. No	Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which individual having control	Associates/ Others	Total
1	Investments					
	Balance as at April 1, 2015	21,762	-	638	22	22,422
		(21,020)	(-)	(-)	(22)	(21,042)
	Purchased during the year	-	-	2,607	-	2,607
		(776)	(38,341)	(-)	(-)	(39,117)
	Sold during the year	-	-	3,247	-	3,247
		(-)	(37,733)	(-)	(-)	(37,733)
	Foreign Exchange Fluctuation	18	-	-	-	18
		(34)	(-)	(-)	(-)	(34)
	Balance as at March 31, 2016	21,780	-	-	22	21,802
		(21,762)	(-)	(638)	(22)	(22,422)
2	Purchase of Assets	96	-	-	-	96
		(111)	(-)	(-)	(-)	(111)
3	Trade Receivables	540	2	5	-	547
		(305)	(4)	(7)	(-)	(316)
4	Loans and Advances					
	(i) Loans					
	Balance as at April 1, 2015	9,693	-	-	-	9,693
		(7,379)	(-)	(-)	(-)	(7,379)
	Given/ Adjusted during the year	22,984	-	-	-	22,984
		(23,961)	(-)	(-)	(-)	(23,961)
	Repaid & Adjusted during the year	28,771	-	-	-	28,771
		(21,659)	(-)	(-)	(-)	(21,659)
	Foreign Exchange Fluctuation	14	-	-	-	14
		(12)	(-)	(-)	(-)	(12)
	Balance as at March 31, 2016	3,920	-	-	-	3,920
		(9,693)	(-)	(-)	(-)	(9,693)
	(ii) Short Term Advances	386	-	-	-	386
		(1,240)	(-)	(1)	(-)	(1,241)
5	Interest Accrued on Investments	23	-	-	-	23
		(4)	(-)	(-)	(-)	(4)
6	Other Current Assets	473	-	-	-	473
		(1,525)	(-)	(-)	(-)	(1,525)
7	Prepaid Expenses	952	-	-	-	952
		(35)	(-)	(-)	(-)	(35)
8	Long Term Borrowings					
	Balance as at April 1, 2015	-	-	-	-	-
		(-)	(-)	(-)	(-)	-
	Taken during the year	-	-	2,104	-	2,104
		(-)	(-)	(-)	(-)	-
	Repaid during the year	-	-	1,998	-	1,998
		(-)	(-)	(-)	(-)	-
	Balance as at March 31, 2016	-	-	106	-	106
		(-)	(-)	(-)	(-)	-

Reliance Communications Limited

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

						(₹ in crore)
Sr. No	Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which individual having control	Associates/ Others	Total
9	Trade Payables	665	1	-	-	666
		(1,515)	(3)	(1)	(-)	(1,519)
10	Unearned Income	2	-	-	-	2
		(12)	(-)	(-)	(-)	(12)
11	Other Current Liability	76	-	-	-	76
		(218)	(-)	(-)	(-)	(218)
12	Income					
	Revenue From Operations	1,447	1	23	-	1,471
		(1,549)	(21)	(-)	(-)	(1,570)
	Other Income	260	-	4	-	264
		(245)	(30)	(-)	(-)	(275)
13	Expenditure					
	Access Charges	616	-	-	-	616
		(629)	(-)	(-)	(-)	(629)
	Network Operation Expenses	2,058	-	-	-	2,058
		(3,407)	(-)	(-)	(-)	(3,407)
	Selling and Marketing Expenses	136	-	-	-	136
		(120)	(-)	(-)	(-)	(120)
	General and Administration Expenses	128	1	2	-	131
		(148)	(1)	(-)	(-)	(149)
	Finance Cost	-	-	23	-	23
		(-)	(-)	(-)	(-)	-
	Recovery of Expenses	1,354	-	-	-	1,354
		(2,331)	(-)	(-)	(-)	(2,331)
14	Corporate Guarantee	5,723	-	-	-	5,723
		(5,237)	(-)	(-)	(-)	(5,237)
15	Person having control during the year					
	Shri Anil D. Ambani- Sitting Fees	-	-	-	-	-
	[₹ 5,60,000 (Previous year ₹ 6,00,000)]	(-)	(-)	(-)	(-)	(-)
16	Managerial Remuneration					
	Shri Prakash Shenoy- [₹ 23,43,358	-	-	-	-	-
	(Previous year ₹ 22,21,658)]	(-)	(-)	(-)	(-)	(-)

As per our report of even date

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

Lalit R. Mhalsekar
Partner
Membership No: 103418

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

Vijay Bhatt
Partner
Membership No: 036647

For and on behalf of the Board

Chairman

Anil D. Ambani

Directors

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

Mumbai
May 30, 2016

Chief Financial Officer **Manikantan V.**

Company Secretary and Manager **Prakash Shenoy**

Reliance Communications Limited

Independent Auditor's Report on Abridged Consolidated Financial Statement

To

The Members of Reliance Communications Limited

The accompanying abridged consolidated financial statements, which comprise the abridged consolidated Balance Sheet as at 31 March 2016, the abridged consolidated Statement of Profit and Loss and abridged consolidated Cash Flow statement for the year then ended, and summary of significant accounting policies and related notes, are derived from the audited consolidated financial statements of Reliance Communications Limited ('the Company' or 'the holding Company') for the year ended 31 March 2016. Our opinion dated 30 May 2016 on those consolidated financial statements contains matter of emphasis.

The abridged consolidated financial statements do not contain all the disclosures required by the Accounting Standards referred to in Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and accounting principles generally accepted in India, applied in the preparation of the audited consolidated financial statements of the Company. Reading the abridged consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Company.

Management's Responsibility for the Abridged consolidated financial statements

The Company's Board of Directors is responsible for the preparation of a summary of the audited consolidated financial statements in accordance with Section 136(1) read with Rule 10 of Companies (Accounts) Rules, 2014 and are based on the audited consolidated financial statements for the year ended 31 March 2016, prepared in accordance with the requirements of Accounting Standard 21- Consolidated Financial Statements and Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements and accounting principles generally accepted in India.

Auditor's Responsibility

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

Opinion

In our opinion, the abridged consolidated financial statements, prepared in accordance with Rule 10 of the Companies (Accounts) Rules, 2014 are derived from the audited consolidated financial statements of the Company for the year ended 31 March, 2016 and are a fair summary of those consolidated financial statements.

Emphasis of Matter

- a. We draw attention to Note 2.06(v) of the abridged consolidated financial statements regarding the Scheme of Arrangement ('the Scheme') sanctioned on 03 July 2009 by the Hon'ble High Court of Judicature at Mumbai, the Holding Company is permitted to adjust additional depreciation/amortisation, expenses and/or losses, which have been or are required to be debited to the Statement

of Profit and Loss by a corresponding withdrawal or credit from/to General Reserve, as determined by the Board of Directors. During the year, the Holding Company has withdrawn ₹ 1,190 crore (previous year ₹ 1,177 crore) to offset additional depreciation/amortisation on account of fair valuation of certain assets which may be considered to override the relevant provisions of Schedule II of the Act and Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'.

- b. We draw your attention to Note 2.14 of the abridged consolidated financial statements regarding the Schemes of Arrangement ('the Schemes') sanctioned by the Hon'ble High Court of Judicature at Mumbai, permit the Holding Company and two of its subsidiaries, namely, Reliance Communication Infrastructure Limited ('RCIL') and Reliance Infratel Limited ('RITL') to adjust expenses and/or losses identified by the respective Boards of the Holding Company and its two subsidiaries, which are required to be debited/ credited to the Statement of profit and loss by a corresponding withdrawal or credit from/ to General Reserve, which is considered to be an override to the relevant provisions of AS 5.

The Holding Company and its two subsidiaries have identified exchange variations incurred during the year of ₹ 42 crore (previous year ₹ 71 crore), depreciation on exchange losses capitalised of ₹ 505 crore (previous year ₹ 431 crore) and amortization of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 424 crore (previous year ₹ 463 crore), as in the opinion of the respective Boards, such exchange variations are considered to be of an exceptional nature and accordingly, these expenses have been met by corresponding withdrawal from General Reserve. Our opinion is not qualified in respect of this matter.

Had such write off of depreciation/ amortisation and exchange losses, as mentioned in paragraphs (a) and (b) above, not been met from General Reserve, the consolidated financial statements would have reflected a loss after tax for the year of ₹ 1,480 crore (previous year ₹ 1,428 crore).

Our opinion is not modified in respect of the above matters.

Other matters

1. The holding Company has computed goodwill on consolidation by comparing the cost of investments with the equity of subsidiaries as on date on which investments were made by Reliance Industries Limited ('the transferor company') prior to demerger instead of considering the date of demerger as the date of investment.
2. We did not audit the financial statements and other financial information of certain subsidiaries. The financial statements of these subsidiaries for the year ended 31 March 2016 have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of subsidiaries, is based solely on these reports. The attached consolidated financial statements include assets of ₹ 12,319 crore as

Independent Auditor's Report on Abridged Consolidated Financial Statement

- at 31 March 2016, revenues of ₹ 4,618 crore and net cash outflows amounting to ₹ 136 crore in respect of the aforementioned subsidiaries for the year then ended.
3. The financial statements of certain subsidiaries for the year ended 31 March 2016 have been audited by one of the joint auditors, Chaturvedi & Shah, Chartered Accountants. The attached consolidated financial statements include assets of ₹ 20,197 crore as at 31 March 2016, revenues of ₹ 6,276 crore and net cash outflows amounting to ₹ 63 crore in respect of the aforementioned subsidiaries for the year then ended.
4. We have relied on the unaudited financial statements of the subsidiaries whose financial statements reflect total assets of ₹ 1,482 crore as at 31 March 2016, total revenue of ₹ 133 crore and net cash flows amounting to ₹ 13 crore for the year ended 31 March 2016. We also did not audit the financial statements of two associates considered in the consolidated financial statements, whose financial statements reflect the Company's share of net profit of ₹ 2 crore for the year ended 31 March 2016, as considered in the consolidated financial statement. These unaudited financial statements are approved by the respective Board of Directors of these subsidiaries and associates have been furnished to us by the management, and our report in so far as it relates to the amounts and disclosures, included in respect of these subsidiaries and associates is based solely on such board approved unaudited financial statements.

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
Mumbai
May 30, 2016

Vijay Bhatt
Partner
Membership No: 036647
Mumbai
May 30, 2016

Reliance Communications Limited

Independent Auditor's Report on Consolidated Financial Statement

To

The Members of Reliance Communications Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Reliance Communications Limited (hereinafter referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates which comprise the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ('the Act') with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ('the Rules') [particularly Accounting Standard 21, Consolidated Financial Statements and Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements]. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries as noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates, as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

- a. We draw attention to note 2.31 (v) of the consolidated financial statements regarding the Scheme of Arrangement ('the Scheme') sanctioned on 03 July 2009 by the Hon'ble High Court of Judicature at Mumbai, the Holding Company is permitted to adjust additional depreciation/ amortisation, expenses and/ or losses, which have been or are required to be debited to the Statement of Profit and Loss by a corresponding withdrawal or credit from/ to General Reserve, as determined by the Board of Directors. During the year, the Holding Company has withdrawn ₹ 1,190 crore (previous year ₹ 1,177 crore) to offset additional depreciation/ amortisation on account of fair valuation of certain assets which may be considered to override the relevant provisions of Schedule II of the Act and Accounting Standard 5 (AS 5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'.
- b. We draw your attention to note 2.38 of the consolidated financial statements regarding the Schemes of Arrangement ('the Schemes') sanctioned by the Hon'ble High Court of Judicature at Mumbai, which permit the Holding Company and two of its subsidiaries, namely, Reliance Communications Infrastructure Limited ('RCIL') and Reliance Infratel Limited ('RITL') to adjust expenses and/ or losses identified by the respective Board of the Holding Company and its two subsidiaries, which are required to be debited/credited to the Statement of Profit and Loss by a corresponding withdrawal or credit from/to General

Independent Auditor's Report on Consolidated Financial Statement

Reserve, which is considered to be an override to the relevant provisions of AS 5.

The Holding Company and its two subsidiaries have identified exchange variations incurred during the year of ₹ 42 crore (previous year ₹ 71 crore), depreciation on exchange losses capitalised of ₹ 505 crore (previous year ₹ 431 crore) and amortisation of Foreign Currency Monetary Items Translation Difference Account (FCMITDA) of ₹ 424 crore (previous year ₹ 463 crore), as in the opinion of the respective Board, such exchange variations are considered to be of an exceptional nature and accordingly, these expenses have been met by corresponding withdrawal from General Reserve. Our opinion is not qualified in respect of this matter.

Had such write off of depreciation/ amortisation and exchange loss, as mentioned in paragraphs (a) and (b) above, not been met from General Reserve, the Group and its associates would have reflected a loss after tax for the year of ₹ 1,480 crore (previous year ₹ 1,428 crore).

Our opinion is not modified in respect of the above matters.

Other Matters

- a. The Holding Company has computed goodwill on consolidation by comparing the cost of investments with the equity of subsidiaries as on date on which investments were made by Reliance Industries Limited ('the transferor company') prior to demerger instead of considering the date of demerger as the date of investment.
- b. We did not audit the financial statements of certain subsidiaries whose financial statements reflect total assets of ₹ 12,319 crore as at 31 March 2016, total revenue of ₹ 4,618 crore and net cash outflows amounting to ₹ 136 crore for the year ended on that date, as considered in the preparation of the consolidated financial statements. The financial statements of these subsidiaries have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.
- c. The consolidated financial statements include financial statements of certain subsidiaries which reflect total assets of ₹ 20,197 crore as at 31 March 2016 and total revenues of ₹ 6,276 crore and net cash outflows amounting to ₹ 63 crore for the year ended on that date. The financial statements of these subsidiaries, have been audited by M/s Chaturvedi & Shah, Chartered Accountants, one of the joint auditors of the Company.
- d. We did not audit the financial statements of certain subsidiaries considered in the preparation of the consolidated financial statements, whose financial statements reflects total assets of ₹ 1,482 crore as at 31 March 2016, total revenue of ₹ 133 crore and net cash flows amounting to ₹ 13 crore for the year ended on that date. We also did not audit the financial statements of two associates considered in the consolidated financial statements, whose financial

statements reflect Group's share of net profit of ₹ 2 crore for the year ended 31 March 2016.

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

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

Report on Other Legal and Regulatory Requirements

As required by sub-section (3) of Section 143 of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of subsidiaries and associates, as noted in the 'Other Matters' paragraph, we report, to the extent applicable that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014; read with Emphasis of Matter paragraph above, regarding exercise of option available as per the Court Order which overrides the requirements of AS 5;
- (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2016, taken on record by the Board of Directors of the Holding Company and the reports of the auditors of its subsidiaries incorporated in India, none of the directors of the Holding Company and its subsidiaries incorporated in India is disqualified as on 31 March 2016 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act;

Reliance Communications Limited

Independent Auditors' Report on Consolidated Financial Statement

- (f) based on the comments in the auditors' reports of the Holding Company and the subsidiaries incorporated in India, we give in "Annexure A", our report on the adequacy of the internal financial controls over financial reporting and the operative effectiveness of such controls;
- (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 and based on the consideration of the reports of the other auditors on separate financial statements of subsidiaries, as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer note 2.34 to the consolidated financial statements.
 - ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiaries incorporated in India.

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

Lalit R. Mhalsekar
Partner
Membership No: 103418
Mumbai
May 30, 2016

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

Vijay Bhatt
Partner
Membership No: 036647
Mumbai
May 30, 2016

Annexure A to the Independent Auditors' Report on Consolidated Financial Statement

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Reliance Communications Limited (hereinafter referred to as "the Holding Company") and its subsidiaries which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries and an associate company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiaries which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to certain subsidiaries which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Lalit R. Mhalsekar
Partner
Membership No: 103418
Mumbai
May 30, 2016

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

Vijay Bhatt
Partner
Membership No: 036647
Mumbai
May 30, 2016

Reliance Communications Limited

Abridged Consolidated Balance Sheet as at March 31, 2016

(Statement containing the salient features of Consolidated Balance Sheet as per first proviso to sub-section 1 of Section 136 of the Companies Act, 2013 and Rule 10 of Companies (Accounts) Rules, 2014)

	As at		(₹ in crore)
	March 31, 2016	As at March 31, 2015	
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Paid-up Share Capital			
(i) Equity (Refer Note 2.03, Notes on Accounts)	1,244	1,244	
(b) Reserves and Surplus			
(i) Capital Reserve (₹ 5,00,000 (Previous year ₹ 5,00,000))	-	-	
(ii) Securities Premium Account (Refer Note 2.03 and 2.06 (i), Notes on Accounts)	13,894	13,894	
(iii) Debenture Redemption Reserve	590	590	
(iv) Exchange Fluctuation Reserve	1,498	1,109	
(v) General Reserve (Refer Note 2.14, Notes on Accounts)	4,341	6,484	
(vi) Reserve for Business Restructuring (Refer Note 2.06 (iii), Notes on Accounts)	1,287	1,287	
(vii) Foreign Currency Monetary Items Translation Difference Account	(815)	(818)	
(viii) Surplus in Statement of Profit and Loss	14,827	14,146	36,692
	35,622	520	512
Minority Interest			
Non Current Liabilities			
(a) Long Term Borrowings	29,500	30,356	
Deferred Payment Liability	3,295	-	
(b) Deferred Tax Liabilities (net) (Refer Note 2.19, Notes on Accounts)	677	529	
(c) Other Long Term Liabilities	4,782	736	
(d) Long Term Provisions	238	292	31,913
Current Liabilities			
(a) Short Term Borrowings	4,386	1,587	
(b) Trade Payables			
(i) Due to Micro and Small Enterprises	79	99	
(ii) Due to Others	5,685	5,989	
(c) Other Current Liabilities	14,758	11,978	
(d) Short Term Provisions	1,280	1,270	20,923
	26,188	1,270	20,923
TOTAL	1,02,066	91,284	
ASSETS			
Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets (Original cost less depreciation)	42,817	42,590	
(ii) Intangible Assets (Original cost less depreciation/ amortisation)	17,059	17,024	
(iii) Capital Work in Progress	3,268	2,688	
(iv) Intangible Assets under Development	8,086	-	
	71,230	62,302	
(b) Goodwill	5,604	5,423	
(c) Non Current Investments			
- Quoted	41	38	
- Unquoted	93	87	
(d) Deferred Tax Assets (net) (Refer Note 2.19, Notes on Accounts)	311	-	
(e) Long Term Loans and Advances	9,837	4,369	
(f) Other Non Current Assets	482	275	72,494
Current Assets			
(a) Current Investments			
- Quoted ₹ 29,79,205 (Previous year ₹ 30,30,971)	-	-	
- Unquoted	670	1,270	
(b) Inventories	208	401	
(c) Trade Receivables	3,844	4,916	
(d) Cash and Bank Balances (Refer Note 2.18, Notes on Accounts)	1,524	1,408	
(e) Short Term Loans and Advances	6,016	8,602	
(f) Other Current Assets	2,206	2,193	18,790
	14,468	2,193	18,790
TOTAL	1,02,066	91,284	

Refer Significant Accounting Policies

Refer Notes on Accounts

Compiled from the Audited Consolidated Accounts of the Company referred to in our Report dated May 30, 2016.

As per our report of even date

For and on behalf of the Board

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

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

Chairman

Anil D. Ambani

Lalit R. Mhalsekar
Partner
Membership No: 103418

Vijay Bhatt
Partner
Membership No: 036647

Directors

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

Mumbai
May 30, 2016

Chief Financial Officer **Manikantan V.**

Company Secretary and Manager

Prakash Shenoy

Reliance Communications Limited

Abridged Consolidated Statement of Profit and Loss for the year ended March 31, 2016

(Statement containing the salient features of Consolidated Statement of Profit and Loss as per Section 136(1) of the Companies Act, 2013)

(₹ in crore)

	For the year ended March 31, 2016	For the year ended March 31, 2015
INCOME		
Sale of Services	21,500	21,423
Other Operating Income	211	347
Other Income	402	328
Total Income	22,113	22,098
EXPENDITURE		
Access Charges	2,831	2,793
License Fees and Network Expenses	7,958	8,082
Employee Benefits Expenses	1,121	998
Finance Costs	2,869	2,755
Depreciation/ Impairment and Amortisation	5,236	4,994
Depreciation/ Amortisation adjusted by withdrawal from General Reserve (Refer Note 2.06 (v), Notes on Accounts)	(1,190)	(1,177)
Selling Expenses and Provision for Doubtful Debts	1,905	1,791
General and Administration Expenses	879	916
Total Expenditure	21,609	21,152
Profit Before Exceptional Items, Tax and Adjustments	504	946
Exceptional Items (Refer Note 2.13, Notes on Accounts)		
Depreciation on account of Change in exchange rate	505	431
Equivalent amount withdrawn from General Reserve	(505)	(431)
Foreign Currency Exchange Fluctuation Loss (net)	466	534
Equivalent amount withdrawn from General Reserve	(466)	(534)
Profit Before Tax	504	946
Provision for		
- Current Tax	87	127
- Short/ (excess) provision of earlier years	(73)	6
Less: MAT Credit Entitlement	(52)	(19)
	(38)	114
- Deferred Tax Charge/(Credit) (net) (Refer Note 2.19, Notes on Accounts)	(161)	212
Profit After Tax (before adjustment of Minority Interest / Associates)	703	620
Share of Profit/ (loss) attributable to/ (from) Minority	24	(91)
Less : Share of Loss/ (Profit) of Associates	(2)	(3)
Profit After Tax (after adjustment of Minority Interest / Associates)	681	714
Earning per Share of face value of ₹ 5 each fully paid up (before and after Exceptional Items) (Refer Note 2.12, Notes on Accounts)		
- Basic (₹)	2.74	3.05
- Diluted (₹)	2.74	3.05

Refer Significant Accounting Policies

Refer Notes on Accounts

Compiled from the Audited Consolidated Accounts of the Company referred to in our Report dated May 30, 2016.

As per our report of even date

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

Lalit R. Mhalsekar
Partner
Membership No: 103418

Mumbai
May 30, 2016

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

Vijay Bhatt
Partner
Membership No: 036647

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

Directors

Anil D. Ambani

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

Company Secretary and Manager **Prakash Shenoy**

Reliance Communications Limited

Cash Flow Statement annexed to Abridged Consolidated Balance Sheet for the year ended March 31, 2016

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
A Cash flows from Operating Activities	13,882	3,158
B Cash flows (used) in Investing Activities	(14,958)	(3,126)
C Cash flows from Financing Activities	562	820
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(514)	852
Cash and Cash Equivalents at beginning of year	1,356	504
Effect of Exchange Gain/ (Loss) on Cash and Cash Equivalents ₹ 38,743(Previous year ₹ 1,25,434)	-	-
Cash and Cash Equivalents at end of year	842	1,356

Notes:

(1) Figures in brackets indicate cash outgo.

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

Note: Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule III to the Companies Act, 2013 are available at the Company's website www.rcom.co.in.

As per our report of even date

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

Lalit R. Mhalsekar
Partner
Membership No: 103418

Mumbai
May 30, 2016

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

Vijay Bhatt
Partner
Membership No: 036647

Chief Financial Officer **Manikantan V.**

For and on behalf of the Board

Chairman

Directors

Anil D. Ambani

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

Company Secretary and Manager **Prakash Shenoy**

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

1.1 Principles of Consolidation

The Consolidated Financial Statements relate to Reliance Communications Limited ('the Company') and all of its subsidiary companies and the companies controlled, that is, the companies over which the Company exercises control/ joint control over ownership and voting power and the associates and joint venture (hereinafter collectively referred to as the "Group"). The Consolidated Financial Statements have been prepared on the following bases.

- (a) The financial statements of the Company and its subsidiaries are consolidated on a line-by-line basis, by adding together the book values of like items of assets, liabilities, incomes and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses in accordance with the Accounting Standard ("AS") 21 "Consolidated Financial Statements" as referred to in the Companies (Accounts) Rules, 2014.
 - (b) In case of the foreign subsidiaries and companies controlled by the Company, revenue is consolidated at the average exchange rate prevailing during the year. All monetary assets and liabilities are converted at the exchange rate prevailing at the end of the year. While, non monetary assets and liabilities are recorded at the exchange rate prevailing on the date of the transaction or closing rate, as applicable. Any exchange difference arising on consolidation of integral foreign operation and non integral foreign operation is recognised in the Statement of Profit and Loss and Exchange Fluctuation Reserve respectively.
 - (c) Investments in subsidiaries are eliminated and differences between the cost of investment over the net assets on the date of investment or on the date of the financial statements immediately preceding the date of investment in subsidiaries are recognised as Goodwill or Capital Reserve, as the case may be.
 - (d) The difference between the proceeds from disposal of investment in a subsidiary or in a company controlled by the Company and the proportionate carrying amount of its assets less liabilities as on the date of disposal, is recognised in the Consolidated Statement of Profit and Loss as profit or loss on disposal of investment in subsidiaries.
 - (e) Minority Interest's share of net profit or loss of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Equity Shareholders of the Company.
 - (f) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet as a separate item from liabilities and the Shareholders' Equity.
 - (g) In case of associates, where the Company directly or indirectly through subsidiaries holds 20% or more of Equity Shares, investments in associates are accounted for using equity method in accordance with Accounting Standard ("AS") 23 "Accounting for Investments in Associates in Consolidated Financial Statements" as referred to in the Companies (Accounts) Rules, 2014. The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss, based on available information.
 - (h) Interest in a jointly controlled entity is reported using proportionate consolidation in accordance with the AS 27 "Financial Reporting of Interests in Joint Ventures" as referred to in Companies (Accounts) Rules, 2014.
 - (i) The Consolidated Financial Statements are prepared using uniform Accounting Policies for like transactions and other events in similar circumstances and are presented in the same manner as far as possible, as the standalone financial statements of the Company.
- 1.2 Investments other than in subsidiaries, associates and joint ventures are accounted as per AS 13 "Accounting for Investments" as referred to in the Accounting Standard Rules.

1.3 Other Significant Accounting Policies

(a) Basis of Preparation of Consolidated Financial Statements

The financial statements are prepared under historical cost convention/ fair valuation under a Scheme approved by the Hon'ble High Court, in accordance with the generally accepted accounting principles (GAAP) in India and comply with Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 and other provisions of the Act, to the extent notified 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 Act. Based on the nature of the services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

(b) Use of Estimates

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

(c) Fixed Assets

Fixed Assets are divided into Tangible Assets and Intangible Assets.

- (i) Fixed Assets are stated at cost/ fair value net of Modvat/ Cenvat, Value Added Tax and include amount added on revaluation less accumulated depreciation, amortisation and impairment loss, if any.
- (ii) All costs including financing cost of qualifying assets till commencement of commercial operations, net charges of foreign exchange contracts and adjustments arising upto March 31, 2007 from exchange rate variations relating to borrowings attributable to fixed asset are capitalised.
- (iii) Expenses incurred relating to project, prior to commencement of commercial operation, are considered as project development expenditure and shown under Capital Work-in-Progress and Intangible Assets under Development.
- (iv) Telecom Licenses are stated at fair value or at cost as applicable less accumulated amortisation.
- (v) Indefeasible Right of Connectivity (IRC) are stated at cost less accumulated amortisation.

Reliance Communications Limited

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

- (vi) In respect of accounting periods commencing on or after April 1, 2011, consequent to the insertion of para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', related to acquisition of depreciable assets pursuant to notifications dated December 29, 2011 and August 9, 2012 issued by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standard) (Second Amendment) Rules 2011, the cost of depreciable capital assets includes foreign exchange differences arising on translation of long term foreign currency monetary items as at the balance sheet date in so far as they relate to the acquisition of such assets.
- (d) Lease**
- (i) In respect of Operating Leases, lease rentals are expensed on straight line basis with reference to the term of lease, except for lease rentals pertaining to the period up to the date of commencement of commercial operations, which are capitalised. Where the lessor effectively retains substantially all risk and benefits of ownership of the leased assets they are classified as operating lease. Operating lease payments are recognised as an expense in the Statement of Profit and Loss.
- (ii) Finance leases prior to April 1, 2001: Rentals are expensed with reference to the term of lease and other considerations.
- (iii) Finance Leases on or after April 1, 2001: The lower of the fair value of the assets and present value of the minimum lease rentals is capitalised as Fixed Assets with corresponding amount shown as liabilities for leased assets. The principal component in lease rental in respect of the above is adjusted against liabilities for leased assets and the interest component is recognised as an expense in the year in which the same is incurred except in case of assets used for capital projects where it is capitalised.
- (e) Depreciation / Amortisation**
- (i) Depreciation on Fixed Assets is provided on Straight Line Method based on useful life of the assets prescribed in Schedule II to the Companies Act, 2013 except in case of the following assets where useful life is different than those prescribed in Schedule II are used :
- (a) Telecom Electronic Equipments - 20 years
 - (b) Telecom Towers - 35 years
 - (c) Ducts and OFC - 35 years
 - (d) Batteries - 9 years
 - (e) Furniture, Fixtures and Office Equipments - 3 to 10 years
 - (f) Customer Premises Equipments - 3 to 5 years
 - (g) Vehicles - 5 years
 - (h) Leasehold improvements - Shorter of the remaining lease term or useful life
 - (i) Cable Systems - Shorter of 15 to 25 years or remaining useful life
- In case of Falcon project, the asset life of Sub Marine Cable Network and Terrestrial Network is estimated at 25 years and 15 to 25 years respectively.
- (ii) Depreciation on assets, taken on finance lease on or after April 1, 2001, is provided over the remaining period of lease from commencement of commercial operations.
- (iii) Expenditure of capital nature incurred on assets taken on operating lease is depreciated over the remaining period of the lease term.
- (iv) Leasehold Land is depreciated over the period of the lease term.
- (v) Intangible assets, namely entry fees/ fees for Telecom Licenses and Brand Licenses are amortised over the balance period of Licenses. IRC and Software are amortized from the date of acquisition or commencement of commercial services, whichever is later. Period over which intangible assets are amortised are as follows
- (a) Telecom Licenses - 12.50 to 20 years
 - (b) Brand License - 10 years
 - (c) DTH License - 10 years
 - (d) Indefeasible Right of Connectivity - In the year of purchase, 15/ 20 years
 - (e) Software - 5 years
 - (f) Trade Names and Trademarks - 5 to 10 years
 - (g) Intellectual Property - 7 years
 - (h) Building access Rights - 5 years
- (vi) Depreciation on foreign exchange differences capitalised pursuant to para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates' vide notifications dated December 29, 2011 and August 9, 2012 by Ministry of Corporate Affairs (MCA), under the Companies (Accounting Standards) (Second amendment) Rules, 2011, is provided over the balance useful life of depreciable capital assets.
- (vii) Depreciation on additions is calculated pro rata from the following month of addition.
- (f) Asset Retirement Obligation (ARO)**
- Asset Retirement Obligation (ARO) relates to the removal of cable systems and equipments when they will be retired from its active use. Provision is recognised based on the best estimate, of the management, of the eventual costs (net of recovery) that relates to such obligation and is adjusted to the cost of such assets.
- (g) Impairment of Assets**
- An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is increased / reversed where there is change in the estimate of recoverable value. The recoverable value is higher of net selling price and value in use.
- (h) Investments**
- Current Investments are carried at lower of cost and fair value computed Investment wise. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

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

(i) Inventories of Stores, Spares and Communication Devices

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

(j) Employee Benefits

Short-term employee benefits

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

Long term employee benefits

(i) Defined contribution plan

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

(ii) Defined benefit plans

Provident Fund

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

Gratuity Plan

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

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

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

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

(iii) Other Long term employment benefits

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

(k) Borrowing Cost

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

(l) Issue Expenses

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

(m) Foreign Currency Transactions

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

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

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

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

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

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

Reliance Communications Limited

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

(n) Revenue Recognition

- (i) Revenue is recognised as and when the services are provided on the basis of actual usage of the Company's network. Revenue on upfront charges for services with lifetime validity and fixed validity periods of one year or more are recognised over the estimated useful life of subscribers and specified fixed validity period, as appropriate. The estimated useful life is consistent with estimated churn of the subscribers.
- (ii) The Company sells Right of Use (ROUs) that provide customers with network capacity/ passive infrastructure, typically over a 5 to 20 years period without transferring the legal title or giving an option to purchase the network capacity/ passive infrastructure. Capacity services revenues are accounted as operating lease and recognised in the Company's income statement over the life of the contract. Bills raised on customers/ payments received from customers for long term contracts and for which revenue is not recognised are included in deferred revenue. Revenue on non cancellable ROUs are recognised upfront as licencing income on activation services. Revenue on non cancellable contracts for right to use of specified fibre pairs/ducts for a period of 15-20 years are recognized as revenue on delivery of such assets to customers.
- (iii) Standby maintenance charges are invoiced separately from capacity sales. Revenues relating to standby maintenance are recognised over the period in which the service is provided. Any amounts billed prior to providing of service are included in deferred revenue. Revenue from other services are recognized as and when service is rendered.
- (iv) Network services include Capacity lease services, IP transit, IPLC (private lines leased to customers), backup service for other network operators and all other services. The customer typically pays the charges for network services periodically over the life of the contract, which may be up to three years. Network revenue is recognised in the Company's statement of profit and loss over the term of the contract.
- (v) Sale of Handsets and accessories are recognised when goods are supplied and are recorded net of trade discounts, rebates, commissions to distributors and dealers and sales taxes. It does not include inter company transfers.
- (vi) Interest income on investment is recognised on time proportion basis. Dividend is considered when right to receive is established. The Group recognises income from the units in the Fixed Income Schemes of Mutual Funds where income accrued is held, till the declaration or payment thereof, for the benefit of the unit holders.
- (vii) Revenue is recognised net of taxes when the Base Transceiver Station (BTS) Tower is Ready For Installation of customer equipments and as per the terms of the agreements.
- (viii) Activation fees in respect of DTH is recognised on upfront basis at the time of activation of services in customers' premises. Subscription revenue towards initial customers are recognised upfront as and when it is realised and the monthly subscription is recognised on accrual basis, net of service tax, entertainment tax and trade discount.

(o) Provision for Doubtful Debts and Loans and Advances

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

(p) Miscellaneous Expenditure

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

(q) Taxes on Income and Deferred Tax

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

(r) Government Grants

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

(s) Provisions and Contingent Liabilities and Contingent Assets

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

(t) Earning per Share

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

(u) Employee Stock Option Scheme

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

Reliance Communications Limited

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

Note: 2.01 (Note 2.27 in Consolidated Annual Accounts)

Previous Year

Figures of the previous year have been regrouped and reclassified, wherever required. Amount in financial statements are presented in Rupees in crore, except as otherwise stated.

Note: 2.02 (Note 2.28 in Consolidated Annual Accounts)

Consolidation

(a) The following subsidiary companies are included in the Consolidated Financial Statements.

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest
1	Reliance WiMax Limited	India	100.00%
2	Reliance Bhutan Limited	India	100.00%
3	Reliance Webstore Limited	India	100.00%
4	Reliance Infocomm Infrastructure Limited	India	100.00%
5	Campion Properties Limited	India	100.00%
6	Reliance Big TV Limited	India	100.00%
7	Reliance Tech Services Limited	India	100.00%
8	Reliance Telecom Limited	India	100.00%
9	Reliance Communications Infrastructure Limited	India	100.00%
10	Reliance IDC Limited	India	100.00%
11	Reliance Infratel Limited	India	90.45%
12	Reliance Mobile Commerce Limited	India	100.00%
13	Reliance BPO Private Limited	India	100.00%
14	Reliance Globalcom Limited	India	100.00%
15	Reliance Communications Tamilnadu Limited	India	100.00%
16	Reliance Infra Realty Limited	India	100.00%
17	Reliance Infra Projects Limited	India	100.00%
18	Reliance Globalcom B.V.	The Netherlands	100.00%
19	Reliance Communications (UK) Limited	United Kingdom	100.00%
20	Reliance Communications (Hong Kong) Limited	Hong Kong	100.00%
21	Reliance Communications (Singapore) Pte. Limited	Singapore	100.00%
22	Reliance Communications (New Zealand) Pte Limited	New Zealand	100.00%
23	Reliance Communications (Australia) Pty Limited	Australia	100.00%
24	Anupam Global Soft (U) Limited	Uganda	90.00%
25	Gateway Net Trading Pte Limited	Singapore	100.00%
26	Global Cloud Xchange Limited	Bermuda	100.00%
27	GCX Limited	Bermuda	100.00%
28	Reliance Globalcom Limited	Bermuda	100.00%
29	FLAG Telecom Singapore Pte. Limited	Singapore	100.00%
30	FLAG Atlantic UK Limited	United Kingdom	100.00%
31	Reliance FLAG Atlantic France SAS	France	100.00%
32	FLAG Telecom Taiwan Limited	Taiwan	60.00%
33	Reliance FLAG Pacific Holdings Limited	Bermuda	100.00%
34	FLAG Telecom Group Services Limited	Bermuda	100.00%
35	FLAG Telecom Deutschland GmbH	Germany	100.00%
36	FLAG Telecom Hellas AE	Greece	100.00%
37	FLAG Telecom Asia Limited	Hong Kong	100.00%
38	FLAG Telecom Nederland B.V.	The Netherlands	100.00%
39	Reliance Globalcom (UK) Limited	United Kingdom	100.00%
40	Yipes Holdings Inc.	USA	100.00%
41	Reliance Globalcom Services Inc.	USA	100.00%
42	YTV Inc.	USA	100.00%
43	Reliance Infocom Inc.	USA	100.00%
44	Reliance Communications Inc.	USA	100.00%
45	Reliance Communications International Inc.	USA	100.00%

Reliance Communications Limited

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

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest
46	Reliance Communications Canada Inc.	USA	100.00%
47	Bonn Investment Inc.	USA	100.00%
48	FLAG Telecom Development Limited	Bermuda	100.00%
49	FLAG Telecom Development Services Company LLC	Egypt	100.00%
50	FLAG Telecom Network Services Limited	Ireland	100.00%
51	Reliance FLAG Telecom Ireland Limited	Ireland	100.00%
52	FLAG Telecom Japan Limited	Japan	100.00%
53	FLAG Telecom Ireland Network Limited	Ireland	100.00%
54	FLAG Telecom Network USA Limited	USA	100.00%
55	FLAG Telecom Espana Network SAU	Spain	100.00%
56	Reliance Vanco Group Limited	United Kingdom	100.00%
57	Euronet Spain SA	Spain	100.00%
58	Net Direct SA (Proprietary) Ltd. (Under liquidation)	South Africa	100.00%
59	Vanco (Shanghai) Co Ltd.	China	100.00%
60	Vanco (Asia Pacific) Pte. Limited	Singapore	100.00%
61	Vanco Australasia Pty. Ltd.	Australia	100.00%
62	Vanco Sp Zoo	Poland	100.00%
63	Vanco Gmbh	Germany	100.00%
64	Vanco Japan KK	Japan	100.00%
65	Vanco NV	Belgium	100.00%
66	Vanco SAS	France	100.00%
67	Vanco South America Ltda	Brazil	100.00%
68	Vanco Srl	Italy	100.00%
69	Vanco Sweden AB	Sweden	100.00%
70	Vanco Switzerland AG	Switzerland	100.00%
71	Vanco Deutschland GmbH	Germany	100.00%
72	Vanco BV	The Netherlands	100.00%
73	Vanco Benelux BV	The Netherlands	100.00%
74	Vanco UK Ltd	United Kingdom	100.00%
75	Vanco International Ltd	United Kingdom	100.00%
76	Vanco Row Limited	United Kingdom	100.00%
77	Vanco Global Ltd	United Kingdom	100.00%
78	VNO Direct Ltd	United Kingdom	100.00%
79	Vanco US LLC	USA	100.00%
80	Vanco Solutions Inc	USA	100.00%

(b) The Company also consolidates the following companies as it exercises control over ownership and / or composition of Board of Directors.

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership interest
1	Seoul Telenet Inc.	Korea	49.00%
2	FLAG Holdings (Taiwan) Limited	Taiwan	50.00%
3	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	Cyprus	0.00%
4	Lagerwood Investments Limited	Cyprus	0.00%

(c) The associate companies considered in the Consolidated Financial Statements are :

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership interest
1	Warf Telecom International Private Limited	Maldives	20.00%
2	Mumbai Metro Transport Private Limited	India	26.00%

(d) The following subsidiary companies/ associates acquired during the year also form part of Consolidated Financial Statements

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership interest
1	Internet Exchangenext.com Limited -w.e.f November 10, 2015	India	100.00%
2	Realsoft Cyber Systems Private Limited -w.e.f November 10, 2015	India	100.00%
3	Worldtel Tamilnadu Private Limited -w.e.f November 10, 2015	India	100.00%

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

Note: 2.03 (Note 2.01.5 in Consolidated Annual Accounts)

Share Issue

During the previous year, the Company undertook Qualified Institutional Placement (QIP), as authorised by the Board of Directors, for issuance of 33,82,86,197 Equity Shares of face value of ₹ 5/- each to Qualified Institutional Buyers at a price of ₹ 142.14 per Equity Share, including share premium of ₹ 137.14 per Equity Share, aggregating to ₹ 4,808 crore in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations) and Section 42 of the Companies Act, 2013 and the Rules made there under. The QIP issue was closed on June 27, 2014 and consequently, the said Equity Shares were allotted on July 2, 2014. Further, the Company has, on August 7, 2014, allotted 8,66,66,667 Warrants entitling for subscription of equivalent number of Equity Shares of ₹ 5/- each at a price of ₹ 150/- per Warrant (including share premium of ₹ 145/- per Equity Share) (up to ₹ 1,300 crore) under preferential allotment, to the Promoter Group entity. The said warrants were converted into equity shares of ₹ 5/- each and 8,66,66,667 Equity Shares were allotted to the Promoter Group entity on January 20, 2015.

Note: 2.04 (Note 2.29 in Consolidated Annual Accounts)

Foreign Currency Monetary Items; Long Term

In view of the Option allowed pursuant to the notification dated December 29, 2011 issued by the Ministry of Corporate Affairs (MCA), Government of India, for the year ended on March 31, 2016, the Company has added ₹ 919 crore (Previous year ₹ 655 crore), of exchange differences on long term borrowing relating to acquisition of depreciable capital assets to the cost of fixed assets. Further, the Company has accumulated foreign currency variations of ₹ 421 crore (Previous year ₹ 297 crore) arising on other long term foreign currency monetary items in FCMITDA and ₹ 424 crore (Previous year ₹ 463 crore) has been amortised during the year, leaving balance to be amortised over the balance period of loans.

Note: 2.05 (Note 2.30 in Consolidated Annual Accounts)

Assets Retirement Obligation (ARO)

During the previous year, the Company had reassessed its legal obligation and estimated amount of cash flows for Asset Retirement Obligation. As a result, the Company had reduced its asset retirement obligations liability by ₹ 776 crore with an offsetting reduction of carrying amount of related Network Assets by ₹ 588 crore and remaining amount of ₹ 188 crore was credited to the Statement of Profit and Loss under the heading "Depreciation"

Note: 2.06 (Note 2.31 in Consolidated Annual Accounts)

Schemes of Amalgamation and Arrangement

1. Pertaining to earlier years

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

- (i) ₹ 8,047 crore being Securities Premium Account, which was part of the Securities Premium of erstwhile Reliance Infocomm Limited (RIC), the transferor company.
- (ii) ₹ 12,345 crore, being part of General Reserve, on fair valuation of assets and liabilities of the Company in accordance with the Scheme of Amalgamation, amalgamating Reliance Gateway Net Limited (RGNL) into the Company.
- (iii) ₹ 1,287 crore, being the balance was transferred to Reserve for Business Restructuring in accordance with the Scheme of Arrangement for demerger of passive infrastructure assets in to RITL.
- (iv) During the earlier year, ₹ 7 crore being Goodwill arising on consolidation pursuant to the Scheme of Amalgamation between subsidiaries debited to General Reserve.
- (v) Additional depreciation of ₹ 1,190 crore (Previous year ₹ 1,177 crore) arising on fair value of the assets has been adjusted, consistent with the practice followed in earlier years, to General Reserve as permitted pursuant to the Scheme of Arrangement (the Scheme) sanctioned vide an order dated July 3, 2009 by the Hon'ble High Court and as determined by the Board of Directors.
- (vi) During earlier years additional depreciation consequent upon revaluation of assets carried out had been adjusted to General Reserve by subsidiaries.
- (vii) During the earlier year, ₹ 470 crore being excess of liabilities over assets has been adjusted from General Reserve pursuant to demerger of BPO division to RCIL.
- (viii) Pursuant to the said Scheme of Amalgamation (Refer Note (ii) above), on account of the fair valuation during the year ended on March 31, 2009, additions/ adjustments to the fixed assets included increase in Freehold Land by ₹ 225 crore, Buildings by ₹ 130 crore and Telecom Licenses by ₹ 14,145 crore.

Reliance Communications Limited

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

- (ix) Pursuant to the demerger, the Company computed goodwill of ₹ 2,659 crore arising on consolidation using the step up method based on date of original investment by Reliance Industries Limited (RIL) prior to demerger instead of considering the date of demerger as the date of investment in absence of specific guidance in Accounting Standard (AS) 21 "Consolidated Financial Statements" in a demerged scenario.
- (x) Also refer note 2.13 "Exceptional Items" below.
2. During the year, The Board of Directors of the Company at their meeting held on November 2, 2015, subject to regulatory and other approvals as applicable, approved the scheme of arrangement ("Scheme"), for demerger of wireless telecom business undertaking ("the Undertaking") of Sistema Shyam Teleservices Limited ("SSTL") into the Company. Pursuant to the Scheme, the Company will, towards consideration of the said Undertaking, issue and allot to SSTL, 27,65,53,305 fully paid up equity shares of ₹ 5 each aggregating to 10% of the fully diluted paid up share capital of the Company and perform its obligations under transaction documents.

Note: 2.07 (Note 2.32 in Consolidated Annual Accounts)

Project Development Expenditure

Details of Project Development Expenditure (Included under Capital Work-in-Progress and Intangible Assets under Development) :

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
Opening Balance	2	50
Add:		
Expenditure incurred during the year	8	42
Interest Cost	619	-
Foreign Exchange variation	28	-
	<u>655</u>	<u>42</u>
	<u>657</u>	<u>92</u>
Less:		
Capitalized during the year	163	90
Closing Balance	<u>494</u>	<u>2</u>

Note: 2.08 (Note 2.33 in Consolidated Annual Accounts)

Provisions

Provisions include, provision for disputed claims for verification of customer ₹ 9 crore (Previous year ₹ 9 crore) and others of ₹ 1,206 crore (Previous year ₹ 1,206 crore), provisions for Asset Retirement Obligation (ARO) made by the Company's subsidiary in respect of undersea cables and equipments of ₹ 168 crore (Previous year ₹ 159 crore).

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

Note: 2.09 (Note 2.34 in Consolidated Annual Accounts)

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

	As at March 31, 2016	(₹ in crore) As at March 31, 2015
(i) Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for	1,055	1,258
(ii) Disputed Liabilities not provided for		
- Sales Tax and VAT	43	65
- Custom, Excise and Service Tax	160	1,364
- Entry Tax and Octroi	79	70
- Income Tax	755	730
- Other Litigations	3,089	2,934
(iii) Claims against the Company not acknowledged as debts	446	1,090
(iv) Guarantees given including on behalf of other companies for business purpose	-	10

Reliance Communications Limited

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

- (v) Consequent to the investigations by an investigative agency (CBI) in relation to the entire telecom sector in India, certain preliminary charges have been framed by a Trial Court in October, 2011 against Reliance Telecom Limited (RTL), a wholly owned subsidiary of the Company and three of the executives of the group. The charges so framed are preliminary in nature based on investigations only, and the persons named are presumed to be innocent, unless their alleged guilt is established after a fair trial. As legally advised, the persons so named deny all charges. Presently the trial is in progress. These preliminary charges have no impact on the business, operations, and/ or licenses of RTL and the Company and, even more so, are not connected in any manner to any other group companies.

- (vi) Spectrum Charges

Department of Telecommunication (DoT) had, during the earlier year, issued demand on the Company for ₹ 1,758 crore towards levy of one time Spectrum Charges, being the prospective charges for holding CDMA Spectrum beyond 2.5 MHz for the period from January 1, 2013 till the expiry of the initial terms of the respective Licenses. DoT has also issued a demand on the Subsidiary of the Company one time Spectrum Charges, being retrospective charges of ₹ 5 crore for holding GSM Spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012 and prospective charge of ₹ 169 crore for GSM spectrum held beyond 4.4 MHz for the period from January 1, 2013 till the expiry of the initial terms of the respective Licenses. Based on a petition filed by the Company and its subsidiary, the Hon'ble High Court of Kolkata, vide its orders dated February 14, and April 19, 2013 has stayed the operation of the impugned demand till further order. The Company is of the opinion that the said demands, inter alia, are an alteration of financial terms of the licenses issued. The Company has been legally advised, accordingly, no provision in this regard is required.

- (vii) License Fees and Special Audit

Pursuant to the Telecom License Agreement, Department of Telecommunications (DoT) directed audit of various Telecom companies including of the Company. The Special Auditors appointed by DoT were required to verify records of the Company and some of its subsidiaries for the years ended March 31, 2007 and March 31, 2008 relating to license fees and revenue share. The Company has received show cause notice dated January 31, 2012 and subsequently, received demand note dated November 8, 2012 based on report of the Special Audit directed by DoT relating to alleged shortfall of license fees of ₹ 314 crore and interest thereon as applicable. The Company challenged the said notices, inter alia demanding license fee on non telecom revenue based on Special Audit Report before the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) and also before the Hon'ble High Court of Kerala. The impugned demand has been stayed by Hon'ble High Court of Kerala during the pendency of the Petition. Meanwhile, Hon'ble TDSAT vide its judgment dated April 23, 2015 has set aside all License fee related demands and directed DoT to rework the licence fees payable by the operators for the past periods, in light of the findings, observations and directions as per in the said judgment and to issue fresh demands, which the operators will pay within the time prescribed under the law. The matter is pending before Hon'ble Supreme Court without staying the judgment of Hon'ble TDSAT. As per the judgment of Hon'ble TDSAT and other judicial pronouncements directly applicable to the issues of License fee dues also raised by Special Auditors, there shall not be any liability of License fee and hence, no provision is required in the accounts of the Company.

Note: 2.10 (Note 2.35 in Consolidated Annual Accounts)

Leases

- (a) Operating Lease

	For the year ended March 31, 2016	(₹ in crore) For the year ended March 31, 2015
Estimated future minimum payments under non cancellable operating leases.		
(i) Not later than one year	26	35
(ii) Later than one year and not later than five years	40	28
(iii) Later than five years	4	5

Reliance Communications Limited

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

(b) Finance Lease

- (i) The details of gross investments and minimum lease rentals outstanding as at March 31, 2016 in respect of Fixed assets acquired on or after April 1, 2001.

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	As At March 31		As At March 31	
	2016	2015	2016	2015
Not later than one year	19	21	10	11
Later than one year and not later than five years	70	82	47	53
Later than five years	65	89	54	72
Total	154	192	111	136
Less: Finance Cost	43	56		
Present Value of Minimum Lease Payments	111	136		
Disclosed Under				
Other Long Term Liabilities	101	125		
Other Current Liabilities	10	11		
Total	111	136		

- (ii) General description of the significant leasing arrangements is as mentioned below.
- The lease agreement is valid for a fixed non cancellable period from the date of commencement of lease rentals.
 - Upon termination of the lease agreement, the Company shall return the assets to the lessor.
 - In the event, the claim of lessor for depreciation is disallowed partly or fully in their tax assessment, the lease rentals will increase to the extent of depreciation disallowed to the lessor.

Note: 2.11 (Note 2.36 in Consolidated Annual Accounts)

Particular of Derivative Instruments

No derivative instruments are acquired for speculation purpose or otherwise.

Foreign Currency exposures that are not hedged by derivative instruments or otherwise are US \$ 331 crore (Previous year US \$ 352 crore), equivalent to ₹ 21,942 crore (Previous year ₹ 21,984 crore), Pounds 3,689. (Previous year Pounds 3,512), equivalent to ₹ 3,52,162 (Previous year ₹ 3,24,815) and Euro 229,333 (Previous year Euro 49,791), equivalent to ₹ 2 crore (Previous year ₹ 33,45,426)

The unamortised premium of Buyers' Line of Credit to be recognised is ₹ 1,23,838 (Previous year ₹ 4 crore) for one or more subsequent accounting periods.

Note: 2.12 (Note 2.37 in Consolidated Annual Accounts)

Earnings per Share (EPS)

	For the year ended March 31, 2016	For the year ended March 31, 2015
Basic and Diluted EPS (before and after Exceptional Items)		
(a) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Basic EPS)	681	714
(b) Weighted average number of Equity Shares (used as denominator for calculating Basic EPS)	2,48,89,79,745	2,33,39,04,868
(c) Profit attributable to Equity Shareholders (₹ in crore) (used as numerator for calculating Diluted EPS)	681	714
(d) Weighted average number of Equity Shares (used as denominator for calculating Diluted EPS)	2,48,89,79,745	2,33,39,04,868
(e) Basic Earnings per Share of ₹ 5 each (₹)	2.74	3.05
(f) Diluted Earnings per Share of ₹ 5 each (₹)	2.74	3.05

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

Note: 2.13 (Note 2.38 in Consolidated Annual Accounts)

Exceptional Items

Pursuant to the direction of the Hon'ble High Court of Judicature at Bombay and option exercised by the Boards of the respective companies, in accordance with and as per the scheme of arrangements approved by the Hon'ble High Court under different Schemes of Arrangement binding on the Company and two of its subsidiaries, namely, RCIL and RITL, expenses and/ or losses, identified by the Boards of the respective companies as being exceptional or otherwise, subject to the accounting treatment prescribed in the Schemes of Arrangement sanctioned by the Hon'ble High Court and comprising of ₹ 505 crore (Previous year ₹ 431 crore) of depreciation consequent to addition of exchange differences on long term borrowing relating to capital assets to the cost of capitalised assets, as also ₹ 42 crore (Previous year ₹ 71 crore) of exchange variations (net) on items other than long term monetary items, ₹ 424 crore (Previous year ₹ 463 crore) being amortisation of FCMITDA, excluding the portion added to the cost of fixed assets or carried forward as FCMITDA in accordance with Para 46 A inserted into AS 11 "The Effects of Changes in Foreign Exchange Rates" in context of unprecedented volatility in exchange rates during the year, leaving no impact on profit for the year ended March 31, 2016. Such withdrawals have been included/ reflected in the Statement of Profit and Loss. The Company has been legally advised that such inclusion in the Statement of Profit and Loss is in accordance with Schedule III of the Companies Act, 2013. Had such write off of expenses, losses and depreciation/ amortisation (refer note 2.06 (v)) not met from General Reserve, the consolidated financial statements would have reflected a loss after tax of ₹ 1,480 crore (Previous year loss after tax of ₹ 1,428 crore).

Note: 2.14 (Note 2.39 in Consolidated Annual Accounts)

General Reserve

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

Note: 2.15 (Note 2.40 in Consolidated Annual Accounts)

Corporate Social Responsibility (CSR) Expenses

(a) **Gross amount required to be spent during the year ₹ 10 crore** (Previous year ₹ 2 crore)

	For the year ended March 31, 2016		For the year ended March 31, 2015	
	In Cash	Yet to be paid in cash	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	10	-	2	-

Note: 2.16 (Note 2.41 in Consolidated Annual Accounts)

1 Related Parties

As per the Accounting Standard ("AS") 18 of "Related Party Disclosures" as referred to in Accounting Standard Rules, the disclosure of transactions with the related parties as defined therein are given below.

A List of related party

Name of the Related Party	Relationship
1 Reliance Innoventures Private Limited	Holding Company
2 Reliance Telecom Infrainvest Private Limited (Formerly known as Telecom Infrastructure Finance Private Limited)	
3 Reliance Big Entertainment Private Limited	Fellow subsidiary
4 Reliance Big Broadcasting Private Limited	
5 Big Animation (India) Private Limited	
6 Big Flicks Private Limited	
7 Zapak Digital Entertainment Limited	
8 Zapak Mobile Games Private Limited (Formerly Jump Games Private Limited)	
9 Ralston Trading Private Limited	
10 Reliance Transport and Travels Private Limited	
11 Reliance Infrastructure Management Private Limited (Formerly AAA Infrastructure Finance Management Private Limited)	

Reliance Communications Limited

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

Name of the Related Party	Relationship
12 Shri Anil D. Ambani	Person having control during the year
13 Reliance Capital Limited	Enterprises over which individual described in Sr. No. 12 above having control with effect from March 28, 2015. (Fellow Subsidiary upto March 27, 2015)
14 Reliance Capital Asset Management Limited	
15 Reliance General Insurance Company Limited	
16 Reliance Commodities Limited	
17 Reliance Equity Advisors (India) Limited	
18 Reliance Money Precious Metals Private Limited	
19 Reliance Money Express Limited	
20 Reliance Home Finance Limited	
21 Reliance Securities Limited	
22 Reliance Composite Insurance Broking Limited	
23 Reliance Financial Limited	
24 Reliance Money Solutions Private Limited	
25 Reliance Exchangenext Limited	
26 Reliance Spot Exchange Infrastructure Limited	
27 Reliance Wealth Management Limited	
28 Shri Prakash Shenoy – Company Secretary and Manager	Key Managerial Personnel

B. Transactions during the year with related parties

(Figures in bracket represent Previous year)

	Holding Company	Fellow Subsidiaries	Enterprises over which person having control	Others	Total
					(₹ in crore)
(i) Investments					
Opening Balance as on April 1, 2015	-	-	638	-	638
	(-)	(-)	(-)	-	(-)
Purchases during the year	-	-	2,607	-	2,607
	(-)	(38,341)	-	-	(38,341)
Redemption during the year	-	-	3,247	-	3,247
	(-)	(37,733)	(-)	(-)	(37,733)
Balance as on March 31, 2016	-	-	-	-	-
	(-)	(-)	(638)	-	(638)
(ii) Trade Receivable as on March 31, 2016	-	2	83	-	85
	(-)	(9)	(90)	-	(99)
(iii) Trade Payable as on March 31, 2016	-	1	2	-	3
	(-)	(3)	(1)	(-)	(4)
(iv) Other Liabilities	-	-	3	-	3
	(-)	(-)	(4)	(-)	(4)
(vi) Loans Taken					
Opening Balance as on April 1, 2015	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Add: Taken/Adjusted during the year	-	-	2,579	-	2,579
	(-)	(285)	(-)	(-)	(285)
Less: Repayment during the year	-	-	(2,473)	-	(2,473)
	(-)	(285)	(-)	(-)	(285)
Balance as on March 31, 2016	-	-	106	-	106
	-	(-)	-	-	(-)
(vii) Income					
Service Income	-	1	39	-	40
	(-)	(67)	(-)	(-)	(67)
Other Income	-	-	4	-	4
	(-)	(-)	(-)	(-)	(-)

Reliance Communications Limited

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

					(₹ in crore)
	Holding Company	Fellow Subsidiaries	Enterprises over which person having control	Others	Total
(viii) Expenditure					
General and Administration Expenses	-	1	-	-	1
	(-)	(1)	(-)	(-)	(1)
Finance Cost	-	-	31	-	31
	(-)	(4)	(-)	(-)	(4)
(ix) Person having control during the year					
Shri Anil D. Ambani – Sitting fees	-	-	-	-	-
₹ 5,60,000 (Previous year ₹ 6,00,000)	(-)	(-)	(-)	(-)	(-)
(x) Key Managerial Personnel					
Managerial Remuneration					
Shri Prakash Shenoy	-	-	-	-	-
₹ 23,43,358 (Previous year ₹ 22,21,658)	(-)	(-)	(-)	(-)	(-)

C. Significant Transactions (more than 10% of the total transactions)

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
			(₹ in crore)
1	Investments		
	Reliance Capital Asset Management Limited		
	Opening Balance of Mutual Fund	638	-
	Purchase of Mutual Fund	2,607	38,341
	Redemption of Mutual Fund	3,247	37,733
	Closing Balance of Mutual Fund	-	638
2	Loans		
	Reliance Capital Limited		
	Loan Taken	2,579	285
	Repayment of Loan	2,473	285
	Closing Balance	106	-
3	Trade Receivable		
	Reliance Capital Limited	45	43
	Reliance General Insurance Company Limited	31	30
	Zapak Digital Entertainment Limited	1	4
	Reliance Big Entertainment Private Limited	1	4
4	Trade Payables		
	Zapak Digital Entertainment Limited	-	3
	Ralston Trading Private Limited	1	1
	Reliance Capital Limited	1	-
	Reliance General Insurance Company Limited	-	1
5	Other Liabilities		
	Reliance Capital Limited	2	3
	Reliance Securities Limited	-	1
6	Income		
	Reliance Capital Asset Management Limited	8	34
	Reliance Capital Limited	18	9
	Reliance General Insurance Company Limited	12	8
7	Expenditure		
	General and Administration Expenses		
	Reliance General Insurance Company Limited	2	1
	Finance Cost		
	Reliance Capital Limited	31	4

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

Note: 2.17 (Note 2.42 in Consolidated Annual Accounts)

Employee Stock Option Scheme

The Company operates two Employee Stock Option Plans; ESOS Plan 2008 and ESOS Plan 2009, which cover eligible employees of the Company and its Subsidiaries. ESOS Plans are administered through an ESOS Trust. The Vesting of the options is on the expiry of one year from the date of Grant as per Plan under the respective ESOS(s). In respect of Options granted, the accounting value of Options (based on market price of the share on the date of the grant of the option) is accounted as deferred employee compensation, which is amortised on a straight line basis over the Vesting Period. Each Option entitles the holder thereof to apply for and be allotted/ transferred one Equity Share of the Company of ₹ 5 each upon payment of the Exercise Price during the Exercise Period. The maximum Exercise Period is 10 years from the date of Grant of Options.

The Company has established a Trust for the implementation and management of ESOS for the benefit of its present and future employees. Advance of ₹ 387 crore (Previous year ₹ 387 crore) has been granted to the Trust and the said amount has been utilised by the Trust for purchasing 2.13 crore (Previous year 2.13 crore) Equity Shares during the period upto March 31, 2016. The fall in the value of these underlying shares on account of market volatility and the loss, if any, can be determined only at the end of the exercise period under ESOS Scheme.

Amortization of compensation includes write back of ₹ 13,09,300 (Previous year ₹ 2 crore) based on intrinsic value of Options which has been vested under ESOS Plan 2008 and reflected in Statement of Profit and Loss under Employees Benefits Expenses. No amount is chargeable in respect of Options granted under ESOS Plan 2009.

Particulars

	Employees Stock Option Plans			
	ESOS Plan 2008		ESOS Plan 2009	
	Number of Options	Weighted average exercise price ₹	Number of Options	Weighted average exercise price ₹
Number of Options Outstanding at the beginning of the year	62 274	419	12 75 358	206
Number of Options granted	Nil	-	Nil	-
Total number of Options surrendered	-	-	-	-
Number of Options vested during the year	Nil	-	Nil	-
Total number of Options exercised	Nil	-	Nil	-
Total number of Options forfeited/ lapsed	9 476	403	6 25 716	206
Number of Options outstanding at the end of the year	52 798	422	6 49 642	206

If the entity would have estimated fair value computed on the basis of Black-Scholes pricing model, the compensation cost for the year ended March 31, 2016 for ESOS Plan 2008 and ESOS Plan 2009 would have been ₹ 0.40 crore and ₹ 2 crore respectively. The key assumptions used to estimate the fair value of options are given below.

Particulars	ESOS Plan 2008	ESOS Plan 2009
Risk-free interest rate	7.35%	7.51%
Expected life	2 years	3 years
Expected volatility	52.17%	52.17%
Expected dividend yield	0.02%	0.07%
Price of the underlying share in market at the time of grant of option	₹ 541	₹ 174

Note: 2.18 (Note 2.18 in Consolidated Annual Accounts)

	(₹ in crore)	
	As at March 31, 2016	As at March 31, 2015
Cash and Bank Balances		
Cash on hand ₹ 22,97,459 (Previous year ₹ 15,21,877)	-	-
Cheques on hand	47	65
Balance with Banks	659	448
Earmarked Balances – Unpaid Dividend	7	8
Balance held due to Repatriation Restrictions	-	7
Bank deposits with less than 3 months' maturity	129	828
Bank deposits with less than 12 months' maturity	682	52
	1,524	1,408

Reliance Communications Limited

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

Note: 2.19 (Note 2.04 in Consolidated Annual Accounts)

Deferred Tax Assets and Liabilities

The Deferred Tax Liabilities relating to RITL, a subsidiary of the Company comprise of the following:

(i) Deferred Tax Liabilities		
Related to timing difference on depreciation on fixed assets	692	538
(ii) Deferred Tax Assets		
Related to other disallowances	15	9
Net Deferred Tax Liabilities (i-ii)	677	529

During the year Deferred Tax Liability of ₹ 148 crore has been provided by RITL. Previous year ₹ 1,274 crore was reversed.

	As at March 31, 2016	As at March 31, 2015
The Deferred Tax Assets of the Company and its subsidiaries comprise of the following:		
(i) Deferred Tax Assets		
Related to carried forward loss	3,115	3,437
Related to timing difference on depreciation / amortisation	296	310
Disallowances, if any, under the Income Tax Act, 1961	1,057	1,007
	4,468	4,754
(ii) Deferred Tax Liabilities		
Related to timing difference on depreciation/ amortisation on fixed assets	3,181	2,277
Net Deferred Tax Assets (i-ii)*	1,287	2,477

During the year, based on virtual certainty of realisability of deferred tax assets, a subsidiary of the Company has recognised deferred tax assets to the extent of ₹ 311 crore (Previous year Nil) and in case of other subsidiaries, in absence of virtual certainty of realisability of deferred tax assets, on conservative basis have restricted deferred tax assets to Nil. During the previous year, the Company had revised the terms of lease of optic fibre cable availed from Reliance Infratel Limited (RITL), a subsidiary, as required in line with arm's length with effect from April 1, 2014 and accordingly reversed entire amount of deferred tax assets of ₹ 1,488 crore.

Note: 2.20 (Note 2.08 in Consolidated Annual Accounts)

Disclosure under Micro, Small and Medium 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, 2016	As at March 31, 2015
(i) Principal amount due to any supplier as at the year end	95	81
(ii) Interest due on the principal amount unpaid at the year end to any supplier	22	23
(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	167	186
(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	27	35
(vi) Amount of interest accrued and remaining unpaid at the end of each accounting year	49	58
(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	33	30

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Note: 2.21 (Note 2.11.11 in Consolidated Annual Accounts)

Spectrum Auction

During earlier years, the Company, successfully bid under auction conducted for spectrum by Department of Telecommunications (DoT) and won spectrum in 14 service areas at a total cost of ₹ 4,453 crore. The Company has made upfront payment of ₹ 1,158 crore under deferred payment option. Balance ₹ 3,295 crore being long term liabilities in nature, has been disclosed separately as Deferred Payment Liability. The balance payment of ₹ 6,490 crore which is alongwith interest at the of 10% per annum amounting to ₹ 3,195 crore payable in 10 annual installments starting from FY 2017-18. Spectrum won in 11 service areas are yet to be put to use and reflected as Intangible assets under development.

Note: 2.22 (Note 2.43 in Consolidated Annual Accounts)

Employee Benefits

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

Other employee benefit includes Leave Encashment.

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

Particulars	(₹ in crore)			
	Gratuity*		Leave Encashment	
	As at March 31, 2016	March 31, 2015	As at March 31, 2016	March 31, 2015
(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligation				
Obligation at beginning of the year	41	41	36	45
Service cost	6	5	5	4
Past Services Cost - Vested Benefit Incurred During the Period	-	-	1	-
Interest cost	3	4	4	4
Actuarial (gain)/ loss	4	3	7	1
Liability Transferred on Acquisition	1		1	
Benefits paid	(7)	(12)	(11)	(18)
Obligation at year end	48	41	43	36
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	10	16	1	1
Expected return on plan assets	1	1	-	-
Expected Contributions by the Employee	-	-	-	-
Actuarial (gain)/ loss	-	-	-	-
Contributions	5	5	-	1
Benefits	(6)	(12)	-	(1)
Assets distributed on settlement	-	-	-	-
Plan assets at year end, at fair value	10	10	1	1
(iii) Reconciliation of present value of the obligation and the fair value of the plan assets				
Fair value of plan assets at the end of the year	9	10	2	1
Present value of the defined benefit obligations at the end of the year	48	41	43	36
Liability recognised in the Balance Sheet	39	31	41	35
(iv) Cost for the year				
Service Cost	6	5	5	4
Interest Cost	3	4	4	4
Expected return on plan assets	(1)	(1)	-	-
Actuarial (gain)/ loss	4	3	7	1
Past Services Cost - Vested Benefit Incurred During the Period	-	-	1	-
Net Cost	12	11	17	9

Reliance Communications Limited

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

Particulars	(₹ in crore)			
	Gratuity*		Leave Encashment	
	As at March 31, 2016	March 31, 2015	As at March 31, 2016	March 31, 2015
(v) Experience adjustment				
On Plan Liabilities (Gain)/Loss	1	3	N.A	N.A
On Plan Assets Gain / (Loss)	-	-	N.A	N.A
(vi) Investment details of plan assets				
100% of the plan assets are invested in balanced Fund Instruments				
(vii) Actual return on plan assets				
(viii) Assumptions				
Interest rate	7.79%	7.98%	7.79%	7.98%
Estimated return on plan assets	7.79%	7.98%	-	-
Salary Growth rate	8.00%	8.00%	8.00%	8.00%

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

(ix) Particulars of the amounts for the year and previous years

	Gratuity				
	As at March 31,				
	2016	2015	2014	2013	2012
Present Value of benefit obligation	48	41	41	39	35
Fair value of plan assets	9	10	16	29	31
Excess of (obligation over plan assets) / plan assets over obligation	(39)	(31)	(25)	(10)	(4)

The expected contribution is based on the same assumptions used to measure the company's gratuity obligations as of March 31, 2016.

Provident Fund : The guidance on Implementing ("AS") 15 "Employee Benefits" (revised 2005) issued by the ICAI states that the benefits involving employer established Provident Fund, which require interest shortfalls recompensed are to be considered as / in defined benefit plans. The employee and employer each make monthly contribution to the plan equal to 12% of the covered employee's salary. Contributions are made to the trust established by the Company. During the year ended March 31, 2012, the Actuarial Society of India issued the final guidance for measurement of provident fund liabilities. As at March 31, 2016, based on actuarial valuation, for the Company and its subsidiaries, Fair value of plan assets is ₹ 270 crore (Previous year ₹ 272 crore), the present value of defined benefit obligation is ₹ 249 crore (Previous year ₹ 272 crore). For the year ended March 31, 2016, the Company has contributed ₹ 4 crore (Previous year ₹ 16 crore) towards Provident Fund. The Employee Benefits as disclosed herein pertain to the Company and its significant subsidiaries.

The assumptions made for the above are Discount rate of 7.79%, average remaining tenure of Investment Portfolio is 5 years and guaranteed rate of return is 8.80%.

Note: 2.23 (Note 2.44 in Consolidated Annual Accounts)

Consolidated Segment Information:

The Company has identified geographic segments as primary segments and disclosed segment information, as "India Operations" and "Global Operations". The segment has been identified and reported taking into account its internal financial reporting, performance evaluation and organisational structure by geographical locations of its operations, where its service rendering activities are based. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

- Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- Segment assets and liabilities represent the assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Reliance Communications Limited

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(i) Primary Segment Information					(₹ in crore)
Particulars	India Operations	Global Operations	Unallocable	Eliminations	Total
Segment Revenue					
External Revenue	18,336	3,777	-	-	22,113
	18,257	3,841	-	-	22,098
Inter Segment Revenue	1,034	750	-	(1,784)	-
	846	769	-	(1,615)	-
Total	19,370	4,527	-	(1,784)	22,113
	19,103	4,610	-	(1,615)	22,098
Segment Result before Exceptional and non recurring items, interest & taxes	3,026	347	-	-	3,373
	3,325	376	-	-	3,701
Less: Finance Expense	-	-	2,869	-	2,869
	-	-	2,755	-	2,755
Segment Result before Exceptional and non recurring items, taxes	3,026	347	(2,869)	-	504
	3,325	376	(2,755)	-	946
Less: Provision for Taxation	-	-	(199)	-	(199)
	-	-	326	-	326
Segment Result after Tax	3,026	347	(2,670)	-	703
	3,325	376	(3,081)	-	620
Other Information					
Segment Assets	89,128	10,964	4,154	(2,181)	102,065
	78,092	10,570	4,159	(1,537)	91,284
Segment Liabilities	18,614	3,268	44,713	(1,916)	64,679
	10,816	2,699	40,357	(1,036)	52,836
Capital Expenditure	18,090	174	-	-	18,264
	1,513	102	-	-	1,615
Depreciation	3,653	393	-	-	4,046
	3,449	368	-	-	3,817

(c) The reportable Segments are further described below:

- The India Operations includes operations of the Company and its subsidiaries in India, Reliance Communications Infrastructure Limited, Reliance Telecom Limited, Reliance Infratel Limited, Reliance Webstore Limited, Reliance Big TV Limited, Reliance IDC Limited and Reliance Infocomm Infrastructure Limited.
- The Global Operations includes the retail operations outside India of Reliance Communications (UK) Limited, Reliance Communications International Inc., Reliance Communications Canada Inc., Reliance Communications (Australia) Pty. Limited, Reliance Communications (New Zealand) Pte. Limited and wholesale operations outside India of its subsidiary viz. Reliance Globalcom BV and its subsidiaries.

(ii) Secondary Segment Information

Secondary segment relates to Telecommunication product wise segments viz. Voice and Non Voice.

	Voice	Non Voice	Total
1. Segment Revenue – External Turnover	13,410	8,703	22,113
	14,266	7,832	22,098

Fixed Assets used by the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between the segments. Accordingly no disclosure relating to any segment assets and liabilities are made.

Reliance Communications Limited

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

The reportable secondary segments are further described below.

- The "Voice" segment includes the operations of the Company and its subsidiaries relating to Call usage, Voice carrier and Inter Usage Connectivity etc in India and Outside India.
- The "Non Voice " segment includes the operations of the Company and its subsidiaries relating to Data/ Broadband Services, Tower Infrastructure, Handsets, Optic Fiber Cables, Direct To Home Services, Internet Data Center, Marketing, Infrastructure Services etc.

Note: 2.24 (Note 2.45 in Consolidated Annual Accounts)

Additional Informations of Subsidiaries/ Associates as required under Schedule III to the Companies Act, 2013

Name of the Company		Net Assets i.e. total assets minus total liabilities		Share in profit/ (loss)	
		As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit	Amount (₹ in crore)
Parent Company					
1	Reliance Communications Limited	87.61	32,298.00	(238.47)	(1,624.00)
Indian Subsidiaries					
2	Reliance Communications Infrastructure Limited	4.46	1,642.51	111.50	759.31
3	Reliance Infratel Limited	18.21	6,711.99	36.31	247.25
4	Reliance WiMax Limited	0.28	104.16	(0.04)	(0.25)
5	Reliance IDC Limited	0.07	26.94	0.25	1.71
6	Reliance Bhutan Limited	-	-	-	-
7	Campion Properties Limited	(0.09)	(34.55)	(0.64)	(4.36)
8	Reliance Webstore Limited	0.23	84.72	0.14	0.98
9	Reliance Infocomm Infrastructure Limited	1.19	438.10	(2.48)	(16.91)
10	Reliance Telecom Limited	1.42	524.91	(28.84)	(196.39)
11	Reliance Big TV Limited	(1.53)	(564.45)	34.03	231.76
12	Reliance Tech Services Limited	0.01	3.00	0.04	0.28
13	Reliance Mobile Commerce Limited	-	0.18	(0.34)	(2.33)
14	Reliance Globalcom Limited	0.01	2.53	0.07	0.48
15	Reliance Communications Tamilnadu Limited	-	(1.60)	-	(0.02)
16	Reliance BPO Private Limited	-	(1.00)	(0.07)	(0.50)
17	Reliance Infra Reality Limited	-	0.04	-	-
18	Reliance Infra Projects Limited	-	0.04	-	-
19	Realsoft Cyber Systems Private Limited	-	(0.88)	-	-
20	Internet Exchangenext.com Ltd.	-	0.06	(0.01)	(0.08)
21	Worldtel Tamilnadu Private Limited	(0.01)	(1.91)	(0.01)	(0.07)
Foreign Subsidiaries					
22	Gateway Net Trading Pte. Limited	(0.30)	(109.44)	(0.29)	(1.99)
23	Reliance Globalcom BV	7.61	2,806.06	7.82	53.23
24	Reliance Infocom Inc.	(0.03)	(11.08)	(0.50)	(3.39)
25	Reliance Communications Inc.	0.56	207.99	0.88	6.00
26	Reliance Communications International Inc.	0.20	73.10	0.37	2.52
27	Reliance Communications Canada Inc.	-	(0.46)	0.01	0.06
28	Bonn Investment Inc.	(0.01)	(4.72)	0.12	0.82
29	Reliance Communications (U.K.) Limited	0.65	241.09	2.27	15.46

Reliance Communications Limited

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Name of the Company	Net Assets i.e. total assets minus total liabilities		Share in profit/ (loss)	
	As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit	Amount (₹ in crore)
30 Reliance Communications (Hong Kong) Limited	0.01	4.10	(0.03)	(0.21)
31 Reliance Communications (Australia) Pty. Limited	0.01	2.67	0.02	0.12
32 Reliance Communications (New Zealand) Pte. Limited	-	(0.75)	(0.01)	(0.10)
33 Reliance Communications (Singapore) Pte. Limited	4.51	1,660.96	(0.03)	(0.18)
34 Anupam Globalsoft (U) Limited	(0.02)	(7.14)	-	-
35 Reliance Globalcom Limited, Bermuda	19.56	7,210.48	143.87	979.78
36 FLAG Telecom Asia Limited	0.03	11.35	(1.58)	(10.75)
37 FLAG Telecom Japan Limited	(1.49)	(547.98)	0.79	5.36
38 FLAG Telecom Singapore Pte. Limited	(0.28)	(101.81)	0.04	0.30
39 Seoul Telenet Inc.	(0.26)	(94.88)	0.23	1.57
40 FLAG Holdings (Taiwan) Limited	0.09	32.06	-	0.01
41 FLAG Telecom Taiwan Limited	0.23	86.57	1.23	8.36
42 Reliance Globalcom (UK) Limited	0.14	50.40	(0.10)	(0.65)
43 FLAG Telecom Deutschland GmbH	-	(1.54)	-	0.02
44 FLAG Telecom Network Services Limited	(0.02)	(6.17)	-	-
45 Reliance FLAG Telecom Ireland Limited	0.78	285.81	(78.67)	(535.73)
46 FLAG Telecom Ireland Network Limited	(0.18)	(65.04)	0.04	0.25
47 FLAG Atlantic UK Limited	(2.16)	(795.69)	0.75	5.09
48 Reliance FLAG Atlantic France SAS	(2.80)	(1,032.03)	4.60	31.30
49 FLAG Telecom Nederland BV	(0.01)	(2.26)	0.02	0.11
50 FLAG Telecom Hellas AE	(0.01)	(1.88)	-	(0.01)
51 FLAG Telecom Espana Network SAU	(0.18)	(66.30)	0.01	0.08
52 FLAG Telecom Development Services Company LLC	(0.01)	(1.85)	0.04	0.26
53 Reliance FLAG Pacific Holdings Limited	(1.21)	(447.14)	(0.01)	(0.09)
54 FLAG Telecom Network USA Limited	(1.34)	(492.98)	1.53	10.39
55 FLAG Telecom Group Services Limited	0.11	40.73	(0.11)	(0.78)
56 FLAG Telecom Development Limited	11.78	4,344.22	(0.01)	(0.09)
57 Yipes Holdings Inc.	5.68	2,093.14	(0.01)	(0.05)
58 Reliance Globalcom Services Inc.	2.68	989.51	(19.68)	(133.99)
59 YTV Inc.	-	-	-	-
60 Reliance Vanco Group Limited	1.46	537.15	(4.46)	(30.38)
61 Vanco UK Limited	(1.12)	(412.49)	(0.99)	(6.76)
62 Vanco (Asia Pacific) Pte. Limited	0.02	6.50	0.56	3.83
63 Vanco Sweden AB	-	(0.53)	-	-
64 Vanco GmbH	(0.31)	(114.60)	1.13	7.70
65 Vanco Deutschland GmbH	(0.24)	(87.53)	0.94	6.38
66 Vanco SRL (Italy)	(0.02)	(6.61)	0.37	2.54
67 Vanco BV (Holland)	(0.15)	(53.94)	0.37	2.54

Reliance Communications Limited

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

Name of the Company		Net Assets i.e. total assets minus total liabilities		Share in profit/ (loss)	
		As % of consolidated net assets	Amount (₹ in crore)	As % of consolidated profit	Amount (₹ in crore)
68	Euronet Spain SA	0.05	16.63	0.41	2.76
69	Vanco SAS (France)	(0.96)	(352.26)	3.81	25.95
70	Vanco Sp Zoo	-	0.09	0.01	0.10
71	Vanco Australasia Pty Limited	(0.07)	(24.39)	0.42	2.85
72	Vanco NV	(0.15)	(57.06)	0.98	6.70
73	Vanco Japan KK	-	1.17	0.01	0.07
74	Vanco South America Ltda	(0.03)	(12.89)	(0.03)	(0.21)
75	Net Direct SA (Proprietary) Limited	(0.01)	(2.33)	-	-
76	Vanco (Shanghai) Co. Ltd.	-	(0.44)	(0.14)	(0.93)
77	Vanco Solutions Inc.	(0.03)	(9.89)	(0.31)	(2.12)
78	Vanco US LLC	(0.30)	(110.32)	1.48	10.07
79	Vanco International Limited	0.01	4.83	0.34	2.32
80	Vanco Switzerland A.G.	0.02	8.28	0.02	0.11
81	Vanco Benelux BV	0.01	2.23	(0.10)	(0.68)
82	Vanco Global Limited	(0.04)	(13.30)	0.92	6.30
83	Vanco ROW Limited	0.03	12.36	0.17	1.19
84	VNO Direct Limited	(0.09)	(31.96)	-	0.02
85	Lagerwood Investments Limited	0.01	2.45	-	-
86	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	0.08	28.49	-	-
87	Global Cloud Xchange Limited	6.10	2,249.33	14.43	98.24
88	GCX Limited	6.11	2,254.01	34.42	234.40
Minority Interests in all subsidiaries		(1.41)	(519.71)	3.47	23.60
Associates (Investment as per the equity method)					
Indian					
1	Mumbai Metro Transport Private Limited	-	-	-	-
Foreign					
2	Warf Telecom International Private Limited	0.05	17.35	0.36	2.42
As per our report of even date		For and on behalf of the Board			
For Chaturvedi & Shah		For B S R & Co. LLP		Chairman	
Chartered Accountants		Chartered Accountants		Anil D. Ambani	
Firm Reg. No.: 101720W		Firm Reg. No.: 101248W/ W-100022			
Lalit R. Mhalsekar		Vijay Bhatt		Directors	
Partner		Partner		J. Ramachandran Deepak Shourie A. K. Purwar R. N. Bhardwaj	
Membership No: 103418		Membership No: 036647			
Mumbai May 30, 2016		Chief Financial Officer Manikantan V.	Company Secretary and Manager Prakash Shenoy		

Reliance Communications Limited

Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures (Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

Part "A" : Subsidiaries

Sl. No.	Name of the Subsidiary	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
(* in lakh unless otherwise stated)												
1	Reliance Communications Infrastructure Limited	93,802.00	70,449.43	330,121.58	165,870.15	1.00	296,234.30	44,800.95	(31,130.72)	75,931.47	-	100.00
2	Reliance Infratel Limited	283,314.19	387,885.72	1,747,358.35	1,076,158.44	-	474,951.47	40,686.82	15,961.47	24,725.34	-	90.45
3	Reliance WiMax Limited	168.71	10,247.59	104,31.04	14.74	-	-	(24.61)	-	(24.61)	-	100.00
4	Reliance IDC Limited	210.00	2,483.73	55,020.03	52,326.30	-	45,093.16	171.41	-	171.41	-	100.00
5	Reliance Digital Home Services Limited (Bhutan)	5.00	(4.67)	5.15	4.82	-	0.39	0.10	0.12	(0.02)	-	100.00
6	Campton Properties Limited	356.36	(3,811.76)	12,172.42	15,627.82	-	221.21	(435.60)	-	(435.60)	-	100.00
7	Reliance Webstore Limited	5.00	8,467.18	107,986.01	99,513.83	-	161,829.43	302.78	204.69	98.09	-	100.00
8	Reliance Infocomm Infrastructure Private Limited	500.00	43,309.68	163,919.21	120,109.53	-	20,426.11	(1,691.16)	-	(1,691.16)	-	100.00
9	Reliance Telecom Limited	14,348.00	38,143.01	872,780.00	820,288.99	-	275,221.00	(19,639.00)	-	(19,639.00)	-	100.00
10	Reliance Big TV Limited	1,000.00	(57,449.77)	607,39.59	117,189.36	0.34	63,777.18	23,176.40	-	23,176.40	-	100.00
11	Reliance Tech Services Private Limited	5.00	295.48	39,228.09	38,927.61	0.23	35,194.07	57.79	29.55	28.24	-	100.00
12	Reliance Mobile Commerce Limited	200.00	(181.72)	49.37	31.09	-	25.37	(226.18)	-	(232.78)	-	100.00
13	Reliance Globalcom Limited	5.00	248.06	4,706.12	4,453.06	-	7,149.28	52.62	4.35	48.27	-	100.00
14	Reliance Communications Tamilnadu Private Limited	5.00	(164.68)	26,007.13	26,166.81	-	-	(1.81)	0.08	(1.89)	-	100.00
15	Reliance BPO Private Limited	1.00	(101.15)	775.53	875.68	-	0.06	(49.51)	-	(49.51)	-	100.00
16	Reliance Infra Reality Limited	5.00	(0.73)	4.42	0.15	-	-	(0.28)	-	(0.28)	-	100.00
17	Reliance Infra Projects Limited	5.00	(0.73)	4.42	0.15	-	-	(0.28)	-	(0.28)	-	100.00
18	Internet Exchangenext.com Ltd.	15.07	(8.76)	10,065.11	10,058.80	-	-	(5.24)	2.79	(8.03)	-	100.00
19	Realsoft Cyber Systems Private Limited	1.00	(89.15)	4.15	92.30	-	-	(0.48)	-	(0.48)	-	100.00
20	Worldtel Tamilnadu Private Limited	1.00	(192.17)	19.90	211.07	-	-	(0.25)	6.35	(6.60)	-	100.00
21	Gateway Net Trading Pte. Limited	17,293.22	(28,236.84)	8,188.63	19,132.25	-	0.01	(198.52)	-	(198.52)	-	100.00
22	Unit of Currency - USD	26,101,000.00	(42,618,434.19)	12,359,259.81	28,876,694.00	-	8.70	(303,285.27)	-	(303,285.27)	-	100.00
23	Reliance Globalcom BV	1,398.83	279,207.05	599,293.46	318,687.58	78,583.00	9,837.71	5,322.54	-	5,322.54	-	100.00
24	Unit of Currency - USD	2,111,282.00	421,412,791.76	904,525,632.72	481,001,558.96	118,606,891.00	15,029,450.80	8,131,455.65	-	8,131,455.65	-	100.00
25	Reliance Infocom Inc.	596.30	(1,703.81)	4,258.59	5,366.10	-	-	(13.60)	325.13	(338.73)	-	100.00
26	Unit of Currency - USD	900,000.00	(2,571,592.81)	6,427,568.64	8,099,161.45	-	-	(20,782.06)	496,773.00	(517,495.06)	-	100.00
27	Reliance Communications Inc.	3,312.75	17,485.92	106,904.68	86,106.01	-	192,942.70	718.76	118.85	599.91	-	100.00
28	Unit of Currency - USD	5,000,000.00	26,391,844.68	161,353,382.62	129,961,537.94	-	294,766,005.36	1,098,078.39	181,577.16	916,501.23	-	100.00
29	Reliance Communications International Inc.	6.63	7,303.42	12,110.17	4,800.12	-	10,824.69	274.50	22.69	251.81	-	100.00
30	Unit of Currency - USD	10,000.00	11,023,192.84	18,278,123.62	7,244,930.78	-	16,537,294.24	419,357.23	34,670.00	384,687.23	-	100.00
31	Reliance Communications Canada Inc.	6.63	(52.66)	377.28	423.31	-	447.06	6.69	0.71	5.98	-	100.00
32	Unit of Currency - USD	10,000.00	(79,475.28)	569,440.69	638,915.97	-	682,992.91	10,213.72	1,085.00	9,128.72	-	100.00
33	Bonn Investment Inc.	6.63	(479.10)	4,512.37	4,984.84	-	267.06	83.00	1.37	81.63	-	100.00
34	Unit of Currency - USD	10,000.00	(723,121.49)	6,810,611.77	7,523,733.26	-	408,000.00	126,804.93	2,097.06	124,707.87	-	100.00
35	Reliance Communications (U.K.) Limited	14.58	24,094.33	29,930.00	5,821.09	-	39,124.21	1,545.90	-	1,545.90	-	100.00
36	Unit of Currency - GBP	15,267.30	25,236,934.51	31,349,336.87	6,097,135.06	-	39,647,239.17	1,566,567.62	-	1,566,567.62	-	100.00
37	Reliance Communications (Hong Kong) Limited	0.00	410.08	5,119.59	4,709.51	-	37,571.54	(21.31)	-	(21.31)	-	100.00
38	Unit of Currency - USD	0.87	618,945.38	7,727,095.44	7,108,150.06	-	57,399,494.82	(32,554.62)	-	(32,554.62)	-	100.00
39	Reliance Communications (Australia) Pty. Limited	0.00	266.97	301.29	34.32	-	90.09	17.51	5.25	12.25	-	100.00
40	Unit of Currency - AUD	1.00	523,667.66	590,997.58	67,328.92	-	188,005.18	36,531.27	10,959.38	25,571.89	-	100.00
41	Reliance Communications (New Zealand) Pte. Limited	0.00	(75.44)	18.11	93.55	-	2.05	(9.53)	-	(9.53)	-	100.00
42	Unit of Currency - NZD	1.00	(164,112.18)	39,399.23	203,570.41	-	4,636.68	(21,585.53)	-	(21,585.53)	-	100.00
43	Reliance Communications (Singapore) Pte. Limited	48.00	166,048.02	166,278.21	182.19	-	16.98	(17.52)	-	(17.52)	-	100.00
44	Unit of Currency - USD	72,450.00	250,619,611.76	250,967,043.59	274,981.83	-	25,942.33	(26,769.25)	-	(26,769.25)	-	100.00
45	Anupam Globalsoft (U) Limited	596.89	(1,310.62)	1,132.96	1,846.69	-	-	-	-	-	-	90.00
46	Unit of Currency - Ushs	3,000,000,000.00	(1,856,651,919.90)	10,424,885,846.20	9,281,537,766.10	-	-	-	-	-	-	100.00
47	Reliance Globalcom Limited, Bermuda	247,995.74	473,051.85	1,468,863.73	747,816.14	-	179,580.26	93,036.61	(4,941.31)	97,977.92	42,403.20	100.00
48	Unit of Currency - USD	374,304,950.00	713,993,203.77	2,216,992,052.67	1,128,693,898.90	-	274,351,794.19	142,135,667.28	(7,549,033.68)	149,684,700.96	64,000,000.00	100.00

Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures
(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

Part "A" : Subsidiaries

Sl. No.	Name of the Subsidiary	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
(₹ in lakh unless otherwise stated)												
35	FLAG Telecom Asia Limited Unit of Currency - USD	6.67 10.063.87	1,128.80 1,703.713.90	45,253.51 68,302.036.00	44,118.04 66,588,258.23	-	7,898.39 12,066,680.43	(1,064.35) (1,626,056.94)	11.08 16,924.08	(1,075.43) (1,642,981.02)	-	100.00
36	FLAG Telecom Japan Limited Unit of Currency - USD	60.56 91,405.17	(54,855.13) (82,798,470.48)	3,994.18 6,028,501.15	58,791.75 88,735,566.46	-	4,401.77 6,724,759.09	536.64 819,839.28	0.77 1,172.10	535.87 818,667.18	-	100.00
37	FLAG Telecom Singapore Pte. Limited Unit of Currency - USD	18.89 28,504.68	(10,199.99) (15,395,044.13)	5,330.07 8,044,781.24	15,511.17 23,411,320.69	-	2,186.76 3,340,800.53	298.5 45,607.14	-	298.5 45,607.14	-	100.00
38	Seoul TeleNet Inc. Unit of Currency - USD	1,501.02 2,265,518.80	(10,989.18) (16,586,185.54)	2,474.31 3,734,525.46	11,962.47 18,055,192.20	-	3,295.68 5,034,943.84	157.48 240,589.20	-	157.48 240,589.20	-	49.00
39	FLAG Holdings (Taiwan) Limited Unit of Currency - USD	3,565.84 5,381,987.56	(359.84) (543,108.74)	6,716.40 10,137,190.58	3,510.40 5,298,311.76	-	17.70 27,036.65	0.67 1,031.25	-	0.67 1,031.25	-	50.00
40	FLAG Telecom (Taiwan) Limited Unit of Currency - USD	8,303.57 12,532,745.19	353.48 533,513.30	19,656.44 29,667,866.59	10,999.39 16,601,608.10	-	2,933.65 4,481,848.64	835.87 1,276,986.48	-	835.87 1,276,986.48	-	60.00
41	Reliance Globalcom (UK) Limited Unit of Currency - USD	0.00 2.90	5,040.29 7,607,415.43	8,462.25 12,772,241.86	3,421.96 5,164,823.53	-	4,987.56 7,619,697.76	(65.18) (99,573.10)	-	(65.18) (99,573.10)	-	100.00
42	FLAG Telecom Deutschland GmbH Unit of Currency - USD	15.13 22,835.00	(169.24) (255,442.48)	302.84 457,076.81	456.95 689,684.29	-	35.20 53,773.14	0.32 493.52	(1.75) (2,672.37)	2.07 3,165.89	-	100.00
43	FLAG Telecom Network Services Limited Unit of Currency - USD	0.01 17.66	(617.25) (931,629.32)	0.82 1,240.84	618.06 932,852.50	-	2.13 3,260.45	(0.00) (0.42)	-	- (0.42)	-	100.00
44	Reliance FLAG Telecom Ireland Limited Unit of Currency - USD	0.01 17.66	28,580.57 43,137,226.30	281,683.56 425,150,640.08	253,102.98 382,013,396.12	-	59,725.85 91,245,524.59	(53,985.96) (82,476,461.91)	(412.94) (630,857.51)	(53,573.02) (81,845,604.40)	-	100.00
45	FLAG Telecom Ireland Network Limited Unit of Currency - USD	0.01 17.66	(6,504.16) (9,816,884.46)	1,553,900.1 234,533,256.33	161,894.17 244,350,103.13	-	10,901.36 16,654,429.68	25.31 38,667.84	-	25.31 38,667.84	-	100.00
46	FLAG Atlantic UK Limited Unit of Currency - USD	0.00 1.52	(79,569.06) (120,095,184.53)	18,448.89 27,845,278.05	98,017.95 147,940,461.06	-	4,614.76 7,050,154.60	508.69 777,148.49	-	508.69 777,148.49	-	100.00
47	Reliance FLAG Atlantic France SAS Unit of Currency - USD	24.57 37,079.97	(103,227.15) (155,802,810.67)	48,862.12 73,748,574.84	152,064.70 229,514,305.54	-	36,303.62 55,462,456.02	2,794.43 4,269,165.37	(335.77) (512,961.57)	3,130.20 4,782,126.94	-	100.00
48	FLAG Telecom Nederland BV Unit of Currency - USD	10.13 15,282.00	(235.90) (356,049.90)	208.53 314,742.12	434.31 655,510.02	-	9.60 14,662.18	0.24 369.91	(11.20) (17,114.39)	11.44 17,484.30	-	100.00
49	FLAG Telecom Hellas AE Unit of Currency - USD	33.79 50,996.00	(222.03) (335,115.52)	48.68 73,469.68	236.92 357,589.20	-	12.87 19,662.39	0.15 225.15	1.47 2,252.08	(1.33) (2,026.93)	-	100.00
50	FLAG Telecom Espana Network SAU Unit of Currency - USD	35.37 53,389.00	(6,665.37) (10,060,170.20)	2,200.13 3,320,694.77	8,830.13 13,327,475.97	-	337.32 515,344.42	9.00 1,374,584	0.57 874.06	8.43 1,287.78	-	100.00
51	FLAG Telecom Development Services Company LLC Unit of Currency - USD	8.75 13,201.00	(194.06) (292,892.61)	186.64 281,705.15	371.95 561,396.76	-	437.64 668,600.52	26.34 40,234.90	-	26.34 40,234.90	-	100.00
52	Reliance FLAG Pacific Holdings Limited Unit of Currency - USD	7.95 12,000.00	(44,722.21) (67,500,133.97)	459.12 692,960.10	45,173.38 68,181,094.07	-	- -	(8.63) (13,182.32)	- (13,182.32)	- (13,182.32)	-	100.00
53	FLAG Telecom Network USA Limited Unit of Currency - USD	0.00 1.00	(49,298.47) (74,407,172.05)	441,789.97 66,680,207.52	93,477.44 141,087,378.57	-	14,446.46 22,070,423.27	1,039.17 1,587,581.12	(0.00) (6.00)	1,039.17 1,587,581.12	-	100.00
54	FLAG Telecom Group Services Limited Unit of Currency - USD	7.95 12,000.00	4,064.95 6,135,308.10	399,765.78 603,374,507.18	395,692.88 597,227,199.08	-	- -	(77.79) (118,841.50)	- (77.79)	- (118,841.50)	-	100.00
55	FLAG Telecom Development Limited Unit of Currency - USD	7.95 12,000.34	434,414.43 655,670,413.83	481,141.33 726,196,258.20	46,718.95 70,513,844.03	-	- -	(8.64) (13,195.47)	- (8.64)	- (13,195.47)	-	100.00
56	Yipes Holdings Inc. Unit of Currency - USD	209,330.40 315,946,575.00	(16.03) (24,200.02)	209,330.74 315,947,080.00	16.37 24,704.02	-	- -	(5.24) (8,000.02)	- (5.24)	- (8,000.02)	-	100.00
57	Reliance Globalcom Services Inc. Unit of Currency - USD	194,754.30 293,946,574.79	(95,803.00) (144,597,393.53)	157,527.34 237,759,176.91	58,576.04 88,409,995.65	-	25,507.90 38,969,425.14	(13,398.74) (20,469,775.57)	- (13,398.74)	- (20,469,775.57)	-	100.00
58	YTV Inc. Unit of Currency - USD	0.00 1.00	- -	0.00 1.00	0.00 1.00	-	- -	- -	- -	- -	-	100.00

Reliance Communications Limited

Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures (Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

Part "A" : Subsidiaries

Sl. No.	Name of the Subsidiary	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
(* in lakh unless otherwise stated)												
59	Reliance Vanco Group Limited	296.03	53,419.05	125,139.68	71,424.60	-	8,742.30	(30,380.00)	-	(30,380.00)	-	100.00
	Unit of Currency - GBP	310,071.94	55,951,994.00	131,073,376.00	74,811,310.06	-	8,859,174.00	(3,078,613.00)	-	(3,078,613.00)	-	100.00
60	Vanco UK Limited	35.03	(41,283.85)	10,197.86	51,446.68	-	41,889.42	(675.65)	-	(675.65)	-	100.00
	Unit of Currency - GBP	36,690.00	(43,241,385.18)	10,681,406.05	53,886,101.23	-	42,449,409.55	(684,685.19)	-	(684,685.19)	-	100.00
61	Vanco (Asia Pacific) Pre. Limited	985.40	(335.38)	31,94.56	2,544.54	-	8,319.67	383.29	-	383.29	-	100.00
	Unit of Currency - GBP	1,032,124.89	(351,278.54)	3,346,032.68	2,665,186.33	-	8,430,893.44	388,414.48	-	388,414.48	-	100.00
62	Vanco Sweden AB	40.81	(94.22)	688.14	741.55	-	1,088.51	112.37	112.17	0.20	-	100.00
	Unit of Currency - GBP	42,740.67	(98,684.43)	720,766.47	776,710.23	-	1,103,061.96	11,387.45	113,667.51	207.06	-	100.00
63	Vanco GmbH	673.98	(12,134.32)	4,143.30	15,603.64	-	18,034.15	773.11	2.87	770.24	-	100.00
	Unit of Currency - GBP	705,940.36	(12,709,691.97)	4,339,758.84	16,343,510.45	-	18,275,238.17	78,342.49	2,905.96	780,536.53	-	100.00
64	Vanco Deutschland GmbH	18.83	(8,771.73)	822.60	9,575.50	-	3,418.28	638.41	-	638.41	-	100.00
	Unit of Currency - GBP	19,722.31	(9,187,655.89)	861,602.21	10,029,536.79	-	3,463,972.76	64,694.25	-	64,694.25	-	100.00
65	Vanco SRL (Italy)	74.56	(735.08)	8,748.37	9,408.89	-	8,146.00	293.90	40.01	253.89	-	100.00
	Unit of Currency - GBP	78,100.35	(769,938.33)	9,163,184.07	9,855,022.05	-	8,254,897.07	297,831.75	40,542.99	257,288.76	-	100.00
66	Vanco BV (Holland)	15.06	(5,408.67)	3,399.37	8,792.98	-	7,161.05	254.14	-	254.14	-	100.00
	Unit of Currency - GBP	15,777.85	(5,664,860.00)	3,560,552.70	9,209,634.85	-	7,256,785.29	257,533.08	-	257,533.08	-	100.00
67	Euronet Spain SA	94.15	1,568.89	2,454.22	791.18	-	2,743.76	296.11	20.19	275.92	-	100.00
	Unit of Currency - GBP	98,611.55	1,643,280.06	2,570,589.13	828,697.52	-	2,780,442.26	300,073.36	20,456.03	279,617.33	-	100.00
68	Vanco SAS (France)	225.95	(35,451.71)	2,693.24	37,919.00	-	14,928.72	2,594.93	-	2,594.93	-	100.00
	Unit of Currency - GBP	236,667.72	(37,132,708.27)	2,820,942.05	39,716,982.60	-	15,128,287.60	2,629,623.12	-	2,629,623.12	-	100.00
69	Vanco Sp Zoo	17.60	(8.86)	147.14	138.40	-	235.45	16.74	6.71	10.03	-	100.00
	Unit of Currency - GBP	18,437.63	(9,281.37)	154,113.67	144,957.41	-	238,601.32	16,961.29	6,798.08	10,163.21	-	100.00
70	Vanco Australasia Pty Limited	1,580.09	(4,018.86)	2,849.07	5,287.84	-	9,042.90	285.01	-	285.01	-	100.00
	Unit of Currency - GBP	1,655,010.41	(4,209,421.46)	2,984,164.07	5,538,575.12	-	9,163,786.75	288,823.68	-	288,823.68	-	100.00
71	Vanco NV	422.91	(6,129.00)	354.82	6,060.91	-	1,360.31	670.08	-	670.08	-	100.00
	Unit of Currency - GBP	442,962.29	(6,419,619.65)	371,640.49	6,348,297.85	-	1,378,494.59	679,039.96	-	679,039.96	-	100.00
72	Vanco Japan KK	53.36	63.78	155.70	38.56	-	149.62	12.12	4.77	7.35	-	100.00
	Unit of Currency - GBP	55,894.48	66,799.63	163,080.93	40,386.82	-	151,616.31	12,278.98	4,837.81	7,441.17	-	100.00
73	Vanco South America Ltda	147.98	(1,436.91)	1,670.53	2,959.46	-	1,078.71	38.07	58.64	(20.57)	-	100.00
	Unit of Currency - GBP	154,997.61	(1,505,046.92)	1,749,739.31	3,099,788.62	-	1,093,134.87	38,580.32	59,424.52	(20,844.20)	-	100.00
74	Net Direct SA (Proprietary) Limited	0.00	(232.88)	-	(232.87)	-	-	-	-	-	-	100.00
	Unit of Currency - GBP	5.00	(243,918.00)	-	(243,913.00)	-	-	-	-	-	-	100.00
75	Vanco (Shanghai) Co. Ltd.	115.60	(159.52)	26.01	69.93	-	2.15	(92.57)	-	(92.57)	-	100.00
	Unit of Currency - GBP	121,081.47	(167,087.64)	27,243.56	73,249.73	-	2,175.44	(93,805.55)	-	(93,805.55)	-	100.00
76	Vanco Solutions Inc.	33.27	(1,022.44)	1,787.88	2,777.05	-	7,190.13	(212.49)	-	(212.49)	-	100.00
	Unit of Currency - GBP	34,852.19	(1,070,915.52)	1,872,656.25	2,908,719.58	-	7,286,247.88	(215,332.91)	-	(215,332.91)	-	100.00
77	Vanco US LLC	1,397.53	(10,429.66)	9,402.04	20,434.17	-	17,436.44	1,006.72	-	1,006.72	-	100.00
	Unit of Currency - GBP	1,463,792.06	(13,019,028.11)	9,847,855.70	21,403,091.75	-	17,669,539.30	1,020,174.87	-	1,020,174.87	-	100.00
78	Vanco International Limited	96.74	386.18	1,316.99	834.07	-	3,224.87	231.59	-	231.59	-	100.00
	Unit of Currency - GBP	101,325.00	404,493.07	1,379,438.61	873,620.54	-	3,267,978.01	234,684.08	(11.41)	11.06	-	100.00
79	Vanco Switzerland A.G.	68.87	759.03	841.80	13.89	-	59.52	(0.35)	(11.562.69)	11,203.89	-	100.00
	Unit of Currency - GBP	72,140.70	795,022.39	881,716.87	14,553.78	-	60,319.33	(358.80)	-	(67.74)	-	100.00
80	Vanco Benelux BV	13.67	209.51	259.61	36.43	-	-	(68,641.16)	-	(68,641.16)	-	100.00
	Unit of Currency - GBP	14,319.19	219,444.40	271,921.16	38,157.57	-	5,443.51	629.50	-	629.50	-	100.00
81	Vanco Global Limited	257.90	(1,587.48)	2,665.71	3,995.29	-	5,516,285.54	637,917.62	-	637,917.62	-	100.00
	Unit of Currency - GBP	270,126.00	(1,662,751.15)	2,792,112.08	4,184,737.23	-	2,642.76	118.53	-	118.53	-	100.00
82	Vanco ROW Limited	0.00	1,235.66	1,789.43	553.77	-	2,678,091.56	120,117.27	-	120,117.27	-	100.00
	Unit of Currency - GBP	2.00	1,294,251.24	1,874,273.39	580,020.15	-	-	-	-	-	-	100.00

Statement containing salient features of the financial statement of subsidiaries/ associate companies /joint ventures
(Pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014

Part "A" : Subsidiaries

Sl. No.	Name of the Subsidiary	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment	Turnover*	Profit / (Loss) before Taxation*	Provision for Taxation*	Profit / (Loss) after Taxation*	Proposed Dividend	% of Shareholding
83	VNO Direct Limited	496.46	(3,692.32)	-	3,195.86	-	-	1.70	-	1.70	-	100.00
	Unit of Currency - GBP	520,000.00	(3,867,392.34)	-	3,347,392.34	-	-	1,721.00	-	1,721.00	-	-
84	Lagerwood Investments Limited	1.50	243.60	265.84	20.74	-	-	-	-	-	-	-
	Unit of Currency - USD	2,268.00	367,666.00	401,245.00	31,311.00	-	-	-	-	-	-	-
85	Reliance Telecom Infrastructure (Cyprus) Holdings Limited	1.49	2,847.82	3,287.24	437.93	-	-	-	-	-	-	-
	Unit of Currency - USD	2,246.00	4,298,267.00	4,961,501.00	660,988.00	-	-	-	-	-	-	-
86	Global Cloud Xchange Limited	155,913.11	69,019.44	234,877.43	9,944.88	-	9,865.56	9,824.15	-	9,824.15	9,818.43	100.00
	Unit of Currency - USD	235,322,790.00	104,172,428.00	354,505,218.00	15,010,000.00	-	15,072,000.00	15,008,742.00	-	15,008,742.00	15,000,000.00	-
87	GCX Limited	155,913.11	69,487.48	474,911.85	249,511.26	-	41,924.73	23,439.58	-	23,439.58	9,818.43	100.00
	Unit of Currency - USD	235,322,790.00	104,878,842.00	716,793,982.00	376,592,350.00	-	64,050,057.00	35,809,562.00	-	35,809,562.00	15,000,000.00	-

Notes

- Financial Year of the Subsidiaries is for 12 months from April 1, 2015 to March 31, 2016.
 - Investment exclude investment in Subsidiaries.
 - Exchange rate as of March 31, 2016 1 USD = ₹ 66.2550 1 GBP = ₹ 95.4725 1 AUD = ₹ 50.9800 1 NZD = ₹ 45.9700 1 Units = ₹ 0.0199 (* converted at average rate)
- Name of subsidiaries which are yet to commence operations**
- Reliance Mobile Commerce Limited
 - Reliance Realty Limited
 - Reliance Infra Projects Limited

Name of subsidiaries which have been liquidated or sold during the year - Nil.

Part "B" : Associates

Sr.	Name of Associates	Latest audited Balance Sheet Date	Shares of Associate held by the company on the year end	Network attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss) for the year	Description of how there is significant influence	Reason why the associate is not consolidated
			No.	Amount of Investment in Associates	Considered in Consolidation	Not Considered in Consolidation	
1	Mumbai Metro Transport Private Limited	31.03.2016	13 000	-	242.26	-	Refer Note A below
2	Warf Telecom International Private Limited	31.12.2015	6 50 25 000	2,230.00	-	(2.81) 969.04	-

Name of associates which are yet to commence operations - Nil.

Name of associates which have been liquidated or sold during the year - Nil.

Notes:

- There is significant influence due to percentage (%) of Share Capital.
- The Company does not have any Joint Venture during the year.

For and on behalf of the Board
Chairman

Anil D. Ambani
J. Ramachandran
Deepak Shourie
A. K. Purwar
R. N. Bhardwaj

Directors

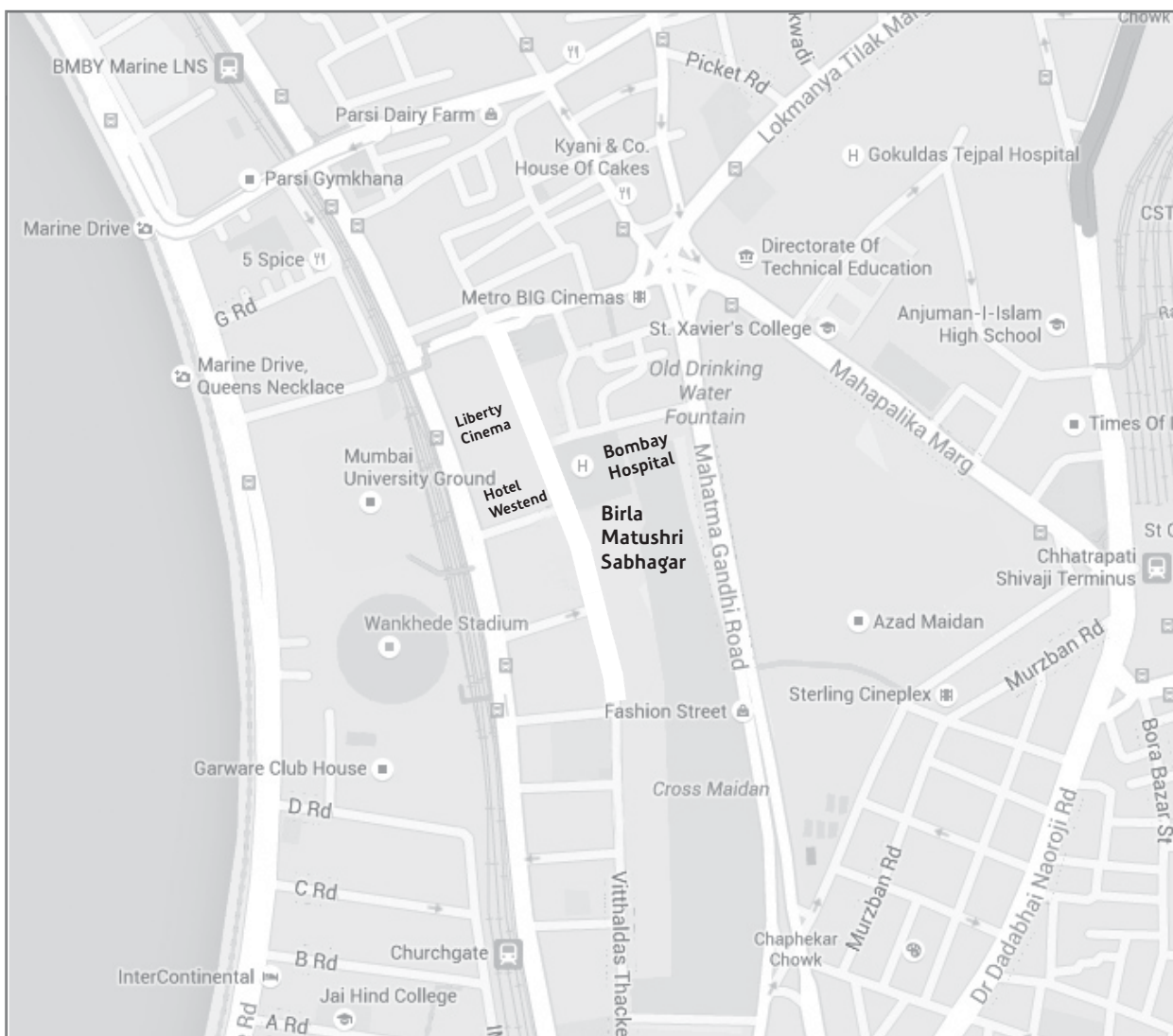
Company Secretary and Manager
Chief Financial Officer

Prakash Shenoy
Manikantan V.

Mumbai
May 30, 2016

Route Map to the AGM Venue

Venue : Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020



Landmark : Next to Bombay Hospital

Distance from Churchgate Station : 1 km

Distance from Chhatrapati Shivaji Terminus : 1.2 km

Distance from Marine Lines Station : 0.8 km



Reliance Communications Limited

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

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

ATTENDANCE SLIP

*DP Id.		Name & Address of the registered Shareholder
Regd. Folio No. / *Client Id.		
No. of Share(s) held		

(*Applicable for Members holding Shares in electronic form)

I hereby record my presence at the **12th ANNUAL GENERAL MEETING** of the Members of Reliance Communications Limited held on Tuesday, September 27, 2016 at 12.00 noon or soon after the conclusion of the Annual General Meeting of Reliance Capital Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020,

Member's / Proxy's Signature

TEAR HERE

PROXY FORM



Reliance Communications Limited

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

FORM NO. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	
Registered Address:	
E-mail Id:	
*DP Id.	
Regd. Folio No. / *Client Id.	

(*Applicable for Members holding Shares in electronic form)

I/ We, being the member(s) of _____ shares of the above named company, hereby appoint:

- (1) Name: _____ Address: _____
E-mail id: _____ Signature _____ or failing him;
- (2) Name: _____ Address: _____
E-mail id: _____ Signature _____ or failing him;
- (3) Name: _____ Address: _____
E-mail id: _____ Signature _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 12th Annual General Meeting of the Company, to be held on Tuesday, September 27, 2016 at 12.00 noon or soon after the conclusion of the Annual General Meeting of Reliance Capital Limited convened on the same day, whichever is later, at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020 and at any adjournment thereof in respect of such resolution as are indicated below:

Resolution No.	Matter of Resolution	For	Against
1.	To consider and adopt: a) the audited financial statement of the Company for the financial year ended March 31, 2016 and the reports of the Board of Directors and Auditors thereon. b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2016 and the reports of the Auditors thereon.		
2.	To appoint a Director in place of Smt. Manjari Kacker (DIN 06945359), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers herself for re-appointment.		
3.	To appoint Auditors and to fix their remuneration.		
4.	Private Placement of Non-Convertible Debentures.		
5.	Payment of remuneration to Cost Auditors for the financial year ending March 31, 2017.		
6.	Re-appointment of a Manager.		

Signed this day of 2016.

Signature of Shareholder(s) : _____

Signature of Proxy holder(s) : _____

Affix
Revenue
Stamp

Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

If undelivered please return to :

**Karvy Computershare Private Limited
(Unit: Reliance Communications Limited)**

Karvy Selenium Tower – B, Plot No. 31 & 32,
Survey No. 116/22, 115/24, 115/25,
Financial District, Nanakramguda,
Hyderabad 500 032.

Tel. : +91 40 6716 1500

Fax : +91 40 6716 1791

Email : rcom@karvy.com